

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 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 except for loss on disposal of Splash of RM300 million and impairment loss on investment in Gamuda Water due to the discount on trade receivables of RM4 million arising from corporate proposals as disclosed in note 19 of the notes to the interim financial statements.

#### **5. Changes in Estimates**

There were no changes in estimates of amounts reported previously that have any material effect in the current period 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 2,467,991,951 as at 31 July 2018 by way of issuance of 13,099,000 and 4,147,808 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 period 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>12 months period ended 31 July 2018</b>					
<b>REVENUE</b>					
Revenue as reported	1,924,558	1,806,851	495,651	-	4,227,060
Share of joint venture companies' revenue	2,140,996	784,793	16,170	-	2,941,959
	4,065,554	2,591,644	511,821	-	7,169,019
Inter-segment sales	438,071	-	-	(438,071)	-
Total revenue	4,503,625	2,591,644	511,821	(438,071)	7,169,019
<b>RESULTS</b>					
Profit from operations	252,543	191,370	252,719	-	696,632
Finance costs	(10,917)	(48,580)	(36,573)	-	(96,070)
Share of profits/(loss) of associated companies	1,411	1,480	(97,714)	-	(94,823)
Share of profits/(loss) of joint ventures	124,456	101,974	(2,867)	-	223,563
Profit before taxation (Refer to note 5 below)	367,493	246,244	115,565	-	729,302
Percentage of segment results	50%	34%	16%		
Taxation					(164,945)
Profit for the year					564,357

#### Note 5

Percentage of segment results	35%	24%	41%		
<b>Core profit before taxation</b>	367,493	246,244	422,899	-	1,036,636
Less : 1) Loss on disposal of Splash	-	-	(300,051)	-	(300,051)
2) Impairment loss on investment in Gamuda Water	-	-	(7,283)	-	(7,283)
<b>Profit before tax as reported</b>	367,493	246,244	115,565	-	729,302

#### NET ASSETS

Segment assets	975,570	7,196,138	733,925	-	8,905,633
Interest in associated companies	8,115	40,893	1,765,709	-	1,814,717
Interest in joint arrangements	256,095	657,636	47,563	-	961,294
	1,239,780	7,894,667	2,547,197	-	11,681,644
Financed by:-					
Owners' equity					7,567,849
Net borrowings					4,113,795
					11,681,644

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## Quarterly Report On Consolidated Results For The Year Ended 31 July 2018

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 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>12 months period ended 31 July 2017</b>					
<b>REVENUE</b>					
Revenue as reported	1,234,162	1,485,905	491,336	-	3,211,403
Share of joint venture companies' revenue	2,092,237	382,107	16,769	-	2,491,113
	3,326,399	1,868,012	508,105	-	5,702,516
Inter-segment sales	187,571	-	-	(187,571)	-
Total revenue	3,513,970	1,868,012	508,105	(187,571)	5,702,516
<b>RESULTS</b>					
Profit from operations	203,850	179,017	299,383	-	682,250
Finance costs	(11,351)	(36,854)	(56,116)	-	(104,321)
Share of profits of associated companies	3,182	2,370	203,161	-	208,713
Share of profits/(loss) of joint ventures	73,415	70,333	(104,388)	-	39,360
Profit before taxation (Refer to note 6 below)	269,096	214,866	342,040	-	826,002
Percentage of segment results	33%	26%	41%		
Taxation					(169,777)
Profit for the year					656,225

#### **Note 6**

Percentage of segment results	29%	23%	48%		
<b>Core profit before taxation</b>	269,096	214,866	440,492	-	924,454
Less: Provision for impairment on Smart's expressway	-	-	(98,452)	-	(98,452)
<b>Profit before tax as reported</b>	269,096	214,866	342,040	-	826,002

#### **NET ASSETS**

Segment assets	747,275	6,647,034	1,368,632	-	8,762,941
Interest in associated companies	6,704	41,913	1,969,720	-	2,018,337
Interest in joint arrangements	169,639	675,807	50,431	-	895,877
	923,618	7,364,754	3,388,783	-	11,677,155
Financed by:-					
Owners' equity					7,475,990
Net borrowings					4,201,165
					11,677,155

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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

- (i) The Group's 40%-owned associated company, Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") has accepted the offer by Pengurusan Air Selangor Sdn Bhd ("Air Selangor") in respect of Air Selangor's proposed purchase of 100% equity in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH"). SPLASH, the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3, is a wholly-owned subsidiary of SPLASH Holdings.

The acquisition of SPLASH by Air Selangor consist of :

- 50,000,000 ordinary shares in SPLASH ("SPLASH Shares"), being 100% of the issued and paid up ordinary share capital of SPLASH
- 350,000,000 Redeemable Unsecured Loan Stocks issued by SPLASH to SPLASH Holdings ("SPLASH RULS"), being 100% of SPLASH RULS,

for a combined total purchase consideration of RM2.55 billion, which shall paid in the following manner:

- an upfront payment of RM1.9 billion
- the balance purchase price of RM650 million to be settled in 9 annual instalments, with an interest of 5.25% per annum.

The conditional sales and purchase agreement was signed on 28 September 2018.

- (ii) The Group's 80%-owned Gamuda Water Sdn Bhd ("Gamuda Water") has accepted Air Selangor's offer to :-

- settle Gamuda Water's outstanding receivables arising from its existing operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 ("SSP 3") at an amount equal to 90% of the outstanding receivables as at a date to be mutually agreed by all parties. 10% of the settlement sum shall be paid upfront and the balance shall be settled in nine equal annual instalments, and
- enter into a new operations and maintenance agreement ("OMA") to replace the existing OMA for the continued operation and maintenance of SSP 3. The rates in the new OMA represent an approximately 2 sen/m<sup>3</sup> reduction to the rates in the existing OMA.

The new OMA and settlement agreements are expected to be completed before end of 2018.

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#### 10. Changes in Composition of the Group

There were no material changes in the composition of the Group for the period ended 31 July 2018 except for the following:-

On 28 Nov 2017, the Company and Malaysian Resources Corporation Berhad entered into a 50:50 joint venture known as MRCB Gamuda Consortium. On 2 May 2018, the joint venture was appointed as the Project Delivery Partner for the northern section of the High Speed Rail project. However, on 31 May 2018, the project was suspended by MyHSR Corporation Sdn Bhd.

#### 11. Dividends

The Board of Directors does not recommend the payment of any final dividend for the fourth quarter in respect of the financial year ended 31 July 2018.

i) The total dividend per share for the current financial year ended 31 July 2018 was as follows:-

First Interim Dividend	6%
Second Interim Dividend	6%
	<u>12%</u>

ii) The total dividend per share for the previous financial year ended 31 July 2017 was as follows:-

First Interim Dividend	6%
Second Interim Dividend	6%
	<u>12%</u>

#### 12. Dividends Paid

	12 months ended 31 July	
	2018	2017
	RM'000	RM'000
<u>First Interim Dividend</u>		
First interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 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>Second Interim Dividend</u>		
Second interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2018 was paid on 28 July 2018	148,080	-
(Second interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2017 was paid on 28 July 2017)	-	146,975
	<u>295,427</u>	<u>292,436</u>

# Gamuda Berhad (29579-T)

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#### 13. Review of Performance

	Current Year Quarter 31-Jul-18 RM'000	Comparative Quarter 31-Jul-17 RM'000	Var %	Current Year To Date 31-Jul-18 RM'000	Preceding Year Corresponding Period 31-Jul-17 RM'000	Var %
<b><u>BY SEGMENT</u></b>						
<b>* Revenue</b>						
Construction	949,648	794,959	19%	4,065,554	3,326,399	22%
Property	804,992	738,627	9%	2,591,644	1,868,012	39%
Concession	132,301	135,773	-3%	511,821	508,105	1%
	<u>1,886,941</u>	<u>1,669,359</u>	13%	<u>7,169,019</u>	<u>5,702,516</u>	26%
<b>Net profit</b>						
Construction	52,391	70,261	-25%	296,702	225,003	32%
Property	76,002	54,753	39%	205,609	164,977	25%
Concession	75,008	76,191	-2%	316,051	310,565	2%
<b>Core net profit</b>	<u>203,401</u>	<u>201,205</u>	1%	<u>818,362</u>	<u>700,545</u>	17%
Less:						
Loss on disposal of Splash	(300,051)	-	-100%	(300,051)	-	-100%
Impairment loss on investment in Gamuda Water	(4,428)	-	-100%	(4,428)	-	-100%
Impairment loss on investment in Smart	-	(98,452)	100%	-	(98,452)	100%
<b>Net Profit as reported</b>	<u>(101,078)</u>	<u>102,753</u>	>-100%	<u>513,883</u>	<u>602,093</u>	-15%
<b><u>BY GEOGRAPHY</u></b>						
<b>* Revenue</b>						
Malaysia	1,400,437	1,132,177	24%	5,584,974	4,562,635	22%
Overseas	486,504	537,182	-9%	1,584,045	1,139,881	39%
	<u>1,886,941</u>	<u>1,669,359</u>	13%	<u>7,169,019</u>	<u>5,702,516</u>	26%
<b>Core net profit</b>						
Malaysia	109,856	173,727	-37%	627,255	600,806	4%
Overseas	93,545	27,478	>100%	191,107	99,739	92%
	<u>203,401</u>	<u>201,205</u>	1%	<u>818,362</u>	<u>700,545</u>	17%

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

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## Quarterly Report On Consolidated Results For The Year Ended 31 July 2018

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(The figures have not been audited)

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

##### **Year to date : Gamuda posts record-high property sales on the back of stronger sales from Vietnam and Singapore**

Gamuda Land posted a record-high property sales of RM3.6 billion for FY2018, surpassing its RM3.5 billion sales target. The property sales grew by 50% compared with last year's sales of RM2.4 billion on the back of stronger sales from its two projects in Vietnam, Celadon City in Ho Chi Minh City and Gamuda City in Hanoi, and GEM Residences in Singapore. Overseas sales contributed 70% of overall property sales. Next year, Gamuda Land targets RM4 billion property sales from its local and overseas projects.

Meanwhile, Gamuda Group (including its share of joint venture companies' revenue) achieved a record-high revenue of RM7.2 billion this year, an increase of 26% compared with RM5.7 billion last year.

Gamuda Group posted a lower net profit of RM514 million this year as compared with RM602 million last year due to one-off losses on disposal of Splash (RM300 million) and impairment on investment in Gamuda Water (RM4 million). Excluding this year's one-off losses and last year's one-off impairment loss on investment in Smart of RM98 million, Gamuda Group achieved a record-high core net profit of RM818 million this year, an increase of 17% compared with RM701 million last year.

The increase in Gamuda Group's full year revenue and core net profit resulted mainly from the higher property sales of its projects in Vietnam and Singapore as well as the work progress from its ongoing construction projects.

##### **Current quarter : Gamuda posts RM1 billion property sales on the back of stronger sales from Vietnam and Singapore**

Gamuda Land posted RM1 billion property sales for its fourth quarter ended 31 July 2018. Sales from its overseas projects in Vietnam and Singapore contributed 70% of overall sales.

Meanwhile, Gamuda Group (including its share of joint venture companies' revenue) posted revenue of RM1.9 billion in 4QFY18; an increase of 13% compared with RM1.7 billion revenue for the same quarter last year.

Gamuda Group posted a net loss of RM101 million in 4QFY18 as compared with a net profit of RM103 million for the same quarter last year due to one-off losses on disposal of Splash (RM300 million) and impairment on investment in Gamuda Water (RM4 million). Excluding this quarter's one-off losses and last year's one-off impairment loss on investment in Smart of RM98 million, Gamuda Group achieved a core net profit of RM203 million in 4QFY18, an increase of 1% compared with RM201 million for the same quarter last year.

The increase in Gamuda Group's revenue and core net profit for the quarter resulted mainly from the higher property sales of its projects in Vietnam and Singapore as well as the work progress from its ongoing construction projects.

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

##### (a) GAMUDA ENGINEERING

Including its share of joint venture companies' revenue, the construction division's revenue grew 22% to a record-high RM4.1 billion for the year ended 31 July 2018 compared with RM3.3 billion in the preceding year. Core net profit for the year grew by 32% to a record-high RM297 million compared with RM225 million in the preceding year.

The increase in revenue and core net profit 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.



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## Quarterly Report On Consolidated Results For The Year Ended 31 July 2018

### Notes To The Interim Financial Statements

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

##### (b) GAMUDA LAND

The property division achieved a record-high sales of RM3.6 billion, surpassing its RM3.5 billion targeted sales. Property sales grew by 50% more than last year's sales of RM2.4 billion. Meanwhile, including its share of joint venture companies' revenue, the property division reported revenue of RM2.6 billion and core net profit of RM206 million in the current year compared with revenue of RM1.9 billion and core net profit of RM165 million in the preceding year.

The better sales, revenue and profit performance were mainly due to stronger sales contribution from its overseas projects in Vietnam, Celadon City in Ho Chi Minh City and Gamuda City in Hanoi, and GEM Residences in Singapore.

##### (c) GAMUDA INFRASTRUCTURE CONCESSIONS

The division reported a revenue of RM512 million (excluding share of associated companies' revenue) which is similar to last year's financial performance, while its core net profit reported an increase of 2% from RM311 million to RM316 million.

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

The Group posted a net loss of RM101 million in the current quarter ended 31 July 2018 as compared to a net profit of RM201 million recorded in the preceding quarter ended 30 April 2018. Excluding this quarter's one-off losses on disposal of Splash (RM300 million) and impairment on investment of Gamuda Water (RM4 million), the Group achieved a core net profit of RM203 million.

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

Included in other comprehensive income for the year ended 31 July 2018 is a net foreign exchange loss of RM224 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.

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#### 16. Next Year Prospects

##### Overall Prospects

The Group expects a lower profit contribution from its water concessions business next year following the disposal of its 40% stake in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd, the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3. Nevertheless, the Group anticipates a better overall performance next year on the back of higher property sales, driven by overseas projects especially Vietnam and the launching of new townships in Malaysia, the progress of KVMRT Line 2 continue to pick up pace; 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.

To date, RM 31 billion representing 98% of the overall works packages have been awarded. The overall cumulative progress at the end of August 2018 is on track at 28%.

Rail systems final design and procurement is proceeding. Manufacture of the trains is ongoing at the contractor’s facility in Korea.

##### **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 overall cumulative progress as at end of August 2018 is according to plan at 37%.

##### **(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 of August 2018 was 29% and is expected to be completed on schedule.

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

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

##### (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).

The major components of Phase 1 of the Project are :

- a. The Light Rail Transit (LRT) from George Town to Bayan Lepas (Penang International Airport);
- b. The Pan Island Link 1 (PIL1) highway; and
- c. Reclamation Works (Penang South Reclamation).

The Penang State Government has extended the validity of the LOA to 30 August 2019 due to the additional time required to comply with Federal Government approval processes.

##### Approvals for LRT

The Railway Scheme for the LRT has been submitted to Suruhanjaya Pengangkutan Awam Darat (SPAD) on 29th March 2016 for their review and approval. SPAD will also be integrating the LRT review process into their Land Public Transport Master Plan study for the Northern Region, which is currently ongoing.

The Environmental Impact Assessment (EIA) Report for the LRT has been submitted to the Department of Environment (DOE) on 18th May 2017. DOE require Majlis Perancang Fizikal Negara (MFPN) approval for PSR to be secured before approval of the LRT EIA report as the Depot for the LRT is located on reclaimed land.

##### Approvals for Penang South Reclamation (PSR)

The Final Environmental Impact Assessment (EIA) Report for PSR was submitted to DOE on 15 August 2017. DOE required additional studies to be carried out before approving the EIA Report. These additional studies include Hydraulic Study and Marine Traffic Risk Assessment (MTRA) which have been approved, and Social Impact Assessment (SIA), Fishery Impact Assessment (FIA) and Traffic Impact Assessment (TIA) which have been submitted to relevant departments.

Upon obtaining the EIA approval, Penang State Government will submit the PSR proposal to MFPN for approval.

##### Approval for Pan Island Link 1 (PIL1) Highway

The Environmental Impact Assessment (EIA) Report for PIL1 has been submitted to Department of Environment (DOE) on 7 May 2018. The EIA report has been displayed to the public from 11 Jul to 10 Aug 2018 and is currently being reviewed by the DOE.

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

##### (b) GAMUDA LAND

Gamuda Land posted a record-high property sales of RM3.6 billion for FY2018, surpassing its RM3.5 billion sales target. The property sales grew by 50% compared with last year's sales of RM2.4 billion on the back of stronger sales from the two projects in Vietnam, Celadon City in Ho Chi Minh City and Gamuda City in Hanoi, and GEM Residences in Singapore. Overseas sales contributed 70% of overall property sales. Next year, Gamuda Land targets RM4 billion property sales from its local and overseas projects.

The strong sales were mainly driven by overseas projects, largely from Vietnam and Singapore.

##### (i) Overseas

The two developments in Vietnam namely Celadon City in Ho Chi Minh City and Gamuda City in Hanoi continued to deliver strong results and remained the biggest contributor of overseas sales.

With the completion of construction works at 661 Chapel Street, Australia in April 2018, sales is expected to pick up pace, GEM Residences in Singapore is already 99% sold with Temporary Occupation Permit (TOP) targeted for first half of 2019, one year ahead of schedule.

In line with Gamuda Land's strategy to diversify internationally and increase share of non-Ringgit revenue, Gamuda (Singapore) Pte Ltd, a wholly owned subsidiary of Gamuda in Singapore, in partnership with Evia Real Estate (8) Pte Ltd won the tender for the land parcel at Anchorvale Crescent site earthwork for executive condominium development measuring about 17,137 square meters for SGD 318.89 million.

##### (ii) Malaysia

Established projects like Horizon Hill, The Robertson and Jade Hills continued to sell well.

Newer townships such as Gamuda Gardens and twentyfive.7 are seeing better take up rates since their official launches. Gamuda Gardens is gearing up for the launch of the serviced apartments, Gaia Residences.

Gamuda Cove, a future landmark township development with a GDV of RM20 billion on 1,530 acres located opposite the Cyberjaya/Putrajaya interchange along the ELITE Highway and 15 minutes from KLIA will be launched in Q4 of 2018.

##### (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.

##### (ii) Water

The Group's 40%-owned Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ('Splash'), the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3, was sold to Pengurusan Air Selangor Sdn Bhd ("Air Selangor") for RM2.55 billion. The conditional sales and purchase agreement was signed on 28 September 2018 and provides for an upfront payment of RM1.9 billion upon completion of all condition precedents prescribed in the SPA. Thereafter, the balance purchase price of RM650 million shall be settled in a nine equal annual instalment.

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(The figures have not been audited)

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

##### (c) GAMUDA INFRASTRUCTURE CONCESSIONS

###### (iii) Water

Meanwhile, the Group's 80%-owned Gamuda Water Sdn Bhd ("Gamuda Water") accepted Air Selangor's offer to :-

- settle Gamuda Water's outstanding receivables arising from its existing operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 ("SSP 3") at an amount equal to 90% of the outstanding receivables as at a date to be mutually agreed by all parties. 10% of the settlement sum shall be paid upfront and the balance settled shall be paid upfront and the balance shall be settled in nine equal annual instalments, and
- enter into a new operations and maintenance agreement ("OMA") to replace the existing OMA for the continued operation and maintenance of SSP 3. The rates in the new OMA represent an approximately 2 sen/m<sup>3</sup> reduction to the rates in the existing OMA.

The new OMA and settlement agreements are expected to be completed before end of 2018.

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

This is not applicable to the Group.

#### 18. Income Tax

	3 months ended 31 July		12 months ended 31 July	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	20,988	74,744	148,832	182,724
- Prior year	(1,287)	23,007	(3,924)	28,584
Deferred tax				
- Current year	11,966	(31,101)	12,799	(30,504)
- Prior year	6,242	(9,748)	7,238	(11,027)
	<u>37,909</u>	<u>56,902</u>	<u>164,945</u>	<u>169,777</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 year to date is higher than the statutory tax rate primarily due to certain expenses not being deductible for tax purposes.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 2018

### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### 19. Status of Corporate Proposals

- (i) The Group's 40%-owned associated company, Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") has accepted the offer by Pengurusan Air Selangor Sdn Bhd ("Air Selangor") in respect of Air Selangor's proposed purchase of 100% equity in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH"). SPLASH, the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3 is a wholly-owned subsidiary of SPLASH Holdings.

The acquisition of SPLASH by Air Selangor consist of:

- 50,000,000 ordinary shares in SPLASH ("SPLASH Shares"), being 100% of the issued and paid up ordinary share capital of SPLASH
- 350,000,000 Redeemable Unsecured Loan Stocks issued by SPLASH to SPLASH Holdings ("SPLASH RULS"), being 100% of SPLASH RULS,

for a combined total purchase consideration of RM2.55 billion, which shall paid in the following manner:

- an upfront payment of RM1.9 billion
- the balance purchase price of RM650 million to be settled in 9 annual instalments, with an interest of 5.25% per annum.

The conditional sales and purchase agreement was signed on 28 September 2018.

- (ii) The Group's 80%-owned Gamuda Water Sdn Bhd ("Gamuda Water") has accepted Air Selangor's offer to :-

- settle Gamuda Water's outstanding receivables arising from its existing operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 ("SSP 3") at an amount equal to 90% of the outstanding receivables as at a date to be mutually agreed by all parties. 10% of the settlement sum shall be paid upfront and the balance shall be settled in 9 equal annual instalments , and
- enter into a new operations and maintenance agreement ("OMA") to replace the existing OMA for the continued operation and maintenance of SSP 3. The rates in the new OMA represent an approximately 2 sen/m<sup>3</sup> reduction to the rates in the existing OMA.

The new OMA and settlement agreements are expected to be completed before end of 2018.

# Gamuda Berhad (29579-T)

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(The figures have not been audited)

#### 20. Group Borrowings and Debt Securities

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

	As At 31 July 18			As At 31 July 17		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Long Term Borrowings</b>						
<b>Medium Term Notes</b>						
- Gamuda	-	1,500,000	1,500,000	-	1,400,000	1,400,000
- Gamuda Gardens	-	500,000	500,000	-	500,000	500,000
- Kesas	465,000	-	465,000	555,000	-	555,000
<b>Term Loans</b>						
- Gamuda	-	818,487	818,487	-	819,982	819,982
- twentyfive.7	360,631	-	360,631	297,782	-	297,782
- Gamuda City	124,028	-	124,028	233,662	-	233,662
- Celadon City	250,958	-	250,958	360,718	-	360,718
- Chapel Street	-	-	-	-	153,599	153,599
- Gamuda Singapore	179,076	-	179,076	220,822	-	220,822
<b>Revolving Credits</b>						
- Jade Hills	81,630	-	81,630	73,081	-	73,081
- Gamuda Singapore	29,846	-	29,846	-	-	-
	1,491,169	2,818,487	4,309,656	1,741,065	2,873,581	4,614,646
<b>Short Term Borrowings</b>						
<b>Medium Term Notes</b>						
- Gamuda	-	800,000	800,000	-	400,000	400,000
- Kesas	90,000	-	90,000	90,000	-	90,000
<b>Commercial Papers</b>						
- Gamuda	-	100,000	100,000	-	-	-
<b>Term Loans</b>						
- Gamuda City	54,128	-	54,128	-	-	-
- Celadon City	83,653	-	83,653	-	-	-
- Chapel Street	-	113,096	113,096	-	-	-
<b>Revolving Credits</b>						
- Gamuda	-	50,000	50,000	-	55,647	55,647
- Pan Borneo	-	134,000	134,000	-	83,000	83,000
- Jade Home	2,167	-	2,167	-	-	-
	229,948	1,197,096	1,427,044	90,000	538,647	628,647
<b>Total Borrowings</b>	1,721,117	4,015,583	5,736,700	1,831,065	3,412,228	5,243,293

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

	As At 31 July 18		As At 31 July 17	
	Foreign Currency ('000)	RM'000 Equivalent	Foreign Currency ('000)	RM'000 Equivalent
RM		4,901,914		4,274,492
VND	2,930,770,000	512,768	3,147,900,000	594,380
SGD	70,000	208,922	70,000	220,822
AUD	37,500	113,096	45,000	153,599
		5,736,700		5,243,293

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 2018

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 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:

##### a) Company Guarantees

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.

##### b) Advances to sub-contractors

	<b>As at 31-Jul-18 RM'000</b>	<b>As at 30-Apr-18 RM'000</b>
Non-interest bearing advances	492,832	273,885

The financial assistance provided during the quarter does not have any material effect on the earnings, net assets and liquidity of Gamuda Group.

#### 23. Capital Commitments

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

	<b>RM'000</b>
Approved and contracted for :-	
Integrated Industrialised Building System (IBS) factory	66,306
Tunnel Boring Machines	37,443
Plant & Equipment	8,781
	<u>112,529</u>



# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 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") had, 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 5 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 filed a Notice of Appeal against the decision of the Judge. Accolade's appeal is now fixed for hearing before the Court of Appeal on 24 October 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 electricity bills amounted to RM39,512,062.75. . On 18 May 2018, upon the application of Gamuda Water, the Court granted an order to consolidate all four writs.. Gamuda Water filed an application for stay of proceedings ("Stay Application") on 12 June 2018. On 19 July 2018, TNB served on Gamuda Water its application for summary judgment ("Summary Judgment"). The hearing date for the Stay Application and the case management for Summary judgment are fixed on 2<sup>nd</sup> October 2018.
- (iii) On 2 April 2018, Gamuda Berhad announced that Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (a 40% associate company) ("SPLASH") was served with two third party notices ("Third Party Suits") by Sungai Harmoni Sdn Bhd ("SHSB") in respect of the two suits filed by TNB against SHSB for outstanding electricity charges. In the Third Party Suits, SHSB is claiming against SPLASH (1) the sum of RM621,576,212.76 for the supply of treated water (less the indemnified sum claimed by TNB in the two suits) and an indemnification sum of RM8,014,837.69 against TNB's claim together with interest and cost, and (2) an indemnification sum of RM27,692,527.95 against TNB's claim together with interest and cost. On 26 April 2018, SPLASH served on SHSB its application to stay the proceedings of the Third Party Suits ("Stay Application"). On 31 July 2018, the court allowed the Stay Application.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 2018

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 24. Material Litigation (cont'd)

- (iv) On 9 April 2018, Gamuda Berhad announced that SPLASH has commenced legal proceedings against Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") for the recovery of RM4,217,911,712.85 outstanding receivables owing by SYABAS to SPLASH together with interest and costs. On 26 April 2018, SYABAS filed its Defence and Counter Claim. On 27 April 2018 SYABAS served on SPLASH its application to strike out SPLASH's claim ("Striking Out Application"). SPLASH served on SYABAS its summary judgment application ("Summary Judgment Application") on 21 May 2018. On 18 July 2018, a Written Consent for Discontinuance was filed wherein SPLASH and SYABAS have wholly discontinued their respective claims against each other in the legal proceedings with liberty to file afresh.

#### 25. Earnings Per Share

	<b>Current Quarter 31-Jul-18</b>	<b>Current Year To Date 31-Jul-18</b>
<b>Basic</b>		
Net (loss)/profit attributable to shareholders (RM'000)	(101,078)	513,883
Number of ordinary shares in issue as at 1 Aug 2017 ('000)	2,450,745	2,450,745
Effect of shares issued during the year ('000)	16,738	8,803
Weighted average number of ordinary shares in issue ('000)	2,467,483	2,459,548
Basic (loss)/earnings per ordinary share (sen)	(4.10)	20.89
<b>Diluted</b>		
Net (loss)/profit attributable to shareholders (RM'000)	(101,078)	513,883
Weighted average number of ordinary shares in issue ('000)	2,467,483	2,459,548
- Assumed shares issued from the exercise of ESOS ('000)	1,401	15,359
- Assumed shares issued from the conversion of Warrants 2016/2020 ('000)*	*	*
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,468,884	2,474,907
Diluted (loss)/earnings per ordinary share (sen)	(4.09)	20.76

\* The calculation of diluted earnings per share does not assume the potential exercise of warrants as the effect on earnings per share is antidilutive.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 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-Jul-18 RM'000
<b>Current</b>		
<b>Trade receivables</b>		
Third parties		1,137,574
Due from associated companies		147,684
Due from joint venture	(a)	430,931
Due from joint venture partners		1,153
		<b>1,717,342</b>
<b>Other receivables</b>		
Accrued billings		617,791
Sundry receivables		172,924
		<b>2,508,057</b>
<b>Ageing analysis of current trade receivables:-</b>		
Neither past due nor impaired		1,360,192
1 to 30 days past due not impaired		40,284
31 to 60 days past due not impaired		41,492
61 to 90 days past due not impaired		43,633
91 to 120 days past due not impaired		11,569
More than 121 days past due not impaired	(b)	131,764
		268,742
Impaired		88,408
Total trade receivables		<b>1,717,342</b>

a) Due from joint venture

Included is an amount of RM336,776,000 due from MMC Gamuda KVMRT (T) Sdn. Bhd. ("MGKT"). MGKT is the underground works contractor for KVMRT Line 1 and Line 2.

b) More than 121 days past due not impaired

Mainly related to Kesas' outstanding toll compensation claim from Government of Malaysia. The amount was received in September 2018.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Year Ended 31 July 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-Jul-18 RM'000</b>	<b>Current Year To Date 31-Jul-18 RM'000</b>
Interest income	(70,135)	(130,461)
Other income	(18,189)	(48,899)
Interest expense	19,353	96,070
Depreciation and amortisation	41,297	176,203
Provision for impairment of receivables	(131,827)	(131,827)
Provision for and write-off of inventories	-	-
Gain on disposal of quoted or unquoted investment	-	-
Loss/(Gain) on disposal of property, plant and equipment	552	(5,907)
Provision for impairment of assets	-	-
Loss/(Gain) on foreign exchange	357	(3,681)
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.