

# Gamuda Berhad (29579-T)

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

### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### 1. Basis of Preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2018, which have been prepared in accordance with Financial Reporting Standards (“FRS”) and the Companies Act 2016.

The adoption of the MFRS Framework is on 1 August 2018 and the interim financial statements of the Group for the period ended 31 October 2018 are the first set of interim financial statements prepared in accordance with the MFRS Framework issued by Malaysian Accounting Standard Board (“MASB”). This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing FRS framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

At the transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1.

#### Changes in accounting policies and methods of computation

The significant accounting policies, method of computation and basis of consolidation applied in the consolidated condensed interim financial statements for the period ended 31 October 2018 have been prepared in accordance with the MFRS Framework and are consistent with those of the audited financial statements for the financial year ended 31 July 2018, except for the adoption of the following two new accounting standards:

#### a) **MFRS 15: Revenue from Contracts with Customers**

Changes arising from this new accounting standard mainly affects the property development activities of the Group as follows:

##### i) Multiple promises from the sale of each development property

The sales and purchase agreement (‘SPA’) for each property sold may include multiple promises to customers including the sale of property with furniture and fittings. The previous accounting standard prescribed that the Group account for the bundled sales as one deliverable and recognise revenue over time. However, in accordance with the new accounting standard, each promise in the SPA is recognised as separate deliverable resulting in revenue for some deliverable to be recognised over the construction period while revenue for other deliverable are recognised upon completion of the property.

##### ii) Cost incurred in fulfilling a contract

The previous accounting standard prescribed that the commissions paid to sales agents and free legal fees were expensed off to the Income Statement as and when these costs were incurred. However, in accordance with the new accounting standard, these costs are eligible to be capitalised and amortised over the construction period. Any unamortised costs can be capitalised as contract assets in the Balance Sheet.

##### iii) Variable consideration

The previous accounting standard prescribed that sales rebates and incentives to buyers be recognised as an expense to the Income Statement. However, in accordance with the new accounting standard, sales rebates and incentives to buyers are recognised as a deduction to revenue line item. This amounts to a reclassification within the Income Statement.

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

##### b) MFRS 9: Financial Instruments

The key effect of the adoption of this new accounting standard would principally be in respect of the assessment of impairment losses of outstanding debts based on an "expected credit loss" model instead of the "incurred loss" model. This may have the effect of accelerating the recognition of impairment losses in respect of some of these debts.

The effects to the financial statements from the adoption of MFRS 15 and MFRS 9 are as follows:

	As previously stated	Effect of adoption MFRS 15	Effect of adoption MFRS 9	As restated
	RM'000	RM'000	RM'000	RM'000
<b>Condensed Consolidated Income Statement 3 months ended 31 October 2017</b>				
Revenue	771,823	(1,056)	-	770,767
Operating expenses	(619,155)	2,492	-	(616,663)
Other income	30,539	-	-	30,539
Profit from operations	183,207	1,436	-	184,643
Finance costs	(25,932)	-	-	(25,932)
Share of profit of associated companies	52,455	(32)	-	52,423
Share of profit of joint ventures	49,596	-	-	49,596
Profit before taxation	259,326	1,404	-	260,730
Income tax expenses	(41,551)	(344)	-	(41,895)
<b>Profit for the period</b>	<b>217,775</b>	<b>1,060</b>	<b>-</b>	<b>218,835</b>
Profit attributable to :-				
Owners of the Company	203,017	1,060	-	204,077
Non-controlling interests	14,758	-	-	14,758
	<b>217,775</b>	<b>1,060</b>	<b>-</b>	<b>218,835</b>

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(The figures have not been audited)

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

The effects to the financial statements from the adoption of MFRS 15 and MFRS 9 are as follows: (cont'd)

	As previously stated	Effect of adoption MFRS 15	Effect of adoption MFRS 9	As restated
	RM'000	RM'000	RM'000	RM'000
<b>Condensed Consolidated Statement of Financial Position As at 31 July 2018</b>				
<b><u>ASSETS</u></b>				
Deferred tax assets	39,219	779	-	39,998
Current receivables	2,559,650	-	(153)	2,559,497
Contract assets	545,280	25,601	-	570,881
Other assets	13,695,058	-	-	13,695,058
	<b>16,839,207</b>	<b>26,380</b>	<b>(153)</b>	<b>16,865,434</b>
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>EQUITY</u></b>				
Share capital	3,452,940	-	-	3,452,940
Retained profits	3,751,678	15,046	(153)	3,766,571
Reserves	363,227	-	-	363,227
<b>Owners' equity</b>	<b>7,567,845</b>	<b>15,046</b>	<b>(153)</b>	<b>7,582,738</b>
Non-controlling interests	383,681	-	-	383,681
<b>TOTAL EQUITY</b>	<b>7,951,526</b>	<b>15,046</b>	<b>(153)</b>	<b>7,966,419</b>
<b><u>LIABILITIES</u></b>				
Deferred tax liabilities	400,672	5,148	-	405,820
Current payables	1,642,177	6,186	-	1,648,363
Other liabilities	6,844,832	-	-	6,844,832
	<b>8,887,681</b>	<b>11,334</b>	<b>-</b>	<b>8,899,015</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,839,207</b>	<b>26,380</b>	<b>(153)</b>	<b>16,865,434</b>

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

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

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

(The figures have not been audited)

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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 2018 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.

#### **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 (excluding share premium) from 2,467,991,951 as at 31 July 2018 to 2,468,048,951 as at 31 October 2018 by way of issuance of 57,000 new ordinary shares pursuant to the exercise of the Employees' Share Option Scheme.

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

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

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 7. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months period ended 31 October 2018</b>					
<b>REVENUE</b>					
Revenue as reported	458,486	319,882	125,514	-	903,882
Share of joint venture companies' revenue	573,532	127,122	4,198	-	704,852
	1,032,018	447,004	129,712	-	1,608,734
Inter-segment sales	54,992	-	-	(54,992)	-
Total revenue	1,087,010	447,004	129,712	(54,992)	1,608,734
<b>RESULTS</b>					
Profit from operations	80,475	33,061	76,432	-	189,968
Finance costs	(4,709)	(13,562)	(9,018)	-	(27,289)
Share of profits of associated companies	32	781	27,787	-	28,600
Share of profits/(loss) of joint ventures	15,862	19,769	(749)	-	34,882
Profit before taxation	91,660	40,049	94,452	-	226,161
Percentage of segment results	41%	18%	41%		
Taxation					(39,714)
Profit for the period					186,447
Owners of the Company					172,038
Non-controlling interests					14,409
					186,447

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## Quarterly Report On Consolidated Results For The Period Ended 31 October 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>3 months period ended 31 October 2017 (Restated)</b>					
<b>REVENUE</b>					
Revenue as reported	302,276	343,677	124,814	-	770,767
Share of joint venture companies' revenue	732,313	165,348	4,036	-	901,697
	1,034,589	509,025	128,850	-	1,672,464
Inter-segment sales	70,049	-	-	(70,049)	-
Total revenue	1,104,638	509,025	128,850	(70,049)	1,672,464
<b>RESULTS</b>					
Profit from operations	77,049	29,923	77,671	-	184,643
Finance costs	(2,180)	(9,471)	(14,281)	-	(25,932)
Share of profits of associated companies	335	488	51,600	-	52,423
Share of profits/(loss) of joint ventures	25,062	25,547	(1,013)	-	49,596
Profit before taxation	100,266	46,487	113,977	-	260,730
Percentage of segment results	39%	17%	44%		
Taxation					(41,895)
Profit for the period					218,835
Owners of the Company					204,077
Non-controlling interests					14,758
					218,835

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

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

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

(The figures have not been audited)

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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 2018.

#### **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**

- (i) On 19 October 2018, a joint venture company, Anchorvale Pte.Ltd. was incorporated with equity participation in the joint venture consist of Gamuda Singapore Pte. Ltd. (50%), H10 Holdings Pte.Ltd. (30%) and Evia Real Estate (8) Pte. Ltd. (20%) to carry out the development project on the land parcel at Anchorvale Crescent site earmarked for executive condominium development.
- (ii) On 5 October 2018, Gamuda Engineering Sdn. Bhd. ("Gamuda Engineering"), a wholly-owned subsidiary of the Company, has acquired one ordinary share in Gamuda Building Ventures Sdn Bhd (formerly known as Iimbangan Integrasi Sdn Bhd) ("Gamuda Building Ventures") representing 100% of the total issued share capital of Gamuda Building Ventures, for a total cash consideration of RM1.00 only ("Acquisition"). Gamuda Building Ventures was incorporated in Malaysia on 27 March 2018 as a private limited company.

Following the Acquisition, Gamuda Building Ventures has become a wholly-owned subsidiary of Gamuda Engineering, which in turn is a wholly-owned subsidiary of Gamuda. Gamuda Building Ventures' principal activity is to undertake infrastructure and building works.

#### **11. Dividends**

The Board of Directors declare an interim dividend in respect of financial year ending 31 July 2019 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 2019;
- (iv) In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at 7 January 2019.

# Gamuda Berhad (29579-T)

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

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 12. Review of Performance

	Current Year Quarter 31-Oct-18 RM'000	Comparative Quarter 31-Oct-17 RM'000	Var %	Current Year To Date 31-Oct-18 RM'000	Preceding Year Corresponding Period (Restated) 31-Oct-17 RM'000	Var %
<b>BY SEGMENT</b>						
<b>* Revenue</b>						
Construction	1,032,018	1,034,589	0%	1,032,018	1,034,589	0%
Property	447,004	509,025	-12%	447,004	509,025	-12%
Concession	129,712	128,850	1%	129,712	128,850	1%
	1,608,734	1,672,464	-4%	1,608,734	1,672,464	-4%
<b>Profit before tax</b>						
Construction	91,660	100,266	-9%	91,660	100,266	-9%
Property	40,049	46,487	-14%	40,049	46,487	-14%
Concession	94,452	113,977	-17%	94,452	113,977	-17%
	226,161	260,730	-13%	226,161	260,730	-13%
<b>BY GEOGRAPHY</b>						
<b>* Revenue</b>						
Malaysia	1,377,715	1,394,749	-1%	1,377,715	1,394,749	-1%
Overseas	231,019	277,715	-17%	231,019	277,715	-17%
	1,608,734	1,672,464	-4%	1,608,734	1,672,464	-4%
<b>Profit before tax</b>						
Malaysia	171,818	231,421	-26%	171,818	231,421	-26%
Overseas	54,343	29,309	85%	54,343	29,309	85%
	226,161	260,730	-13%	226,161	260,730	-13%

\* Including share of joint venture companies' revenue



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### Notes To The Interim Financial Statements

(The figures have not been audited)

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

**Current quarter : Overseas projects contributed 70% of property earnings; lower group earnings due to the sale of Splash last year**

Gamuda Land generated 70% of its property earnings from its overseas projects driven by the robust sales of its two projects in Vietnam, Celadon City in Ho Chi Minh City and Gamuda City in Hanoi, and GEM Residences in Singapore which is almost fully sold.

Meanwhile, Gamuda posted a lower group earnings of RM172 million this quarter compared with RM204 million for the same quarter last year because the Group stopped recognising its share of Splash profits with effect from this quarter following the sale of Splash at the end of last financial year.

The performance of the respective divisions of the Group for the current quarter are as follows:

(a) GAMUDA ENGINEERING

The lower construction division's earnings is due to lower profit contribution from KVMRT Line 2 project. Meanwhile, works on the Pan Borneo Sarawak Highway – Pantu Junction to Btg Skrang is progressing on schedule.

(b) GAMUDA LAND

The lower earnings from property division is mainly due to lower contribution from the property projects in Malaysia.

(c) GAMUDA INFRASTRUCTURE CONCESSIONS

Lower earnings is mainly due to the sale of Splash last year.

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

The Group's profit before tax decreased from RM255 million in the preceding quarter to RM226 million in the current quarter mainly due the sale of Splash at the end of last financial year.

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

Included in other comprehensive income for the period ended 31 October 2018 is a net foreign exchange gain of RM44 million. The net foreign exchange gain resulted from the gain on foreign currency translation of the Group's overseas net assets due to the weaker Ringgit Malaysia.

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(The figures have not been audited)

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#### 15. Current Year Prospects

##### Overall Prospects

The Group expects a lower profit contribution from its water concession business this year following last year's disposal of its 40% stake in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ('Splash'), the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3. The profit contribution from Gamuda Engineering will also be affected by the reduction in contract value of the MRT Line 2 project following re-negotiation with the Government.

Nevertheless, the Group anticipates a satisfactory performance this year driven by overseas property sales especially Vietnam and Singapore, the progress of MRT Line 2 continue to pick up pace and steady earnings contribution from the expressway division.

The status of projects 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")**

MMC Gamuda reached an agreement with the Government to convert the elevated works under a Project Delivery Partner ('PDP') model, and the design and build underground works package to a single Turnkey Contract for a combined contract price of RM30.53 billion.

The overall cumulative progress at the end of November 2018 for the:

- Elevated Works Package is on track at 32%.
- Underground Works Package is on track at 43%

###### **(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 on 25 July 2016. The scope includes the widening and upgrading of the existing 89.30km long, 2-lane single carriageway road from Pantu Junction to Batang Skrang to a 4-lane dual carriageway of JKR R5 standard.

Overall cumulative progress at the end November 2018 was 35% and is on track.

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

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).

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### Notes To The Interim Financial Statements

(The figures have not been audited)

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

##### (a) GAMUDA ENGINEERING (cont'd)

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

###### Approvals for LRT

The Railway Scheme for the LRT was submitted to Suruhanjaya Pengangkutan Awam Darat (SPAD) on 29<sup>th</sup> March 2016 and the approval is expected in March 2019. The detailed engineering design will commence in April 2019.

The Environmental Impact Assessment (EIA) Report for the LRT was submitted to the Department of Environment (DOE) on 18<sup>th</sup> May 2017 and the approval is expected in February 2019.

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

The EIA Report for PIL1 has been submitted to DOE on 7 May 2018 and is currently being revised to incorporate comments received during the public display. Approval is expected in February 2019 with the detailed engineering design to start in March 2019.

###### Approvals for Penang South Reclamation

The Final EIA Report for Penang South Reclamation was submitted to DOE on 15 August 2017. Supplementary studies, including Social Impact Assessment (SIA) and Fishery Impact Assessment (FIA) were specified by the DOE, have been submitted for review. Approval is expected in February 2019 and Majlis Perancang Fizikal Negara (MPFN) approval in March 2019. The detailed engineering design shall commence in April 2019.

##### (b) GAMUDA LAND

##### (i) Overseas

The two developments in Vietnam namely Gamuda City located in Hanoi and Celadon City in Ho Chi Minh City continued to deliver robust sales and remained the biggest contributor of overseas sales. The property market remained strong on the back of the strong economy in Vietnam.

Gamuda (Singapore) Pte Ltd in partnership with Evia Real Estate (8) Pte Ltd and Ho Lee Group won the tender for the land parcel at Anchorvale Crescent in Singapore. Construction works is expected to commence in mid 2019. With the completion of construction works at 661 Chapel Street, Australia in April 2018, sales is expected to improve.

##### (ii) Malaysia

Established projects in Horizon Hills and Jade Hills continued to sell well while newer townships like Gamuda Gardens and twentyfive.7 are seeing better take up rates.

Gamuda Cove, a 1,530-acre smart city in a nature sanctuary with a GDV of RM20 billion, located opposite the Cyberjaya/Putrajaya interchange along the ELITE Highway and 15 minutes from KLIA was soft-launched in September 2018. The interchange connecting the Elite Highway to Gamuda Cove is targeted for completion by March 2019. A 50-acre Discovery Park, which is part of Gamuda Cove's 372-acre commercial component, will be the first tourism hub and hangout spot in the township and will be open by middle of next year. All 180 units of the first phase residential terraced houses were sold. The second phase of the landed residential parcel is slated for May 2019.

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

##### (c) GAMUDA INFRASTRUCTURE CONCESSIONS

###### (i) Expressway

The traffic volumes of all expressways have been stable and resilient.

###### (ii) Water

Splash, 40%-owned by the Group, was sold to Pengurusan Air Selangor Sdn Bhd ("Air Selangor") for RM2.55 billion last year. The upfront payment of RM1.9 billion is expected to be received in early 2019 upon completion of all condition precedents prescribed in the share purchase agreement. Thereafter, the balance purchase price of RM650 million will be settled in nine equal annual instalments.

The Group's 80%-owned Gamuda Water Sdn Bhd ("Gamuda Water") accepted Air Selangor's offer to settle its outstanding receivables and enter into a new operations and maintenance agreement ('OMA'). Both parties are currently in the midst of finalising the terms of the debt settlement and new OMA.

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

This is not applicable to the Group.

#### 17. Income Tax Expenses

	3 months ended 31 Oct	
	2018	2017
		(Restated)
	RM'000	RM'000
Income tax		
- Current year	42,654	44,154
- Prior year	(5,281)	25
Deferred tax		
- Current year	327	(2,530)
- Prior year	2,014	246
	<u>39,714</u>	<u>41,895</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 is equal to the statutory tax rate.

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#### 18. 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.

The conditions in the Sale and Purchase agreement are expected to be fulfilled in early 2019.

- (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 in early 2019.

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(The figures have not been audited)

#### 19. 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 Oct 18			As At 31 Oct 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>	-	1,000,000	<b>1,000,000</b>
- Gamuda Gardens	-	600,000	<b>600,000</b>	-	500,000	<b>500,000</b>
- Kesas	375,000	-	<b>375,000</b>	465,000	-	<b>465,000</b>
<b>Term Loans</b>						
- Gamuda	-	826,837	<b>826,837</b>	-	819,404	<b>819,404</b>
- twentyfive.7	392,043	-	<b>392,043</b>	297,782	-	<b>297,782</b>
- Gamuda City	15,120	-	<b>15,120</b>	230,550	-	<b>230,550</b>
- Celadon City	257,040	-	<b>257,040</b>	386,299	-	<b>386,299</b>
- Chapel Street	-	-	<b>-</b>	-	202,744	<b>202,744</b>
- Gamuda Singapore	-	151,010	<b>151,010</b>	-	186,438	<b>186,438</b>
<b>Revolving Credits</b>						
- Jade Hills	78,047	-	<b>78,047</b>	84,301	-	<b>84,301</b>
- Gamuda Singapore	-	-	<b>-</b>	-	31,073	<b>31,073</b>
	<b>1,117,250</b>	<b>3,077,847</b>	<b>4,195,097</b>	<b>1,463,932</b>	<b>2,739,659</b>	<b>4,203,591</b>
<b><u>Short Term Borrowings</u></b>						
<b>Medium Term Notes</b>						
- Gamuda	-	400,000	<b>400,000</b>	-	800,000	<b>800,000</b>
- Kesas	90,000	-	<b>90,000</b>	90,000	-	<b>90,000</b>
<b>Commercial Papers</b>						
- Gamuda	-	150,000	<b>150,000</b>	-	-	<b>-</b>
<b>Term Loans</b>						
- Gamuda City	126,000	-	<b>126,000</b>	-	-	<b>-</b>
- Celadon City	85,680	-	<b>85,680</b>	-	-	<b>-</b>
- Chapel Street	-	96,359	<b>96,359</b>	-	-	<b>-</b>
<b>Revolving Credits</b>						
- Gamuda	-	650,595	<b>650,595</b>	-	42,315	<b>42,315</b>
- Pan Borneo	-	147,000	<b>147,000</b>	-	96,000	<b>96,000</b>
- Jade Home	2,168	-	<b>2,168</b>	-	-	<b>-</b>
- Gamuda Singapore	-	30,202	<b>30,202</b>	-	-	<b>-</b>
	<b>303,848</b>	<b>1,474,156</b>	<b>1,778,004</b>	<b>90,000</b>	<b>938,315</b>	<b>1,028,315</b>
<b>Total Borrowings</b>	<b>1,421,098</b>	<b>4,552,003</b>	<b>5,973,101</b>	<b>1,553,932</b>	<b>3,677,974</b>	<b>5,231,906</b>

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

	As At 31 Oct 18		As At 31 Oct 17	
	Foreign Currency ( '000)	RM'000 Equivalent	Foreign Currency ( '000)	RM'000 Equivalent
RM		5,141,476		4,152,487
USD	24,000	100,416	10,000	42,315
VND	2,700,000,000	483,840	3,311,000,000	616,849
SGD	50,000	151,010	70,000	217,511
AUD	32,500	96,359	62,500	202,744
		<b>5,973,101</b>		<b>5,231,906</b>

# Gamuda Berhad (29579-T)

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

### Notes To The Interim Financial Statements

(The figures have not been audited)

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

There are no significant contingent liabilities or contingent assets.

#### 21. 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:

##### (i) Company Guarantees

- (a) The Company and its joint venture partner, MMC Corporation Berhad ("MMC"), issued parent company guarantees to guarantee the due performance and obligations of MMC - Gamuda KVMRT (T) Sdn. Bhd. ("Tunnel JV") in the underground works packages of the Klang Valley Mass Rapid Transit Project Sungai Buloh - Kajang Line ("KVMRT Line 1") and Klang Valley Mass Rapid Transit Project Sungai Buloh - Serdang - Putrajaya Line ("KVMRT Line 2"). Tunnel JV is equally owned by MMC and the Company.
- (b) The Company and its joint venture partner, MMC, have also issued parent company guarantees to guarantee the due performance and obligations of MMC - Gamuda KVMRT (PDP SSP) Sdn. Bhd. ("PDP SSP") as the Project Delivery Partner ("PDP") of KVMRT Line 2. PDP SSP is equally owned by MMC and the Company.
- (c) The Company and its partner, WCT Holdings Berhad formed a 51%: 49% joint venture ("GWJV") to undertake the design and to construct the airfield facilities, tunnel and detention ponds of the New Doha International Airport Project in the state of Qatar. Pursuant to the conditions of contract, GWJV is required to issue a performance bond of QAR336 million (approximately RM384 million at the prevailing exchange rate on 31 October 2018) to the client to guarantee the due performance and obligations of GWJV in the project. In January 2014, GWJV was issued with the initial acceptance certificate signifying the completion of the project, pending issuance of the final acceptance certificate upon expiry of the maintenance period in January 2015. The airport commenced operations in April 2014. To-date, the performance bond has not been returned to GWJV even though the project has been completed. The performance bond remains enforceable unless it is returned by the client for cancellation. GWJV has performed the works and has met all its obligations in accordance with the terms of the contract.

The parent company guarantees for the contracts in (a) and (b) and the performance bond issued in (c) have not been called because Tunnel JV, PDP SSP and GWJV have performed and met their obligations in compliance with the terms of the contract.

The directors are of the opinion that the transactions above have been entered into in the normal course of business.

##### (ii) Advances to sub-contractors

	<u>As at 31-Oct-18 RM'000</u>	<u>As at 31-Jul-18 RM'000</u>
Non-interest bearing advances	<u>266,563</u>	<u>224,890</u>

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

# Gamuda Berhad (29579-T)

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

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 22. Capital Commitments

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

	<b>RM'000</b>
Approved and contracted for :-	
Integrated Industrialised Building System (IBS) factory	60,860
Tunnel Boring Machines	25,797
Plant & Equipment	8,099
	<u>94,756</u>

#### 23. 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 27 March 2019.

- (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 Summary judgment are fixed on 8 January 2019.



# Gamuda Berhad (29579-T)

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

### Notes To The Interim Financial Statements

(The figures have not been audited)

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

- (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.
- (iv) On 25 October 2018, Gamuda Berhad announced that its 50% jointly controlled entity, MMC-Gamuda Joint Venture Sdn Bhd ("MGJV") have been served with the Notice by Emrail Sdn Bhd ("Emrail") in respect of an alleged dispute and differences arising out of the Conditions of Contract dated 23 December 2010 for the Construction, Completion, Testing, Commissioning and Maintenance of Track Works for the Electrified Double Track Project between Ipoh and Padang Besar.

On 6 December 2018, MGJV has notified the Company that they have filed an Originating Summons at the Kuala Lumpur High Court to seek for a declaration, among others, that the Notice is invalidly issued and Emrail is not entitled to commence arbitration proceedings against MGJV.

#### 25. Earnings Per Share

	<b>Current Quarter 31-Oct-18</b>
<b>Basic</b>	
Net profit attributable to shareholders (RM'000)	172,038
Number of ordinary shares in issue as at 1 Aug 2018 ('000)	2,467,991
Effect of shares issued during the year ('000)	55
Weighted average number of ordinary shares in issue ('000)	2,468,046
Basic earnings per ordinary share (sen)	6.97
<b>Diluted</b>	
Net profit attributable to shareholders (RM'000)	172,038
Weighted average number of ordinary shares in issue ('000)	2,468,046
- Assumed shares issued from the exercise of ESOS ('000)	-
- 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)	2,468,046
Diluted earnings per ordinary share (sen)	6.97

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 31 October 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	As At
		31-Oct-18	31-Oct-17
		RM'000	RM'000
<b>Current</b>			
<b>Trade receivables</b>			
Third parties		1,132,381	964,908
Due from associated companies		153,395	74,386
Due from joint venture	(a)	1,139,591	634,615
Due from joint venture partners		-	23,398
		<b>2,425,367</b>	<b>1,697,307</b>
<b>Other receivables</b>			
Accrued billings		653,930	520,419
Sundry receivables		180,016	502,879
		<b>3,259,313</b>	<b>2,720,605</b>

#### Ageing analysis of current trade receivables:-

1 to 30 days past due not impaired		44,651	92,675
31 to 60 days past due not impaired		22,609	53,461
61 to 90 days past due not impaired		35,836	19,458
91 to 120 days past due not impaired		37,396	22,300
More than 121 days past due not impaired	(b)	82,189	40,629
		222,681	228,523
Impaired		90,014	26,215
Total trade receivables		<b>2,425,367</b>	<b>1,697,307</b>

#### a) Due from joint venture

Included is an amount of RM1,046,380,000 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

Included Kesas outstanding toll compensation claim of RM36 million from Government of Malaysia.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 31 October 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-Oct-18</b>
	<b>RM'000</b>
Interest income	(32,085)
Other income	(10,838)
Interest expense	27,289
Depreciation and amortisation	45,218
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	(294)
Provision for impairment of assets	-
Loss on foreign exchange	1
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.