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 date of transition to the MFRS Framework is 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 January 2019 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.

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	Restated under MFRS
	RM'000	RM'000	RM'000	RM'000
Condensed Consolidated Income Statement 3 months ended 31 January 2018				
Revenue	1,002,757	(3,837)	-	998,920
Operating expenses	(866,991)	11,686	-	(855,305)
Other income	35,308	1,023	-	36,331
Profit from operations	171,074	8,872	-	179,946
Finance costs	(23,733)	-	-	(23,733)
Share of profit of associated companies	53,262	68	-	53,330
Share of profit of joint ventures	67,713	5,293	-	73,006
Profit before taxation	268,316	14,233	-	282,549
Income tax expenses	(44,301)	(1,850)	-	(46,151)
Profit for the period	224,015	12,383	-	236,398
Profit attributable to :-				
Owners of the Company	211,256	12,383	-	223,639
Non-controlling interests	12,759	-	-	12,759
	224,015	12,383	-	236,398

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	Restated under MFRS
	RM'000	RM'000	RM'000	RM'000
Condensed Consolidated Income Statement 6 months ended 31 January 2018				
Revenue	1,774,580	(4,893)	-	1,769,687
Operating expenses	(1,486,146)	14,178	-	(1,471,968)
Other income	65,847	1,023	-	66,870
Profit from operations	354,281	10,308	-	364,589
Finance costs	(49,665)	-	-	(49,665)
Share of profit of associated companies	105,717	36	-	105,753
Share of profit of joint ventures	117,309	5,293	-	122,602
Profit before taxation	527,642	15,637	-	543,279
Income tax expenses	(85,852)	(2,194)	-	(88,046)
Profit for the period	441,790	13,443	-	455,233
Profit attributable to :-				
Owners of the Company	414,273	13,443	-	427,716
Non-controlling interests	27,517	-	-	27,517
	441,790	13,443	-	455,233

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	Restated under MFRS
	RM'000	RM'000	RM'000	RM'000
Condensed Consolidated Statement of Financial Position As at 1 August 2018				
ASSETS				
Non-current assets				
Interests in associated companies	1,814,717	(5,391)	-	1,809,326
Interests in joint arrangements	961,294	5,053	-	966,347
Deferred tax assets	39,219	1,205	-	40,424
Other assets	6,586,103	-	-	6,586,103
	9,401,333	867	-	9,402,200
Current assets				
Receivables	2,559,650	-	(153)	2,559,497
Contract assets	545,280	36,759	-	582,039
Other assets	4,332,944	-	-	4,332,944
	7,437,874	36,759	(153)	7,474,480
TOTAL ASSETS	16,839,207	37,626	(153)	16,876,680
EQUITY AND LIABILITIES				
EQUITY				
Share capital	3,452,940	-	-	3,452,940
Retained profits	3,751,678	24,566	(153)	3,776,091
Reserves	363,227	-	-	363,227
Owners' equity	7,567,845	24,566	(153)	7,592,258
Non-controlling interests	383,681	-	-	383,681
TOTAL EQUITY	7,951,526	24,566	(153)	7,975,939
Non-current liabilities				
Payables	205,185	5,020	-	210,205
Deferred tax liabilities	400,672	8,040	-	408,712
Other liabilities	4,508,669	-	-	4,508,669
	5,114,526	13,060	-	5,127,586
Current liabilities				
Other liabilities	3,773,155	-	-	3,773,155
	3,773,155	-	-	3,773,155
TOTAL LIABILITIES	8,887,681	13,060	-	8,900,741
TOTAL EQUITY AND LIABILITIES	16,839,207	37,626	(153)	16,876,680

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

The were no unusual item 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 2,468,050,951 as at 31 January 2019 by way of issuance of 59,000 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.

7. 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.

8. Material Events Subsequent to Balance Sheet Date

There were no material events subsequent to the end of the quarter under review.

9. Changes in Composition of the Group

(i) On 5 March 2019, Gamuda Berhad had formed a new wholly owned subsidiary, Intensif Inovatif Sdn. Bhd. ("Intensif Inovatif"). Intensif Inovatif is incorporated as a private company limited by shares with an initial issued share capital of RM1.00 representing one (1) ordinary share which is fully subscribed and paid by Gamuda Berhad. The intended principal activity of Intensif Inovatif is to carry out property related businesses.

(ii) On 19 December 2018, Gamuda Engineering Sdn. Bhd. ("Gamuda Engineering"), a wholly-owned subsidiary of the Company, has acquired one (1) ordinary share in Megah Integrasi Sdn Bhd ("Megah Integrasi") representing 100% of the total issued share capital of Megah Integrasi, for a total cash consideration of RM1.00 only ("Acquisition"). Following the Acquisition, Megah Integrasi has become a wholly-owned subsidiary of Gamuda Engineering, which in turn is a wholly-owned subsidiary of Gamuda. Megah Integrasi was incorporated in Malaysia on 28 October 2018 as a private limited company. The intended principal activity is to specialise in tunnelling works.

(iii) 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.

(iv) On 5 October 2018, Gamuda Engineering has acquired one ordinary share in Gamuda Building Ventures Sdn Bhd (formerly known as Imbangan 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.

10. Dividends

a) The Board of Directors does not recommend any dividend for the current financial quarter. No dividend was declared in the previous corresponding quarter.

b) 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.

11. Dividends Paid

	6 months ended 31 January	
	2019	**2018**
	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 ending 31 July 2019 was paid on 25 January 2019	148,083	-
(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
	148,083	147,347

12. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter-segment Elimination	Total
6 months period ended 31 January 2019	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Revenue as reported	968,091	809,249	251,670	-	2,029,010
Share of joint venture companies' revenue	1,185,896	255,611	8,504	-	1,450,011
	2,153,987	1,064,860	260,174	-	3,479,021
Inter-segment sales	261,967	-	-	(261,967)	-
Total revenue	2,415,954	1,064,860	260,174	(261,967)	3,479,021
RESULTS					
Profit from operations	137,652	72,742	142,082	-	352,476
Finance costs	(6,821)	(25,519)	(16,157)	-	(48,497)
Share of profits of associated companies	509	805	58,590	-	59,904
Share of profits/(loss) of joint ventures	42,191	44,865	(1,331)	-	85,725
Profit before taxation	173,531	92,893	183,184	-	449,608
Percentage of segment results	38%	21%	41%		
Taxation					(73,864)
Profit for the period					375,744
Owners of the Company					345,178
Non-controlling interests					30,566
					375,744

12. 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
6 months period ended 31 January 2018 (Restated)					
REVENUE					
Revenue as reported	795,871	724,466	249,350	-	1,769,687
Share of joint venture companies' revenue	1,299,868	384,454	8,256	-	1,692,578
	2,095,739	1,108,920	257,606	-	3,462,265
Inter-segment sales	132,983	-	-	(132,983)	-
Total revenue	2,228,722	1,108,920	257,606	(132,983)	3,462,265
RESULTS					
Profit from operations	150,138	71,626	142,825	-	364,589
Finance costs	(6,560)	(20,664)	(22,441)	-	(49,665)
Share of profits of associated companies	914	661	104,178	-	105,753
Share of profits/(loss) of joint ventures	67,271	56,674	(1,343)	-	122,602
Profit before taxation	211,763	108,297	223,219	-	543,279
Percentage of segment results	39%	20%	41%		
Taxation					(88,046)
Profit for the period					455,233
Owners of the Company					427,716
Non-controlling interests					27,517
					455,233

13. Review of Performance

	Current Year Quarter 31-Jan-19 RM'000	Comparative Quarter (Restated) 31-Jan-18 RM'000	Var %	Current Year To Date 31-Jan-19 RM'000	Preceding Year Corresponding Period (Restated) 31-Jan-18 RM'000	Var %
BY SEGMENT						
*** Revenue**						
Construction	1,121,969	1,061,150	6%	2,153,987	2,095,739	3%
Property	617,856	599,895	3%	1,064,860	1,108,920	-4%
Concession	130,462	128,756	1%	260,174	257,606	1%
	1,870,287	1,789,801	4%	3,479,021	3,462,265	0%
Profit before tax						
Construction	81,871	111,497	-27%	173,531	211,763	-18%
Property	52,844	61,810	-15%	92,893	108,297	-14%
Concession	88,732	109,242	-19%	183,184	223,219	-18%
	223,447	282,549	-21%	449,608	543,279	-17%
BY GEOGRAPHY						
*** Revenue**						
Malaysia	1,475,935	1,429,574	3%	2,853,650	2,824,323	1%
Overseas	394,352	360,227	9%	625,371	637,942	-2%
	1,870,287	1,789,801	4%	3,479,021	3,462,265	0%
Profit before tax						
Malaysia	133,438	237,377	-44%	305,256	468,798	-35%
Overseas	90,009	45,172	99%	144,352	74,481	94%
	223,447	282,549	-21%	449,608	543,279	-17%

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

13. Review of Performance (cont'd)

Year to date : Overseas projects contributed two-thirds of group property sales; lower group earnings due to sale of Splash last year

Gamuda Land's overseas projects contributed two-thirds of group property sales; driven by the robust sales of its two projects in Vietnam namely Celadon City in Ho Chi Minh City and Gamuda City in Hanoi. GEM Residences in Singapore, which is almost fully sold, made significant contribution to property earnings too.

Meanwhile, Gamuda Group posted lower net profit of RM345 million for the first half of this year compared with RM428 million for the same period last year mainly because the Group stopped recognising its share of Splash profits following the sale of Splash at the end of last year.

Current quarter : Overseas property projects continued to perform well driven by Vietnam and Singapore

The two projects in Vietnam continued to sell well and together with the earnings contribution from Singapore, mitigated the lower earnings contribution from the new townships in Malaysia.

Meanwhile, Gamuda Group posted lower quarterly net profit of RM173 million compared with RM224 million for the same quarter last year mainly because the Group stopped recognising its share of Splash profits following the sale of Splash at the end of last year.

The performances of the respective divisions of the Group for the first half of this year were as follows :

(a) GAMUDA ENGINEERING
The lower construction earnings is due to the reduction in MRT Line 2's contract value following the agreement with the Government to undertake the elevated and underground works as a single Turnkey Contract.

(b) GAMUDA LAND
The overseas projects spearheaded by Vietnam and Singapore continued to perform well with overseas sales representing two-thirds of group property sales. Meanwhile, overall property earnings dropped as a result of the lower earnings contribution from the new townships in Malaysia.

(c) GAMUDA INFRASTRUCTURE CONCESSION
The lower earnings was mainly due to the sale of Splash last year. The Group stopped recognising its share of Splash profits at the end of last year.

14. Comparison with immediate Preceding Quarter's Results

The Group's profit before tax for this quarter of RM223 million is similar with the immediate preceding quarter's profit before tax of RM226 million.

15. Other Comprehensive Income (OCI)

Included in other comprehensive income for the year to date ended 31 January 2019 is a net foreign exchange gain of RM16 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.

16. Current Year Prospects

Overall Prospects

The Group anticipates this year's performance to be driven by overseas property sales especially Vietnam and Singapore, the progress of MRT Line 2 that continues to pick up pace and steady earnings contribution from the expressway division.

The status of projects for the respective division 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 undertake the elevated and underground works as a single Turnkey Contract for a combined contract price of RM30.53 billion.

The overall cumulative progress at the end of February 2019 for the:
- Elevated Works is on track at 40%; and
- Underground Works is on track at 49%.

The highlight in January was the successful tunnel drive breakthrough at Chan Sow Lin Station.
To-date, a total of 5 TBMs have been launched.

(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 February 2019 was 39% 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 Island A of the Penang South Reclamation component;

b. The Pan Island Link 1 (PIL1) highway; and

c. Reclamation Works (Penang South Reclamation).

Approvals for LRT

The Railway Scheme for the LRT was submitted to Agensi Pengangkutan Awam Darat (APAD), (formerly Suruhanjaya Pengangkutan Awam Darat (SPAD)) on 29th March 2016 and will be resubmitted in Mar 2019 to reflect the latest alignment update. The conditional approval is expected in May 2019.

The Environmental Impact Assessment (EIA) Report for the LRT was submitted to the Department of Environment (DOE) on 18th May 2017 and the approval is expected in May 2019. The detailed engineering design is due to commence in May 2019.

16. Current Year Prospects (cont'd)

a) GAMUDA ENGINEERING (cont'd)

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

Approval for Pan Island Link 1 (PIL1) Highway

The revised EIA Report for PIL1 has been submitted to DOE on 11 January 2019 and is expected to be approved in May 2019. Detailed engineering is targeted to commence in May 2019.

Approvals for Penang South Reclamation

The Final EIA Report for Penang South Reclamation was submitted to DOE on 15 August 2017 and is currently being revised to incorporate findings of supplementary studies required by DOE. The report is targeted for resubmission in March 2019. Majlis Perancang Fizikal Negara (MPFN) approval is targeted in April 2019 and detailed engineering design shall commence after MPFN approval.

(iv) Gamuda Industrialised Building Systems ('Gamuda IBS')

With two fully automated robotic factories capable of an annual production of 10,000 homes, Gamuda IBS addresses the growing awareness and demand for sustainable building construction practices. Infusing digitally-integrated processes with advanced robotic manufacturing systems, Gamuda IBS maximises output and optimises resource allocation with mass-production methods. The benefits are:

- Improved factory-finished quality
- Enhanced worker safety and health
- Environmental friendly and reducing wastage to below one per cent
- Reducing reliance on manual labour by 65 per cent
- Shortening construction period by 12 months

Shifting construction to a modern manufacturing model also transforms the traditional construction work site and the necessary skills, creating a work force that is upskilled in the use and operation of advanced manufacturing technologies. This will go towards realising the Government's objective to build 200,000 affordable houses by 2020 coupled with its policy to reduce reliance on foreign workers.

In addition to fulfilling building projects for Gamuda Land, Gamuda IBS has secured several projects from other developers in the Klang Valley.

16. Current Year Prospects (cont'd)

(b) GAMUDA LAND (cont'd)

(i) Overseas

The two developments in Vietnam namely Gamuda City in Hanoi and Celadon City in Ho Chi Minh City continued to sell well and remained the biggest contributor of overseas sales. Together with Singapore and Melbourne projects, overseas sales represent two thirds of group property sales.

Construction works for the new project in Singapore, Anchorvale Crescent, is expected to commence in mid-2019.

(ii) Malaysia

Established projects in Horizon Hills and Jade Hills continued to sell well. Sales at Gamuda Gardens and twentyfive.7 have seen steady growth since their respective launches.

The newly launched Gamuda Cove, a 1,530-acre smart city in a nature sanctuary with a GDV of RM20 billion, has seen its double storey homes fully taken up within 3 weeks of its launch. A 50-acre Discovery Park, which is part of Gamuda Cove's 372-acre commercial component, is targeted for opening in mid-2019. More landed and high-rise residential components are targeted to be launched within the next six months.

(c) GAMUDA INFRASTRUCTURE CONCESSIONS

(i) Expressway

The traffic volumes of all expressways have been stable and resilient. The Company is currently in talks with the Government in relation to the Government's proposed acquisition of all four tolled expressways owned by the Company.

(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 March 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.

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	
	2019	2018 (Restated)	2019	2018 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	25,311	41,997	67,965	86,151
- Prior year	(26)	5,654	(5,307)	5,678
Deferred tax				
- Current year	9,257	(3,693)	9,584	(6,223)
- Prior year	(392)	2,193	1,622	2,440
	34,150	46,151	73,864	88,046

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 mainly due to certain expenses not being deductible for tax purposes.

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.

The conditions in the Sale and Purchase agreement are expected to be fulfilled by 31 March 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/m3 reduction to the rates in the existing OMA.

The new OMA and settlement agreements are expected to be completed by 2nd quarter 2019.

19. Status of Corporate Proposals (cont'd)

(iii) On 14 December 2018 the Company announced that it proposes to undertake the following proposals:-

a) a renounceable rights issue of warrants in Gamuda ("Warrant(s) F") on the basis of one (1) Warrant F at an issue price of RM0.25 per Warrant F for every four (4) existing ordinary shares in Gamuda ("Gamuda Share(s)") held on an entitlement date to be determined later ("Proposed Rights Issue of Warrants"); and

b) an establishment of a dividend reinvestment plan that provides the shareholders of Gamuda with an option to elect to reinvest their cash dividends in new Gamuda Shares ("Proposed DRP")

collectively referred to as the "Proposals".

The Company has obtained Bursa Malaysia Securities Berhad ("Bursa Securities") approval for an extension of time for approximately 6 months until 19 September 2019 for the issuance of the circular to the shareholders of Gamuda in relation to the Proposals to comply with the Main Market Listing Requirements of Bursa Securities.

The extension of time was made in view of the press statement from The Prime Minister's Office dated 23 February 2019 which states that the Government of Malaysia has commenced talks with Gamuda to negotiate the acquisition of 4 highway concessions in which Gamuda has an interest in ("Proposed Acquisition of Tolled Highways"). As the Proposed Acquisition of Tolled Highways by the Government of Malaysia will result in a cash injection into Gamuda, the extension of time above will enable the Company to, amongst others, re-evaluate the cash flow requirements of the Gamuda Group moving forward on a holistic manner.

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 Jan 19			As At 31 Jan 18		
	Secured	Unsecured	**Total**	Secured	Unsecured	**Total**
	RM'000	RM'000	**RM'000**	RM'000	RM'000	**RM'000**
Long Term Borrowings						
Medium Term Notes						
- Gamuda	-	1,600,000	**1,600,000**	-	1,500,000	**1,500,000**
- Gamuda Gardens	-	600,000	**600,000**	-	500,000	**500,000**
- Kesas	375,000	-	**375,000**	465,000	-	**465,000**
Term Loans						
- Gamuda	-	827,036	**827,036**	-	809,192	**809,192**
- twentyfive.7	429,844	-	**429,844**	327,290	-	**327,290**
- Gamuda City	104,493	-	**104,493**	174,735	-	**174,735**
- Celadon City	253,770	-	**253,770**	405,577	-	**405,577**
- Chapel Street	-	-	**-**	-	228,448	**228,448**
- Gamuda Singapore	-	151,940	**151,940**	-	178,278	**178,278**
Revolving Credits						
- Jade Hills	72,389	-	**72,389**	88,614	-	**88,614**
- Gamuda Singapore	-	30,387	**30,387**	-	29,713	**29,713**
	1,235,496	3,209,363	**4,444,859**	1,461,216	3,245,631	**4,706,847**
Short Term Borrowings						
Medium Term Notes						
- Gamuda	-	400,000	**400,000**	-	800,000	**800,000**
- Kesas	90,000	-	**90,000**	90,000	-	**90,000**
Commercial Papers						
- Gamuda	-	150,000	**150,000**	-	-	**-**
Term Loans						
- Gamuda City	34,831	-	**34,831**	-	-	**-**
- Celadon City	84,590	-	**84,590**	-	-	**-**
- Chapel Street	-	66,884	**66,884**	-	-	**-**
Revolving Credits						
- Gamuda	-	630,295	**630,295**	-	27,283	**27,283**
- Pan Borneo	-	143,000	**143,000**	-	106,000	**106,000**
- Jade Home	2,167	-	**2,167**	-	-	**-**
	211,588	1,390,179	**1,601,767**	90,000	933,283	**1,023,283**
Total Borrowings	1,447,084	4,599,542	**6,046,626**	1,551,216	4,178,914	**5,730,130**

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

	As At 31 Jan 19		As At 31 Jan 18	
	Foreign Currency ('000)	**RM'000 Equivalent**	**Foreign Currency ('000)**	**RM'000 Equivalent**
RM	-	5,221,473	-	4,686,096
USD	24,000	98,256	7,000	27,283
VND	2,700,000,000	477,685	3,381,770,000	580,312
SGD	60,000	182,328	70,000	207,991
AUD	22,500	66,884	72,500	228,448
		6,046,626		5,730,130

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. 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.

2. 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.

3. 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. GWJV has performed the works and has met all its obligations in accordance with the terms of the contract. The performance bond remains enforceable in perpetuity unless it is returned by the client for cancellation.

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.

b) Advances to sub-contractors

	As at 31-Jan-19 RM'000	As at 31-Jul-18 RM'000
Non-interest bearing advances	233,305	224,890

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 January 2019 are as follows:

	RM'000
Approved and contracted for :-	
Integrated Industrialised Building System (IBS) factory	40,154
Tunnel Boring Machines	13,616
Plant & Equipment	7,786
	61,557

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 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 National 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 27 May 2019.

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 29 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. The hearing for the Originating Summons is fixed on 16 May 2019.

25. Earnings Per Share

	Current Quarter 31-Jan-19	Current Year To Date 31-Jan-19
Basic		
Net profit attributable to shareholders (RM'000)	173,140	345,178
Number of ordinary shares in issue as at 1 Aug 2018 ('000)	2,467,991	2,467,991
Effect of shares issued during the year ('000)	58	56
Weighted average number of ordinary shares in issue ('000)	2,468,049	2,468,047
Basic earnings per ordinary share (sen)	7.02	13.99
Diluted		
Net profit attributable to shareholders (RM'000)	173,140	345,178
Weighted average number of ordinary shares in issue ('000)	2,468,049	2,468,047
- Assumed shares issued from the exercise of ESOS ('000)	313	776
- 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)	2,468,362	2,468,823
Diluted earnings per ordinary share (sen)	7.01	13.98

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-19 RM'000	As At 31-Jan-18 RM'000
Current			
Trade receivables			
Third parties		1,099,428	1,096,579
Due from associated companies		155,607	104,926
Due from joint venture	(a)	719,071	662,310
Due from joint venture partners		-	1,231
		1,974,106	**1,865,046**
Other receivables			
Accrued billings		774,166	628,494
Sundry receivables		122,208	382,087
		2,870,480	2,875,627
Ageing analysis of current trade receivables:-			
Neither past due nor impaired		1,642,984	1,593,049
1 to 30 days past due not impaired		62,542	75,332
31 to 60 days past due not impaired		21,741	42,680
61 to 90 days past due not impaired		22,412	17,415
91 to 120 days past due not impaired		35,199	14,491
More than 121 days past due not impaired	(b)	101,094	97,794
		242,988	247,712
Impaired		88,134	24,285
Total trade receivables		**1,974,106**	**1,865,046**

a) Due from joint venture

Included is an amount of RM625,419,000 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 RM58 million from the Government of Malaysia.

27. Notes to the Consolidated Statement of Comprehensive Income

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

	Current Quarter 31-Jan-19 RM'000	Current Year To Date 31-Jan-19 RM'000
Interest income	(30,264)	(62,349)
Other income	(7,381)	(18,219)
Interest expense	21,208	48,497
Depreciation and amortisation	46,149	91,367
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	(18)	(312)
Provision for impairment of assets	-	-
Loss on foreign exchange	2	3
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.