

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Period Ended 31 October 2019

Notes To The Interim Financial Statements

(The figures have not been audited)

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 July 2019.

The accounting policies and presentations adopted for this interim financial report are consistent with those adopted for the audited consolidated financial statements for the financial year ended 31 July 2019.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 August 2019. The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact on the interim financial statements of the Group.

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s annual financial statements for the year ended 31 July 2019 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 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 2,472,322,033 as at 31 July 2019 to 2,473,407,033 as at 31 October 2019 by way of issuance of 1,085,000 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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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 2019.

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

There were no material changes in the composition of the Group for the period ended 31 October 2019.

10. Dividends

The Board of Directors declared an interim dividend in respect of the financial year ending 31 July 2020 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 dividend payment date and the book closure date to be determined and announced at a later date.

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11. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter- segment Elimination	Total
	RM000	RM000	RM000	RM000	RM000
3 months period ended 31 October 2019					
REVENUE					
Revenue as reported	490,831	482,745	122,253	-	1,095,829
Share of joint venture companies' revenue	652,819	47,343	4,731	-	704,893
	1,143,650	530,088	126,984	-	1,800,722
Inter-segment sales	175,491	-	-	(175,491)	-
Total revenue	1,319,141	530,088	126,984	(175,491)	1,800,722
RESULTS					
Profit from operations	41,483	68,247	60,397	-	170,127
Finance costs	(4,827)	(20,756)	(9,679)	-	(35,262)
Share of profits/(loss) of associated companies	(410)	-	31,641	-	31,231
Share of profits/(loss) of joint ventures	40,860	11,662	(653)	-	51,869
Profit before taxation	77,106	59,153	81,706	-	217,965
<i>Percentage of segment results by PBT</i>	<i>35%</i>	<i>28%</i>	<i>37%</i>		<i>100%</i>
Taxation	(8,746)	(11,425)	(12,203)	-	(32,374)
Profit for the period	68,360	47,728	69,503	-	185,591
Non-controlling interest	(1,124)	-	(10,852)	-	(11,976)
Profit attributable to Owners of the Company	67,236	47,728	58,651	-	173,615

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11. Segmental Analysis (cont'd)

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter- segment Elimination	Total
	RM000	RM000	RM000	RM000	RM000
3 months period ended 31 October 2018					
REVENUE					
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
RESULTS					
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
<i>Percentage of segment results by PBT</i>	41%	18%	41%		100%
Taxation	(18,465)	(5,054)	(16,195)	-	(39,714)
Profit for the period	73,195	34,995	78,257	-	186,447
Non-controlling interest	(1,046)	-	(13,363)	-	(14,409)
Profit attributable to Owners of the Company	72,149	34,995	64,894	-	172,038

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12. Review of Performance

	Current Year Quarter	Comparative Quarter	Var	Current Year To Date	Preceding Year Corresponding Period	Var
	31-Oct-19	31-Oct-18		31-Oct-19	31-Oct-18	
	RM'000	RM'000	%	RM'000	RM'000	%
BY SEGMENT						
Revenue *						
Construction	1,143,650	1,032,018	11%	1,143,650	1,032,018	11%
Property	530,088	447,004	19%	530,088	447,004	19%
Concession	126,984	129,712	-2%	126,984	129,712	-2%
	1,800,722	1,608,734	12%	1,800,722	1,608,734	12%
Net Profit						
Construction	67,236	72,149	-7%	67,236	72,149	-7%
Property	47,728	34,995	36%	47,728	34,995	36%
Concession	58,651	64,894	-10%	58,651	64,894	-10%
	173,615	172,038	1%	173,615	172,038	1%
BY GEOGRAPHY						
Revenue *						
Malaysia	1,433,965	1,377,715	4%	1,433,965	1,377,715	4%
Overseas	366,757	231,019	59%	366,757	231,019	59%
	1,800,722	1,608,734	12%	1,800,722	1,608,734	12%
Net profit						
Malaysia	113,170	134,848	-16%	113,170	134,848	-16%
Overseas	60,445	37,190	63%	60,445	37,190	63%
	173,615	172,038	1%	173,615	172,038	1%

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

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12. Review of Performance (cont'd)

Current quarter : Vietnam property projects continued to deliver steady results

Gamuda Land sold RM509 million worth of properties in the first quarter of FY2020. The two projects in Vietnam, Celadon City in Ho Chi Minh City and Gamuda City in Hanoi, continued to deliver steady results and remained the biggest contributor of overseas sales.

Gamuda Group posted a similar net profit of RM174 million in 1QFY20 as compared with a net profit of RM172 million for the same quarter last year.

The performances of the respective divisions were as follows :-

(a) Gamuda Engineering

The lower construction earnings was mainly due to the reduction in MRT Line 2's contract value following the re-negotiation with the Government to undertake the elevated and underground works as a single Turnkey Contract.

(b) Gamuda Land

Overseas projects continued to perform well with overseas sales contributing two-thirds of group property sales; bolstering property earnings.

(c) Gamuda Infrastructure Concession

Lower Kesas profit on slightly lower traffic and Gamuda Water plant rehabilitation cost provision.

13. Comparison with immediate Preceding Quarter's Results

The Group's profit before tax for this quarter of RM218 million is lower than the immediate preceding quarter's profit before tax of RM224 million.

14. Other Comprehensive Income (OCI)

Included in other comprehensive income for the period ended 31 October 2019 is a net foreign exchange gain of RM38 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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15. Current Year Prospects

Overall Prospects

The Group anticipates current year's performance to be driven by overseas property sales especially Vietnam and the progress of MRT Line 2 that continues to pick up pace.

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 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 October 2019 for the:

- Elevated Works Package is on track at 65%; and
- Underground Works Package is on track at 67%.

The handover of the Phase 1 viaducts for trackwork is close to completion with trackwork installation underway. Structural works and mechanical & electrical works are progressing well across all stations. The installation of equipment at Sungai Buloh Depot is completed.

Six Electric Trains have been delivered to the Depot, with a further eight undergoing assembly and testing. For tunnelling works, the tunnel drives are progressing with 5 tunnel drives completed and a further 10 drives currently underway.

(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 of Oct 2019 was 46%.

(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 (PDP) for the implementation of the Penang Transport Master Plan (PTMP). On 30 August 2019, the validity of the LOA has been extended by the State Government to 29 February 2020, and the PDP Agreement is expected to be signed in Jan 2020.

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 Islands;
- b. The Pan Island Link 1 (PIL1) highway; and
- c. Reclamation Works (Penang South Islands).

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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 was given Conditional Approval on 18 July 2019. The 3-month Public Inspection that started on 19 August, and which ended on 19 November 2019 has garnered more than 97% support for the LRT. The Environmental Impact Assessment (EIA) report for LRT has been submitted for final assessment. On receiving the EIA approval, the Final Railway Scheme Approval can then be obtained by APAD.

Approval for Pan Island Link 1 (PIL1) Highway

The EIA report for PIL1 has been approved by DOE in letter dated on 10 April 2019. Detailed engineering design will commence upon signing of PDP agreement with Penang State Government.

Approvals for Penang South Reclamation

Penang South Reclamation (PSR) Project was presented to Majlis Perancang Fizikal Negara (MPFN) on 18 Apr 2019.

The EIA report was approved on 25 June 2019. Detailed engineering design will commence upon signing of PDP agreement with Penang State Government. Reclamation works for the 2,300-acre Island A is targeted to commence in second half of 2020.

(iv) Marine Bridge, Taiwan

In March 2019, Gamuda's 70%-owned joint venture with a Taiwanese company won the tender to construct a 1.23 km marine bridge worth NTD3,954,610,508 (equivalent to RM522 million) for CPC Corporation Taiwan, a state-owned petroleum company. The marine bridge connects a receiving terminal to a man made island and the project is expected to be completed in November 2022. Preliminary works have started.

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

Gamuda IBS commenced operations in June 2016 with the first factory in Sepang and a second factory in Banting in May 2019. With these two factories, we have the capacity to produce 10,000 units per year. Apart from solid walls and slabs, our product portfolio now includes double-wall, pre-stressed slab and bathroom pod production. This puts us in a good standing to support the Government's target to build 1 million affordable homes in the coming decade.

With the use of Building Information Modelling (BIM) platform integrated with a robotic manufacturing line, Gamuda IBS is able to optimise resource allocations to maximise output. The benefits are:

- a. Improved factory-finished quality
- b. Enhanced worker safety and health
- c. Environmental friendly and reducing wastage to below one per cent
- d. Reducing reliance on manual labour by 70%
- e. Shortening construction period by 12 months

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15. Current Year Prospects (cont'd)

(a) GAMUDA ENGINEERING (cont'd)

(v) Gamuda Industrialised Building Systems ('Gamuda IBS') (cont'd.)

Gamuda IBS has been manufacturing panels for Gamuda Land. By 2020, Gamuda IBS will extend its digital manufacturing to:

- All Gamuda Land's high rise developments; and
- Landed properties, starting with the first phase of Gamuda Cove.

Gamuda IBS has also been manufacturing panels for external projects from Perbadanan Kemajuan Negeri Selangor (PKNS), Worldwide Holdings Berhad, IOI Group and joint venture project. The Company is aiming to participate in more upcoming external projects.

(vi) Gamuda (Australia) Branch

Gamuda Berhad, through its wholly-owned subsidiary Gamuda Engineering Australia Pty Ltd, has invested in a 50% stake in Martinus Rail Pty Ltd. We will jointly bid for railway and infrastructure projects in Australia, by combining Gamuda's technical strength in tunnelling and highway construction, financial strength and management resources with Martinus Rail's expertise and track records in railway.

Gamuda (Australia) Branch is also actively identifying other potential partner companies for the upcoming participation in other projects with larger order book. We expect to be tendering for more than A\$20 billion of work over the next year or so.

(b) GAMUDA LAND

The property division sold RM509 million worth of properties in the first quarter of this year compared with RM600 million in the same quarter last year. Overseas projects contributed two-thirds of overall sales.

(i) Overseas

Gamuda City in Hanoi and Celadon City in Ho Chi Minh City continued to sell well and remained the biggest contributor of overseas sales. Sales at 661 Chapel Street, a luxury high-rise condominium in Melbourne, Australia is on-going while Anchorvale Crescent in Singapore will be launched next year.

(ii) Malaysia

Established projects such as Horizon Hills and Jade Hills continued to deliver steady results. Newer townships such as Gamuda Gardens, twentyfive.7 and Gamuda Cove recorded improved sales. Meanwhile, the ELITE highway's interchange connecting directly to Gamuda Cove was opened in September 2019; allowing visitor access to the project site. The first phase of the 50-acre Discovery Park is expected to be opened early next year.

The construction of Quayside Mall at twentyfive.7 is almost completed with its opening scheduled in June 2020. Other attractions such as the Buzz.ar and the Field has further improved sales of the project.

Gamuda Gardens features many attractions such as Gardens of Light at the 50-acre central park which is a lake illumination at night, the opening of a FIFA-sized football pitch and an event space for weddings, parties and celebratory events with a backdrop of the lush greenery and majestic waterfall as well as the opening of the Waterfront Village early next year.

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15. Current Year Prospects (cont'd)

(c) GAMUDA INFRASTRUCTURE CONCESSIONS

(i) Expressway

The Group has agreed to dispose of all our interests in the four highways namely KESAS, SPRINT, LITRAK and SMART to the Government. Gamuda's stakes in the four highways is valued at RM2.36 billion. The Cabinet has approved the acquisition as announced during the Budget 2020 announcement and we will now present the proposals to our shareholders. Negotiations with the Government to finalise the terms and conditions of the definitive agreements are expected to be completed by 31 December 2019. The completion date of the MOF Offers from 31 December 2019 to a date which shall be no later than 31 March 2020.

(ii) Water

On 24 May 2019, our 80%-owned Gamuda Water signed a new operations & maintenance agreement (OMA) for the Sungai Selangor Water Treatment Plant Phase 3. The rates of the new OMA represent a 2 sen/m³ reduction to the rates in the old OMA.

16. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

17. Income Tax

	3 months ended 31 October	
	2019	2018
	RM'000	RM'000
Income tax		
- Current year	46,846	42,654
- Prior year	(289)	(5,281)
Deferred tax		
- Current year	(10,346)	327
- Prior year	(3,837)	2,014
	<u>32,374</u>	<u>39,714</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 similar to the statutory tax rate.

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18. Status of Corporate Proposals

(i) On 14 December 2018 the Company announced to undertake the following proposals: -

(a) Proposed Dividend Reinvestment Plan

The proposed Dividend Reinvestment Plan provides the shareholders of Gamuda with an option to elect to reinvest the First Interim Dividend into new Shares.

The Dividend Reinvestment Plan (“DRP”) was approved by the shareholders of the Company at the Extraordinary General Meeting held on 5 December 2019.

(b) Proposed of new Warrants

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

On 6 September 2019, Bursa Malaysia Securities Berhad (“Bursa Securities”) granted the Company:

- (i) extension of time until 31 December 2019 for Gamuda to issue the circular in relation to the Proposal to its shareholders; and
- (ii) extension of time until 26 February 2020, to complete the implementation of the Proposed Rights Issue of Warrants.

The extension of time for (i) and (ii) above was granted as the requisite approvals for the Proposed Acquisition of Toll Highways by the Government of Malaysia have not been obtained.

(ii) Offer from MOF to purchase all the securities in KESAS, SPRINT, LITRAK and SMART

On 21 June 2019, KESAS Holdings Berhad (“**KESAS Holdings**”), Gamuda’s 70% owned subsidiary, received a Letter of Offer from the Minister of Finance (Incorporated) (“MOF”) in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of KESAS Sdn Bhd (“**KESAS Offer**”). KESAS is a wholly owned subsidiary of KESAS Holdings.

Simultaneously, each of the following associated companies and joint venture company of Gamuda had on 21 June 2019, received a Letter of Offer from MOF for the following acquisitions:

- a) Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (“**SPRINT Holdings**”), Gamuda’s 52% associated company, received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of Sistem Penyuraian Trafik KL Barat Sdn Bhd (“**SPRINT Offer**”). SPRINT is a wholly-owned subsidiary of SPRINT Holdings;
- b) Lingkaran Trans Kota Holdings Berhad (“**LITRAK Holdings**”), Gamuda’s 44% associated company, received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of Lingkaran Trans Kota Sdn Bhd (“**LITRAK Offer**”). LITRAK is a wholly-owned subsidiary of LITRAK Holdings; and
- c) Projek SMART Holdings Sdn Bhd (“**SMART Holdings**”), Gamuda’s 50% joint venture company, received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (“**SMART Offer**”). SMART is a wholly-owned subsidiary of SMART Holdings.

(KESAS, SPRINT, LITRAK and SMART shall collectively be referred to as the “**Expressway Concession Companies**” and each a “**Expressway Concession Company**”, and KESAS Holdings, SPRINT Holdings, LITRAK Holdings and SMART Holdings shall collectively be referred to as the “**Concession Holding Companies**” and each a “**Concession Holding Company**”).

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18. Status of Corporate Proposals (cont'd)

(ii) Offer from MOF to purchase all the securities in KESAS, SPRINT, LITRAK and SMART (cont'd)

The purchase considerations are as follows:

KESAS Offer	SPRINT Offer	LITRAK Offer	SMART Offer
Cash consideration payable on completion equivalent to RM1,377 million less any outstanding Indebtedness as at completion	Cash consideration payable on completion equivalent to RM1,984 million less any outstanding Indebtedness as at completion	Cash consideration payable on completion equivalent to RM2,470 million less any outstanding Indebtedness as at completion	Cash consideration payable on completion equivalent to RM369 million less any outstanding Indebtedness as at completion
Any cash balance retained by each Expressway Concession Company as at completion shall be for the benefit of their respective Concession Holding Company			

KESAS Holdings, SPRINT Holdings and LITRAK Holdings had accepted the respective offer by MOF on 3 July 2019 and SMART Holdings on 5 July 2019. The Group is expected to receive RM2.36 billion from the sale of its stakes in the four highways.

Each Concession Holding Company shall negotiate and finalise the definitive agreements with MOF by 30 August 2019 or such other date as may be mutually agreed ("Cut-Off Date"), subject to the following:

- (i) The results of the due diligence exercise being satisfactory to MOF; and
- (ii) The approval of Cabinet of Malaysia.

Upon finalisation of the definitive agreements, each Concession Holding Company shall satisfy the following conditions precedent ("Conditions Precedent") by 29 November 2019 or such other date as may be mutually agreed:

- (i) The requisite shareholders' approval for the disposal of respective Expressway Concession Company; and
- (ii) The approval or consent of the creditors of the respective Concession Holding Company and/or Expressway Concession Company, where applicable.

The offers from MOF are inter-conditional upon each other.

On 29 August 2019, MOF and each of the Concession Holding Company had mutually agreed to extend the Cut-Off Date for the finalisation of the respective definitive agreement from 30 August 2019 to 31 October 2019. Other terms of the offers from MOF remained unchanged.

On 31 October 2019, MOF and each of the Concession Holding Company had mutually agreed to extend the following:

- (i) Cut-Off Date for the finalisation of the respective definitive agreements from 31 October 2019 to 31 December 2019;
- (ii) Long Stop Date to satisfy the conditions precedent from 29 November 2019 to 29 February 2020; and
- (iii) The completion date of the MOF Offers from 31 December 2019 to a date which shall be no later than 31 March 2020.

Other terms of the MOF remained unchanged.

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19. Group Borrowings and Debt Securities

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

	As At 31 Oct 19			As At 31 Oct 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	-	100,000	100,000	-	600,000	600,000
- Keras	285,000	-	285,000	375,000	-	375,000
Term Loans						
- Gamuda	-	429,492	429,492	-	826,837	826,837
- twentyfive.7	403,961	-	403,961	392,043	-	392,043
- Gamuda City	-	-	-	15,120	-	15,120
- Celadon City	86,063	-	86,063	257,040	-	257,040
- Gamuda Singapore	-	-	-	-	151,010	151,010
Revolving Credits						
- Jade Hills	60,066	-	60,066	78,047	-	78,047
	835,090	2,129,492	2,964,582	1,117,250	3,077,847	4,195,097
Short Term Borrowings						
Medium Term Notes						
- Gamuda	-	300,000	300,000	-	400,000	400,000
- Keras	90,000	-	90,000	90,000	-	90,000
- Gamuda Gardens	-	500,000	500,000	-	-	-
Commercial Papers						
- Gamuda	-	150,000	150,000	-	150,000	150,000
Term Loans						
- Gamuda	-	403,128	403,128	-	-	-
- twentyfive.7	39,365	-	39,365	-	-	-
- Gamuda City	-	-	-	126,000	-	126,000
- Celadon City	172,125	-	172,125	85,680	-	85,680
- Gamuda Singapore	-	153,380	153,380	-	-	-
- Chapel Street	-	-	-	-	96,359	96,359
Revolving Credits						
- Gamuda	-	730,160	730,160	-	650,595	650,595
- Pan Borneo	-	103,000	103,000	-	147,000	147,000
- Jade Home	5,036	-	5,036	2,168	-	2,168
- Gamuda Singapore	-	30,677	30,677	-	30,202	30,202
	306,526	2,370,345	2,676,871	303,848	1,474,156	1,778,004
Total Borrowings	1,141,616	4,499,837	5,641,453	1,421,098	4,552,003	5,973,101

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

	As At 31 Oct 19		As At 31 Oct 18	
	Foreign Currency (*000)	RM'000 Equivalent	Foreign Currency (*000)	RM'000 Equivalent
RM	-	5,130,698	-	5,141,476
USD	16,400	68,511	24,000	100,416
VND	1,434,375,000	258,188	2,700,000,000	483,840
SGD	60,000	184,056	50,000	151,010
AUD	-	-	32,500	96,359
		5,641,453		5,973,101

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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:

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 RM378 million at the prevailing exchange rate on 31 July 2019) 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.

On 3 October 2019, the settlement agreement to close out the NDIA contract was signed. The final acceptance certificate was issued and the performance bond was returned to GWJV for cancellation.

The parent company guarantees for the contracts in (1) and (2) have not been called because Tunnel JV and PDP SSP 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-Oct-19 RM'000
Non-interest bearing advances	<u>173,991</u>

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

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(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 2019 are as follows:

	RM'000
Approved and contracted for :-	
Integrated Industrialised Building System (IBS) factory	19,897
Tunnel Boring Machines	8,772
Plant & Equipment	654
	<u>29,323</u>

23. Material Litigation

The Group was not engaged in any material litigation as at 6 December 2019, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

24. Earning Per Share

	Current Quarter 31-Oct-19
Basic	
Net profit attributable to shareholders (RM'000)	<u>173,615</u>
Number of ordinary shares in issue as at 1 Aug 2019 ('000)	2,472,322
Effect of shares issued during the year ('000)	<u>757</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,473,079</u>
Basic earnings per ordinary share (sen)	<u>7.02</u>
Diluted	
Net profit attributable to shareholders (RM'000)	<u>173,615</u>
Weighted average number of ordinary shares in issue ('000)	2,473,079
- Assumed shares issued from the exercise of ESOS ('000)	2,540
- Assumed shares issued from the conversion of Warrants 2016/2021 ('000)	<u>-</u>
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	<u>2,475,619</u>
Diluted earnings per ordinary share (sen)	<u>7.01</u>

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25. 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:

	As At 31-Oct-19 RM'000	As At 31-Oct-18 RM'000
Current		
Trade receivables		
Third parties	1,069,485	1,222,395
Due from associated companies	19,710	153,395
Due from joint venture	636,945	1,139,591
	1,726,140	2,515,381
Impaired	(65,547)	(90,014)
	1,660,593	2,425,367
Other receivables		
Sundry receivables	177,909	180,016
	1,838,502	2,605,383

Ageing analysis of current trade receivables:-

Neither past due nor impaired	1,498,935	2,202,686
1 to 30 days past due not impaired	79,558	44,651
31 to 60 days past due not impaired	33,539	22,609
61 to 90 days past due not impaired	11,775	35,836
91 to 120 days past due not impaired	10,550	37,396
More than 121 days past due not impaired	26,236	82,189
	161,658	222,681
Impaired	65,547	90,014
Total trade receivables	1,726,140	2,515,381

a) Due from joint venture

Included is an amount of RM598,775,000 due from its 50% owned MMC Gamuda KVMRT (T) Sdn. Bhd. ("MGKT"). MGKT is the underground works contractor for KVMRT Line 2.

b) More than 121 days past due not impaired

Included is mainly related to Kesas outstanding toll compensation claim of RM20 million from Government of Malaysia.

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(The figures have not been audited)

26. 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-Oct-19
	RM'000
Interest income	(40,300)
Other income	(8,834)
Interest expense	35,262
Depreciation and amortisation	58,938
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	(473)
Gain on disposal of investment property	-
Provision for impairment of assets	-
Gain 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.