

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 October 2004

Notes To The Financial Statements

1. Basis of Preparation

- a) The interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board (“MASB”) No.26, Interim Financial Reporting.
- b) The interim financial report should be read in conjunction with the audited financial statements of the group for the year ended 31 July 2004.
- c) The accounting policies and methods of computation adopted by the Group are consistent with those adopted in the preparation of the financial statements for the year ended 31 July 2004, except for the adoption of MASB 32, Property Development Activities.

The adoption of MASB 32 does not have any material effect on the financial results of the Group for the current or prior periods. The comparative amounts as at 31 July 2004, however, have been restated as follows:

	As previously stated RM'000	Reclassifications RM'000	Restated RM'000
Property development costs	557,788	(7,296)	550,492
Receivables	647,976	11,424	659,400
Payables	321,332	4,128	325,460

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s annual financial statements for the year ended 31 July 2004 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are not affected by any significant seasonal or cyclical factors.

4. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

5. Changes in Estimates

There are no changes in estimates of amounts reported previously that have any material effect in the current quarter under review.

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6. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period except for the issuance of 1,036,000 and 31,500 new ordinary shares of RM1 each, pursuant to the exercise of the Employees' Share Option Scheme and conversion of warrants respectively.

7. Segmental Reporting

Segment information is presented in respect of the Group's business segment.

	Engineering and Construction	Property Development	Water related and Expressway Concessions	Manufacturing, Quarrying and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months period ended 31 Oct 2004						
Revenue						
External	243,841	80,130	11,710	25,296	-	360,977
Inter segment	1,708	-	-	34,528	(36,236)	-
	<u>245,549</u>	<u>80,130</u>	<u>11,710</u>	<u>59,824</u>	<u>(36,236)</u>	<u>360,977</u>
Segment results						
Segment results before amortisation	58,689	11,161	7,066	6,960	-	83,876
Amortisation of goodwill and concession rights	-	-	(747)	(45)	-	(792)
Profit from operations	<u>58,689</u>	<u>11,161</u>	<u>6,319</u>	<u>6,914</u>		<u>83,084</u>
Finance costs	(3,210)				-	(3,210)
Interest income	1,506	993	6	472	-	2,977
Share of results of associates and jointly controlled entities	<u>3,753</u>	<u>4,727</u>	<u>19,351</u>	<u>-</u>	<u>-</u>	<u>27,831</u>
Profit before taxation	<u>60,738</u>	<u>16,881</u>	<u>25,676</u>	<u>7,386</u>		<u>110,682</u>
Taxation						<u>(32,406)</u>
Profit after taxation						<u>78,276</u>
Minority interests						<u>(8,256)</u>
Net profit attributable to shareholders						<u>70,020</u>

8. Valuation of Property, Plant and Equipment

The valuation of land and buildings has been brought forward without amendment from the previous annual report.

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9. Material Events Subsequent to Balance Sheet Date

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

10. Changes in Composition of the Group

There has been no change to the composition of the group during the quarter under review.

11. Changes in Contingent Liabilities or Contingent Assets

	<u>31 Oct 2004</u> RM'000	<u>31 Oct 2003</u> RM'000
Performance and retention sum guarantees	333,885	355,835

The contingent liabilities mainly relate to advance payment guarantees and performance bonds for the construction projects undertaken by the Group.

12. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before tax of RM361.0 million and RM110.7 million respectively as compared to RM377.6 million and RM106.3 million respectively in the corresponding preceding quarter. The favourable result is due to the good performance of the core businesses of the Group.

13. Comparison with Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded profit before tax of RM110.7 million as compared to RM111.4 million in the immediate preceding quarter.

14. Current Year Prospects

Given the existing good order book, significant contributions from the property, water and expressway divisions and barring any unforeseen circumstances, the Group's performance is expected to continue to be favourable for the remaining periods of the current financial year.

15. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

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16. Tax Expense

The taxation is derived as below:

	3 months ended	
	31 October	
	2004	2003
	RM'000	RM'000
Company and subsidiaries	23,558	24,312
Associated companies and jointly controlled entities	8,848	6,801
Total	<u>32,406</u>	<u>31,113</u>

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes.

17. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There is no sale of investments and / or properties for the current financial period under review.

18. Quoted Securities

- a) There have been no dealings in quoted shares for the current quarter under review.
- b) The details of the investments in quoted shares as at 31 Oct 2004 are as follows:-

	RM'000
Total investments at cost	3,479
Total investments at book value	2,502
Total investments at market value	<u>3,973</u>

19. Status of Corporate Proposal Announced

- a) There are no corporate proposal announced but not completed at a date not earlier than 7 days from the date of issue of this report except as follows:-

The Company has entered into the following agreements :-

- i) a sale and purchase agreement dated 12th September 2002 with its wholly owned subsidiary, Reka Strategi Sdn Bhd ("RSSB"), for the disposal of its 80% equity interest in Gamuda Water Sdn Bhd ("G-Water") comprising 1,600,000 ordinary shares of RM1.00 each ("G-Water Sale Shares") to RSSB for a total consideration of RM120 million ("Proposed Disposal of G-Water"); and

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- ii) a sale and purchase agreement dated 13th September 2002 with its 30% owned associated company, Syarikat Pengeluar Air Selangor Holdings Berhad (“ Splash Holdings”), for the disposal of its entire equity interest in RSSB comprising 2 ordinary shares of RM1.00 each (“RSSB Sale Shares”) to Splash Holdings for a total consideration of RM2.00 (“Proposed Disposal of RSSB”)
- iii) Upon completion of the disposal of the G-Water and RSSB (“proposed disposals”), G-Water and RSSB will cease to be subsidiaries of Gamuda. However, they will remain as associated companies of Gamuda via Splash Holdings.
- b) The following are the status of utilisation of proceeds from the 3% Redeemable Unsecured Bonds 2000/2007 and Rights Issue Warrants proceeds as at end of the reporting period:

	<u>Proposed</u> RM'000	<u>Utilised</u> RM'000
<u>Details of activities:</u>		
Repayment of borrowings	115,000	115,000
Part payment for land acquisition (Bandar Botanic)	60,000	60,000
Working capital	70,700	70,700
Expenses of bonds issue	4,300	4,300
Investment in Splash Holdings (Holding Company of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd)	150,000	120,000
Total	<u>400,000</u>	<u>370,000</u>

20. Group Borrowings and Debt Securities

The details of the Group’s borrowings as at end of current quarter are as follows:

	Foreign Currency ‘000	RM Equivalent ‘000
<u>Short Term Borrowings</u>		
Revolving Credit Facility (Unsecured) - denominated in Taiwan Dollar (“TWD”)	TWD 440,001	48,889
Finance Lease Payables (Secured) - current portion - denominated in Indian Rupee (“INR”)	INR 38,796	<u>3,233</u>
		<u>52,122</u>
<u>Long Term Borrowings</u>		
Bonds (Nominal amount of 3% Redeemable Unsecured Bonds 2000/2007)	-	400,000
Term Loan (Secured)	-	<u>78,152</u>
		<u>478,152</u>
Total		<u>530,274</u>

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21. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments at a date not earlier than 7 days from the date of issue of this report.

22. Changes in Material Litigation

There is no pending material litigation since the last annual balance sheet date to a date not earlier than 7 days from the date of issue of this report.

23. Dividend

No dividend has been proposed or paid for the current quarter under review.

24. Earnings Per Share

	Current Quarter 31 Oct 2004	Current Year To Date 31 Oct 2004
Basic		
Net profit attributable to shareholders (RM'000)	70,020	70,020
Number of ordinary shares in issue as at 1 August 2004 ('000)	736,788	736,788
Effect of shares issued during the period ('000)	659	659
Weighted average number of ordinary shares in issue ('000)	737,447	737,447
Basic earnings per ordinary share (sen)	9.49	9.49
Diluted		
Net profit attributable to shareholders (RM'000)	70,020	70,020
Weighted average number of ordinary shares in issue ('000)	737,447	737,447
- Assumed shares issued from the exercise of ESOS ('000)	5,771	5,771
- Assumed shares issued from exercise of Warrants 1996/2006 ('000)	13,039	13,039
- Assumed shares issued from exercise of Warrants 2001/2007 ('000)	34,815	34,815
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	791,072	791,072
Fully diluted earnings per ordinary share (sen)	8.85	8.85

Report Dated: 21 December 2004