

Gamuda makes cash call; 1Q net profit up 14.5%

Exercise may raise up to
RM714.8 million

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KUALA LUMPUR: Gamuda Bhd is seeking fresh capital from its shareholders via a renounceable rights issue of up to 267.7 million warrants.

The exercise, on the basis of one warrant for every eight existing shares held, may raise up to RM714.8 million for the infrastructure builder and property developer.

The RM714.8 million assumes full exercise of the warrants at an indicative exercise price of RM2.67 each, Gamuda told the exchange yesterday.

Gamuda said the proceeds would finance its capital expenditure needs and potential investments related to the company's existing businesses, besides the repayment of borrowings.

"The exercise of the warrants will allow the company to obtain proceeds without incurring additional interest expenses and minimise any potential cash outflow in respect of interest servicing.

"In addition, the exercise of the warrants will increase Gamuda's shareholders' funds/capital base and hence improve its gearing level for a more optimal capital structure," said Gamuda, which also owns in-

frastructure concessions.

Existing shareholders of the company will be given the option to further increase their equity participation at a pre-determined price over the five-year tenure of the warrants.

The proposed rights issue is expected to be completed by the first half of next year.

In a separate announcement to the bourse, Gamuda said its first quarter (1Q) net profit increased 14.5% from a year earlier, helped by higher contribution from all its business divisions.

Net profit for 1Q ended Oct 31, 2009 rose to RM63.02 million from RM55.04 million, while revenue climbed 1.6% to RM623.96 million from RM613.96 million.

In quarterly terms, net profit advanced 45.6% from RM43.29 million in the preceding fourth quarter, although revenue fell 33.8% from RM942.24 million.

"With the existing construction projects progressing on schedule and the recovery of the property market, the group's performance is expected to improve in the remaining quarters of the current financial year," Gamuda said.

On the company's construction

division, Gamuda said work on the electrified double-track rail project was behind schedule due to the delay in design approval and late handover of land by the authorities.

Hence, the project's completion date was revised from January 2013 to December 2013. Work progress is expected to pick up in the remaining quarters of the current financial year.

On overseas projects, Gamuda said progress claims for the New Doha International Airport project had been submitted to the Qatari government and were being settled within the contractual period. The project is progressing on schedule.

As for its Yenso Park and sewage treatment plant projects in Vietnam, Gamuda said they were not significantly affected by the recent devaluation of the dong.

Meanwhile, Gamuda's unbilled property sales of RM700 million were expected to spur the division's earnings for the remaining quarters of the financial year.

The company declared a first interim dividend of six sen per share, less tax.