

The Art of Seeing  
ANNUAL REPORT 2007



## **THE ART OF SEEING**

It's all about thinking out of the box. Seeing things from a different perspective. Often with childlike simplicity and an instinctive curiosity. The truly brilliant innovator can take an everyday object and turn it into the most ingenious creation.

Gamuda strives to continuously design solutions that contribute to the betterment of its community, stakeholders and employees – by mastering the art of seeing.

## 31<sup>st</sup> Annual General Meeting

Permai Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A  
Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan

Friday, 14 December 2007 at 10.00 a.m.

# Contents

<b>2</b>	Our Regional Presence	<b>53</b>	<b>Corporate Governance</b>
<b>4</b>	<b>Performance Review</b>	<b>54</b>	Corporate Governance Statement
<b>6</b>	Five-Year Financial Highlights	<b>58</b>	Statement on Internal Control
<b>8</b>	Chairman's Perspective	<b>60</b>	Audit Committee Report
<b>10</b>	Operations Review	<b>63</b>	Additional Compliance Information
<b>32</b>	Awards and Achievements	<b>65</b>	<b>Financial Statements</b>
<b>34</b>	<b>Corporate Information</b>	<b>161</b>	Statement of Directors' Interests
<b>36</b>	Directors' Profile	<b>162</b>	Shareholders' Information
<b>44</b>	Corporate Data	<b>165</b>	List of Major Properties
<b>45</b>	Corporate Structure	<b>166</b>	Notice of Annual General Meeting
<b>46</b>	<b>Corporate Responsibility</b>	<b>169</b>	Statement Accompanying Notice of Annual General Meeting
<b>48</b>	Corporate Social Responsibility		Form of Proxy
<b>50</b>	Calendar of Events		Group Directory

# Our Regional Presence



### Bahrain

#### Bridges:

- Sitra Causeway Bridges

### Qatar

#### Airport:

- New Doha International Airport

#### Highway:

- Dukhan Highway

### Laos

#### Hydropower Dam:

- Nam Theun 1

### India

#### Expressway and Highway:

- Panagarh-Palsit Highway and Durgapur Expressway

### Taiwan

#### Metro Tunnel:

- Kaohsiung Metropolitan Mass Rapid Transit

### Vietnam

#### Property Development:

- Yen So Park, Hanoi

### Malaysia

#### Expressway & Highway:

- Shah Alam Expressway
- Damansara-Puchong Highway
- Sistem Penyuraian Trafik KL Barat (SPRINT Highway)

#### Dam:

- Sungai Selangor Water Supply Scheme Phase 3

#### World's 1st Dual Purpose Tunnel:

- SMART (Stormwater Management & Road Tunnel)

#### Railway:

- Electrified Double Tracking Railway

#### Property Development:

- Kota Kemuning
- Bandar Botanic
- Valencia
- Horizon Hills
- Jade Hills
- Madge Mansions

# performance review

- 6 Five-Year Financial Highlights
- 8 Chairman's Perspective
- 10 Operations Review
- 32 Awards and Achievements





**Seeing the big picture** is critical when your task is fulfilling one part of a greater plan. Our role in the New Doha International Airport in Qatar called for us to do just this. Our participation in building this prestigious airport has propelled us into the international arena.

# Five-Year Financial

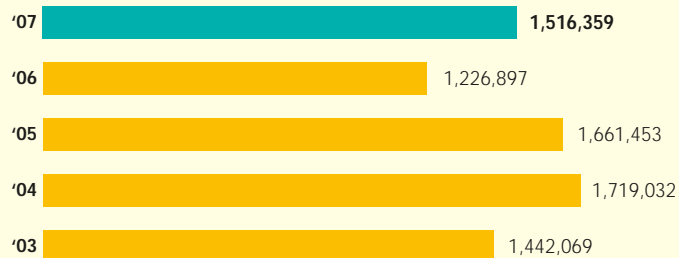
	2003	2004	2005	2006	2007
<b>(RM'000)</b>					
Revenue	1,442,069	1,719,032	1,661,453	1,226,897	<b>1,516,359</b>
Profit Before Taxation	375,075	406,069	378,014	222,159	<b>276,561</b>
Profit Attributable to Shareholders	241,773	281,869	265,778	157,583	<b>185,428</b>
Total Assets	2,750,991	3,106,355	3,454,041	3,902,137	<b>5,038,482</b>
Shareholders' Equity / Net Assets	1,581,988	1,976,703	2,178,862	2,242,769	<b>2,945,950</b>
Total Number of Shares ('000)	683,447	736,788	749,572	753,232	<b>981,528</b>
<b>(Sen per Share)</b>					
Group Earnings Per Share (sen)	36	39	36	21	<b>22</b>
Net Assets Per Share (sen)	231	268	291	298	<b>300</b>

The Group has adopted the changes in the applicable FRSs during the financial year ended 31 July 2007 and the figures prior to 31 July 2007 were also restated accordingly.

# Highlights

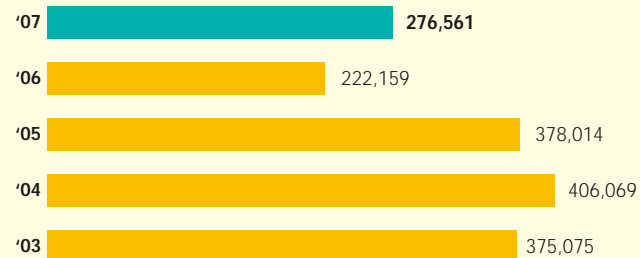
## Revenue

(RM'000)



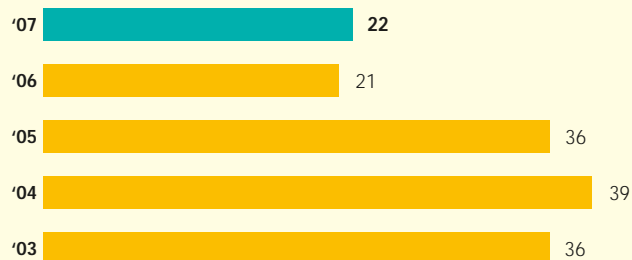
## Profit Before Taxation

(RM'000)



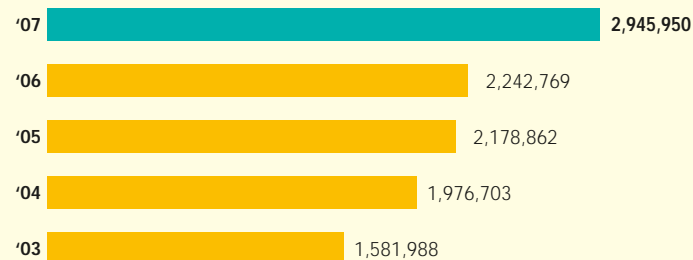
## Group Earnings Per Share

(Sen)



## Shareholders' Equity

(RM'000)



## Chairman's Perspective



**To our shareholders, customers,  
employees, partners, suppliers  
and friends**

It is my pleasure to present, on behalf of the Board of Directors, the 17th Annual Report and Audited Financial Statements of Gamuda Berhad for the financial year ended 31st July 2007.

The group recorded an improved net profit of RM185.4 million on higher revenues of RM1.52 billion. Compared to the previous financial year, these represent commendable increases of 18% and 24% respectively, as the group operated in challenging market conditions. The property division and the water-related and expressway division in particular, recorded better performance but earnings from the construction division were substantially lower. Group earnings per share was 21.7 sen versus 20.9 sen last year.

Due to a reduced domestic order book and lower margins from our overseas projects, earnings contribution from the construction division fell to 15%.

The property division managed to improve its contribution to 32% of group earnings as a result of better sales on the back of improved market conditions as well as good construction progress.

Robust traffic volumes and increased water production, further aided by a major tariff revision for two of the group's highways enabled the highway and water related concessions division to post a higher 53% in earnings contribution.

The group enters the new financial year on a high note. Our construction order book has doubled to RM11 billion on the approval of the Malaysian government of our PFI proposal for the northern portion of the railway double tracking project as well as new infrastructure works of RM1.5 billion for our new property project in Hanoi, Vietnam.

Further, the property division has enlarged total gross development values to RM14 billion with the new RM8 billion integrated development project in Hanoi and an RM244 million high-end residential development project in Jalan Madge, Kuala Lumpur.

The group recorded an improved net profit of RM185.4 million on higher revenues of RM1.52 billion. Compared to the previous financial year, these represent commendable increases of 18% and 24% respectively, as the group operated in challenging market conditions.

On the home front, the group's concessions are showing solid growth and the Smart motorway tunnel has started operations in June. There will be additional concession earnings when the Laos hydropower project is commissioned in 2013.

We anticipate that even with already sizable order books that will keep us busy for the next several years there are further avenues for growth. We are entering a period of accelerated awards of new construction projects in Malaysia amidst an economy showing solid and sustained expansion. Overseas, the construction market in the Gulf States continues to be very buoyant and the Indochina markets are on a robust, long-term uptrend giving added reasons for optimism.

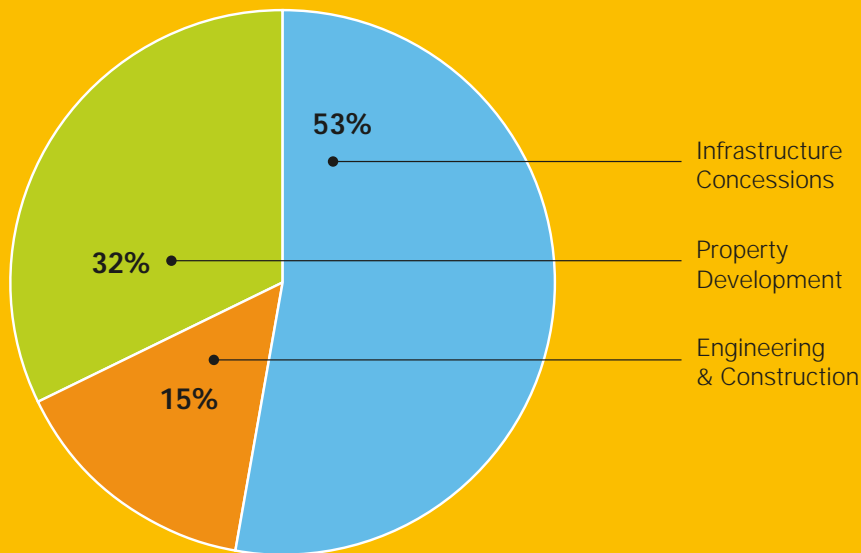
The group's financial standing has been further strengthened by its healthy profitability and the recent conversion of Warrant C which

has boosted the group's cash position to RM1 billion. In view of this and a much improved order book and outlook, the Board has recommended that the full year gross dividend be substantially increased to 46 sen per share, less 27% tax, triple the previous year's dividend.

On behalf of the Board of Directors, I wish to thank all management and staff members for their continued loyalty and commitment in the performance of their duties. We note the extra sacrifice of our overseas teams who are helping to build our presence and brand name in those markets. We also thank our clients, customers and suppliers for their continued confidence and the authorities for their guidance and support. Finally, I wish to record my sincere appreciation of my fellow Board members for contributing their invaluable wisdom, advice and guidance.

**Tan Sri Dato' Ir Talha  
bin Haji Mohd Hashim**  
Chairman

# operations . review



**Operating Earnings**

Engineering & construction, operation of infrastructure concessions and property development are the core business activities of the group.

Engineering &  
Construction **12**



Infrastructure  
Concessions **18**



Property  
Development **24**



A high-speed train with a blue and silver livery is captured in motion, blurred to convey speed. It is traveling along a track under a large, modern station roof with a complex steel truss structure. The train has multiple windows and doors. The foreground shows the gravel bed of the railway tracks.

# Engineering & Construction

Our railway double tracking project will involve construction of a double track railway from Ipoh to Padang Besar on a private finance initiative (PFI) basis.



## Engineering & Construction

- Our Middle East projects are well advanced
- The New Doha International Airport and Dukhan Highway projects are scheduled for completion by mid 2008
- The Sitra Causeway Bridges in Bahrain, secured last year, is now in full swing towards completion in 2009

A bird's eye view of the nearly completed section of the Midfield Access Tunnel in Doha, Qatar





FROM TOP:

New Doha International Airport project senior management team, Mr Param Sivalingam and Mr Choo Choon Hooi, on a site inspection at the south detention pond

Operators of heavy machinery working on night shifts to compensate for harsh day-time temperatures

One of the four commissioned plants that are needed to maintain optimum levels of bitumen and asphalt on site



## Engineering & Construction

**Nam Theun 1 is scheduled to begin main works by end 2007; on the Kaohsiung Mass Rapid Transit, interfacing and commissioning works with adjacent packages are on-going.**

This division is the major part of the group's operations and revenue improved substantially on an enlarged overseas order book. However, earnings contribution to the group declined to 15%, due to lower profit margin from these overseas projects.

### SMART Tunnel

During the financial year, the SMART Tunnel, the world's first and only dual-use tunnel, was opened to traffic on 14th May 2007 while the overall flood tunnel was operational on June 23rd, 2007, one week ahead of schedule. In August the tunnel and flood system was successfully wet-tested in a simulated flood situation.

### Taiwan

We have completed all major works on our Kaohsiung Mass Rapid Transit project and are assisting the client in facilitating interfacing and commissioning works with adjacent packages.

### Middle East - Gulf States

Our two earlier projects in Qatar, the Dukhan Highway and the New Doha International Airport Projects are well advanced, with completion targeted for mid 2008. The RM640 million Sitra Causeway Bridges project in Bahrain which we secured last year is making good progress and is now in full swing towards completion in 2009.

Work in progress at the Free Trade Zone tunnel, New Doha International Airport project, Qatar



Engineers in a discussion at one of Dukhan Highway's many interchanges that are currently being upgraded



Interior view of a soon-to-be-opened station for the Kaohsiung Mass Rapid Transit



The completed tunnel of the Kaohsiung Mass Rapid Transit, Taiwan

## Engineering & Construction

### Indochina

After securing a tariff agreement with the Electricity Generating Authority of Thailand in December 2006, preliminary works involving the access road and site facilities on the Nam Theun 1 hydropower project has started. The plan is for main works to start by this year-end on completion of detailed commercial terms followed by financial closure. We are the main turnkey contractor for this RM2 billion project which will take four and a half years to complete.

### NEW PROJECTS

#### Railway Double Tracking Project, Malaysia

In June 2007, the Malaysian government confirmed that it had accepted the MMC-Gamuda JV proposal for the construction of the northern section of the railway double tracking project from Ipoh to Padang Besar, on a private finance initiative (PFI) basis.

With the revival of this project, which had earlier been awarded to the JV in 2003, the group's construction order book is substantially replenished for the next 5 years.

MMC-Gamuda JV is currently in negotiations with the government on the formal agreement for the project.

With the revival of the double tracking project from Ipoh to Padang Besar, the group's construction order book is substantially replenished for the next 5 years.

Temporary access bridges being constructed alongside live traffic at Sitra Causeway Bridges project



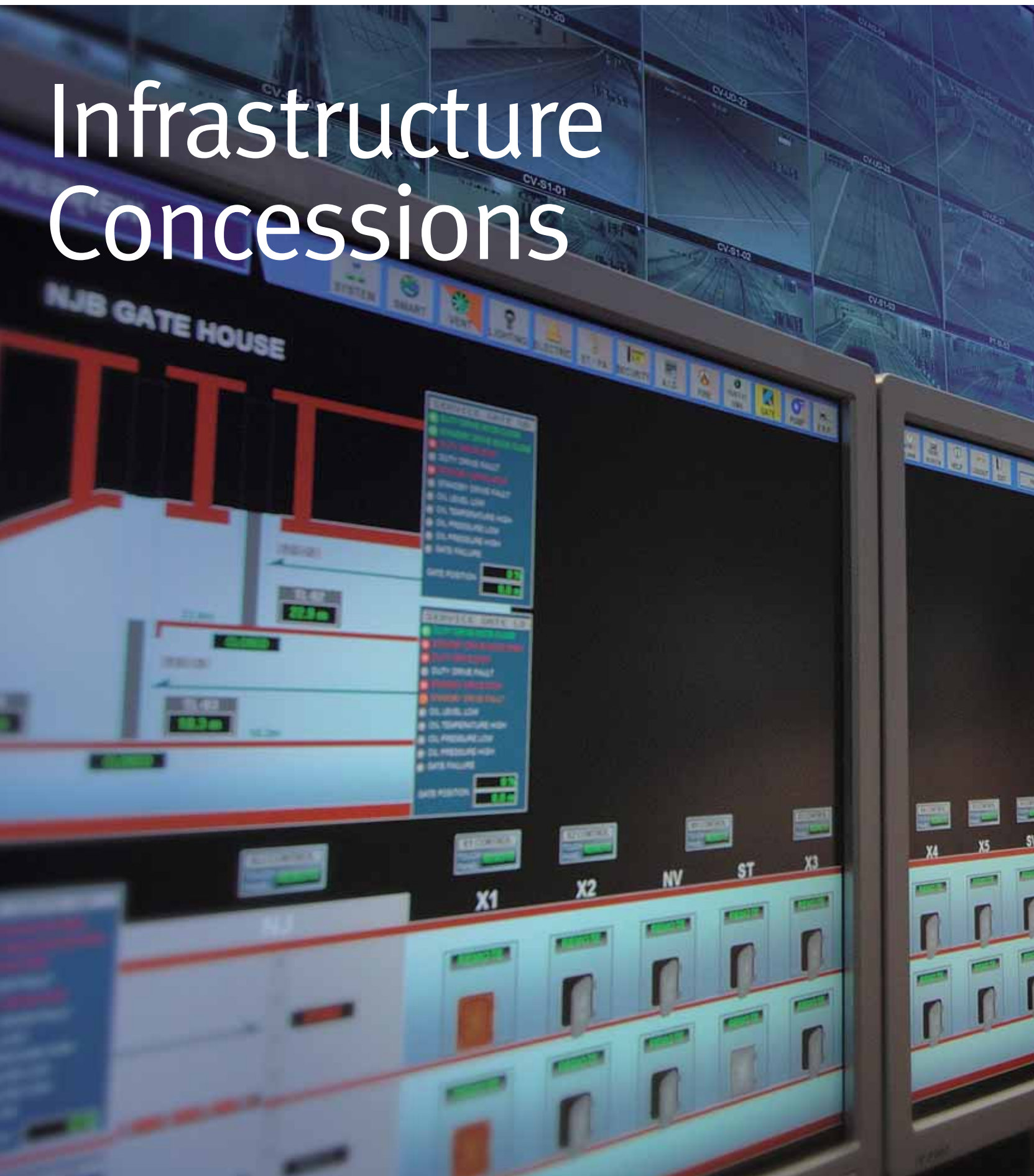
Artist impression of the completed Sitra Causeway Bridges in Bahrain

Land clearing and preparation for earthworks at the Nam Theun 1 hydropower project site in Laos

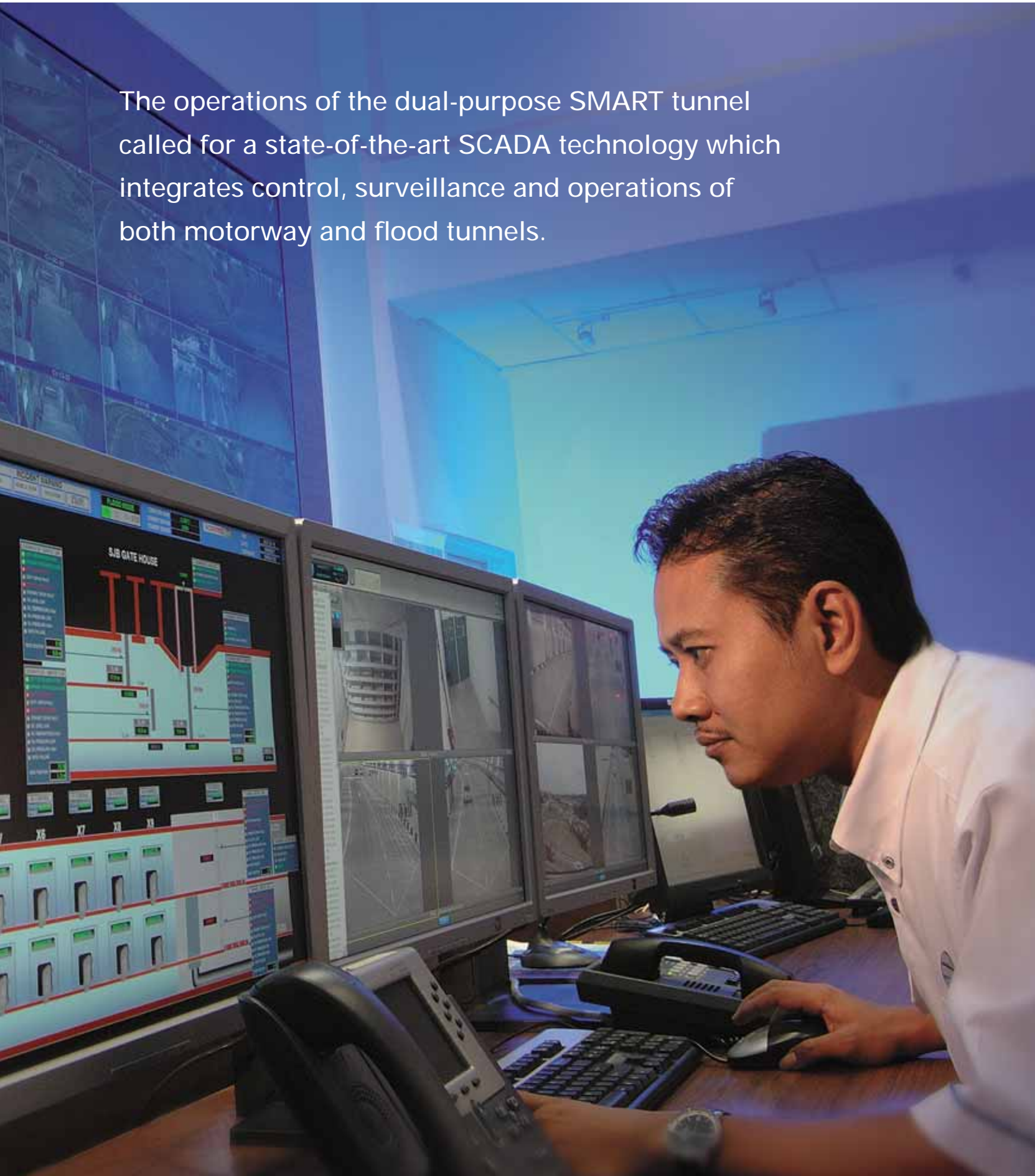


Site location at Nam Theun 1, Laos, where the 177metre high hydropower dam will be built

# Infrastructure Concessions



The operations of the dual-purpose SMART tunnel called for a state-of-the-art SCADA technology which integrates control, surveillance and operations of both motorway and flood tunnels.



## Infrastructure Concessions

- Water and highway concessions contributed to 53% of the group's total earnings for the financial year
- The world's first dual-purpose flood and road tunnel, SMART began tolling in June 2007 and is the latest addition to the group's concession operations
- The flood tunnel proved its worth when it successfully diverted water from entering Kuala Lumpur city on the 3rd of September 2007, having channeled 300,000 to 500,000 cubic metres of water after a heavy downpour

A SMART operations personnel checking the lifting mechanism for the water in-flow gates at Kg Berembang pond





FROM TOP:

SMART senior management team (clockwise, from left) Ms Chew Ee Lean, En Ahmad Razlan Amir Hamzah, En Mohd Fuad Kamal Ariffin and En Mohd Noor Ali at one of the water tight doors of the road tunnel

Motorists using the SMART Highway along Jalan Tun Razak heading to Seremban as a speedy alternative for exiting the commercial business district of Kuala Lumpur



## Infrastructure Concessions

Although traffic volumes took an expected dip after higher tariffs were implemented as scheduled in January 2007 for Damansara-Puchong Highway and Shah Alam Expressway, they have since stabilised and are on an upward trend again.

The group's expressways and water related concessions provide earnings resilience and steady growth, accounting for a higher 53% of Group earnings.

### Tolled Highways

Higher tariffs were implemented as scheduled in January 2007 for Lebuhraya Damansara Puchong and Shah Alam Expressway. Although traffic volumes initially took an expected dip, traffic volumes have since stabilised and are on an upward trend again.

Overall there has been a positive earnings impact for the group with the new tariffs and would enable further improvements to be made to ease congestion on several sections of the highway. Improvement

projects involving pavement rehabilitation, further road widening and realignment, new ramps and flyovers would be undertaken in the next few years to ensure that the needs of road users are catered for, and to support further traffic growth.

The improvements include, besides other initiatives, a major upgrading of the Taman Tun Dr Ismail interchange, with road widening and a new flyover on which works has started. Also major widening works on the east-bound bridge over the Sungei Kelang and interchange leading to the Hicom interchange on the Shah Alam Expressway are well in progress. These efforts will go a long way to ease congestion at these locations during peak hours.

Lebuhraya Damansara-Puchong is one of the first concessions to introduce staggered toll lanes in Malaysia



Aerial view of the Mutiara Damansara and Damansara Perdana interchange on Lebuhraya Damansara-Puchong (LDP) connecting to Sprint's Penchala Link



Morning peak hour traffic at Lebuhraya Damansara-Puchong's Petaling Jaya South toll plaza.

## Infrastructure Concessions

Given its strategic connectivity to the western suburbs of Kuala Lumpur, the Sprint Highway has seen steady traffic growth due to new developments and greater business activities in the Kota Damansara vicinity. This is evidenced by traffic volumes at the Penchala tunnel and Kerinchi Link more than doubling since their opening a few years ago.

### Water Supply

Higher water demand and improved pipe connections have enabled increased water production at the group's treatment plants. SPLASH, which holds the concession for Sungai Selangor Phase 1 and Phase 3 treatment plants, has the nation's largest treatment capacity of 2,000 million litres per day, supplying to more than 2 million consumers and commercial users.

### NEW CONCESSION

#### SMART Motorway Tunnel

The motorway tunnel is the latest addition to the group's concession operations, operated and managed by Syarikat Mengurus Air Banjir & Terowong Sdn Bhd, a 50% associate of the group, under a 40 year concession.

As expected, the motorway tunnel has been a boon to motorists, providing a new, direct and faster alternative into the city, and significantly reducing congestion on Jalan Sungei Besi.

The latest addition to the group's concession operations, the SMART motorway tunnel, the world's first and only dual-use tunnel was opened to traffic in May and the flood tunnel was operational in June. As expected, the motorway proved to be a boon to motorists.

800 million litre per day capacity water treatment plant at Bukit Badong



SMART Highway is well equipped with SCADA system and 24-hour Emergency Response Patrol



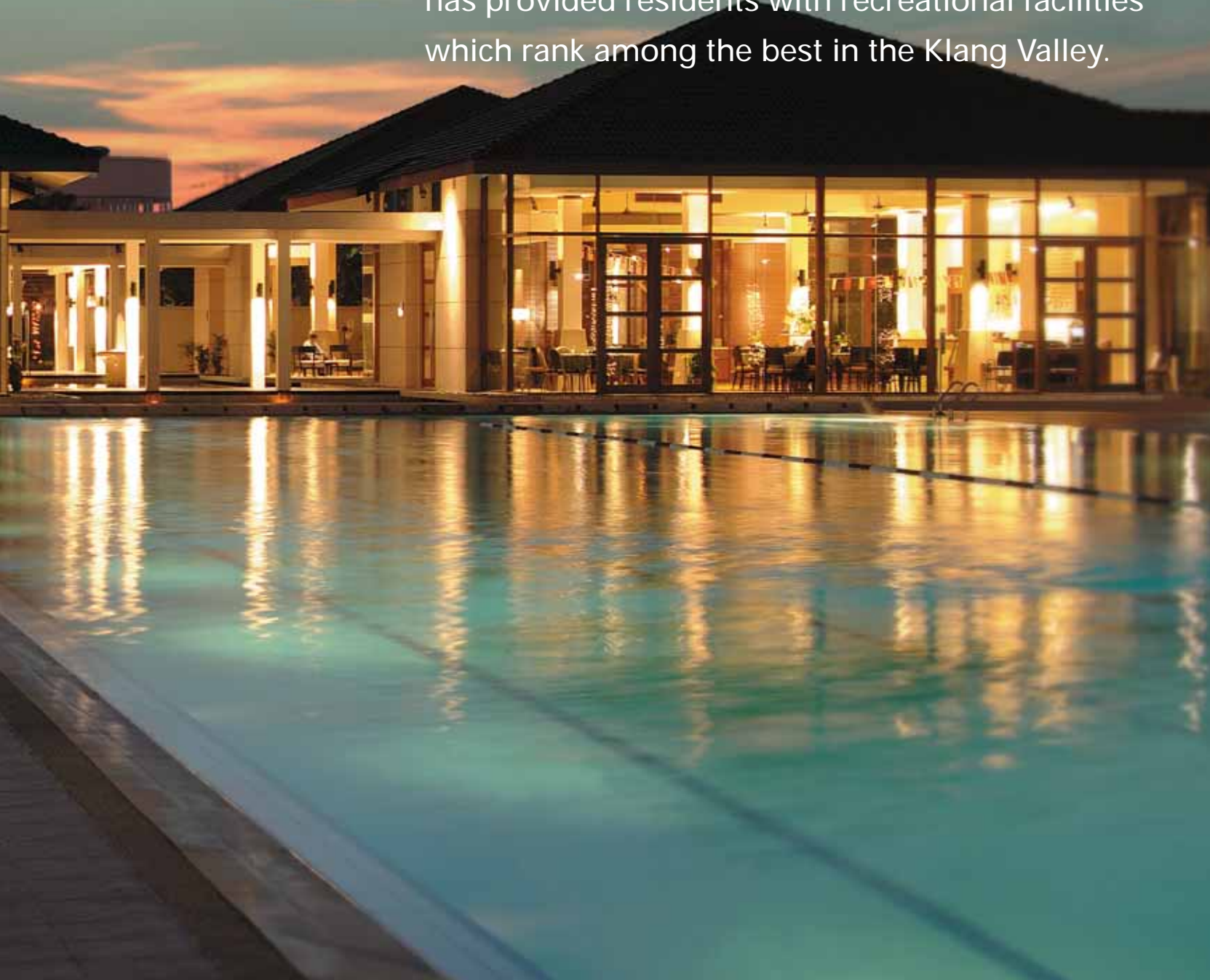
Aerial view of the staggered toll lanes and entry/exit points into the SMART Highway





# Property Development

The opening of the Bandar Botanic Resort Club has provided residents with recreational facilities which rank among the best in the Klang Valley.



## Property Development

- The property development division has significantly bettered its previous year's performance, raising its contribution to 32% of the group's operating earnings.
- Yen So Park in Hanoi, Vietnam, will be a 500-acre development with a total gross development value of RM8 billion over a 10-year period.
- New developments at Horizon Hills in Johor and Jade Hills in Kajang are already seeing positive impact on sales. Both developments have a combined gross development value of RM4.1 billion.

The current lake at site which will be transformed into Hanoi's new and ultra-modern lifestyle centre comprising commercial and residential components.





FROM TOP:

Artist impression of Yen So Park in Hanoi, a self contained city which will comprise commercial and residential components amidst lakes and parks, complete with iconic Grade A office towers, 4 and 5-star international hotels and convention centers, shop offices, service apartments as well as shopping and entertainment centers. The development of supporting infrastructure will also see Yen So Park spurring economic and social growth for the city of Hanoi.

Senior management of the property division at Yen So Park site in Hanoi (from left) Mr Cheong Ho Kuan, Mr Chow Chee Wah, Mr Steven Chu, and Mr Vu Nguyen Thai.



## Property Development

Site clearing and infrastructure works at Jade Hills, Kajang, are well advanced in preparation for launch by the end of 2007

This division has significantly bettered its previous year's performance, raising its contribution to 32% of the group's operating earnings. There was significant improvement in market sentiment during the year due to easing of regulations on the property sector by the government and good performance of the local stock market. These factors, together with the launch of our Johor project had a positive impact on overall sales of RM600 million, a 50% improvement over the previous year.

### Horizon Hills, Johor

Launched on March 11th, 2007, Horizon Hills had an impressive start with take up rates exceeding targets. In particular, the response from foreign purchasers has been excellent, with buyer profiles similar to projects in Singapore. This is hardly surprising given the strategic location of the project as the key residential component of the Iskandar Development

Region and its excellent accessibility and proximity to Johor Bahru and Singapore.

In keeping with the group's development philosophy, the natural terrain has been preserved and accentuated by the distinctive master-plan and layout for the 13 themed precincts which are individually gated and secured. Innovative and contemporary designs complete the quality elements sought after by our discerning buyers.

Construction of the clubhouse designed by Ernesto Bedmar, the renown resort lifestyle architect, and the signature Ross Watson-designed golf course is at an advanced stage, and will be playable from early next year.

Covering 1,200 acres in Bandar Nusajaya, the project has a gross development value of RM2.6 billion over a 10 year development horizon.

Senior management team (from left) Mr Lim Chai Seng, Encik Abdul Sahak bin Safi and Ms Teo Lee Ean doing a site inspection at Horizon Hills golf course



Residential units of Horizon Hills maiden launch, the Gateway, received overwhelming response



Artist impression of Horizon Hills club house which is designed by renowned resort lifestyle architect, Ernesto Bedmar

## Property Development

### Jade Hills, Kajang

Site clearing and infrastructure works on this wholly-owned 366 acre free-hold project are well advanced in preparation for launch by the end of the calendar year.

Jade Hills is inspired by the splendour of the four seasons, offering homes with avant-garde designs characterized by Oriental elegance. The seven lakes, natural streams and forest parkland as well as communal spaces will complement the resort club for residents.

The signature clubhouse is currently under construction and will serve this gated community, comprising mainly of bungalows and semi-detached homes in this established upper-market corridor south of Kuala Lumpur, easily accessed by 5 major highways, including the KL-Seremban Highway and the SILK Highway.

Jade Hills has a gross development value of RM1.42 billion expected to be completed within 10 years.

### Bandar Botanic

This township is well recognized in Klang as a benchmark for its botanical garden concept, excellent layout and innovative designs and excellent build quality. Sales during the year improved markedly with shop-offices and semi-detached and bungalow units enjoying quick take up rates.

To date, over 5,000 units have been completed and handed over to purchasers and the population of several thousand residents has created a thriving new community in this part of Klang.

Construction works has started for a new dedicated interchange to the Shah Alam Expressway that will provide free flow access for residents in the township.

The opening of the Botanic Resort Club in April with memberships exclusive to residents in the township has provided

Madge Mansions,

an exclusive, high-end

lifestyle condominium will be

developed on a 2-acre site at

Jalan Madge, Kuala Lumpur.

Show units under construction at Jade Hills, Kajang



Artist impression of the Jade Hills clubhouse, an oriental design that is inspired by the splendour of the four seasons

## Property Development

residents with much needed recreational facilities which rank among the best in the Klang Valley.

### Valencia

This exclusive up-market community has become a much sought after address, especially among the discerning expatriate community in the Klang Valley who make up a third of the residents.

Leveraging on its exclusive residents'-only golf course and club-house and premium gated infrastructure, this project achieved better sales during the year, mainly of link-bungalows and bungalows from the Garden Precinct.

### Kota Kemuning

Even as this township has reached maturity, with only a few more years of selective development, it remains the quality benchmark for property projects in the vicinity. There were only limited releases of properties based on the

remaining land available, mostly residential units around the prime lake-side and the wetlands as well as the final phases at Kemuning Hills.

### NEW PROJECTS

#### Yen So Park Project, Vietnam

We signed a Principal Agreement with the Hanoi People's Committee (HPC) on August 14th 2007 to develop a 500 acre site located within the Hanoi city zone.

The development site is in exchange for Gamuda designing, funding and building for Hanoi city, the country's largest modern sewerage treatment plant capable of treating 50% of the city's wastewater as well as for building Vietnam's largest public park and clean-up of the lakes in the existing park.

Given the site's strategic city location, it will be transformed into the new commercial centre of Hanoi, with high-rise office towers for multi-national company tenants, 5 star

international hotels, convention centre, shop offices and residential components. Total gross development value over the 10 year development period is estimated to be RM8 billion.

Construction works at the park and the sewerage treatment plant costing RM1.5 billion will be undertaken by Gamuda Engineering commencing October 2007 and initial property launches are expected in 2008.

### Madge Mansions

Given the strong market for top-tier urban residential projects in the KL City Centre vicinity, we acquired a 2 acre site at Jalan Madge, in the vicinity of the US embassy in Kuala Lumpur for an exclusive, high-end, life-style condominium project. It is anticipated to have a gross development value of RM244 million for the select 50 units that will be offered for sale at the end of the year.



The signing of the Principal Agreement with the Hanoi People's Committee in August signifies for the group, development of the RM8 billion Yen So Park; which calls for the group to design, fund and build Vietnam's largest sewerage plant, largest public park and a commercial and residential hub.



**PROSPECTS FOR 2007/2008**

Over the past year, the group's overall construction order book has doubled to RM11 billion and the aggregate gross development value (GDV) of our property division similarly has tripled to RM14 billion. Historically, these are the highest order books and GDVs for the group, yet there are more opportunities for further expansion.

On the home front, the roll-out of planned projects under the 9MP is anticipated to accelerate, reversing the slowdown of the past few years. The renewed commitment to further capacity building in the southern, northern and the eastern corridors, as well as for Sabah and Sarawak presents new opportunities for capable infrastructure developers and contractors.

In the property sector, the easing of regulations and incentives by the Malaysian government to local property developers and the increasing interest and investment by foreign purchasers of Malaysian properties are positive long-term factors.

Overseas, we will continue to focus on the Gulf States and the Indochina market where we have established our brand name as a reputable international contractor and developer. Booming economic conditions in these markets would sustain a good flow of future projects and strong demand for properties.

Finally, the group's infrastructure concessions have, over the years, provided a steady stream of recurring earnings, underpinning the group's good financial standing.

We anticipate continued traffic growth on the group's highways and steadily rising water consumption in the Klang Valley would support further growth in this division. New projects completing in the future like the Laos hydropower scheme and others would provide additional growth in concession earnings.

Even as the group has secured enough work to keep it busy for the next several years, we will further expand our order books and land banks as necessary. This is to position the group on an even stronger and larger platform to balance and sustain growth and to achieve the vision of the group to be the premier infrastructure and property development group in Asia.

Overseas, we will continue to focus on the Gulf States and the Indochina market where we have established our brand name as a reputable international contractor and developer. Booming economic conditions in these markets would sustain a good flow of future projects and strong demand for properties.

# Awards & Achievements

## International Recognition

**Best Behaviour Program (PBS Program) 2007, Best Practice Award 2007, Professional of the Year 2007**  
– New Doha International Airport Project

**Contractor of the month, September & October 2006** – New Doha International Airport Project

**2.5 Million 'Man Hours Without A Loss Time Injury', 2006** – New Doha International Airport Project

**Top Rated Residential Landed Properties - CONQUAS 21 Construction Quality Assessment, 2006**  
– Bandar Botanic, Harum Intisari Sdn Bhd

**Corporate, Social and Environmental Responsibilities Award, 2004** – Kota Kemuning, Hicom-Gamuda Development Sdn Bhd

**FIABCI Property Award of Distinction, Best Master Plan, 2003** – Bandar Botanic

**Landscape Planning Award, International Award, 2003** – Kota Kemuning, Hicom-Gamuda Development Sdn Bhd

**Air Quality Protection Model Award & Planning and Implementation Award, 2003**  
– New Asia Construction & Development Corporation-Gamuda Berhad, Joint Venture

**Recipient of the American Business Initiative Directions' (BID) Quality Summit International Award 2002, Gold Category**  
– Kota Permai Golf & Country Club

**Builder's Gold Medal Award, 1998** – Shah-Alam Expressway, Kesas Sdn Bhd

## Government of Malaysia

**Landscape Award 2005: Main Road/Protocol Road Category** – Sistem Penyuraian Trafik KL Barat (SPRINT Highway)

**Merit Award of the KLSE Corporate Sectoral Award, 2003** – Gamuda Berhad

**Best Maintained Township & Landscape Community Hillpark Award, 2003**  
– Kota Kemuning, Hicom-Gamuda Development Sdn Bhd

**2.5 Million 'Man Hours Without A Loss Time Injury', 2002** – Sungai Selangor Water Supply Scheme Phase 3 Project

**The Malaysian Construction Industry Award, 2001** – Gamuda Berhad

## Awards &amp; Achievements

## Professional Bodies

**Engineering Award, 2006** – Harum Intisari Sdn Bhd

**Malaysia Environmental and Social Reporting Award (MESRA), 2005**

– Lingkaran Trans Kota Sdn Bhd (LITRAK) and Sistem Penyuraian Trafik KL Barat Sdn Bhd (SPRINT Highway)

**Urban Re-Development, Conservation and Rehabilitation Award, 2003** – Kota Kemuning, Hicom-Gamuda Development Sdn Bhd

**National Landscape Award, 2004** – Harum Intisari Sdn Bhd

**Planning, Innovation and Concept Award, 2000** – Kota Kemuning, Hicom-Gamuda Development Sdn Bhd

## Publications

**Forbes “Best Under A Billion 200 Companies”, 2002 & 2005** – Gamuda Berhad

**Finance Asia’s Best Companies, 2002** – Gamuda Berhad

**Euromoney’s Best Managed Companies in Asia 2000 - Construction** – Gamuda Berhad

**The 2000 Reuters Survey of Global Emerging Markets** – Gamuda Berhad

**Top Golf Course, Most Scenic and Most Memorable Golf Course in Malaysia, 2005/2006, Best Maintained Golf Course in Malaysia 2005/2006** – Kota Permai Golf & Country Club

**Most Scenic, Memorable and No. 1 Golf Course in Malaysia, 2001/2002** – Kota Permai Golf & Country Club

## ISO Certification

**Gamuda Berhad and Gamuda Engineering Sdn Bhd** – OHSAS 18001:2007

**Gamuda Berhad and Gamuda Engineering Sdn Bhd** – MS ISO 14001:2004

**Gamuda Berhad and Gamuda Engineering Sdn Bhd** – MS ISO 9002:1994

**Gamuda Berhad and Gamuda Engineering Sdn Bhd** – Upgraded to MS ISO 9001:2000

**Gamuda Land (Hicom-Gamuda Development, Valencia Development Sdn Bhd, Harum Intisari Sdn Bhd)** – MS ISO 9001:2000

**Lingkaran Trans Kota Holdings Berhad (LITRAK)** – MS ISO 9002:1994

**Kesas Sdn Bhd** – MS ISO 9002:1994

**Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH)** – MS ISO/IEC 17025:2005

**GB Kuari Sdn Bhd** – MS ISO 9002:1994

**Megah Sewa Sdn Bhd** – MS ISO 9002:1994

# corporate information

**36** Directors' Profile

**44** Corporate Data

**45** Corporate Structure





The Gamuda team literally went beyond boundaries **to see a creative solution.**

To supply hydroelectric power to Thailand, we envisioned building a dam on the lower reaches of the Nam Theun River across the border in Laos. Thus, the Nam Theun 1 Dam is being built.

## Directors' Profile



### **YBhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim**

PSM, DPCM, DSDK, KMN, AMN, BCK, Dip C. Eng. (BTC), MM (AIM),  
C.Eng., P.Eng., FICE, FIEM, FIHT, MMIM, MACEM, Hon. FISM  
72, Malaysian  
Non-executive Chairman (non-independent)

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YBhg Tan Sri Dato' Ir Talha, a civil engineer, joined the Board on 26 March 1992 as Chairman. He also chairs the Remuneration Committee and the Nomination Committee. He holds a Diploma in Civil Engineering from Brighton Technical College, United Kingdom and a Master's degree in Management from Asian Institute of Management, Manila, Philippines. He is a professional engineer registered with the Board of Engineers, Malaysia; chartered engineer registered with the Engineering Council, United Kingdom; Fellow of the Institution of Engineers Malaysia; Fellow of the Institution of Civil Engineers, United Kingdom and Fellow of the Institution of Highways And Transportation, United Kingdom. He is also a Fellow of the Malaysian Institute of Directors and a member of the Malaysian Institute of Management and Association of Consulting Engineers Malaysia.

YBhg Tan Sri Dato' Ir Talha worked for the Public Works Department (JKR) for 31 years between 1959 and 1990 where he last served for 5 years as Director-General. He was formerly President of the Board of Engineers, Malaysia; member of the Board of Directors of the Malaysian Highway Authority; Chairman of the Central Registration Committee of Government Contractors; Council Member of Universiti Teknologi Malaysia and Council Member of the Scientific and Research Institute of Malaysia.

YBhg Tan Sri Dato' Ir Talha is also a director of Hume Industries (Malaysia) Berhad, Sapura Technology Berhad, SHL Consolidated Berhad, Sunway City Berhad, Phillip Mutual Berhad, APP Industries Berhad and Universal Trustee (Malaysia) Berhad, which are all public companies.

He attended all of the 4 Board Meetings held in the financial year.

## Directors' Profile

**YBhg Dato' Lin Yun Ling**

52, Malaysian  
Managing Director

YBhg Dato' Lin, a civil engineer, joined the Board on 10 February 1981 as Managing Director. He is a member of the Remuneration Committee and a major shareholder of Gamuda. He holds a Bachelor of Science (Honours) degree in Civil Engineering from King's College, University of London, United Kingdom.

YBhg Dato' Lin has more than 30 years of working experience in civil engineering and construction. He joined Gamuda in 1978 as senior project manager and became Group Managing Director in 1981. Under his leadership over the years, Gamuda is now a diversified group with major activities in construction and infrastructure concessions, locally and abroad, and in township development.

YBhg Dato' Lin is also a director of Lingkaran Trans Kota Holdings Berhad and Syarikat Pengeluar Air Selangor Holdings Berhad, which are both public companies.

He attended all of the 4 Board Meetings held in the financial year.

**YBhg Tan Sri Dato' Mohd Ramli bin Kushairi**

71, Malaysian  
Senior Independent Non-executive Director

YBhg Tan Sri Dato' Mohd Ramli joined the Board on 22 October 2001. He is a member of the Audit Committee and Nomination Committee. He holds a Bachelor of Arts (Honours) degree in Social Science from the University of Hull, England, United Kingdom and did his post-graduate studies at King's College, University of London, United Kingdom.

YBhg Tan Sri Dato' Mohd Ramli retired from Government service where he held senior positions including Assistant Secretary at Bank Negara Malaysia and Assistant Secretary of the Tariff Advisory Board. He is a member of the Malaysian Business Council (MBC), member of the Board of the National Productivity Corporation (NPC) and member of the National Standards & Accreditation Council, where he also serves as Chairman of the Council's Standards Committee. Additionally, he serves as member of Trustee Boards of Yayasan Tuanku Bainun and Yayasan Suluh Budiman Universiti Pendidikan Sultan Idris, member of the Advisory Board of the University of Hull, England; and Director of the Board of Universiti Teknologi Malaysia (UTM).

YBhg Tan Sri Dato' Mohd Ramli is also a director of South Malaysia Industries Berhad (Chairman), Masscorp Berhad and Sime Engineering Services Berhad, which are all public companies.

He attended all of the 4 Board Meetings held in the financial year.

## Directors' Profile



### **YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain**

61, Malaysian

Non-executive Director (independent)

YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff joined the Board on 1 December 2004. He holds a Ph.D. in Public Policy from University of Southern California, United States of America, Master's in Business Administration from Ohio University, United States of America, Bachelor of Arts (Honours) degree from University of Malaya, Diploma in Public Administration from University of Malaya, Certificate in Management Services (Excellent Grade) from Royal Institute of Public Administration, United Kingdom and Certificate of Anatomy of Ship Finance from Cambridge Academy of Transport, Cambridge, United Kingdom.

YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff retired from Government service where he held senior positions including Secretary in the Department of Higher Education of the Ministry of Education, Director-General of the Social Economic Research Unit in the Prime Minister's Department, Deputy Secretary-General of the Prime Minister's Department and Secretary-General of the Ministry of National Unity and Social Development. His last position with the Government was as Director-General of the Implementation Coordination Unit in the Prime Minister's Department. He is the Chairman of the Board of Universiti Putra Malaysia and a member of the Board of Malaysian Industry-Government Group For High Technology (MIGHT). He is also a Distinguished Fellow of the Institute of Strategic and International Studies (ISIS) Malaysia.

YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff is also a director of Bank Pembangunan Malaysia Berhad (Chairman) and Global Maritime Ventures Berhad (Chairman), which are both public companies.

He attended all of the 4 Board Meetings held in the financial year.



### **YAM Raja Dato' Seri Eleena binti Raja Azlan Shah**

47, Malaysian

Non-executive Director (non-independent)

YAM Raja Dato' Seri Eleena, an advocate and solicitor, joined the Board on 1 June 1992. She is a Barrister-at-Law from Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1985.

Upon returning to Malaysia, YAM Raja Dato' Seri Eleena joined Messrs Skrine & Co and was called to the Malaysian Bar in 1986. She sets up her own legal practice Messrs Raja Eleena, Siew, Ang & Associates in 1987 of which she is presently a senior partner.

YAM Raja Dato' Seri Eleena is the niece of YBhg Dato' Ir Kamarul Zaman bin Mohd Ali. She is also a Director and major shareholder of Generasi Setia (M) Sdn Bhd, which is a major shareholder of Gamuda.

YAM Raja Dato' Seri Eleena is also a director of KAF-Seagroatt & Campbell Berhad, which is a public company.

She attended all of the 4 Board Meetings held in the financial year.

## Directors' Profile

**YM Raja Dato' Seri Abdul Aziz bin Raja Salim**

69, Malaysian

Non-executive Director (independent)

YM Raja Dato' Seri Abdul Aziz, a chartered accountant, joined the Board on 22 October 2001. He chairs the Audit Committee and is a member of the Remuneration Committee. He is an Honorary Fellow of the Malaysian Institute of Taxation; Fellow of the Chartered Association of Certified Accountants, United Kingdom; Fellow of the Chartered Institute of Management Accountants (CIMA), United Kingdom; member of the Malaysian Institute of Accountants (MIA) and Chartered Accountant (Malaysia).

YM Raja Dato' Seri Abdul Aziz has a distinguished career in Government service. He was the Director-General of Inland Revenue Malaysia between 1980 and 1990; and Accountant-General Malaysia between 1990 and 1994. He was the President of CIMA, Malaysia Division from 1976-1993 and Council Member of CIMA, United Kingdom from 1990-1996. He was awarded the CIMA Gold Medal in recognition of his outstanding service to the accounting profession. Presently, he is a trustee and Board member of the Malaysian Accounting Research Foundation and a member of the MIA Editorial Board.

YM Raja Dato' Seri Abdul Aziz is also a director of Amanah Saham Mara Berhad, Kenanga Unit Trust Berhad, Kenanga Investment Bank Berhad (formerly known as K&N Kenanga Berhad), Jerneh Insurance Berhad, Tasek Corporation Berhad, Matsushita Electric Company (M) Berhad, PPB Group Berhad, Southern Steel Berhad, K&N Kenanga Holdings Berhad, Camerlin Group Berhad and Jerneh Asia Berhad, which are all public companies.

He attended all of the 4 Board Meetings held in the financial year.

**YBhg Dato' Ir Kamarul Zaman bin Mohd Ali**

71, Malaysian

Executive Director

YBhg Dato' Ir Kamarul Zaman, a civil engineer, joined the Board on 1 June 1992. He holds a Bachelor of Science degree in Engineering from Institute of Technology, Brighton, United Kingdom.

YBhg Dato' Ir Kamarul Zaman was attached to the Public Works Department (JKR), Penang for 17 years as a Quarry Manager. Subsequently, he joined Penang Development Corporation as senior engineer for 9 years prior to joining G.B. Kuari Sdn Bhd, a subsidiary of Gamuda, on 1 June 1990.

YBhg Dato' Ir Kamarul Zaman is the uncle of YAM Raja Dato' Seri Eleena binti Raja Azlan Shah. He is also a director of Intan Utilities Bhd, which is a public company.

He attended 3 out of the 4 Board Meetings held in the financial year.

## Directors' Profile



### YBhg Dato' Ir Haji Azmi bin Mat Nor

49, Malaysian  
Executive Director

YBhg Dato' Ir Haji Azmi, a civil engineer, joined the Board on 24 September 2001. Before that, he was Alternate Director to Mr Heng Teng Kuang from 22 December 2000 to 1 August 2001 (Mr Heng Teng Kuang retired from the Board and Company on 1 August 2001). He holds a Bachelor of Science degree in Civil Engineering and a Master's of Science degree in Highway Engineering, both from University of Strathclyde, Glasgow, Scotland, United Kingdom.

YBhg Dato' Ir Haji Azmi has worked as Resident Engineer at the Public Works Department (JKR), of Pahang and Selangor. His last position with the Public Works Department (JKR) was as Assistant Director of the Central Zone Design Unit under JKR Kuala Lumpur (Road Branch), in charge of road design and coordination of consultants' work.

YBhg Dato' Ir Haji Azmi is also a director of Lingkaran Trans Kota Holdings Berhad, Kesas Holdings Berhad and Syarikat Pengeluar Air Selangor Holdings Berhad, which are all public companies.

He attended 3 out of the 4 Board Meetings held in the financial year.



### Mr Ng Kee Leen

51, Malaysian  
Executive Director

Mr Ng joined the Board on 20 September 1986. He is a member of the Audit Committee.

Mr Ng has been with Gamuda since 1977 during which time he held various senior management positions. He has extensive working experience in tender, finance and implementation of infrastructure projects.

Mr Ng is also a director of Lingkaran Trans Kota Holdings Berhad and Kesas Holdings Berhad, which are both public companies.

He attended all of the 4 Board Meetings held in the financial year.

**Directors' Profile****Mr Goon Heng Wah**

51, Malaysian  
Executive Director

Mr Goon, a civil engineer, had been a member of the Board from 11 November 1986 to 30 October 1988. He re-joined the Board on 1 June 1992. He holds a Bachelor of Engineering (Honours) degree from Polytechnic of South Bank, United Kingdom.

Mr Goon has many years of working experience in the fields of engineering, construction and infrastructure works. He held several senior management positions since joining Gamuda in 1978 with responsibilities including management and supervision of major projects.

Mr Goon is also a director of Danau Permai Resort Berhad, which is a public company.

He attended all of the 4 Board Meetings held in the financial year.

**Ir Ha Tiing Tai**

53, Malaysian  
Executive Director

Ir Ha Tiing Tai, a civil engineer, joined the Board on 1 February 1990. He holds a Bachelor of Engineering (Honours) degree from University of Malaya. He is a professional engineer registered with the Board of Engineers, Malaysia; chartered engineer registered with the Engineering Council, United Kingdom; Fellow of the Institution of Engineers Malaysia; member of the Institution of Civil Engineers, United Kingdom and Fellow of the Institution of Highways And Transportation, United Kingdom.

Ir Ha has 29 years of experience in the engineering and construction sectors. He has extensive experience in large scale build-operate-transfer (BOT) projects from project inception to project financing and implementation, both in Malaysia and overseas.

Ir Ha is also a director of Danau Permai Resort Berhad, which is a public company.

He attended all of the 4 Board Meetings held in the financial year.

## Directors' Profile



### Ms Wong Chin Yen

47, Malaysian

Non-executive Director (independent)

Ms Wong, a stockbroker, joined the Board on 1 June 1992. She is a member of the Audit Committee and Nomination Committee. She holds a Bachelor of Arts (Honours) degree in Law from Polytechnic of North London, United Kingdom and a Master's in Law degree from London School of Economics and Political Science. She is also a Barrister-at-Law from Middle Temple, London, United Kingdom.

Ms Wong began her career as an advocate and solicitor with Shearn Delamore & Co. between 1985 and 1987 before moving on to the Legal Department of American Express (M) Sdn Bhd. She managed her own business providing process service to legal firms between 1990 and 1997 and thereafter joined the stockbroking industry where she is presently a Dealer's Representative with HLG Securities Sdn Bhd.

Ms Wong does not hold any directorships in other public companies.

She attended all of the 4 Board Meetings held in the financial year.



### Mr Saw Wah Theng

50, Malaysian

Executive Director

Mr Saw, a chartered accountant, joined the Board on 1 February 1998. He was admitted as an Associate of the Institute of Chartered Accountants (England and Wales) in 1985 and is a member of the Malaysian Institute of Accountants.

Mr Saw has extensive working experience in accounting, finance and corporate finance. He was attached to an accounting firm in United Kingdom between 1981 and 1985. Prior to joining the Gamuda Group, he was the Group Financial Controller of Hong Leong Industries Berhad. He is presently responsible for the Group's budgetary control, treasury, tax and corporate finance including mergers and corporate restructuring exercises.

Mr Saw is also a director of Lingkaran Trans Kota Holdings Berhad, Kesas Holdings Berhad, Danau Permai Resort Berhad and Horizon Hills Resort Berhad (formerly known as Evergreen Gallery Sdn Bhd), which are all public companies.

He attended all of the 4 Board Meetings held in the financial year.

## Directors' Profile

**Mr Chow Chee Wah**

49, Malaysian

Alternate Director to YBhg Dato' Lin Yun Ling

Mr Chow, a civil engineer, joined the Board as Alternate Director to YBhg Dato' Lin Yun Ling on 24 September 2001. Before that, he was Alternate Director to Mr Chan Kuan Nam @ Chan Yong Foo from 22 December 2000 to 1 August 2001. He holds a Bachelor of Science degree in Engineering from University of London, United Kingdom. He is a member of the Institute of Engineers, Malaysia and a professional engineer registered with the Board of Engineers, Malaysia.

Mr Chow has more than 25 years of working experience in the design of roads, expressways and buildings. Previously, he was Associate Director of Sepakat Setia Perunding Sdn Bhd, an engineering consultancy company. He joined Gamuda as project coordinator and held increasingly senior positions in the Group, finally as managing director of its property and township development division.

Mr Chow is also a director of Horizon Hills Resort Berhad (formerly known as Evergreen Gallery Sdn Bhd), which is a public company.

He attended 3 out of the 4 Board Meetings held in the financial year.

- 1 Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.
- 2 None of the Directors has any conflict of interest with the Company.
- 3 None of the Directors has been convicted of any offence within the past 10 years other than traffic offences.
- 4 The particulars of the Directors' securities holdings are set out in the "Statement of Directors' Interests" section on page 161.

# Corporate Data

## BOARD OF DIRECTORS

YBhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)  
 YBhg Dato' Lin Yun Ling (Managing Director)  
 YBhg Tan Sri Dato' Mohd Ramli bin Kushairi  
 YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain  
 YAM Raja Dato' Seri Eleena binti Raja Azlan Shah  
 YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
 YBhg Dato' Ir Kamarul Zaman bin Mohd Ali  
 YBhg Dato' Ir Haji Azmi bin Mat Nor  
 Mr Ng Kee Leen  
 Mr Goon Heng Wah  
 Ir Ha Tiing Tai  
 Ms Wong Chin Yen  
 Mr Saw Wah Theng  
 Mr Chow Chee Wah (Alternate to YBhg Dato' Lin Yun Ling)

## AUDIT COMMITTEE

YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)  
 YBhg Tan Sri Dato' Mohd Ramli bin Kushairi  
 Ms Wong Chin Yen  
 Mr Ng Kee Leen

## NOMINATION COMMITTEE

YBhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)  
 YBhg Tan Sri Dato' Mohd Ramli bin Kushairi  
 Ms Wong Chin Yen

## REMUNERATION COMMITTEE

YBhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)  
 YBhg Dato' Lin Yun Ling  
 YM Raja Dato' Seri Abdul Aziz bin Raja Salim

## COMPANY SECRETARIES

Ms Lim Soo Lye  
 Ms Tee Yew Chin

## REGISTERED OFFICE

78, Jalan SS22/21  
 Damansara Jaya  
 47400 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel : 603-7726 9210  
 Fax : 603-7728 9811  
 E-mail : gbgpa@gamuda.com.my

## SHARE REGISTRAR

Insurban Corporate Services Sdn. Bhd.  
 149, Jalan Aminuddin Baki  
 Taman Tun Dr. Ismail  
 60000 Kuala Lumpur  
 Tel : 603-7729 5529  
 Fax : 603-7728 5948  
 E-mail : insurban@gmail.com

## AUDITORS

Ernst & Young  
 Chartered Accountants

## PRINCIPAL BANKER

Maybank Berhad

## STOCK EXCHANGE LISTING

Main Board  
 Bursa Malaysia Securities Berhad  
 Stock Code : Gamuda  
 Stock No : 5398

## WEBSITE

www.gamuda.com.my

## Corporate Structure

AS AT 9 OCTOBER 2007

## Gamuda Berhad

## EXPRESSWAY TOLLING &amp; MANAGEMENT

- 30%** Kesas Sdn Bhd
- 44%** Lingkaran Trans Kota Sdn Bhd
- 52%** Sistem Penyuraian Trafik KL Barat Sdn Bhd
- 36%** Madang Permai Sdn Bhd
- 50%** Mapex Infrastructure Private Limited
- 50%** Emas Expressway Private Limited

## WATER RELATED

- 40%** Syarikat Pengeluar Air Sungai Selangor Sdn Bhd
- 80%** Gamuda Water Sdn Bhd
- 50%** Syarikat Mengurus Air Banjir & Terowong Sdn Bhd

## CONSTRUCTION

- 100%** Gamuda Engineering Sdn Bhd
- 100%** Masterpave Sdn Bhd
- 100%** Gammau Construction Sdn Bhd
- 100%** Ganaz Bina Sdn Bhd
- 100%** Gamuda (India) Private Limited
- 70%** Gamuda-WCT (India) Private Limited
- 100%** Gamuda (Bahrain) W.L.L.
- 100%** Gamuda Saudi Arabia L.L.C.
- 50%** MMC-Gamuda Joint Venture Sdn Bhd

## TRADING

- 100%** Gamuda Trading Sdn Bhd

## TOWNSHIP/PROPERTY DEVELOPMENT

- 50%** Hicom-Gamuda Development Sdn Bhd
- 99%** Valencia Development Sdn Bhd
- 100%** Harum Intisari Sdn Bhd
- 100%** Gamuda Land Sdn Bhd
- 50%** Horizon Hills Development Sdn Bhd  
(formerly known as Arapesona Development Sdn Bhd)
- 100%** Jade Homes Sdn Bhd  
(formerly known as Hala Bayu (M) Sdn Bhd)
- 100%** Madge Mansions Sdn Bhd  
(formerly known as Pedoman Selesa Sdn Bhd)
- 70%** Gamuda-NamLong Development Limited Liability

## TOWNSHIP &amp; GOLF CLUB MANAGEMENT

- 99%** Valencia Township Sdn Bhd

## PROPERTY MAINTENANCE

- 100%** Botanic Property Services Sdn Bhd
- 99%** Rebung Property Services Sdn Bhd
- 50%** HGD Property Services Sdn Bhd

## GOLF CLUB &amp; CLUBHOUSE

- 50%** Danau Permai Resort Berhad
- 100%** Bandar Botanic Resort Berhad
- 50%** Horizon Hills Resort Berhad  
(formerly known as Evergreen Gallery Sdn Bhd)

## QUARRYING, PLANT HIRE &amp; OTHERS

- 100%** G. B. Kuari Sdn Bhd
- 41%** Dyna Plastics Sdn Bhd
- 100%** Megah Management Services Sdn Bhd
- 95%** Gamuda Paper Industries Sdn Bhd
- 95%** GPI Trading Sdn Bhd
- 100%** Megah Sewa Sdn Bhd
- 100%** Reka Strategi Sdn Bhd
- 100%** Setara Hati Sdn Bhd
- 100%** Idaman Lantas Sdn Bhd
- 50%** HGD Properties Sdn Bhd
- 100%** Warna Sempurna Sdn Bhd
- 100%** Jiwa Rangkaian Sdn Bhd

## INVESTMENT

- 100%** Gamuda Overseas Investment Ltd
- 100%** Megah Capital Sdn Bhd
- 40%** Syarikat Pengeluar Air Selangor Holdings Berhad
- 100%** Gamuda (Offshore) Private Limited
- 50%** Gamuda-WCT (Offshore) Private Limited
- 50%** Suria Holding (O) Pvt Ltd
- 30%** Kesas Holdings Berhad
- 44%** Lingkaran Trans Kota Holdings Berhad
- 52%** Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd
- 50%** Projek Smart Holdings Sdn Bhd

## INFORMATION TECHNOLOGY

- 100%** GIT Services Sdn Bhd

## LANDSCAPING

- 100%** Megah Landscape Sdn Bhd
- 50%** Kota Kemuning Nursery & Landscaping Sdn Bhd



Sometimes you have **to see with your mind**, not with your eyes. That's what our visionary team did, and a lake in Hanoi is now being transformed into an extensive park and lake area that will hold a modern and exclusive township. Yen So Park is the result of the power of the mind's eye to see an under utilised area becoming a vibrant development with a much sought-after address.



# corporate responsibility

**48** Corporate Social Responsibility

**50** Calendar of Events

# Corporate Social Responsibility

At Gamuda, we do not view Corporate Social Responsibility as a mere component of the company's activities. In fact, CSR is at the very heart of everything we do. We subscribe to the ideal that through our people and our actions, we can make a positive impact on society.

## WORKPLACE

We believe that before we can look outward and be a benefit to the community, we have to ensure that we have good governance policies in place on our own premises. It resonates like a ripple effect.

Our human resource development strategy focuses on building self-confidence, leadership, and personal and work competence. The Gamuda Training Centre was set up to meet the needs of our business model, organisational and management demands. Core areas of training include business leadership, personal leadership, people skills, business management, financial management, quality, safety and technical skills. Learning extends from formal classroom training to on-the-job, action-based training, coaching and self-directed learning. We ensure that our employees are equipped, empowered and motivated to carry out their duties well and realise their full potential.

Health and safety is another key concern. Wherever we operate around the world and in every situation, we strive to maintain a work place that is safe and without risk to the health and welfare of all those involved in the project. We ensure that information and instruction are always clear and there is constant supervision on site.

A strong and distinctive work culture, high levels of employee engagement, commitment and advocacy and sense of fulfilment are what we have established within the Gamuda group. We aim to become the employer of choice in our industry.

Furthermore this year, the QSHEP (Quality, Safety & Health and Environment Policy) was put in place with a committee to steer its implementation. There is active participation from every department and proper processes, systems, procedures and materials have been developed to ensure its successful enforcement. QSHEP is a big leap forward in integrating three certifications for Safety & Health and Environment into one policy through the Integrated Management System (IMS). Since its introduction, QSHEP is already being implemented in all Gamuda offices around the world, and once it is well entrenched, it will underscore the fact that Gamuda is a company that highly values quality, safety and health, and the environment.

## COMMUNITY

The aim of our community initiative is to accompany our operations with a positive return to the communities in which we work. CSR programmes are thus mainly responding to the needs of the people around us.

## Corporate Social Responsibility

### Jobs and skills training for indigenous communities

The Orang Asli is one community we are particularly committed to. We provide job opportunities on our various projects and help them to develop their skills to earn a better livelihood.

### Scholarship awards and education sponsorships

Over the years, the Gamuda Group has consistently provided deserving individuals with higher education opportunities. Every year, dozens of Scholarship Awards are presented by Gamuda, LITRAK and SPLASH. Besides that, there are also Gamuda Staff and Employees' Children Scholarships and Staff Apprenticeship Programmes. The Group also serves to encourage and nurture talent in the industry by presenting cash awards to outstanding Civil Engineering undergraduates in local public universities. For this same purpose, road shows and recruitment exercises have also been organised to attract young graduates to join the industry.

### Construction skills training

As an industry leader, it is also our responsibility to ensure that a high and consistent level of skill is maintained by the construction workforce. The Gamuda Plant Operator School (GPOS) was established with the purpose of providing invaluable practical training for the workforce on site. Initially providing only in-house training, GPOS now trains any individual who is interested in a career in engineering and construction, in the areas of skill competency training, youth apprenticeship programmes and awareness training for a wide range of machinery and equipment. GPOS is recognised and accredited by the Construction Industry Development Board (CIDB) of Malaysia, the Department of Occupational Safety & Health (DOSH), the Master Builders Association of Malaysia (MBAM) and the Human Resource Development Council (HRDC).

### ENVIRONMENT

Extensive infrastructure projects and large township developments often inevitably result in some amount of negative impact on the environment. Stemming from our philosophy of responsible conduct, programmes to mitigate or minimise adverse impacts, including inconvenience to our community and existing users, are mandated and are standard operating practice.

Besides that, Gamuda also initiates environmental improvement programmes to provide a higher level of environmental quality than is naturally available, such as introducing lakes and wetland parks into our residential developments.

As an affirmation of the Group's good environmentally responsible practice, we have won many prestigious awards, locally and overseas.

### OUR POLICY

The group's governing policy of corporate responsibility is reflected in the programmes we undertake in community and social development, environmental management and human resources development. It is these efforts that help us build a company capable of contributing to the global need for a sustainable balance of economic growth, environmental protection and social progress.

# Calendar of Events



## 16 August 2006

SSP3 Bukit Badong Water Treatment Plant accredited with the MS ISO/IEC 17025:2005 under the Laboratory Accreditation Scheme of Malaysia (SAMM)

## 17 October 2006

LITRAK brings Aidilfitri joy to 123 orphans from Rumah Amal Limpahan Kasih (RALK)

## 2006

### 1 August

Gamuda wins BD64.8 million Sitra Causeway Bridges project in Bahrain. The project involves the construction of two concrete marine bridges and associated embankment works together with flyovers at both ends

### 16 August

Gamuda sponsored Malaysian Flags worth RM18,900 in conjunction with Malaysia Independence Day

### 16 August

Gamuda sponsors RM300,000 worth of tickets for 'Puteri Gunung Ledang The Musical Season 2', which was held at Istana Budaya from 6-21 August 2006 to selected charity homes

### 29 August

LITRAK awards scholarships of RM121,000 to deserving students who are pursuing their studies at university level

### 9 September

16 undergraduates lauded with Gamuda Scholarships & Excellence Awards of RM1million during the 11th Annual Scholarship presentation

## 20 September

Presentation ceremony of MS ISO/IEC 17025:2005 Certificates for SSP3 Rasa and Bukit Badong Water Treatment Plant laboratories

## 26 September

Gamuda sponsors RM70,000 for The Star '6-1' UPSR Pullout for numerous schools in the country

## 2 November

Gamuda donates RM30,000 to Lembaga Kebajikan Perempuan Islam Malaysia for the Majlis Pelancaran Buku Raja Permaisuri Agong-Payung Mahkota Ibu Pertiwi

## 8 November

Signing Ceremony for the Sitra Causeway Bridges project between Bahrain's Ministry of Works and Housing and Gamuda in the Kingdom of Bahrain

## 14 November

LITRAK & SPRINT entertain 1,400 guests and 40 orphans from Rumah Amal Limpahan Kasih (RALK) at its headquarters

## Calendar of Events

**18 November 2006**

30th Anniversary of the Group being celebrated in Hilton Kuala Lumpur, with 130 employees receiving the Gamuda Long Service Awards for 10, 15, 25 and 30 years of service to the Group

**16 January 2007**

Gamuda holds its 30th Annual General Meeting at the Kota Permai Golf & Country Club in Kota Kemuning

**11 March 2007**

Horizon Hills, joint-venture township between Gamuda Land and UEM Land officially launched its first housing precinct, the Gateway

**18 December**

Gamuda signs tariff pact with Electricity Generating Authority of Thailand (EGAT) for Laos Nam Theun 1 hydropower project

**23 December**

Kota Permai Golf & Country Club was the selected venue chosen by the newly installed Yang Di-Pertuan Agong, Kebawah Duli Yang Maha Mulia Al-Wathiqu Billah Sultan Mizan Zainal Abidin for a round of golf

**27 December**

LITRAK donates RM9,840 to six schools for New Straits Times School Sponsorship Programmes. Six schools along the highway will benefit with 10 copies of New Straits Times daily for a year

**2007****15 January**

Gamuda donates RM100,000 to New Straits Times Flood Victims Assistance Fund following the recent Johor floods

**16 January**

300 flood victims in Yong Peng, Johor, received assistance from LITRAK. A total of RM15,000 worth of supplies were donated as relief to flood victims

**29 January**

Gamuda receives the approval to carry out the implementation of an integrated development project at Yenso Park, Hanoi, Vietnam

**29 January**

SMART hosts a working visit by the Minister of Works, Dato' Seri S. Samy Vellu

**5 February**

Gamuda sponsors RM30,000 for Nanyang Siang Pau Charity Dinner in aid of the Chinese Schools affected by floods in Johor

**11 March**

SMART highway opens for the first time to the public for a Tunnel Run. The event co-organised by JPS and SMART, had over 3,000 contestants participating in a 13.5km run

**29 March**

Gamuda purchases painting 'Conversation With Nature' by Mr Soh Boon Kiong. Part of the proceeds of sale was donated to Yayasan Harapan Kanak-Kanak Malaysia, for building funds towards Miracle of Hope Home in Salak Tinggi, Selangor

## Calendar of Events



### 2 April 2007

Tuah, the second tunnel boring machine reaches its final destination to signify the end of tunneling works for SMART



### 14 May 2007

The Malaysian Highway Authority and the Ministry of Natural Resource and Environment officiate the opening of SMART Highway to the public



### 17-19 July 2007

Gamuda participates as a platinum sponsor in the 7th Malaysia Road Conference, showcasing the group's many projects

### 19 April

Gamuda donated 130 Perak Royal family pictures to His Royal Highness on the occasion of His Royal Highness 79th Birthday. Gamuda was the executive sponsor of the event

### 19 April

LITRAK and the Royal Malaysian Police (PDRM) organized a series of road safety talks for selected high schools along the Lebuhraya-Damansara Puchong

### 12 May

Bandar Botanic Resort Club in Selangor is officially opened. The RM30 million resort club, exclusive to Bandar Botanic residents, offers 5-star quality facilities

### 14 May

Gamuda Land sponsors double-storey house in Bandar Botanic worth RM500,000 in conjunction with The Star's 'Happy 50 Malaysia' contest

### 20 May

Gamuda donates RM30,000 to Pusat Anak Permata Negara during the official opening of Pusat Anak Permata Negara Kepala Batas in Penang. The ceremony was officiated by the Malaysian Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi and Deputy Prime Minister, YAB Dato' Seri Najib Tun Abdul Razak

### 6 June

Gamuda was given the approval to implement the Electrified Double Tracking Project from Ipoh to Padang Besar on a PFI basis from the Government of Malaysia

### 23 June

SMART's 9.7km flood mitigation tunnel is operational and is handed to the Department of Irrigation and Drainage (JPS), Malaysia

# corporate governance

**54** Corporate Governance Statement

**58** Statement on Internal Control

**60** Audit Committee Report

**63** Additional Compliance Information

# Corporate Governance Statement

Gamuda continues to uphold its commitment to high standards of corporate governance. This statement describes how the Company has applied the main and supporting principles and best practices identified in the Malaysian Code on Corporate Governance (the Code) throughout the financial year ended 31 July 2007 ("2007" or the year).

## The Board

The membership of the Board has not changed since the last report. The Board currently comprises the Chairman, the Managing Director, six other Executive Directors and five Non-executive Directors. Their biographies and a note of their Board committee memberships are set out in the Directors' Profile section.

The Board's main roles are to create value for shareholders, to provide leadership of the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be achieved. All Directors are equally accountable for the proper stewardship of the Company's affairs. The Board considers that the current Non-executive Directors bring a wide range of business, legal and financial experience required for the successful direction of the Group as a local and international force in the construction industry and provide a solid foundation for good corporate governance. There is no individual or group of individuals who dominates the Board's decision-making.

The Board normally meets four times a year, following meetings of the Audit Committee, and more frequently when business needs require. During 2007, the Board met formally on four occasions. The attendance records of individual Directors during 2007 are set out below:-

The Board	Number of meetings attended during 2007	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)	4/4	100
Dato' Lin Yun Ling	4/4	100
Tan Sri Dato' Mohd Ramli bin Kushairi	4/4	100

Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	4/4	100
Raja Dato' Seri Eleena binti Raja Azlan Shah	4/4	100
Raja Dato' Seri Abdul Aziz bin Raja Salim	4/4	100
Dato' Ir Kamarul Zaman bin Mohd Ali	3/4	75
Dato' Ir Haji Azmi bin Mat Nor	3/4	75
Mr Ng Kee Leen	4/4	100
Mr Goon Heng Wah	4/4	100
Ir Ha Tiing Tai	4/4	100
Ms Wong Chin Yen	4/4	100
Mr Saw Wah Theng	4/4	100
Mr Chow Chee Wah (Alternate to Dato' Lin Yun Ling)	3/4	75

The Board managed overall control of the Company's affairs with reference to a formal schedule of matters specifically reserved for its decision, which can only be changed, as and when appropriate, by the Board itself. This schedule of matters has not changed during the year. The specific matters reserved for its decision include approval of strategic direction of the Group and policy issues; approval of quarterly results and annual financial statements; approval of major acquisitions and disposals, approval of major capital expenditure, related party transactions, dividend policy and changes to membership of the Board and its committees.

To assist the Board in performing its responsibilities, information appropriate in quality and timeliness is received for each Board meeting. The Directors have access to the advice and services of the Company Secretary and it is acknowledged that individual Directors may wish to seek independent professional advice in connection with their responsibilities and duties. The Company will meet reasonable expenses incurred in this regard.

All Directors are provided with the opportunity, and are encouraged, to attend training to keep themselves updated on relevant new legislation, financial reporting requirements, best practice and changing commercial and other risks. Typical training

## Corporate Governance Statement

experience for all Directors included attendance at internally and externally organized seminars and conferences. The Directors are also updated by the Company Secretary on any changes to legal and governance requirements of the Group and which affect themselves as Directors. In addition, senior executives are invited, as appropriate, to attend and make presentations at each Board meeting. The training programmes attended by the Directors during the year, collectively or individually, included the following:-

- 1) Detection and Prevention of Fraud
- 2) Strategic & Risk Awareness
- 3) Finance for Directors and Senior Executives

The Board and its Directors are subject to regular appraisal via a formal internal evaluation process.

The Company's Articles of Association ensure that all Directors submit themselves for re-election by shareholders every three years. Any director appointed by the Board since the last Annual General Meeting (AGM) must stand for re-election by shareholders at the next AGM. Any director aged 70 or over is subject to re-appointment by shareholders on an annual basis pursuant to the Companies Act, 1965 (the Act). The Board confirms that it is satisfied that the Directors, who are required to stand for re-election and re-appointment respectively at the AGM, continue to demonstrate the necessary commitment to be fully effective members of the Board.

### Board Committees

In accordance with the principles of good corporate governance and in compliance with the Code, the Board maintains three Committees—the Audit Committee, Remuneration Committee and Nomination Committee.

### Audit Committee

The membership of the Committee has not changed since the last report. The Board considers that the membership of the Committee is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and the Code's recommendation. The Committee normally meets four times a year, generally before the Board meetings at which the quarterly results and annual financial statements were approved.

The Committee met four times in 2007 and all Committee members attended all the meetings, save that one member was unable to attend one meeting. The attendance records of individual Committee members are set out below:-

Audit Committee	Number of meetings attended during 2007	%
Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)	4/4	100
Tan Sri Dato' Mohd Ramli bin Kushairi	4/4	100
Ms Wong Chin Yen	4/4	100
Mr Ng Kee Leen	3/4	75

The Committee undertakes a detailed review of the Group's quarterly results and annual financial statements, and is responsible for monitoring accounting policies; internal controls compliance and internal and external audit functions including the independence and objectivity of the auditors.

During the year, the Independent Non-executive Directors continued the practice of meeting privately with the external auditors, without the Executive Directors and the Management present. The meeting enables the external auditors to, in confidence, raise issues or concerns in matters of financial reporting.

The external auditors attended one Audit Committee meeting during the year, during which they presented the proposed nature and scope of their work and areas of audit emphasis before the audit commenced, raised matters requiring consideration in particular as regards the Group's accounting policies and audit approach.

The work of this committee during 2007 is described at greater length in the Audit Committee Report beginning on page 60.

### Remuneration Committee

The membership of the Committee has not changed since the last report. The Board considers that the membership of the Committee is in compliance with the Code's recommendation.

## Corporate Governance Statement

The Committee normally meets once a year and makes recommendations to the Board on structuring directors' remuneration packages.

As in previous years, the principal of the Committee in 2007 has been to ensure that the remuneration packages of the Directors are prudently set to attract, motivate and retain directors of the calibre required to ensure the continued success and development of the Group's businesses particularly at a time when the market for these individuals is extremely competitive. The determination of the remuneration of the executive and non-executive Directors is a matter for the Board. No director plays a part in any discussion or decision on his or her own remuneration.

The Committee met once in 2007 with full attendance. The attendance records of individual Committee members are set out below:-

Remuneration Committee	Number of meetings attended during 2007	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)	1/1	100
Dato' Lin Yun Ling	1/1	100
Raja Dato' Seri Abdul Aziz bin Raja Salim	1/1	100

In determining the Directors' remuneration package for the year, the Committee used a comparator group of companies listed in an external market survey on Directors'/Senior Management's remuneration of Bursa Malaysia Top 100 Companies for benchmarking purposes. In deciding the appropriate level of the Non-executive Directors' 2007 fees, apart from the fee levels based on the survey, the Committee also took into consideration the increasing workload and level of responsibility of the Non-executive Directors under the changing corporate governance expectations of shareholders. Details of the Directors' remuneration are shown on pages 106 and 107.

### Nomination Committee

The membership of the Committee has not changed since the last report. The Board considers that the membership of the Committee is in compliance with the Code's recommendation. The Committee normally meets once a year to, among others, assess the appropriate skills-mix required at Board level.

The Committee met once in 2007 and all Committee members attended the meeting, save that one member was unable to attend the meeting. The attendance records of individual Committee members are set out below:-

Nomination Committee	Number of meetings attended during 2007	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)	1/1	100
Tan Sri Dato' Mohd Ramli bin Kushairi	-	-
Ms Wong Chin Yen	1/1	100

During the meeting, the Committee carried out an evaluation of the Board's performance and the performance of the Board's committees and the individual directors (2007 evaluation); identified suitable in-house training programmes for the Directors for the new financial year commencing 1 August 2007 for recommendation to the Board; and identified Directors who are to stand for re-election and re-appointment at the Company's AGM for recommendation to the Board, after they were evaluated to be eligible to stand for re-election and re-appointment respectively.

The Committee carried out a questionnaire-based evaluation process in 2007. The Committee, assisted by the Company Secretary, identified the main assessment areas for the questionnaire which were then distributed to all the Directors for their input. The responses received from the Directors were summarised by the Company Secretary and used as the framework for discussion at the Committee meeting. The Chairman of the Committee then presented the results of the evaluation to the Board for discussion. The outcome of the 2007 evaluation was highly positive. The Board concluded that each Director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning items to be considered by the Board, has a good understanding of the Group's businesses and that their commitment to the role remains strong. The Board also concluded that the Board as a whole, and the Audit, Nomination and Remuneration Committees were each operating in an effective manner.

### Internal Control

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against

## Corporate Governance Statement

material misstatement or loss. There is an ongoing process for identifying, evaluating and managing significant risks across the Group.

The Audit Committee receives reports setting out key risk indicators of each business unit and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the business units and reinforced by risk awareness training. The Audit Committee also receives reports from the internal audit function and, where appropriate, recommendations for improvement are considered. The Board's agenda includes consideration of risk maps and controls, and it receives reports thereon from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance.

The work undertaken by the internal audit function and the Audit Committee helps to enable the Board to make the statement relating to internal control in the Statement on Internal Control.

### Financial Reporting & Control

The Group has a detailed budgeting system and a comprehensive system for reporting financial results to the Board.

Each business unit maintains financial controls and prepares monthly results with a comparison against budget. There are clearly defined guidelines for the review and approval of capital expenditure projects. These include annual budgets, periodic reviews and designated levels of authority.

The Group's centralised internal audit function reviews the systems and procedures in all business units and reports regularly to the Audit Committee who reports to the Board.

### Statement of Directors' Responsibilities

The Directors are required by the Act to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- applied appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;

- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group, which enable them to ensure that financial statements comply with the requirements of the Act. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### Relations with Shareholders & Investors

The Board considers effective communication with shareholders and investors as extremely important.

The Company has an active investor relations programme with the Managing Director and/or the Group Senior General Manager, Business Development & Corporate Finance hosting events enabling communication with institutional investors, analysts and the media, in the periods following the announcement of the quarterly results and new projects; and at other appropriate times during the year. The Company reports formally to shareholders four times a year when its quarterly results are announced and another time when its Annual Report is issued to shareholders. These reports are posted on the Company's website at [www.gamuda.com.my](http://www.gamuda.com.my). The Company's website also provides information on the Group and its businesses and public announcements released by the Company.

The Board supports the use of the AGM to communicate with shareholders, and the format of the AGM is designed with this in mind. The Directors are available for questions, formally during the AGM and informally afterwards. The Senior Independent Non-executive Director is also available to shareholders at the AGM, if they have concerns not resolved through the existing mechanisms for investor communication or where contact through the normal channels has failed. Shareholders are encouraged to attend the AGM, where they have an opportunity to meet the Board.

# Statement on Internal Control

## INTRODUCTION

The Malaysian Code of Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia Listing Requirements, Paragraph 15.27(b) requires the Board of Directors of listed companies to include an Internal Control Statement in their Annual Reports about the state of internal control in their Companies.

## BOARD'S RESPONSIBILITY

The Board of Directors (the Board) affirms the overall responsibility for maintaining a sound system of internal control and for reviewing their adequacy and integrity so as to safeguard shareholders' investment and the Group's assets. However, the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the internal control system can only provide reasonable and not absolute assurance against material misstatement or losses. The system of internal control covers inter alia, financial, operational and compliance system controls and risk management. The Board confirms that there is an on-going process of identifying, evaluating and managing all significant risks faced by the Group, that has been in place for the year and up to the date of approval of the Annual Report and Financial Statements. The process is regularly reviewed by the Board and is in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

## RISK MANAGEMENT

The risk management framework has been embedded in the Company's management systems. Authority and accountability have been clearly defined to implement the risk management process and internal control system. The Management assists the Board to implement the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and to formulate suitable internal controls to mitigate and control these risks.

Assessment and evaluation of risks that have an impact on new investments is undertaken by the respective project task force. For existing business operations, risk assessment and evaluation is an integral part of the annual business planning and budgeting process. The Management of each business unit, in establishing its business objectives, is required to identify and document all possible risks that can affect their achievement together with the associated controls that are capable of mitigating such risks. By this process, each business unit's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of business units are summarised into risk maps and presented annually to the Audit Committee for their consideration.

## KEY INTERNAL CONTROL FEATURES

Key features of the processes established within the Group which can contribute to a sound system of internal control are as follows:

- Clearly defined operating structure, lines of responsibilities and delegated authority. Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are:
  - Audit Committee
  - Nomination Committee
  - Remuneration Committee
  - Budget Committee
  - ESOS Committee
- Internal control activities have been established in all business units with clearly defined lines of responsibilities, authority limits for major capital expenditure, contract awards and other significant transactions, segregation of duties, performance monitoring and safeguarding of assets.
- Policies, Procedures and Standard Operating Procedures which are systematically documented have been made available to guide staff in their day-to-day work. These policies and procedures are reviewed regularly and updated when necessary.

## Statement on Internal Control

- A detailed budgeting process where business units prepare their annual budgets, business plans and control measures to mitigate identified risks for consideration by the Budget Committee before being presented to the Directors for approval.
- A comprehensive information system comprising budgets, key business indicators and performance results on operations are reported to Management and the Directors. The presence of comprehensive information system allows the Management and the Directors to review business unit's performance against budgets and performance indicators on monthly basis.
- An ISO 9001:2000 Quality Management System, which is subject to regular review and improvement, continuously manages and controls the quality requirement of the Company's products and services.
- A Performance Management System whereby business objectives are clearly defined and targets are set for each individual employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectations.
- An adequately resourced Internal Audit function which reports to the Audit Committee, conducts regular reviews on integrity and effectiveness of the Group's system of internal controls.
- Executive Directors and Senior Management conduct regular site visits and communicate with employees of different levels to have first-hand knowledge of significant operational matters and risks.
- Board representation in its associated companies. Information on the financial performance of these associated companies is provided regularly to the Management of the Company via Group management reporting procedures.
- In respect of joint ventures entered into by the Group, the Management of the joint ventures, which consist of representations from the Group and other joint venture partners are responsible to oversee the administration, operation, performance and Executive Management of the joint venture. Financial and operational information of these joint ventures are provided regularly to the Management of the Company.

The Board confirms that the Group's system of internal control is being properly implemented throughout the Group and continuous reviews of the systems and controls are being carried out to ensure its adequacy and effectiveness. There were no major internal control weaknesses that require disclosure in the Annual Report and corrective actions have been taken on control exceptions identified.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Internal Control and reported to the Board that nothing has come to their attention that cause them to believe the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls. Management continues to take measures to strengthen the control environment.

This statement is made in accordance with the resolution of the Board.

# Audit Committee Report

The Board Audit Committee of Gamuda Berhad is pleased to present the Audit Committee Report for the year ended 31 July 2007.

## Membership and Meetings

The Audit Committee was formed by the Board and currently the Audit Committee comprises four (4) Directors as follows :

1. YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
Chairman / Independent Non-Executive Director
2. YBhg Tan Sri Dato' Mohd Ramli bin Kushairi  
Member / Senior Independent Non-Executive Director
3. Ms Wong Chin Yen  
Member / Independent Non-Executive Director
4. Mr Ng Kee Leen  
Member / Non-independent Executive Director

The Audit Committee met four (4) times during the financial year ended 31 July 2007. Meeting attendance record of the members is as follows :

Name of Directors	Attendance
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	4/4
YBhg Tan Sri Dato' Mohd Ramli bin Kushairi	4/4
Ms Wong Chin Yen	4/4
Mr Ng Kee Leen	3/4

## Terms of Reference

### MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors from amongst its Directors and shall consist of not less than three (3) members. The majority of the Audit Committee must be Independent Directors. An Alternate Director must not be appointed as a member of the Audit Committee. The members of an Audit Committee shall elect a chairman from among their number who shall be an Independent Director.

At least one member of the Audit Committee :

- i. must be a member of the Malaysian Institute of Accountants (MIA); or

- ii. if he is not a member of MIA :

- a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years' working experience; or
- b. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years' working experience; or
- c. he must have a degree / masters / doctorate in accounting or finance and has at least three (3) years' post qualification experience in accounting or finance; or
- d. he must have at least seven (7) years' experience as a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

In the event of any vacancy in the Audit Committee resulting in non-compliance with Bursa Malaysia Securities Berhad's Listing Requirements, the Board must fill the vacancy within three (3) months.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

## MEETINGS AND MINUTES

### Meetings

Meetings shall be held not less than four (4) times a year. Additional meetings may be held upon request by any Audit Committee member, the Management, Internal or External Auditors. The Finance Director and Head of Internal Audit normally attend the meetings. Other Directors, employees and the External Auditors may attend meetings upon the invitation of the Audit Committee. At least once a year, the Audit Committee shall meet with the External Auditors without the presence of any executive officer of the Group.

## Audit Committee Report

### Quorum

A quorum shall consist of a majority of Independent Directors and shall not be less than two (2).

### Secretary

The Company Secretary shall act as secretary of the Audit Committee.

### Reporting Procedure

The minutes of each meeting shall be circulated to the Audit Committee members and to all Board members. Key issues discussed are reported by the Chairman of the Audit Committee to the Board.

## AUTHORITY AND DUTIES

### Authority

In carrying out their duties and responsibilities, the Audit Committee shall :

- i. have the authority to investigate any matter within its terms of reference;
- ii. have full and unrestricted access to any information pertaining to the Group;
- iii. have direct communication channels with the External and Internal Auditors, as well as employees of the Group; and
- iv. be able to obtain independent professional or other advice if it deems necessary.

### Duties

The duties of the Audit Committee shall include a review of the following :

- i. the effectiveness of management information system and other systems of internal control within the Company and the Group.
- ii the Management's compliance with laws, regulations, established policies, plans and procedures.

- iii. with the assistance of the Management, the quarterly financial results and year-end financial statements prior to deliberation and approval by the Board, focusing particularly on :
  - a. changes in major accounting policies;
  - b. significant and unusual events;
  - c. the going concern assumption;
  - d. compliance with accounting standards and other legal requirements.
- iv. independence and objectivity of the External Auditors and their services.
- v. together with the External Auditors, the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements.
- vi. the selection, remuneration and resignation or dismissal of the External Auditors.
- vii. the scope, function and resources of Internal Audit function and authority necessary to carry out its duties.
- viii. the Internal Audit programme, processes and results of the audit work, process of investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function.
- ix. any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct concerning Management's integrity.
- x. allocation of options during the year under the Employee Share Option Scheme (ESOS) is in accordance with the criteria determined by the ESOS committee and in compliance with the ESOS by-laws.
- xi. matters conveyed to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad are promptly reported to Bursa Malaysia Securities Berhad.
- xii. any other matters as may be directed by the Board from time to time.

## Audit Committee Report

### Internal Audit Function

The Company has an adequately resourced Internal Audit Department which adopts a risk-based audit approach when establishing its audit plan and strategy. The Internal Audit Department's main role is to provide reasonable assurance that the internal control systems continue to operate adequately and effectively. During the year, the Internal Audit Department had undertaken independent and objective reviews of the system of internal controls that included governance, risk management and information system of major areas within the Group operations. The Internal Audit reports were deliberated by the Audit Committee and the recommendations were duly implemented by Management.

Regular risk assessment reports, arising from risk evaluations undertaken by the Management, were summarised by Internal Audit Department for consideration of the Audit Committee.

### Summary of Activities

Activities carried out by the Audit Committee during the financial year ended 31 July 2007 included the deliberation and review of :

- i. the unaudited quarterly financial results of the Group prior to submission to the Board for consideration and approval;
- ii. the audit plan of the External Auditors in terms of their scope of audit prior to commencement of their annual audit;
- iii. the audit reports of the External Auditors in relation to audit and accounting issues arising from the audit;
- iv. the audited year-end financial results of the Group prior to submission to the Board for consideration and approval; matters arising from the audit of the Group in a meeting with the External Auditors without the presence of the Management;
- v. the performance of the External Auditors and the recommendations to the Board on their reappointment and remuneration;
- vi. the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- vii. the Statement on Internal Control and Statement of Corporate Governance and its recommendation to the Board for inclusion in the Annual Report;
- viii. the summaries of risk assessment results arising from risk evaluations conducted by the Management prior to their submission to the Board for their consideration;
- ix. the risk-based annual audit plan presented by the Internal Auditors for the Group;
- x. the audit reports presented by the Internal Auditors on major findings, recommendations and Management's responses thereto;
- xi. the results of follow-up audits conducted by the Internal Auditors on the Management's implementation of audit recommendations;
- xii. related party transactions as required under the Bursa Malaysia Securities Berhad's Listing Requirements to ascertain that transactions are conducted at arm's length prior to submission for the Board's consideration and where appropriate, shareholders' approval;
- xiii. options allocation pursuant to the ESOS of the Company during the financial year under review that was verified by the Internal Auditors, was found to the satisfaction of the Audit Committee to be consistent with the ESOS by-laws and the criteria set out by the ESOS Committee.

# Additional Compliance Information

## NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Company and its subsidiaries for the financial year 2007 was RM260,000.

## SHARES BUY-BACK

The Company did not purchase any of its own shares during the financial year 2007.

## EXERCISE OF OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year 2007,

- i) 42,482,000 options were exercised in relation to the Employees Share Option Scheme.
- ii) 69,454,332 Warrants 1996/2006 were exercised and converted into ordinary shares.
- iii) 116,360,017 Warrants 2001/2007 were exercised and converted into ordinary shares.

## MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

Other than as disclosed in Note 38 of the Financial Statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since 1 August 2006.

## REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt a policy of regular revaluation.

## IMPOSITION OF SANCTIONS OR PENALTIES

There were no material sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year 2007.

## STATUS OF UTILISATION OF PROCEEDS FROM THE BONDS ISSUE AND RIGHTS ISSUE OF WARRANTS

The status of utilisation of the proceeds from the 3% Redeemable Unsecured Bonds 2000/2007 and Rights Issue of Warrants as at 31 July 2007 was as follows:

Description	Approved Utilisation RM'000	Actual Utilised RM'000
Repayment of borrowings	115,000	115,000
Part payment for land acquisition	60,000	60,000
Working capital	100,700	100,700
Expenses of bonds issue	4,300	4,300
Investment in Syarikat Pengeluar Air Selangor Holdings Berhad (Holding company of SPLASH)	120,000	120,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>



# financial statements

<b>66</b>	Directors' Report
<b>72</b>	Statement by Directors
<b>72</b>	Statutory Declaration
<b>73</b>	Report of the Auditors
<b>74</b>	Consolidated Income Statement
<b>75</b>	Consolidated Balance Sheet
<b>76</b>	Consolidated Statement of Changes in Equity
<b>78</b>	Consolidated Cash Flow Statement
<b>80</b>	Income Statement
<b>81</b>	Balance Sheet
<b>82</b>	Statement of Changes in Equity
<b>83</b>	Cash Flow Statement
<b>84</b>	Notes to the Financial Statements

# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2007.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and civil engineering construction.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year	224,813	260,475
Attributable to:		
Equity holders of the Company	185,428	260,475
Minority interests	39,385	-
	224,813	260,475

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the changes in accounting policies due to the adoption of the new and revised Financial Reporting Standards which has resulted in a decrease in both the profit for the year of the Group and of the Company by RM9,431,000 as disclosed in Note 2.3(e)(ii) to the financial statements.

## DIVIDENDS

The amount of dividends declared and paid by the Company since 31 July 2006 were as follows:

	RM'000
<b>In respect of the financial year ended 31 July 2006</b>	
Final dividend of 9% less 27% taxation paid on 31 January 2007	54,439
<b>In respect of the financial year ended 31 July 2007</b>	
First interim dividend of 23% less 27% taxation paid on 30 April 2007	158,850
Second interim dividend of 23% less 27% taxation paid on 30 July 2007	164,799
	378,088

The directors do not recommend the payment of a final dividend in respect of the current financial year.

## Directors' Report

### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim  
 Y Bhg Dato' Lin Yun Ling  
 Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi  
 Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain  
 YAM Raja Dato' Seri Eleena binti Raja Azlan Shah  
 Y M Raja Dato' Seri Abdul Aziz bin Raja Salim  
 Y Bhg Dato' Ir. Kamarul Zaman bin Mohd Ali  
 Y Bhg Dato' Ir. Haji Azmi bin Mat Nor  
 Ng Kee Leen  
 Goon Heng Wah  
 Ir. Ha Tiing Tai  
 Wong Chin Yen  
 Saw Wah Theng  
 Chow Chee Wah (alternate to Y Bhg Dato' Lin Yun Ling)

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

### DIRECTORS' INTERESTS

	←----- Number of Ordinary Shares of RM1 Each -----→			
	1 August 2006	Bought/ Exercise of ESOS/ Conversion of Warrants	Transferred/ Sold	31 July 2007
<b>Gamuda Berhad</b>				
<b>Direct Holding</b>				
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	325,828	20,000	(50,000)	295,828
Y Bhg Dato' Lin Yun Ling	46,848,818	-	(46,848,818)	-
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	-	40,000	-	40,000
YAM Raja Dato' Seri Eleena binti Raja Azlan Shah	-	100,000	-	100,000
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	-	60,000	-	60,000
Y Bhg Dato' Ir. Kamarul Zaman bin Mohd Ali	667,000	1,193,500	(1,006,000)	854,500
Y Bhg Dato' Ir. Haji Azmi bin Mat Nor	-	513,000	(243,000)	270,000

## Directors' Report

### DIRECTORS' INTERESTS (CONT'D)

#### Gamuda Berhad

##### Direct Holding

	←----- Number of Ordinary Shares of RM1 Each -----→			
	1 August 2006	Bought/ Exercise of ESOS/ Conversion of Warrants	Transferred/ Sold	31 July 2007
Ng Kee Leen	12,516,114	2,288,000	(4,000,000)	10,804,114
Goon Heng Wah	10,000,000	1,540,058	(5,360,058)	6,180,000
Ir. Ha Tiing Tai	11,907,938	900,000	(1,800,000)	11,007,938
Wong Chin Yen	-	40,000	-	40,000
Saw Wah Theng	-	825,000	(300,000)	525,000
Chow Chee Wah	-	715,000	(626,000)	89,000

##### Indirect Holding

	←----- Number of Ordinary Shares of RM1 Each -----→			
	1 August 2006	Transferred/ Conversion of Warrants	Transferred/ Sold	31 July 2007
Y Bhg Dato' Lin Yun Ling ^	-	58,902,260	(8,053,442)	50,848,818
YAM Raja Dato' Seri Eleena binti Raja Azlan Shah*	76,710,000	8,000,000	(5,210,000)	79,500,000

^ Deemed interest through HSBC (Malaysia) Trustee Berhad

\* Deemed interest through Generasi Setia (M) Sdn. Bhd.

#### Employees' Share Option Scheme ("ESOS")

	←----- Number of Options -----→			
	1 August 2006	Allotted	Exercised	31 July 2007
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	100,000	-	(20,000)	80,000
Y Bhg Dato' Lin Yun Ling	1,500,000	-	-	1,500,000
Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi	100,000	-	-	100,000
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	100,000	-	(40,000)	60,000
YAM Raja Dato' Seri Eleena binti Raja Azlan Shah	100,000	-	(100,000)	-
Y M Raja Dato' Seri Abdul Aziz bin Raja Salim	100,000	-	(60,000)	40,000
Y Bhg Dato' Ir. Kamarul Zaman bin Mohd Ali	630,000	-	(252,000)	378,000
Y Bhg Dato' Ir. Haji Azmi bin Mat Nor	715,000	-	(513,000)	202,000
Ng Kee Leen	900,000	-	-	900,000
Goon Heng Wah	900,000	-	(540,000)	360,000
Ir. Ha Tiing Tai	900,000	-	(900,000)	-
Wong Chin Yen	100,000	-	(40,000)	60,000
Saw Wah Theng	825,000	-	(825,000)	-
Chow Chee Wah	715,000	-	(715,000)	-

The options to subscribe for ordinary shares in the Company is in force for a period of five years from 6 July 2006 to 5 July 2011. The ESOS was granted on 6 July 2006 at the exercise price of RM3.46 per ordinary share.

The salient features of the ESOS are disclosed in Note 25(c).

## Directors' Report

## DIRECTORS' INTERESTS (CONT'D)

## Warrants 1996/2006

	←-----	Number of Warrants			-----→
	1 August 2006	Bought	Converted/ Sold	Expired	31 July 2007
<b>Direct Holding</b>					
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	110	-	-	(110)	-
Y Bhg Dato' Lin Yun Ling	8,053,442	-	(8,053,442)	-	-
Y Bhg Dato' Ir. Kamarul Zaman bin Mohd Ali	112,000	-	(112,000)	-	-
Ng Kee Leen	2,288,000	-	(2,288,000)	-	-
Goon Heng Wah	1,788,158	-	(1,788,158)	-	-
Ir. Ha Tiing Tai	1,704,000	-	(1,704,000)	-	-
<b>Indirect Holding</b>					
YAM Raja Dato' Seri Eleena binti Raja Azlan Shah*	4,200,000	-	(4,200,000)	-	-

\* Deemed interest through Generasi Setia (M) Sdn. Bhd.

Each Warrant 1996/2006 entitled the registered holder to subscribe for one new share in the Company at a conversion price of RM4.21 each at any time within ten years, from the date of issue on 30 December 1996 until it expired on 29 December 2006.

## Warrants 2001/2007

	←-----	Number of Warrants			-----→
	1 August 2006	Bought	Converted/ Sold		31 July 2007
<b>Direct Holding</b>					
Y Bhg Dato' Lin Yun Ling	12,240,551	-	(12,240,551)		-
Y Bhg Dato' Ir. Kamarul Zaman bin Mohd Ali	271,500	-	(271,500)		-
Ng Kee Leen	4,308,335	-	-	4,308,335	
Goon Heng Wah	2,996,000	-	(2,996,000)		-
Ir. Ha Tiing Tai	3,477,000	-	(3,477,000)		-
<b>Indirect Holding</b>					
YAM Raja Dato' Seri Eleena binti Raja Azlan Shah*	9,545,000	-	(9,545,000)		-

\* Deemed interest through Generasi Setia (M) Sdn. Bhd.

Each Warrant 2001/2007 entitled the registered holder to subscribe for one new share in the Company at a conversion price of RM3.75 each at any time within six and a half years, from the date of issue on 22 February 2001 until it expired on 21 August 2007.

None of the other directors in office at the end of the financial year had any interest in shares, options and warrants in the Company or its related corporations during the financial year.

## Directors' Report

### ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up capital from RM753,232,144 to RM981,528,493 via the issuance of:

- (a) 38,855,000 new ordinary shares of RM1.00 each for cash pursuant to the Company's ESOS at an exercise price of RM3.46 per ordinary share;
- (b) 3,627,000 new ordinary shares of RM1.00 each for cash pursuant to the Company's ESOS at an exercise price of RM5.20 per ordinary share;
- (c) 69,454,332 new ordinary shares of RM1.00 each for cash pursuant to the conversion of Warrants 1996/2006 at a conversion price of RM4.21 each; and
- (d) 116,360,017 new ordinary shares of RM1.00 each for cash pursuant to the conversion of Warrants 2001/2007 at a conversion price of RM3.75 each.

Subsequent to the financial year, the issued and paid up capital of the Company increased from RM981,528,493 to RM992,872,054 via the issuance of:

- (a) 387,000 new ordinary shares of RM1.00 each for cash pursuant to the Company's ESOS at an exercise price of RM3.46 per ordinary share;
- (b) 99,000 new ordinary shares of RM1.00 each for cash pursuant to the Company's ESOS at an exercise price of RM5.20 per ordinary share; and
- (c) 10,857,561 new ordinary shares of RM1.00 each for cash pursuant to the conversion of Warrants 2001/2007 at a conversion price of RM3.75 each.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

### WARRANTS

- (i) The Warrants 1996/2006, previously the Warrants 1996/2001, which were constituted by a Deed Poll dated 23 December 1996, may be converted at any time on and after 30 December 1996 until its expiry on 29 December 2006. Each Warrant 1996/2006 carried the entitlement to subscribe for one new ordinary share of RM1.00 each in the Company at a conversion price of RM4.21 each, which was subject to adjustment in accordance with the provisions in the Deed Poll. Any Warrants 1996/2006 which was not converted at the date of maturity has lapsed and ceased to be valid for any purpose.

The shares arising from the conversion of Warrants 1996/2006 rank pari passu in all respects with the ordinary shares of the Company except that they are not entitled to any rights, dividends or other distributions unless the conversion of Warrants 1996/2006 was effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

The 1,684,308 units of Warrants 1996/2006 which remained unconverted, lapsed on 29 December 2006.

- (ii) The Warrants 2001/2007 which were constituted by a Deed Poll dated 27 November 2000, may be converted at any time on and after 22 February 2001 until its expiry on 21 August 2007. Each Warrant 2001/2007 carried the entitlement to subscribe for one new ordinary share of RM1.00 each in the Company at a conversion price of RM3.75 each, which was subject to adjustment in accordance with the provisions in the Deed Poll. Any Warrants 2001/2007 which was not converted at the date of maturity has lapsed and ceased to be valid for any purpose.

The shares arising from the conversion of Warrants 2001/2007 rank pari passu in all respects with the ordinary shares of the Company except that they are not entitled to any rights, dividends or other distributions unless the conversion of Warrants 2001/2007 was effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

As at the balance sheet date, the total number of Warrants 2001/2007 which remain unconverted amounted to 11,310,181 units.

The 452,620 units of Warrants 2001/2007 which remained unconverted, lapsed on 21 August 2007.

## Directors' Report

### EMPLOYEES' SHARE OPTION SCHEME

The Gamuda Berhad Second Employees' Share Option Scheme ("ESOS-2000") was approved by shareholders at the Extraordinary General Meeting held on 31 October 2000 and became effective for 5 years from 26 December 2000 until its expiry on 25 December 2005. Pursuant to ESOS-2000, options to subscribe for 82,475,000 new ordinary shares of RM1 each had been granted to eligible employees and directors. Options to subscribe for 30,075,000 new ordinary shares of RM1.00 each which remained unexercised, lapsed on 25 December 2005.

At an Extraordinary General Meeting held on 5 July 2006, the shareholders of the Company approved the implementation of the Gamuda Berhad Third Employees' Share Option Scheme ("ESOS-2006") which became effective on 6 July 2006 upon final approval by Bursa Malaysia Securities Berhad. The principal features of the ESOS, details of share options exercised during the financial year and outstanding at the end of the financial year are disclosed in Note 25.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are as disclosed in Note 39.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2007.

**Y Bhg Tan Sri Dato' Ir. Talha Bin Haji Mohd Hashim**  
Chairman

**Saw Wah Theng**  
Finance Director

# Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Y Bhg Tan Sri Dato' Ir. Talha Bin Haji Mohd Hashim and Saw Wah Theng, being two of the directors of Gamuda Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 74 to 160 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2007.

**Y Bhg Tan Sri Dato' Ir. Talha Bin Haji Mohd Hashim**

Chairman

**Saw Wah Theng**

Finance Director

Petaling Jaya, Selangor Darul Ehsan

# Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Saw Wah Theng, being the director primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 74 to 160 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed Saw Wah Theng at Petaling Jaya	)	<b>Saw Wah Theng</b>
in Selangor Darul Ehsan on 8 October 2007	)	

Before me,

**Faridah bt Sulaiman (No. B228)**

Commissioner of Oaths

# Report of the Auditors

TO THE MEMBERS OF GAMUDA BERHAD (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 74 to 160. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 July 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**Ernst & Young**  
AF: 0039  
Chartered Accountants

**George Koshy**  
No. 1846/07/09(J)  
Partner

Kuala Lumpur, Malaysia  
8 October 2007

# Consolidated Income Statement

FOR THE YEAR ENDED 31 JULY 2007

	Note	2007 RM'000	2006 RM'000 (restated)
Revenue	3	1,516,359	1,226,897
Other income		44,562	28,867
Construction contract costs recognised as contract expenses		(887,513)	(613,554)
Land and development costs		(249,295)	(244,824)
Changes in inventory of finished goods and work in progress		(10,297)	(21,092)
Purchases - raw materials		(20,875)	(27,491)
- trading materials		(50,199)	(80,752)
Production overheads		(34,264)	(14,336)
Staff costs	5	(58,207)	(54,456)
Depreciation		(12,819)	(7,262)
Other operating expenses		(70,096)	(57,501)
Profit from operations	4	167,356	134,496
Finance costs	7	(19,869)	(14,917)
Share of profits of associated companies		129,074	102,580
Profit before taxation		276,561	222,159
Taxation	8	(51,748)	(51,708)
Profit for the year		224,813	170,451
Attributable to:			
Equity holders of the Company		185,428	157,583
Minority interests		39,385	12,868
		224,813	170,451
Earnings per share (sen)			
Basic	9	21.72	20.93
Diluted	9	21.49	20.83
Net dividends per ordinary share in respect of the year (sen):			
- Paid		34	5
- Proposed		-	6
		34	11

The accompanying notes form an integral part of the financial statements.

# Consolidated Balance Sheet

AS AT 31 JULY 2007

	Note	2007 RM'000	2006 RM'000 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	301,879	197,264
Land held for property development	12(a)	548,443	451,349
Investment properties	13	3,348	3,371
Motorway development expenditure	14	327,647	295,950
Intangible assets	15	73,622	76,793
Associated companies	17	1,475,919	1,368,534
Other investments	19	733	733
Deferred tax assets	30	16,021	12,905
Receivables	21	27,166	28,584
		<b>2,774,778</b>	<b>2,435,483</b>
<b>Current assets</b>			
Property development costs	12(b)	198,434	37,270
Inventories	20	140,495	110,503
Receivables	21	888,085	816,619
Tax recoverable		31,421	45,407
Marketable securities	2.2(p)(iii)	25,000	-
Cash and bank balances	24	980,269	456,855
		<b>2,263,704</b>	<b>1,466,654</b>
<b>TOTAL ASSETS</b>		<b>5,038,482</b>	<b>3,902,137</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	25	981,528	753,232
Reserves		1,964,422	1,489,537
Shareholders' equity		2,945,950	2,242,769
<b>Minority interests</b>		<b>48,433</b>	<b>48,583</b>
<b>Total equity</b>		<b>2,994,383</b>	<b>2,291,352</b>
<b>Non-current liabilities</b>			
Other payables	29	56,706	6,354
Deferred tax liabilities	30	20,654	19,720
Other long term liabilities	31	496,500	825,000
Non-current liabilities		<b>573,860</b>	<b>851,074</b>
<b>Current liabilities</b>			
Short term borrowings	32	738,123	156,202
Payables	33	700,367	573,863
Provision for liabilities	35	12,311	150
Income tax payable		19,438	29,496
Current liabilities		<b>1,470,239</b>	<b>759,711</b>
<b>Total liabilities</b>		<b>2,044,099</b>	<b>1,610,785</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,038,482</b>	<b>3,902,137</b>

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2007

←----- Attributable to equity holders of the Company -----→									
←----- Non-distributable -----→ Distributable									
		Share capital	Share premium	Option reserves	Other reserves (Note 26)	Retained profits	Total	Minority interests	Total equity
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2005		749,572	272,319	-	75,191	1,081,780	2,178,862	68,345	2,247,207
Currency translation differences		-	-	-	(5,623)	-	(5,623)	(2,630)	(8,253)
Share of capital reserve in an associated company		-	-	-	(25,688)	-	(25,688)	-	(25,688)
Expenses incurred for issuance of ESOS-2006		-	(148)	-	-	-	(148)	-	(148)
Net expense recognised directly in equity		-	(148)	-	(31,311)	-	(31,459)	(2,630)	(34,089)
Profit for the year		-	-	-	-	157,583	157,583	12,868	170,451
Total recognised income and expense for the year		-	(148)	-	(31,311)	157,583	126,124	10,238	136,362
Issue of ordinary shares pursuant to:									
Exercise of ESOS-2000	25	3,580	9,700	-	-	-	13,280	-	13,280
Conversion of warrants	25	80	220	-	-	-	300	-	300
Share options granted under ESOS-2006		-	-	10,975	-	-	10,975	-	10,975
Dividends	10	-	-	-	-	(86,772)	(86,772)	-	(86,772)
Distribution of profit in an unincorporated subsidiary		-	-	-	-	-	-	(30,000)	(30,000)
At 31 July 2006 (restated)		753,232	282,091	10,975	43,880	1,152,591	2,242,769	48,583	2,291,352
At 1 August 2006									
As previously stated		753,232	282,091	-	43,880	1,163,566	2,242,769	48,583	2,291,352
Effects of adopting FRS 2	2.3(a)	-	-	10,975	-	(10,975)	-	-	-
At 1 August 2006 (restated)		753,232	282,091	10,975	43,880	1,152,591	2,242,769	48,583	2,291,352
Currency translation differences		-	-	-	(4,361)	-	(4,361)	2,650	(1,711)
Share of capital reserve in an associated company		-	-	-	2,830	-	2,830	-	2,830
Net income recognised directly in equity		-	-	-	(1,531)	-	(1,531)	2,650	1,119
Profit for the year		-	-	-	-	185,428	185,428	39,385	224,813
Total recognised income and expense for the year		-	-	-	(1,531)	185,428	183,897	42,035	225,932
Balance carried forward		753,232	282,091	10,975	42,349	1,338,019	2,426,666	90,618	2,517,284

The accompanying notes form an integral part of the financial statements.

## Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2007

		←----- Attributable to equity holders of the Company -----→								
		←----- Non-distributable -----→				Distributable				
Group	Note	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 26) RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000	
Balance brought forward		753,232	282,091	10,975	42,349	1,338,019	2,426,666	90,618	2,517,284	
Issue of ordinary shares pursuant to:										
Exercise of ESOS-2006	25	42,482	110,817	-	-	-	153,299	-	153,299	
Conversion of warrants	25	185,814	542,938	-	-	-	728,752	-	728,752	
Share options granted under ESOS-2006		-	-	9,431	-	-	9,431	-	9,431	
Share options exercised under ESOS-2006		-	19,842	(13,952)	-	-	5,890	-	5,890	
Dividends	10	-	-	-	-	(378,088)	(378,088)	-	(378,088)	
Distribution of profit in unincorporated subsidiaries		-	-	-	-	-	-	(25,820)	(25,820)	
Dividend paid by subsidiaries to minority shareholders		-	-	-	-	-	-	(16,365)	(16,365)	
At 31 July 2007		981,528	955,688	6,454	42,349	959,931	2,945,950	48,433	2,994,383	

The accompanying notes form an integral part of the financial statements.

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 JULY 2007

	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	276,561	222,159
Adjustments for:		
Amortisation of intangible assets	3,171	3,168
Depreciation	12,819	7,262
Impairment loss on other investments	-	3
Impairment loss on property, plant and equipment	-	9,529
Property, plant and equipment written off	165	4
(Reversal of provision)/provision for contracts	(4,734)	10,698
Provision for doubtful debts	22	56
Provision/(reversal of provision) for liabilities	12,161	(2,407)
Provision for retirement benefits	1,048	981
Provision/(reversal of provision) for short term accumulating compensated absences	131	(31)
Gain on disposal of property, plant and equipment	(6,382)	(3,277)
Gain on disposal of quoted investments	-	(2,234)
Share of associated companies' profits	(129,074)	(102,580)
Unrealised gain on foreign exchange	-	(35)
Write back of provision for doubtful debts	-	(106)
Share based payments	9,431	10,975
Interest income	(21,731)	(12,619)
Interest expense	19,869	14,917
Operating profit before working capital changes	173,457	156,463
Increase in development properties	(222,510)	(49,937)
Increase in inventories	(29,992)	(650)
(Increase)/decrease in receivables	(43,383)	19,888
Increase in payables	180,510	53,443
Cash generated from operations	58,082	179,207
Dividend received from associated companies	45,742	77,871
Income taxes paid	(50,002)	(62,142)
Interest paid	(19,869)	(14,917)
Retirement benefits paid	(99)	(569)
Net cash generated from operating activities	33,854	179,450

The accompanying notes form an integral part of the financial statements.

## Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 JULY 2007

	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment of motorway development expenditure	(31,697)	(103,841)
Capital repayment from an associated company	-	48,692
Purchase of land held for property development	(35,198)	-
Purchase of property, plant and equipment	(167,694)	(133,376)
Proceeds from disposal of property, plant and equipment	13,643	24,000
Investment in associated companies	(20,999)	(203,891)
Acquisition of other investments	-	(1)
Proceeds from disposal of other investments	-	4,733
Purchase of marketable securities	(25,000)	-
Advances and deposits for acquisition of land	-	(96,000)
Interest received	21,731	12,619
Net cash used in investing activities	(245,214)	(447,065)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of short term borrowings	181,921	(102,859)
Drawdown of medium term notes	35,000	300,000
Drawdown of term loan	36,500	125,000
Proceeds from conversion of warrants	728,752	300
Net proceeds from exercise of ESOS	153,299	13,132
Cash distribution of profit to minority interests of unincorporated subsidiaries	(6,000)	(30,000)
Dividend paid to shareholders	(378,088)	(86,772)
Dividend paid by subsidiaries to minority interests	(16,365)	-
Net cash generated from financing activities	735,019	218,801
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>523,659</b>	<b>(48,814)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>(245)</b>	<b>292</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>456,855</b>	<b>505,377</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)</b>	<b>980,269</b>	<b>456,855</b>

The accompanying notes form an integral part of the financial statements.

# Income Statement

FOR THE YEAR ENDED 31 JULY 2007

	Note	2007 RM'000	2006 RM'000 (restated)
Revenue	3	536,795	409,799
Other income		60,941	43,314
Construction contract costs recognised as contract expenses		(151,978)	(257,155)
Staff costs	5	(21,096)	(21,535)
Depreciation		(1,311)	(1,551)
Other operating expenses		(31,692)	(11,599)
Profit from operations	4	391,659	161,273
Finance costs	7	(14,960)	(12,903)
Profit before taxation		376,699	148,370
Taxation	8	(116,224)	(43,233)
Profit for the year		260,475	105,137
Net dividends per ordinary share in respect of the year (sen):			
- Paid		34	5
- Proposed		-	6
		34	11

The accompanying notes form an integral part of the financial statements.

# Balance Sheet

AS AT 31 JULY 2007

	Note	2007 RM'000	2006 RM'000 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	45,005	28,577
Investment properties	13	11,764	11,915
Subsidiaries	16	410,273	335,835
Associated companies	17	821,880	800,881
Jointly controlled entities	18	207,977	141,000
Other investments	19	733	733
Deferred tax assets	30	4,629	1,279
		<b>1,502,261</b>	<b>1,320,220</b>
<b>Current assets</b>			
Receivables	21	106,747	233,019
Due from subsidiaries	23	1,097,533	589,121
Tax recoverable		20,267	35,335
Cash and bank balances	24	509,427	68,833
		<b>1,733,974</b>	<b>926,308</b>
<b>TOTAL ASSETS</b>		<b>3,236,235</b>	<b>2,246,528</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	25	981,528	753,232
Reserves		1,281,598	730,135
Shareholders' equity		<b>2,263,126</b>	<b>1,483,367</b>
<b>Non-current liabilities</b>			
Other payables	29	2,525	2,234
Other long term liabilities	31	-	400,000
Non-current liabilities		<b>2,525</b>	<b>402,234</b>
<b>Current liabilities</b>			
Short term borrowings	32	690,623	83,503
Payables	33	94,406	70,111
Due to subsidiaries	34	185,555	207,313
Current liabilities		<b>970,584</b>	<b>360,927</b>
<b>Total liabilities</b>		<b>973,109</b>	<b>763,161</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,236,235</b>	<b>2,246,528</b>

The accompanying notes form an integral part of the financial statements.

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2007

Company	Note	Share capital RM'000	Non-distributable Share premium RM'000	Option reserves RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 August 2005</b>		749,572	272,319	-	418,704	1,440,595
Expenses incurred for issuance of ESOS-2006, recognised directly in equity		-	(148)	-	-	(148)
Profit for the year		-	-	-	105,137	105,137
Total recognised income and expense for the year		-	(148)	-	105,137	104,989
Issue of ordinary shares pursuant to:						
Exercise of ESOS-2000	25	3,580	9,700	-	-	13,280
Conversion of warrants	25	80	220	-	-	300
Share options granted under ESOS-2006		-	-	10,975	-	10,975
Dividends	10	-	-	-	(86,772)	(86,772)
<b>At 31 July 2006 (restated)</b>		753,232	282,091	10,975	437,069	1,483,367
<b>At 1 August 2006</b>						
As previously stated		753,232	282,091	-	448,044	1,483,367
Effects of adopting FRS 2	2.3(a)	-	-	10,975	(10,975)	-
<b>At 1 August 2006 (restated)</b>		753,232	282,091	10,975	437,069	1,483,367
Profit for the year, representing total recognised income and expense for the year		-	-	-	260,475	260,475
Issue of ordinary shares pursuant to:						
Exercise of ESOS-2006	25	42,482	110,817	-	-	153,299
Conversion of warrants	25	185,814	542,938	-	-	728,752
Share options granted under ESOS-2006		-	-	9,431	-	9,431
Share options exercised under ESOS-2006		-	19,842	(13,952)	-	5,890
Dividends	10	-	-	-	(378,088)	(378,088)
<b>At 31 July 2007</b>		981,528	955,688	6,454	319,456	2,263,126

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statement

FOR THE YEAR ENDED 31 JULY 2007

	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	376,699	148,370
Adjustments for:		
Depreciation	1,311	1,551
Impairment loss on other investments	-	3
Impairment loss on property, plant and equipment	-	9,529
Provision for retirement benefits	291	547
Provision for short term accumulating compensated absences	93	34
Gain on disposal of property, plant and equipment	(22)	(341)
Unrealised gain on foreign exchange	(781)	-
Share based payments	9,431	10,975
Dividend income	(386,693)	(133,022)
Interest income	(13,571)	(11,948)
Interest expense	14,960	12,903
Operating profit before working capital changes	1,718	38,601
(Increase)/decrease in due from subsidiaries	(508,412)	39,045
(Decrease)/increase in due to subsidiaries	(21,758)	101,691
Decrease in receivables	165,386	93,557
Increase/(decrease) in payables	24,202	(50,608)
Cash (used in)/generated from operations	(338,864)	222,286
Dividend received	282,286	97,560
Income taxes paid	(31,169)	(59,443)
Interest paid	(14,960)	(12,903)
Retirement benefits paid	-	(43)
Net cash (used in)/generated from operating activities	(102,707)	247,457
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(18,986)	(229)
Proceeds from disposal of property, plant and equipment	47	700
Investment in subsidiaries	(74,438)	-
Investment in associated companies	(20,999)	(203,891)
Investment in jointly controlled entities	(66,977)	(77,000)
Capital repayment from an associated company	-	48,692
Purchase of other investment	-	(1)
Interest received	13,571	11,948
Net cash used in investing activities	(167,782)	(219,781)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of revolving credit	207,120	41,836
Proceeds from conversion of warrants	153,299	300
Net proceeds from exercise of ESOS	728,752	13,132
Dividend paid to shareholders	(378,088)	(86,772)
Net cash generated from/(used in) financing activities	711,083	(31,504)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>440,594</b>	<b>(3,828)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>68,833</b>	<b>72,661</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)</b>	<b>509,427</b>	<b>68,833</b>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

31 JULY 2007

## 1. CORPORATE INFORMATION

The principal activities of the Company are that of investment holding and civil engineering construction. The principal activities of the subsidiaries are described in Note 16. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities. The registered office and principal place of business of the Company is located at 78, Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2007.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared on a historical basis unless otherwise indicated in the accounting policies below. The financial statements also comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. During the financial year, the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006, as disclosed in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. A joint venture is deemed to be a subsidiary when the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(a) Subsidiaries and Basis of Consolidation (Cont'd)****(ii) Basis of Consolidation (Cont'd)**

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

**(iii) Associated Companies**

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method of accounting, the Group's share of profits less losses of associated companies during the financial year is included in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of such changes. The Group's interest in associated companies is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition reserves.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (a) Subsidiaries and Basis of Consolidation (Cont'd)

##### (iii) Associated Companies (Cont'd)

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (iv) Jointly Controlled Entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the proportionate consolidation method of accounting. The Group combines its share of each of the assets, liabilities, income and expenses of the joint ventures with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint ventures are prepared for the same reporting year as the parent company using consistent accounting policies.

The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## Notes to the Financial Statements

31 JULY 2007

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(b) Intangible Assets****(i) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities of a subsidiary, associated company or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associated companies and jointly controlled entities is included within the respective carrying amounts of these investments.

**(ii) Concession and quarry rights**

Concession and quarry rights arising from acquisition of subsidiaries are attributable to costs incurred which are related to arrangements whereby the Group is able to obtain economic benefits over future years. The useful lives of the concession and quarry rights are assessed to be finite. Concession and quarry rights with finite life are amortised on a straight-line basis over the estimated useful economic life of 30 years. Concession and quarry rights are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

**(c) Property, Plant and Equipment and Depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction-in-progress are stated at cost and not depreciated as these assets are not available for use. Leasehold lands are depreciated over the period of the respective leases. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land	Over a period of 50 years
Short term leasehold land	Over a period of 30 years
Buildings	2%
Plant, machinery and golf, gym and club house equipment	12% - 33%
Office equipment, furniture and fittings	10% - 33%
Motor vehicles	12% - 25%

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (c) Property, Plant and Equipment and Depreciation (Cont'd)

Long term and short term leasehold land and buildings and certain freehold land of the Group and of the Company have not been revalued since they were first revalued in 1991. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provision of FRS116<sub>2004</sub>, Property, Plant and Equipment, these assets continue to be stated at their 1991 valuation less accumulated depreciation and impairment losses.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

##### (d) Investment properties

Investment properties consist of land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs.

Investment properties are stated at cost less accumulated depreciation and impairment losses. The depreciation policy for investment properties is consistent with that for depreciable property, plant and equipment as described in Note 2.2(c).

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

##### (e) Motorway Development Expenditure

Motorway development expenditure ("MDE") is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h). MDE comprises construction and development expenditure (including interest and fee charges relating to financing of the construction and development of the Motorway) incurred by the Group in connection with the Concession. Upon completion of the construction works of the Motorway and commencement of tolling operations, at each balance sheet date, the cumulative actual expenditure incurred is amortised to the income statement based on the following formula:

$$\left[ \begin{array}{l} \text{Cumulative Actual} \\ \text{Toll Revenue to date} \\ \hline \text{Projected Total Toll} \\ \text{Revenue of the Concession} \end{array} \right] \times \left[ \begin{array}{l} \text{Cumulative} \\ \text{Actual MDE} \end{array} \right] \text{ Less } \left[ \begin{array}{l} \text{Accumulated} \\ \text{amortisation at} \\ \text{beginning of the} \\ \text{financial year} \end{array} \right]$$

The projected total toll revenue of the Concession is based on the "base case" traffic volumes projected by an independent professional firm of traffic consultants in a projection study commissioned by the Group, taking into account the toll rates as provided in the Concession Agreement.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(f) Land Held for Property Development and Property Development Costs****(i) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(ii) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (g) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

##### (h) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(h) Impairment of Non-Financial Assets (Cont'd)**

An impairment loss is recognised in profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

**(i) Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average cost method. The cost of raw materials includes the cost of purchase and other direct charges. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(j) Finance leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(c).

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (k) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

##### (l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

##### (m) Employee Benefits

###### (i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

###### (ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(m) Employee Benefits (Cont'd)****(iii) Defined Benefit Plans**

The Group operates an unfunded Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the balance sheet date.

**(iv) Share Based Compensation**

The Gamuda Berhad Employees' Share Option Scheme ("ESOS"), an equity-settled, share based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

**(n) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) Construction Contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(g).

**(ii) Development Properties**

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided for.

**(iii) Sale of Goods and Services**

Revenue relating to the sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards. Revenue from services rendered is recognised net of service taxes and discount as and when the services are performed.

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (n) Revenue Recognition (Cont'd)

###### (iv) Supply of Water and Related Services

Revenue from management, operation and maintenance of dams and water treatment facilities are recognised net of discounts as and when the services are performed.

###### (v) Interest Income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

###### (vi) Dividend Income

Dividend income is recognised when the right to receive payment is established.

##### (o) Foreign Currencies

###### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

###### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary items, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

## Notes to the Financial Statements

31 JULY 2007

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(o) Foreign Currencies (Cont'd)****(iii) Foreign Operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the date of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	<b>2007</b>	<b>2006</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	<b>3.47</b>	3.67
Singapore Dollar	<b>2.29</b>	2.32
Indian Rupee	<b>0.09</b>	0.08
New Taiwan Dollar	<b>0.11</b>	0.11
Qatari Riyal	<b>0.95</b>	1.03
Bahraini Dinar	<b>9.22</b>	10.21

**(p) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. The financial risk management objectives and policies are disclosed in Note 40.

**(i) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(ii) Other Non-Current Investments**

Non-current investments other than investments in subsidiaries, associated companies and joint ventures are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (p) Financial Instruments (Cont'd)

###### (iii) Marketable Securities

Marketable securities consist of investment in private debt securities at cost, and are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

###### (iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

###### (v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

###### (vi) Interest-Bearing Loans and Borrowings

Interest-bearing bank loans and borrowings, including the Al-Muharabah Medium Term Notes ("MTN"), are recorded at the face value of the loan amount, net of transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

###### (vii) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### (q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

## Notes to the Financial Statements

31 JULY 2007

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs**

The Malaysian Accounting Standards Board has issued a number of new and revised FRSs and Interpretations that are effective for financial periods beginning on or after 1 January 2006.

Except for the changes in accounting policies and their effects as discussed below, the new and revised FRSs and Interpretations did not have any other significant impact on the financial statements of the Group and of the Company.

**(a) FRS 2: Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan, namely the Gamuda Berhad Third Employees' Share Options Scheme ("ESOS"), that allows the eligible employees and directors of the Group to acquire ordinary shares in the Company.

With the adoption of FRS 2, the total fair value of share options granted to employee is recognised as an employee cost in the income statement with a corresponding increase in the share option reserve within equity over the period of the ESOS. The fair value of the share options is computed using a valuation model consistent with the generally accepted valuation methodologies for pricing financial instruments. The amount recognised in share option reserve shall be transferred to share premium as and when the share options are exercised.

Prior to 1 August 2006, no compensation expense was recognised in the income statement for share options granted to eligible employees and directors and an increase in share capital and share premium is recognised when the options were exercised, as the standard has not come into effect yet.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted after 31 December 2004 but had not yet vested on 1 January 2006. The application is retrospective and accordingly, certain comparative amounts as at 31 July 2006 have been restated and the opening balance of retained earnings as at 1 August 2006 has been adjusted. The financial impact to the Group and the Company arising from this change in accounting policy is described further in Note 2.3(e) and (f).

**(b) FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of results in associated companies and other disclosures.

Prior to 1 August 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit and loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

##### (b) FRS 101: Presentation of Financial Statements (Cont'd)

Prior to 1 August 2006, the Group's share of taxation of associated companies accounted for using the equity method was included as part of the Group's income tax expenses in the consolidated income statement. Upon adoption of the revised FRS 101, the share of taxation of associated companies accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 July 2007 and consolidated income statement for the year ended 31 July 2007 are set out in Note 2.3(e)(i) and (ii) respectively.

In addition, prior to 1 August 2006, interest income of the Group and of the Company was reported on the face of the consolidated income statement after profit from operations. The interest income has been reclassified to other income in the financial statements to conform with the current year's presentation. The effects of such reclassification on current year's and prior year's income statements are summarised in Note 2.3(e)(ii) and (f)(ii) respectively.

##### (c) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 August 2006.

Prior to 1 August 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 30 years. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Thereafter, goodwill has been transferred to concession and quarry rights and amortised over the concession period of 30 years.

##### (d) FRS 140: Investment Properties

With the adoption of the new FRS 140, properties held for rental or capital appreciation or from both have been reclassified to investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses.

Prior to 1 August 2006, these properties were classified within property, plant and equipment and property development costs in the balance sheets. Properties that were previously classified as property, plant and equipment were stated at cost and/or revalued amount less accumulated depreciation and impairment losses.

The above change in accounting policy has been accounted for retrospectively and in accordance with the transitional provision of FRS 140, the Group has made the reclassifications in the comparative figures set out in Note 2.3(e) and (f).

## Notes to the Financial Statements

31 JULY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

## (e) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets as at and income statements for the year ended 31 July 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

## (i) Effects on balance sheets as at 31 July 2007

Description of Change	←----- Increase/ (Decrease) -----→			Total RM'000
	FRS 2 Note 2.3(a) RM'000	FRS 101 Note 2.3(b) RM'000	FRS 140 Note 2.3(d) RM'000	
<b>Group</b>				
Property, plant and equipment	-	-	(2,172)	(2,172)
Investment properties	-	-	3,348	3,348
Property development cost	-	-	(1,176)	(1,176)
Receivables	5,890	-	-	5,890
Share premium	19,842	-	-	19,842
Retained earnings	(20,406)	-	-	(20,406)
Option reserve	6,454	-	-	6,454
Total equity	-	48,433	-	48,433
<b>Company</b>				
Property, plant and equipment	-	-	(11,764)	(11,764)
Investment properties	-	-	11,764	11,764
Receivables	5,890	-	-	5,890
Share premium	19,842	-	-	19,842
Retained earnings	(20,406)	-	-	(20,406)
Option reserve	6,454	-	-	6,454

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

##### (e) Summary of effects of adopting new and revised FRSs on the current year's financial statements (Cont'd)

##### (ii) Effects on income statements for the year ended 31 July 2007

Description of Change	←----- Increase/ (Decrease) -----→			Total RM'000
	FRS 2 Note 2.3(a) RM'000	FRS 101 Note 2.3(b) RM'000	FRS 140 Note 2.3(d) RM'000	
<b>Group</b>				
Other income	-	21,731	-	21,731
Staff costs	9,431	-	-	9,431
Depreciation of property, plant and equipment	-	-	(23)	(23)
Depreciation of investment properties previously classified as property, plant and equipment	-	-	23	23
Profit from operations	(9,431)	21,731	-	12,300
Interest income	-	(21,731)	-	(21,731)
Share of profit of associates	-	(43,632)	-	(43,632)
Profit before tax	(9,431)	(43,632)	-	(53,063)
Taxation	-	(43,632)	-	(43,632)
Profit for the year	(9,431)	-	-	(9,431)
Earnings per share (sen):				
Basic, for profit for the year	(1.10)	-	-	(1.10)
Diluted, for profit for the year	(1.09)	-	-	(1.09)
<b>Company</b>				
Other income	-	13,571	-	13,571
Staff costs	(9,431)	-	-	(9,431)
Depreciation of property, plant and equipment	-	-	(151)	(151)
Depreciation of investment properties previously classified as property, plant and equipment	-	-	151	151
Profit from operations	(9,431)	13,571	-	4,140
Interest income	-	(13,571)	-	(13,571)
Profit before tax	(9,431)	-	-	(9,431)
Taxation	-	-	-	-
Profit for the year	(9,431)	-	-	(9,431)

## Notes to the Financial Statements

31 JULY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

## (f) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of Change	Previously Stated RM'000	←----- Increase/ (Decrease) -----→			Total RM'000
		FRS 2 Note 2.3(a) RM'000	FRS 101 Note 2.3(b) RM'000	FRS 140 Note 2.3(d) RM'000	
<b>(i) Effects on balance sheets as at 31 July 2006</b>					
<b>Group</b>					
Property, plant and equipment	199,459	-	-	(2,195)	197,264
Investment properties	-	-	-	3,371	3,371
Property development costs	38,446	-	-	(1,176)	37,270
Option reserve	-	10,975	-	-	10,975
Retained earnings	1,163,566	(10,975)	-	-	1,152,591
Total equity	2,242,769	-	48,583	-	2,291,352
<b>Company</b>					
Property, plant and equipment	40,492	-	-	(11,915)	28,577
Investment properties	-	-	-	11,915	11,915
Option reserve	-	10,975	-	-	10,975
Retained earnings	448,044	(10,975)	-	-	437,069
<b>(ii) Effects on income statements for the year ended 31 July 2006</b>					
<b>Group</b>					
Other income	16,248	-	12,619	-	28,867
Staff costs	43,481	10,975	-	-	54,456
Depreciation of property, plant and equipment	7,262	-	-	(23)	7,239
Depreciation of investment properties previously classified as property, plant and equipment	-	-	-	23	23
Profit from operations	132,852	(10,975)	12,619	-	134,496
Interest income	12,619	-	(12,619)	-	-
Share of profit of associates	147,975	-	(45,395)	-	102,580
Profit before tax	278,529	(10,975)	(45,395)	-	222,159
Taxation	97,103	-	(45,395)	-	51,708
Profit for the year	181,426	(10,975)	-	-	170,451
Earnings per share (sen):					
Basic, for profit for the year	22.39	(1.46)	-	-	20.93
Diluted, for profit for the year	22.28	(1.45)	-	-	20.83

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

##### (f) Restatement of comparatives (Cont'd)

Description of Change	Previously Stated RM'000	←----- Increase/ (Decrease) -----→			Total RM'000
		FRS 2 Note 2.3(a) RM'000	FRS 101 Note 2.3(b) RM'000	FRS 140 Note 2.3(d) RM'000	
(ii) Effects on income statements for the year ended 31 July 2006 (Cont'd)					
Company					
Other income	31,366	-	11,948	-	43,314
Staff costs	10,560	10,975	-	-	21,535
Depreciation of property, plant and equipment	1,551	-	-	(151)	1,400
Depreciation of investment properties previously classified as property, plant and equipment	-	-	-	151	151
Profit from operations	160,300	(10,975)	11,948	-	161,273
Interest income	11,948	-	(11,948)	-	-
Profit before tax	159,345	(10,975)	-	-	148,370
Taxation	43,233	-	-	-	43,233
Profit for the year	116,112	(10,975)	-	-	105,137

#### 2.4 Standards and Interpretations Issued but Not Yet Effective

As at the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 117 - Leases	1 October 2006
FRS 124 - Related Party Transactions	1 October 2006
FRS 139 - Financial Instruments: Recognition and Measurement	Effective date deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendments to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains or Losses, Group Plans and Disclosures	1 January 2007
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107 - Cash Flow Statements	1 July 2007
FRS 111 - Construction Contracts	1 July 2007
FRS 112 - Income Taxes	1 July 2007
FRS 118 - Revenue	1 July 2007
FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134 - Interim Financial Reporting	1 July 2007

## Notes to the Financial Statements

31 JULY 2007

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.4 Standards and Interpretations Issued but Not Yet Effective (Cont'd)**

	<b>Effective for financial periods beginning on or after</b>
<b>FRS, Amendments to FRS and Interpretations</b>	
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration & Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities & Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under IAS 29 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRSs, amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application, except for the following:

**Amendment to FRS 119<sub>2004</sub>: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures**

The Amendment to FRS 119<sub>2004</sub>: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined benefit plans. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply this amendment from financial periods beginning 1 August 2007.

The Group is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 117, 124 and 139.

**2.5 Changes in Estimates**

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values of certain plant and machineries with effect from 1 August 2006. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge of the Group and of the Company for the current financial year decreased by RM1,937,000 and RM611,000 respectively.

## Notes to the Financial Statements

31 JULY 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.6 Significant Accounting Estimates and Judgements

##### Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (a) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescences and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The Group also performs annual review of the assumptions made on useful lives to ensure that they continue to be valid.

##### (b) Amortisation of Motorway Development Expenditure ("MDE")

The cost of MDE is amortised over the concession period by applying the formula in Note 2.2(e). The denominator of the formula includes projected total toll revenue for subsequent years and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the toll rates in accordance with the Concession Agreement. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

##### (c) Amount due from/(to) customers for construction contracts and property development

The Group and the Company recognises contract or property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract or property development costs incurred for work performed to date compared to the estimated total contract or property development costs.

Significant judgement is required in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

##### (d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company are as disclosed in Note 30.

## Notes to the Financial Statements

31 JULY 2007

**3. REVENUE**

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Engineering and construction contracts	905,016	676,475	150,102	276,777
Sales of development properties	370,932	335,639	-	-
Quarry sales	26,200	18,588	-	-
Trading of construction materials	51,902	85,276	-	-
Sales of manufactured products	55,793	43,381	-	-
Supply of water and related services	91,036	58,973	-	-
Dividend income	-	-	386,693	133,022
Others	15,480	8,565	-	-
	<b>1,516,359</b>	<b>1,226,897</b>	<b>536,795</b>	<b>409,799</b>

**4. PROFIT FROM OPERATIONS**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit from operations is stated after charging:				
Amortisation of intangible assets (Note 15)	3,171	3,168	-	-
Auditors' remuneration				
- Statutory audits	306	278	70	67
- Other services	253	218	80	83
Hire of plant and equipment	213	1,272	-	-
Non-executive directors' fees (Note 6)	335	244	244	244
Property, plant and equipment written off	165	4	-	-
Impairment loss on property, plant and equipment (Note 11)	-	9,529	-	9,529
Impairment loss on other investments (Note 19)	-	3	-	3
Provision for contracts	-	10,698	-	-
Provision for liabilities (Note 35)	12,161	-	-	-
Provision for doubtful debts	22	56	-	-
Rental expense of land	485	601	51	51
Rental expense of premises	1,202	1,734	551	591
Profit from operations is stated after crediting:				
Appropriation of profits from unincorporated subsidiaries	-	-	37,022	27,454
Reversal of provision for contracts	4,734	-	-	-
Reversal of provision for liabilities (Note 35)	-	2,407	-	-
Gain on disposal of property, plant and equipment	6,382	3,277	22	341
Interest income	21,731	12,619	13,571	11,948
Gain on disposal of quoted investments	-	2,234	-	-
Rental income				
- Subsidiaries	-	-	672	640
- Others	955	589	289	274
Unrealised gain on foreign exchange	-	35	781	-
Write back of provision for doubtful debts	-	106	-	-

## Notes to the Financial Statements

31 JULY 2007

### 5. STAFF COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages and salaries	77,750	58,971	4,629	4,331
Directors' salaries and emoluments (Note 6)	4,810	6,211	4,539	5,936
Short term accumulating compensated absences	131	(31)	93	34
Pension costs-defined contribution plans	5,686	5,289	922	851
Pension costs-defined benefit plans	915	848	158	414
Share options granted under ESOS	8,530	9,371	8,530	9,371
Social security costs	366	328	37	36
Other staff related expenses	35,873	14,245	2,188	562
	<b>134,061</b>	95,232	<b>21,096</b>	21,535
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 12)	(7,299)	(6,479)	-	-
Costs of construction contracts (Note 22)	(68,555)	(34,297)	-	-
	<b>58,207</b>	54,456	<b>21,096</b>	21,535

### 6. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	2,967	3,718	2,733	3,479
Bonus	433	413	396	377
Pension costs-defined contribution plans	376	343	376	343
Pension costs-defined benefit plan	133	133	133	133
Share options granted under ESOS	901	1,604	901	1,604
Benefits-in-kind	153	159	130	134
	<b>4,963</b>	6,370	<b>4,669</b>	6,070
Non-executive:				
Fees	335	244	244	244
Benefits-in-kind	62	85	62	85
	<b>397</b>	329	<b>306</b>	329
<b>Total</b>	<b>5,360</b>	6,699	<b>4,975</b>	6,399
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	4,810	6,211	4,539	5,936
Total non-executive directors' remuneration excluding benefits-in-kind (Note 4)	335	244	244	244
<b>Total directors' remuneration excluding benefits-in-kind</b>	<b>5,145</b>	6,455	<b>4,783</b>	6,180

## Notes to the Financial Statements

31 JULY 2007

**6. DIRECTORS' REMUNERATION (CONT'D)**

The number of directors of the Company whose total remuneration (including benefits-in-kind) during the year fall within the following bands are:

	<b>Number of Directors</b>	
	<b>2007</b>	<b>2006</b>
Executive directors:		
RM250,001 – RM300,000	<b>1</b>	1
RM350,001 – RM400,000	-	1
RM400,001 – RM450,000	<b>3</b>	1
RM450,001 – RM500,000	-	2
RM500,001 – RM550,000	<b>3</b>	-
RM550,001 – RM600,000	-	1
RM600,001 – RM650,000	-	1
RM700,001 – RM750,000	<b>1</b>	-
RM1,350,001 – RM1,400,000	-	1
	<b>8</b>	8
Non-executive directors:		
RM1 – RM50,000	<b>5</b>	5
RM100,001 – RM150,000	<b>1</b>	1
	<b>6</b>	6
Total	<b>14</b>	14

**7. FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>	<b>2007 RM'000</b>	<b>2006 RM'000</b>
Interest expense on:				
Redeemable Unsecured Bonds	<b>12,000</b>	12,056	<b>12,000</b>	12,056
Murabahah Medium Term Notes	<b>15,943</b>	15,660	-	-
Revolving credits	<b>13,768</b>	3,307	-	-
Others	<b>8,682</b>	1,600	<b>2,960</b>	847
	<b>50,393</b>	32,623	<b>14,960</b>	12,903
Less: Amount capitalised in qualifying assets:				
Motorway development expenditure (Note 14)	<b>(7,230)</b>	(5,782)	-	-
Property development costs (Note 12)	<b>(14,000)</b>	(10,889)	-	-
Costs of construction contracts (Note 22)	<b>(9,294)</b>	(1,035)	-	-
	<b>19,869</b>	14,917	<b>14,960</b>	12,903

## Notes to the Financial Statements

31 JULY 2007

### 8. TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax:				
Malaysian income tax	<b>54,662</b>	50,659	<b>106,432</b>	46,407
(Over)/under provided in prior years	<b>(732)</b>	2,644	<b>13,142</b>	(2,150)
	<b>53,930</b>	53,303	<b>119,574</b>	44,257
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	<b>1,203</b>	(446)	<b>(1,848)</b>	220
Relating to changes in tax rate	<b>847</b>	-	<b>287</b>	-
Over provided in prior years	<b>(4,232)</b>	(1,149)	<b>(1,789)</b>	(1,244)
	<b>(2,182)</b>	(1,595)	<b>(3,350)</b>	(1,024)
	<b>51,748</b>	51,708	<b>116,224</b>	43,233

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% effective year of assessment 2008. The computation of deferred tax as at 31 July 2007 has reflected these changes. The corporate tax for Year of Assessment 2007/2006 for companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for the said Year of Assessment are as follows:

Chargeable income	Rate
First RM500,000 (2006: RM500,000)	20%
Amount exceeding RM500,000 (2006: RM500,000)	27%

## Notes to the Financial Statements

31 JULY 2007

**8. TAXATION (CONT'D)**

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2007 RM'000	2006 RM'000
<b>Group</b>		
Profit before taxation	276,561	222,159
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	74,671	62,205
Tax incentive obtained from differential tax rate of 20%	(276)	(285)
Effect of different tax rates in other countries	1,502	(1,482)
Effect of changes in tax rates on opening balance of deferred tax	1,050	-
Deferred tax recognised at different tax rate	(203)	-
Effect of group unrealised expenses	(270)	1,550
Income not subject to tax	(3,671)	(3,210)
Expenses not deductible for tax purposes	9,972	9,837
Effects of share of result of associates	(34,850)	(28,722)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,698)	(653)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	10,485	10,973
Overprovision of deferred tax in prior years	(4,232)	(1,149)
(Over)/under provision of income tax in prior years	(732)	2,644
Tax expense for the year	51,748	51,708
<b>Company</b>		
Profit before taxation	376,699	148,370
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	101,709	41,544
Effect of changes in tax rates on opening balance of deferred tax	219	-
Deferred tax recognised at different tax rate	68	-
Income not subject to tax	(2,520)	(1,848)
Expenses not deductible for tax purposes	5,395	6,931
Overprovision of deferred tax in prior year	(1,789)	(1,244)
Under/(over)provision of income tax in prior years	13,142	(2,150)
Tax expense for the year	116,224	43,233

Tax savings during the financial year arising from:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Utilisation of current year tax losses	53	74	-	-
Utilisation of previously unrecognised tax losses	1,881	557	-	-

## Notes to the Financial Statements

31 JULY 2007

### 9. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2007	2006
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	<b>185,428</b>	157,583
Weighted average number of ordinary shares in issue ('000)	<b>853,909</b>	752,846
Basic earnings per share (sen)	<b>21.72</b>	20.93

The comparative basic earnings per share has been restated to take into account the effect of the changes in accounting policies (Note 2.3(f)) on profit for that year.

#### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from exercise of ESOS and conversion of Warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the full conversion of the outstanding ESOS and Warrants into ordinary shares. The ESOS and Warrants are deemed to have been converted into ordinary shares at the date of the issue of the ESOS and Warrants.

	2007	2006
Profit for the year (RM'000)	<b>185,428</b>	157,583
Weighted average number of ordinary shares in issue ('000)	<b>853,909</b>	752,846
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	<b>5,358</b>	3,830
Assumed shares issued from the conversion of Warrants 1996/2006 ('000)	-	*
Assumed shares issued from the conversion of Warrants 2001/2007 ('000)	<b>3,741</b>	*
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<b>863,008</b>	756,676
Fully diluted earnings per share (sen)	<b>21.49</b>	20.83

\* The effect on the fully diluted earnings per share arising from the assumed conversion of the outstanding Warrants 1996/2006 and Warrants 2001/2007 at 31 July 2006 was anti-dilutive as the exercise price was higher than the fair value of the ordinary shares at 31 July 2006 and accordingly, these outstanding warrants have been excluded from the computation of fully diluted earnings per share.

### 10. DIVIDENDS

	Amount		Net Dividends per Ordinary Share	
	2007 RM'000	2006 RM'000	2007 sen	2006 sen
<b>Dividends in respect of financial year ended 31 July 2005:-</b>				
- Final dividend of 9% less 28% taxation	-	48,809	-	6
<b>Dividends in respect of financial year ended 31 July 2006:-</b>				
- Interim dividend of 7% less 28% taxation	-	37,963	-	5
- Final dividend of 9% less 27% taxation	<b>54,439</b>	-	<b>6</b>	-
<b>Dividends in respect of financial year ended 31 July 2007:-</b>				
- First interim dividend of 23% less 27% taxation	<b>158,850</b>	-	<b>17</b>	-
- Second interim dividend of 23% less 27% taxation	<b>164,799</b>	-	<b>17</b>	-
	<b>378,088</b>	86,772		

## Notes to the Financial Statements

31 JULY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM'000	Construction -in-progress RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2007</b>				
<b>Valuation/Cost</b>				
At 1 August 2006	49,902	14,228	268,191	332,321
Additions	30,043	-	137,651	167,694
Disposals	(7,832)	-	(9,037)	(16,869)
Write-offs	-	-	(432)	(432)
Reclassification	1,325	(1,325)	-	-
Exchange differences	-	-	(9,108)	(9,108)
At 31 July 2007	73,438	12,903	387,265	473,606
Representing:				
At cost	57,201	12,903	387,265	457,369
At valuation	16,237	-	-	16,237
	73,438	12,903	387,265	473,606
<b>Accumulated Depreciation</b>				
At 1 August 2006	10,239	-	124,818	135,057
Charge for the year:				
Recognised in income statement	910	-	11,886	12,796
Capitalised in property development costs (Note 12)	-	-	550	550
Capitalised in construction costs (Note 22)	-	-	34,829	34,829
Disposals	(1,122)	-	(8,486)	(9,608)
Write-offs	-	-	(267)	(267)
Exchange differences	-	-	(1,630)	(1,630)
At 31 July 2007	10,027	-	161,700	171,727
<b>Net Carrying Amount</b>				
At 31 July 2007				
At cost	55,324	12,903	225,565	293,792
At valuation	8,087	-	-	8,087
	63,411	12,903	225,565	301,879

## Notes to the Financial Statements

31 JULY 2007

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Land and buildings* RM'000	Construction -in-progress RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2006</b>				
<b>Valuation/Cost</b>				
At 1 August 2005	51,059	26,103	195,611	272,773
Transfer to investment properties (Note 13)	(2,626)	-	-	(2,626)
Additions	1,469	1,325	130,582	133,376
Disposals	-	(3,671)	(54,517)	(58,188)
Write-offs	-	-	(1,194)	(1,194)
Impairment loss for the year (Note 4)	-	(9,529)	-	(9,529)
Exchange differences	-	-	(2,291)	(2,291)
At 31 July 2006	49,902	14,228	268,191	332,321
Representing:				
At cost	32,497	14,228	268,191	314,916
At valuation	17,405	-	-	17,405
	49,902	14,228	268,191	332,321
<b>Accumulated Depreciation</b>				
At 1 August 2005	9,844	-	144,568	154,412
Transfer to investment properties (Note 13)	(408)	-	-	(408)
Charge for the year:				
Recognised in income statement	803	-	6,436	7,239
Capitalised in property development costs (Note 12)	-	-	554	554
Capitalised in construction costs (Note 22)	-	-	12,032	12,032
Disposals	-	-	(37,465)	(37,465)
Write-offs	-	-	(1,190)	(1,190)
Exchange differences	-	-	(117)	(117)
At 31 July 2006	10,239	-	124,818	135,057
<b>Net Carrying Amount</b>				
At 31 July 2006				
At cost	31,035	14,228	143,373	188,636
At valuation	8,628	-	-	8,628
	39,663	14,228	143,373	197,264

## Notes to the Financial Statements

31 JULY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## \* Land and buildings

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2007</b>					
<b>Valuation/Cost</b>					
At 1 August 2006	18,105	290	15,372	16,135	49,902
Additions	1,238	-	-	28,805	30,043
Disposal	(3,533)	-	-	(4,299)	(7,832)
Reclassification	-	-	-	1,325	1,325
At 31 July 2007	15,810	290	15,372	41,966	73,438
Representing:					
At cost	15,810	-	-	41,391	57,201
At valuation	-	290	15,372	575	16,237
	15,810	290	15,372	41,966	73,438
<b>Accumulated Depreciation</b>					
At 1 August 2006	-	80	7,358	2,801	10,239
Charge for the year	-	6	490	414	910
Disposal	-	-	-	(1,122)	(1,122)
At 31 July 2007	-	86	7,848	2,093	10,027
<b>Net Carrying Amount</b>					
At 31 July 2007					
At cost	15,810	-	-	39,514	55,324
At valuation	-	204	7,524	359	8,087
	15,810	204	7,524	39,873	63,411

## Notes to the Financial Statements

31 JULY 2007

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### \* Land and buildings (Cont'd)

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2006</b>					
<b>Valuation/Cost</b>					
At 1 August 2005	19,297	290	15,372	16,100	51,059
Transfer to investment properties (Note 13)	(1,192)	-	-	(1,434)	(2,626)
Additions	-	-	-	1,469	1,469
At 31 July 2006	18,105	290	15,372	16,135	49,902
Representing:					
At cost	18,105	-	-	14,392	32,497
At valuation	-	290	15,372	1,743	17,405
	18,105	290	15,372	16,135	49,902
<b>Accumulated Depreciation</b>					
At 1 August 2005	-	75	6,868	2,901	9,844
Transfer to investment properties (Note 13)	-	-	-	(408)	(408)
Charge for the year	-	5	490	308	803
At 31 July 2006	-	80	7,358	2,801	10,239
<b>Net Carrying Amount</b>					
At 31 July 2006					
At cost	18,105	-	-	12,930	31,035
At valuation	-	210	8,014	404	8,628
	18,105	210	8,014	13,334	39,663

## Notes to the Financial Statements

31 JULY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## \*\* Other property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant, machinery and golf, gym and club house equipment RM'000	Total RM'000
<b>At 31 July 2007</b>				
<b>Cost</b>				
At 1 August 2006	24,865	26,305	217,021	268,191
Additions	15,832	6,737	115,082	137,651
Disposals	(840)	(983)	(7,214)	(9,037)
Write-offs	(171)	(257)	(4)	(432)
Exchange differences	(389)	38	(8,757)	(9,108)
At 31 July 2007	39,297	31,840	316,128	387,265
<b>Accumulated Depreciation</b>				
At 1 August 2006	16,990	21,492	86,336	124,818
Charge for the year:				
Recognised in income statement	1,387	1,702	8,797	11,886
Capitalised in property development costs (Note 12)	135	150	265	550
Capitalised in construction costs (Note 22)	1,713	953	32,163	34,829
Disposals	(810)	(790)	(6,886)	(8,486)
Write-offs	(14)	(251)	(2)	(267)
Exchange differences	(56)	(32)	(1,542)	(1,630)
At 31 July 2007	19,345	23,224	119,131	161,700
<b>Net Carrying Amount</b>				
At 31 July 2007	19,952	8,616	196,997	225,565
<b>At 31 July 2006</b>				
<b>Cost</b>				
At 1 August 2005	23,440	25,676	146,495	195,611
Additions	6,290	2,818	121,474	130,582
Disposals	(4,768)	(1,329)	(48,420)	(54,517)
Write-offs	-	(833)	(361)	(1,194)
Exchange differences	(97)	(27)	(2,167)	(2,291)
At 31 July 2006	24,865	26,305	217,021	268,191
<b>Accumulated Depreciation</b>				
At 1 August 2005	18,955	20,406	105,207	144,568
Charge for the year:				
Recognised in income statement	1,136	1,691	3,609	6,436
Capitalised in property development costs (Note 12)	107	179	268	554
Capitalised in construction costs (Note 22)	669	713	10,650	12,032
Disposals	(3,869)	(662)	(32,934)	(37,465)
Write-offs	-	(830)	(360)	(1,190)
Exchange differences	(8)	(5)	(104)	(117)
At 31 July 2006	16,990	21,492	86,336	124,818
<b>Net Carrying Amount</b>				
At 31 July 2006	7,875	4,813	130,685	143,373

## Notes to the Financial Statements

31 JULY 2007

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Land and buildings* RM'000	Construction -in-progress RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2007</b>				
<b>Valuation/Cost</b>				
At 1 August 2006	14,326	12,903	21,470	48,699
Additions	-	-	18,986	18,986
Disposals	-	-	(221)	(221)
Write-offs	-	-	(58)	(58)
At 31 July 2007	14,326	12,903	40,177	67,406
Representing:				
At cost	12,848	12,903	40,177	65,928
At valuation	1,478	-	-	1,478
	14,326	12,903	40,177	67,406
<b>Accumulated Depreciation</b>				
At 1 August 2006	845	-	19,277	20,122
Charge for the year:				
Recognised in income statement	88	-	1,072	1,160
Capitalised in construction costs (Note 22)	-	-	1,373	1,373
Disposals	-	-	(196)	(196)
Write-offs	-	-	(58)	(58)
At 31 July 2007	933	-	21,468	22,401
<b>Net Carrying Amount</b>				
At 31 July 2007				
At cost	12,318	12,903	18,709	43,930
At valuation	1,075	-	-	1,075
	13,393	12,903	18,709	45,005

## Notes to the Financial Statements

31 JULY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Land and buildings* RM'000	Construction -in-progress RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2006</b>				
<b>Valuation/Cost</b>				
At 1 August 2005	27,583	22,432	24,818	74,833
Transfer to investment properties (Note 13)	(13,257)	-	-	(13,257)
Additions	-	-	229	229
Disposals	-	-	(2,709)	(2,709)
Write-offs	-	-	(868)	(868)
Impairment loss for the year (Note 4)	-	(9,529)	-	(9,529)
At 31 July 2006	14,326	12,903	21,470	48,699
Representing:				
At cost	12,848	12,903	21,470	47,221
At valuation	1,478	-	-	1,478
	14,326	12,903	21,470	48,699
<b>Accumulated Depreciation</b>				
At 1 August 2005	1,948	-	21,183	23,131
Transfer to investment properties (Note 13)	(1,191)	-	-	(1,191)
Charge for the year	88	-	1,312	1,400
Disposals	-	-	(2,350)	(2,350)
Write-offs	-	-	(868)	(868)
At 31 July 2006	845	-	19,277	20,122
<b>Net Carrying Amount</b>				
At 31 July 2006				
At cost	12,379	12,903	2,193	27,475
At valuation	1,102	-	-	1,102
	13,481	12,903	2,193	28,577

## Notes to the Financial Statements

31 JULY 2007

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### \* Land and buildings

Company	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2007</b>					
<b>Valuation/Cost</b>					
At 1 August 2006 / 31 July 2007	9,655	145	1,059	3,467	14,326
Representing:					
At cost	9,655	-	-	3,193	12,848
At valuation	-	145	1,059	274	1,478
	9,655	145	1,059	3,467	14,326
<b>Accumulated Depreciation</b>					
At 1 August 2006	-	36	269	540	845
Charge for the year	-	3	19	66	88
At 31 July 2007	-	39	288	606	933
<b>Net Carrying Amount</b>					
At 31 July 2007					
At cost	9,655	-	-	2,663	12,318
At valuation	-	106	771	198	1,075
	9,655	106	771	2,861	13,393
<b>At 31 July 2006</b>					
<b>Valuation/Cost</b>					
At 1 August 2005					
Additions	15,352	145	1,059	11,027	27,583
Transfer to investment properties (Note 13)	(5,697)	-	-	(7,560)	(13,257)
At 31 July 2006	9,655	145	1,059	3,467	14,326
Representing:					
At cost	9,655	-	-	3,193	12,848
At valuation	-	145	1,059	274	1,478
	9,655	145	1,059	3,467	14,326
<b>Accumulated Depreciation</b>					
At 1 August 2005	-	34	251	1,663	1,948
Transfer to investment properties (Note 13)	-	-	-	(1,191)	(1,191)
Charge for the year	-	2	18	68	88
At 31 July 2006	-	36	269	540	845
<b>Net Carrying Amount</b>					
At 31 July 2006					
At cost	9,655	-	-	2,724	12,379
At valuation	-	109	790	203	1,102
	9,655	109	790	2,927	13,481

## Notes to the Financial Statements

31 JULY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## \*\* Other property, plant and equipment

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant, machinery and golf, gym and club house equipment RM'000	Total RM'000
<b>At 31 July 2007</b>				
<b>Cost</b>				
At 1 August 2006	6,865	11,801	2,804	21,470
Additions	2,447	1,823	14,716	18,986
Disposals	(213)	(8)	-	(221)
Write-offs	-	(58)	-	(58)
At 31 July 2007	9,099	13,558	17,520	40,177
<b>Accumulated Depreciation</b>				
At 1 August 2006	5,623	10,852	2,802	19,277
Charge for the year:				
Recognised in income statement	470	526	76	1,072
Capitalised in construction costs (Note 22)	325	171	877	1,373
Disposals	(188)	(8)	-	(196)
Write-offs	-	(58)	-	(58)
At 31 July 2007	6,230	11,483	3,755	21,468
<b>Net Carrying Amount</b>				
At 31 July 2007	2,869	2,075	13,765	18,709
<b>At 31 July 2006</b>				
<b>Cost</b>				
At 1 August 2005	9,022	12,315	3,481	24,818
Additions	101	128	-	229
Disposals	(2,258)	(128)	(323)	(2,709)
Write-offs	-	(514)	(354)	(868)
At 31 July 2006	6,865	11,801	2,804	21,470
<b>Accumulated Depreciation</b>				
At 1 August 2005	6,946	10,779	3,458	21,183
Charge for the year	591	702	19	1,312
Disposals	(1,914)	(116)	(320)	(2,350)
Write-offs	-	(513)	(355)	(868)
At 31 July 2006	5,623	10,852	2,802	19,277
<b>Net Carrying Amount</b>				
At 31 July 2006	1,242	949	2	2,193

## Notes to the Financial Statements

31 JULY 2007

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment which are still in use costing RM81,600,000 (2006: RM76,327,000) and RM12,489,000 (2006: RM12,166,000) respectively.
- (b) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of the land and buildings that would have been included in the financial statements of the Group and of the Company are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Freehold land and buildings	1,377	1,377	978	1,009
Long term leasehold land and buildings	805	833	633	656
Short term leasehold land and building	106	114	-	-

### 12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

#### (a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 August 2006	200,611	26,014	224,724	451,349
Additions	234,989	-	16,537	251,526
Transfer to property development costs (Note 12(b))	(64,707)	(19,797)	(69,928)	(154,432)
At 31 July 2007	370,893	6,217	171,333	548,443
<b>Cost</b>				
At 1 August 2005	202,458	29,949	190,168	422,575
Additions	35,477	-	34,556	70,033
Transfer to property development costs (Note 12(b))	(37,324)	(3,935)	-	(41,259)
At 31 July 2006	200,611	26,014	224,724	451,349

## Notes to the Financial Statements

31 JULY 2007

## 12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

## (b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Group</b>				
<b>At 31 July 2007</b>				
<b>Cumulative property development costs</b>				
At 1 August 2006	159,145	30,376	796,835	986,356
Costs incurred during the year	34,127	-	324,707	358,834
Transfer from land held for property development (Note 12(a))	64,707	19,797	69,928	154,432
Reversal of completed projects	(107,642)	(21,960)	(675,503)	(805,105)
Unsold units transferred to inventories	(13,876)	(1,444)	(80,229)	(95,549)
At 31 July 2007	136,461	26,769	435,738	598,968
<b>Cumulative costs recognised in income statement</b>				
At 1 August 2006	(146,840)	(19,850)	(782,396)	(949,086)
Recognised during the year	(37,252)	(6,013)	(213,288)	(256,553)
Reversal of completed projects	107,642	21,960	675,503	805,105
At 31 July 2007	(76,450)	(3,903)	(320,181)	(400,534)
<b>Property development costs at 31 July 2007</b>	60,011	22,866	115,557	198,434
<b>At 31 July 2006</b>				
<b>Cumulative property development costs</b>				
At 1 August 2005	232,311	29,592	1,047,042	1,308,945
Transfer to investment properties (Note 13)	(316)	-	(860)	(1,176)
Costs incurred during the year	-	-	202,780	202,780
Transfer from land held for property development (Note 12(a))	37,324	3,935	-	41,259
Reversal of completed projects	(91,781)	(2,978)	(377,041)	(471,800)
Unsold units transferred to inventories	(18,393)	(173)	(75,086)	(93,652)
At 31 July 2006	159,145	30,376	796,835	986,356
<b>Cumulative costs recognised in income statement</b>				
At 1 August 2005	(199,321)	(18,461)	(956,848)	(1,174,630)
Recognised during the year	(39,300)	(4,367)	(202,589)	(246,256)
Reversal of completed projects	91,781	2,978	377,041	471,800
At 31 July 2006	(146,840)	(19,850)	(782,396)	(949,086)
<b>Property development costs at 31 July 2006</b>	12,305	10,526	14,439	37,270

Included in development costs incurred during the year are:

	Group	
	2007 RM'000	2006 RM'000
Interest expense (Note 7)	14,000	10,889
Depreciation (Note 11)	550	554
Staff costs (Note 5)	7,299	6,479

## Notes to the Financial Statements

31 JULY 2007

### 13. INVESTMENT PROPERTIES

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 August 2005	-	-	-
Transfer from property, plant and equipment (Note 11)	1,192	1,434	2,626
Transfer from property development cost (Note 12(b))	316	860	1,176
At 31 July 2006/31 July 2007	1,508	2,294	3,802
<b>Accumulated depreciation</b>			
At 1 August 2005	-	-	-
Transfer from property, plant and equipment (Note 11)	-	408	408
Depreciation charge for the year	-	23	23
At 31 July 2006	-	431	431
Depreciation charge for the year	-	23	23
At 31 July 2007	-	454	454
<b>Net carrying amount</b>			
At 31 July 2006	1,508	1,863	3,371
At 31 July 2007	1,508	1,840	3,348
Fair value - 31 July 2007	3,459	3,275	6,734
<b>Company</b>			
<b>Cost</b>			
At 1 August 2005	-	-	-
Transfer from property, plant and equipment (Note 11)	5,697	7,560	13,257
At 31 July 2006/31 July 2007	5,697	7,560	13,257
<b>Accumulated depreciation</b>			
At 1 August 2005	-	-	-
Transfer from property, plant and equipment (Note 11)	-	1,191	1,191
Depreciation charge for the year	-	151	151
At 31 July 2006	-	1,342	1,342
Depreciation charge for the year	-	151	151
At 31 July 2007	-	1,493	1,493
<b>Net carrying amount</b>			
At 31 July 2006	5,697	6,218	11,915
At 31 July 2007	5,697	6,067	11,764
Fair value - 31 July 2007	7,222	7,211	14,433

## Notes to the Financial Statements

31 JULY 2007

## 14. MOTORWAY DEVELOPMENT EXPENDITURE

	Group	
	2007 RM'000	2006 RM'000
At the beginning of year	295,950	192,109
Additions	31,697	103,841
At the end of year	327,647	295,950

Borrowing costs capitalised during the financial year under motorway development expenditure of the Group amounted to RM7,230,000 (2006: RM5,782,000).

## 15. INTANGIBLE ASSETS

	Goodwill RM'000	Concession and Quarry Rights RM'000	Total RM'000
<b>Cost</b>			
At 1 August 2005/1 August 2006	25,048	70,000	95,048
Effects of adopting FRS 3 (Note 2.3(c))	(25,048)	25,048	-
At 31 July 2007	-	95,048	95,048
<b>Accumulated amortisation</b>			
At 1 August 2005	5,755	9,332	15,087
Amortisation (Note 4)	835	2,333	3,168
At 1 August 2006	6,590	11,665	18,255
Effects of adopting FRS 3 (Note 2.3(c))	(6,590)	6,590	-
Amortisation (Note 4)	-	3,171	3,171
At 31 July 2007	-	21,426	21,426
<b>Net carrying amount</b>			
At 31 July 2006	18,458	58,335	76,793
At 31 July 2007	-	73,622	73,622

The concession and quarry rights are attributable to the acquisition of Gamuda Water Sdn. Bhd. and G.B. Kuari Sdn. Bhd. respectively, which have been granted the rights to operate and maintain the water treatment plants of Sungai Selangor Water Supply Scheme Phase 3 and the quarry for a period of 30 years.

## Notes to the Financial Statements

31 JULY 2007

### 16. SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	426,563	352,125
Less: Accumulated impairment losses	(16,290)	(16,290)
	410,273	335,835

Name of Company	Paid-up Capital	Proportion of ownership		Principal Activities
		2007	2006	
	RM	%	%	
Subsidiaries incorporated in Malaysia				
Gammau Construction Sdn. Bhd.	6,000,000	100	100	Dormant
Gamuda Engineering Sdn. Bhd.	770,000	100	100	Civil engineering and construction
Megah Landscape Sdn. Bhd.	500,000	100	100	Supply of landscaping materials and provision of landscaping services
Gamuda Land Sdn. Bhd.	2	100	100	Dormant
Gamuda Paper Industries Sdn. Bhd.	18,000,000	95	95	Rental of properties
GPI Trading Sdn. Bhd.	2	95	95	Ceased operations
Gamuda Trading Sdn. Bhd.	109,000	100	100	Trading of construction materials
Gamuda Water Sdn. Bhd.	2,000,000	80	80	Operation and maintenance of water treatment plants
G.B. Kuari Sdn. Bhd.	750,000	100	100	Operation of quarry, laying of road and manufacture of premix
Ganaz Bina Sdn. Bhd.	3,000,000	100	100	Civil engineering and construction
GIT Services Sdn. Bhd.	100,000	100	100	Information technology services and trading
Jade Homes Sdn. Bhd. (formerly known as Hala Bayu (M) Sdn. Bhd.)	1,730,000	100	100	Property investment and development
Harum Intisari Sdn. Bhd.	6,450,000	100	100	Property investment and development
Bandar Botanic Resort Berhad	1,000,000	100	100	Proprietor and operator of a clubhouse
Botanic Property Services Sdn. Bhd.	2	100	100	Property maintenance services
Masterpave Sdn. Bhd.	2,500,000	100	100	Manufacture, supply and laying of road surfacing materials
Megah Capital Sdn. Bhd.	2	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	50,000	100	100	Insurance agency
Megah Sewa Sdn. Bhd.	100,002	100	100	Hire and rental of plant and machinery
Valencia Development Sdn. Bhd.	5,370,000	99	99	Property development
Valencia Township Sdn. Bhd.	2	99	99	Management of township and golf club and related maintenance services
Rebung Property Services Sdn. Bhd. *	2	99	99	Property maintenance services
Reka Strategi Sdn. Bhd. *	2	100	100	Dormant
Idaman Lantas Sdn. Bhd. *	2	100	100	Dormant

## Notes to the Financial Statements

31 JULY 2007

## 16. SUBSIDIARIES (CONT'D)

Name of Company	Paid-up Capital	Proportion of ownership		Principal Activities
	2007	2006		
	RM	%	%	
Subsidiaries incorporated in Malaysia (Cont'd)				
Setara Hati Sdn. Bhd. *	2	100	100	Dormant
Madge Mansions Sdn. Bhd. ^ (formerly known as Pedoman Selesa Sdn. Bhd.)	2	100	-	Dormant
Warna Sempurna Sdn. Bhd. ^	2	100	-	Dormant
Jiwa Rangkaian Sdn. Bhd. ^	2	100	-	Dormant
Subsidiary incorporated in British Virgin Islands				
Gamuda Overseas Investment Ltd.	US\$100,000	100	100	Investment holding
Subsidiary incorporated in Mauritius				
Gamuda (Offshore) Private Limited*	US\$1,000	100	100	Investment holding
Subsidiary incorporated in India				
Gamuda (India) Private Limited*	Rps100,000	100	100	Dormant
Held by Gamuda (Offshore) Private Limited:				
Gamuda - WCT (India) Private Limited*	Rps100,000	70	70	Civil engineering and construction
Subsidiary incorporated in the Kingdom of Bahrain				
Gamuda (Bahrain) W.L.L.*	BD20,000	99.5	99.5	Civil engineering and construction
Subsidiary incorporated in Saudi Arabia				
Gamuda Saudi Arabia L.L.C.* ^	SR500,000	100	-	Construction
Unincorporated subsidiaries				
Gamuda Berhad - Kumpulan Darul Ehsan Berhad - The Sweet Water Alliance Sdn. Bhd. Joint Venture ("GKTJV")	-	70	70	Civil engineering and construction
Gamuda Berhad - Mujur Minat Sdn. Bhd. Joint Venture ("GMMJV")	-	70	70	Civil engineering and construction

\* Audited by firms of auditors other than Ernst &amp; Young, Malaysia

^ Newly incorporated subsidiaries during the financial year

## Notes to the Financial Statements

31 JULY 2007

### 16. SUBSIDIARIES (CONT'D)

The details of the unincorporated subsidiaries are as follows:

Entity	Joint venture partners	Economic activity
GKTJV	Gamuda Berhad, Kumpulan Darul Ehsan Berhad and The Sweet Water Alliance Sdn. Bhd.	To undertake civil engineering construction of the dam and water treatment facilities of Sungai Selangor Water Supply Scheme Phase 3
GMMJV	Gamuda Berhad and Mujur Minat Sdn. Bhd.	To undertake civil engineering construction of the Western Kuala Lumpur Traffic Dispersal Scheme

Both GKTJV and GMMJV are unincorporated joint ventures formed under a contractual agreement. Pursuant to FRS 131: Financial Reporting of Interests in Joint Ventures, both GKTJV and GMMJV are deemed to be the subsidiaries of Gamuda Berhad by virtue of its power to exercise control over the financial and operating policies of the economic activities of these entities.

#### Acquisition of Shares in Subsidiary Companies

On 29 November 2006, Gamuda Berhad and its wholly owned subsidiary, Gamuda Engineering Sdn. Bhd., subscribed for 90% and 10% of the issued and paid-up share capital of Gamuda Saudi Arabia L.L.C. respectively comprising 10,000 ordinary shares of Saudi Riyals ("SR") 50 each for a cash consideration of SR500,000 (RM488,242).

On 8 January 2007, Gamuda Berhad subscribed for the entire issued and paid-up share capital of Madge Mansions Sdn. Bhd. (formerly known as Pedoman Selesa Sdn. Bhd.), Warna Sempurna Sdn. Bhd. and Jiwa Rangkaian Sdn. Bhd., each comprising two ordinary shares of RM1.00 each for a cash consideration of RM2.00 respectively.

During the financial year, Gamuda Berhad subscribed for additional issued and paid-up share capital of Jade Homes Sdn. Bhd. (formerly known as Hala Bayu (M) Sdn. Bhd.) comprising 999,998 ordinary shares of RM1.00 each and 730,000 Redeemable Preference Shares of RM1.00 each at a premium of RM99 each, via the capitalisation of the advances to the subsidiary.

There have been no effects of the acquisitions of ordinary shares of these subsidiaries on the financial results of the Group from the date of acquisitions to 31 July 2007 because the results of external transactions are immaterial.

## Notes to the Financial Statements

31 JULY 2007

## 17. ASSOCIATED COMPANIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unquoted shares, in Malaysia:				
At cost:				
- Ordinary shares	142,185	142,185	142,185	142,185
- Redeemable preference shares	547,625	547,625	547,625	547,625
	689,810	689,810	689,810	689,810
Group's share of post-acquisition reserves	177,604	157,663	-	-
Less: Accumulated impairment loss	(28,235)	(28,235)	(69,885)	(69,885)
	839,179	819,238	619,925	619,925
Unquoted shares, outside Malaysia:				
At cost:				
- Ordinary shares	11	11	-	-
- Redeemable preference shares	183,134	183,134	-	-
	183,145	183,145	-	-
Group's share of post-acquisition reserves	41,641	19,183	-	-
	224,786	202,328	-	-
	1,063,965	1,021,566	619,925	619,925
Quoted shares, in Malaysia:				
At cost:				
- Ordinary shares	250,647	229,648	250,647	229,648
Group's share of post- acquisition capital reserves	52,959	50,129	-	-
Group's share of post-acquisition profits, net of dividends receivable	157,040	115,883	-	-
Capital repayment	(48,692)	(48,692)	(48,692)	(48,692)
	411,954	346,968	201,955	180,956
	1,475,919	1,368,534	821,880	800,881
Market value:				
Quoted shares, in Malaysia	832,176	478,728	832,176	478,728

## Notes to the Financial Statements

31 JULY 2007

### 17. ASSOCIATED COMPANIES (CONT'D)

The Group's interests in the associated companies are analysed as follows:

Associated companies incorporated in Malaysia	Paid-up Capital RM	Proportion of ownership		Principal Activities
		2007 %	2006 %	
Dyna Plastics Sdn. Bhd. *	48,001,720	41	41	Ceased operations
Syarikat Pengeluar Air Selangor Holdings Berhad	172,300,000	40	40	Investment holding and provision of management services
Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	50,000,001	40	40	Concession holder of Sungai Selangor Water Supply Scheme Phases 1 and 3
Hicom-Gamuda Development Sdn. Bhd.	6,053,004	50	50	Property development
Danau Permai Resort Berhad*	5,500,000	50	50	Owner and operator of a golf club
Kota Kemuning Nursery & Landscaping Sdn. Bhd.	800,000	50	50	Supply of landscaping materials and provision of landscaping services
HGD Property Services Sdn. Bhd.	2	50	50	Property maintenance services
HGD Properties Sdn. Bhd.	2	50	50	Dormant
Kesas Holdings Berhad	470,914,840	30	30	Investment holding
Kesas Sdn. Bhd.	5,000,000	30	30	Concession holder of an expressway
Lingkar Trans Kota Holdings Berhad (Quoted shares in Malaysia)	489,769,618	43	42	Investment holding and provision of management services
Lingkar Trans Kota Sdn. Bhd.	50,000,000	43	42	Concession holder of an expressway
Penyenggaraan Litrak Sdn. Bhd.	2	43	42	Highway maintenance
Sukma Sinaran Sdn. Bhd.	2	43	42	Investment holding
Litrak Sdn. Bhd.	2	43	42	Dormant
Semarak Zaman Sdn. Bhd.	2	43	42	Dormant
Midawasa Sdn. Bhd.	1,000	43	42	Investment holding
Madang Permai Sdn. Bhd.*	5,000,000	36	36	Concession holder of an expressway
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.	11,540,000	52	51	Investment holding
Sistem Penyuraian Trafik KL Barat Sdn. Bhd.	50,000,000	52	51	Concession holder of an expressway
Held by Kesas Holdings Berhad, Lingkar Trans Kota Holdings Berhad and Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.				
ETC Links Sdn. Bhd.	600,003	43	41	Rental of software and related equipment
<b>Associated companies incorporated in Mauritius</b>				
Held by Gamuda (Offshore) Private Limited:				
Suria Holding (O) Pvt. Ltd.* #	US\$13,909,096	50	50	Investment holding
Gamuda - WCT (Offshore) Private Limited* #	US\$13,484,429	50	50	Investment holding

## Notes to the Financial Statements

31 JULY 2007

## 17. ASSOCIATED COMPANIES (CONT'D)

Associated companies incorporated in India	Paid-up Capital RM	Proportion of ownership		Principal Activities
		2007 %	2006 %	
Held by Suria Holding (O) Pvt. Ltd.:				
Emas Expressway Private Limited*	Rps 1,008,840,570	50	50	Concession holder of an expressway
Held by Gamuda - WCT (Offshore) Private Limited:				
Mapex Infrastructure Private Limited*	Rps1,695,999,270	50	50	Concession holder of an expressway

\* Audited by firms other than Ernst &amp; Young

# Financial year end of 31 July

All associates have financial year end of 31 March, other than those marked with #. For the purpose of applying the equity method of accounting for associates with financial year end of 31 March, the last audited financial statements available and the management financial statements to the end of the accounting period of the associates have been used.

During the financial year, the Group acquired an additional 1.48% equity interest in Lingkaran Trans Kota Holdings Berhad for a total cash consideration of RM20,999,000.

The summarised financial information of the associates are as follows:

	2007 RM'000	2006 RM'000
<b>Assets and liabilities</b>		
Current assets	803,789	667,590
Non-current assets	3,748,949	3,747,813
<b>Total assets</b>	<b>4,552,738</b>	<b>4,415,403</b>
Current liabilities	258,334	267,142
Non-current liabilities	2,892,470	2,823,938
<b>Total liabilities</b>	<b>3,150,804</b>	<b>3,091,080</b>
<b>Results</b>		
Revenue	616,342	531,906
Profit for the year	129,074	102,580

The goodwill, at cost, included within the Group's carrying amount of investment in associates amounts to RM73,985,000 (2006: RM44,211,000).

## Notes to the Financial Statements

31 JULY 2007

### 18. JOINTLY CONTROLLED ENTITIES

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	207,977	141,000

Details of the jointly controlled entities are as follows:

Name of Jointly Controlled Entities	Proportion of ownership		Economic activity
	2007 %	2006 %	
<b>Unincorporated in Malaysia</b>			
Malaysia Mining Corporation Berhad - Gamuda Berhad Joint Venture ("MMC - Gamuda JV")	50	50	To undertake engineering, procurement and construction of an integrated Bypass Tunnel cum Motorway in Kuala Lumpur
<b>Incorporated in Malaysia</b>			
Projek Smart Holdings Sdn. Bhd.	50	50	Investment holding
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.	50	50	Undertake, carry out and implement integrated Bypass Tunnel cum Motorway in Kuala Lumpur
MMC-Gamuda Joint Venture Sdn. Bhd.	50	-	Undertake, carry out and implement the Electrified Double-Tracking from Ipoh to Padang Besar Project.
Horizon Hills Development Sdn. Bhd. (formerly known as Arapesona Development Sdn. Bhd.)	50	50	To undertake and carry out a mixed development mainly for residential purposes and a golf club in Johor Darul Takzim
Horizon Hills Resort Berhad (formerly known as Evergreen Gallery Sdn. Bhd.)	50	-	Dormant
<b>Unincorporated in Taiwan</b>			
New Asia Construction & Development Corporation - Gamuda Berhad Joint Venture ("New Asia - Gamuda JV")*	50	50	To undertake civil engineering construction of the Orange Line Package CO4 of the Kaohsiung Metropolitan Mass Rapid Transit System in Kaohsiung, Taiwan, Republic of China
<b>Unincorporated in Qatar</b>			
Sinohydro Corporation - Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Sinohydro - Gamuda - WCT JV") ^	51	51	To design and construct the airfield facilities, tunnel and detention ponds of the New Doha International Airport in the State of Qatar.
Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Gamuda - WCT JV") ^ #	51	51	To undertake civil engineering construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan industrial area in the State of Qatar.

\* Audited by firms other than Ernst & Young

^ Audited by member firms of Ernst & Young Global in the respective countries

# The financial statements have been prepared on a going concern basis as the Joint Venture partners have agreed to provide adequate financial support

## Notes to the Financial Statements

31 JULY 2007

## 18. JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities, which are included in the consolidated financial statements are as follows:

	2007 RM'000	2006 RM'000
<b>Assets and liabilities</b>		
Current assets	604,338	123,118
Non-current assets	522,026	449,469
<b>Total assets</b>	<b>1,126,364</b>	<b>572,587</b>
Current liabilities	(758,315)	(302,759)
Non-current liabilities	(196,500)	(125,000)
<b>Total liabilities</b>	<b>(954,815)</b>	<b>(427,759)</b>
<b>Results</b>		
Revenue	889,929	202,722
Expenses, net	938,774	219,409

## 19. OTHER INVESTMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>At cost</b>				
Quoted shares, in Malaysia*	3	3	3	3
Unquoted shares, in Malaysia	50	50	50	50
Investment in transferable club memberships	683	683	683	683
	<b>736</b>	<b>736</b>	<b>736</b>	<b>736</b>
Accumulated impairment loss of investment in quoted shares, in Malaysia	(3)	(3)	(3)	(3)
	<b>733</b>	<b>733</b>	<b>733</b>	<b>733</b>
<b>Market value</b>				
Quoted shares, in Malaysia	-	-	-	-

\* The shares has been suspended from trading since 2001.

## Notes to the Financial Statements

31 JULY 2007

### 20. INVENTORIES

	Group	
	2007 RM'000	2006 RM'000
<b>Cost:</b>		
Raw materials	34,051	603
Finished goods	2,409	3,195
Crusher run and aggregates	1,190	2,261
Consumable stores and spares	6,218	1,231
Properties held for sale	87,478	93,994
	<b>131,346</b>	<b>101,284</b>
<b>Net realisable value:</b>		
Properties held for sale	9,149	9,219
	<b>140,495</b>	<b>110,503</b>

### 21. RECEIVABLES

Receivables of the Group and of the Company are analysed as follows:

		Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current	(a)	888,085	816,619	106,747	233,019
Non-current	(b)	27,166	28,584	-	-
		<b>915,251</b>	<b>845,203</b>	<b>106,747</b>	<b>233,019</b>
<b>(a) Trade receivables</b>					
Trade receivables		370,397	326,331	11,277	1,075
Associated companies		33,555	48,676	-	14
Joint ventures		6,240	48,201	744	130,847
Retention sums		57,140	32,709	13,826	-
Accrued billing		16,098	5,633	-	-
Due from customers on contracts (Note 22)		238,085	69,065	12,762	-
		<b>721,515</b>	<b>530,615</b>	<b>38,609</b>	<b>131,936</b>
Less: Provision for doubtful debts		(515)	(493)	-	-
		<b>721,000</b>	<b>530,122</b>	<b>38,609</b>	<b>131,936</b>
<b>Other receivables</b>					
Associated companies		62,536	86,507	318	485
Joint ventures		18,367	566	44,387	67,888
Deposits and prepayment		31,908	107,864	6,537	609
Sundry receivables		54,274	91,560	16,896	32,101
		<b>167,085</b>	<b>286,497</b>	<b>68,138</b>	<b>101,083</b>
		<b>888,085</b>	<b>816,619</b>	<b>106,747</b>	<b>233,019</b>

## Notes to the Financial Statements

31 JULY 2007

## 21. RECEIVABLES (CONT'D)

## (a) Trade receivables (Cont'd)

Included in the trade receivables, is an amount due from the Government of Malaysia ("GOM") on construction contract of the Stormwater Channel and Motorway Works as follows:

	Group	
	2007 RM'000	2006 RM'000
Amount due from the Government on:		
- Progress billings on construction contract	611,559	504,082
- Land acquisition costs	38,499	38,478
	650,058	542,560
Interest receivable	75,858	41,568
Total amount due from the Government	725,916	584,128
(Off set with): - SMARTSB MTN	(635,291)	(500,483)
- Interest payable on SMARTSB MTN	(75,858)	(41,568)
	14,767	42,077

To acknowledge its debts due, the GOM shall, from time to time, issue a Facility Payment Certificate ("FPC"), in which a jointly controlled entity, Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. ("SMARTSB") can sell, assign or transfer to another person (provided that the GOM has consented to such sale, assignment or transfer and received notice of the same). As part of the terms of the FPC, the GOM unconditionally and irrevocably agree and undertake to pay SMARTSB or, if the FPC has been sold, transferred or assigned to another person, to such person, the Net Amount Due as stated in the FPC. The Net Amount Due shall upon assignment, transfer or sale be conclusive evidence of a debt due and payable by the GOM to the assignee and payment of monies under the FPC shall be made without deduction, set-off or adjustments on any account.

On 4 August 2004, SMARTSB entered into an agreement with the Primary Subscriber to issue Medium Term Notes ("SMARTSB MTN") to finance the construction and land acquisition costs relating to the Stormwater Channel. The SMARTSB MTN is to be issued from time to time upon terms and conditions as agreed with the Primary Subscriber, and upon the assignment of all SMARTSB's rights, interests, title and benefits in and to each of the FPC mentioned above to the Primary Subscriber. The SMARTSB MTN is a zero coupon note and is to be issued at a discount by SMARTSB.

The security arrangement in connection with the SMARTSB MTN are as follows:

- (i) Fixed and floating charge over all the assets and property of SMARTSB in relation to the Stormwater Channel Project.
- (ii) An assignment of SMARTSB's rights, interests, title and benefits in and to each FPC and acknowledgement of the GOM to such assignment of FPC linked to the issuance of SMARTSB MTN.

## Notes to the Financial Statements

31 JULY 2007

### 21. RECEIVABLES (CONT'D)

#### (a) Trade receivables (Cont'd)

As at the balance sheet date, SMARTSB has issued SMARTSB MTN with a nominal amount of RM827,062,000 (2006: RM649,694,000). The net proceeds received from the issuance of SMARTSB MTN have been used to off set against the amount due from the GOM.

The breakdown of SMARTSB MTN issued are as follows:

	Group	
	2007 RM'000	2006 RM'000
Principal amount:		
- Construction costs	596,792	462,005
- Land acquisition costs	38,499	38,478
Total off set against trade receivable	635,291	500,483
Yield to maturity	191,771	149,211
Nominal value	827,062	649,694

The Group's and the Company's normal trade credit term ranges from 14 to 90 days (2006: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in deposits and prepayments of other receivables is an amount of Nil (2006: RM96,000,000) relating to the deposits and advances paid in respect of the purchase of freehold land for development by a subsidiary. As the conditions precedent have been fulfilled in the current financial year, this has been reclassified as freehold land for development.

The non-trade amount due from joint ventures is in respect of advances for construction contracts and the amount is unsecured, interest free and repayable through contra with future progress billings.

The non-trade amounts due from associated companies are unsecured, interest free and have no fixed terms of repayment.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

- (b) The non-current portion represents amount due from an associated company to a subsidiary of the Group, in respect of the supply of bulk quantity of treated water supplied to the associated company. The amount is repayable in ten annual instalments commencing December 2006.

## Notes to the Financial Statements

31 JULY 2007

## 22. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Construction contract costs incurred to date	<b>7,029,414</b>	5,255,030	<b>2,064,704</b>	1,902,811
Recognised profits less recognised losses	<b>811,700</b>	786,886	<b>164,342</b>	185,115
Progress billings received and receivable	<b>(7,671,019)</b>	(6,056,518)	<b>(2,227,467)</b>	(2,101,529)
	<b>170,095</b>	(14,602)	<b>1,579</b>	(13,603)
Represented by:				
Due from customers on contracts (Note 21)	<b>238,085</b>	69,065	<b>12,762</b>	-
Due to customers on contracts (Note 33)	<b>(67,990)</b>	(83,667)	<b>(11,183)</b>	(13,603)
	<b>170,095</b>	(14,602)	<b>1,579</b>	(13,603)
Included in the amount due from/ (to) customers on contracts are:				
Construction contract costs incurred during the year	<b>738,988</b>	753,499	<b>425,000</b>	257,155

Included in amount due from customers on contracts is a reversal of provision for contracts amounting to RM15,964,000 (2006: Nil) and included in amount due to customers on contracts is provision for contracts amounting to RM21,928,000 (2006: RM10,698,000).

The Group made an additional provision for contracts during the current financial year of RM11,239,000 in view of the expected increased costs from escalating material costs in relation to an overseas contract.

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense (Note 7)	<b>9,294</b>	1,035	-	-
Depreciation (Note 11)	<b>34,829</b>	12,032	<b>1,373</b>	-
Staff costs (Note 5)	<b>68,555</b>	34,297	-	-
Hire of plant and equipment	<b>46,582</b>	41,502	-	-
Rental of premises	<b>20</b>	44	-	-

## Notes to the Financial Statements

31 JULY 2007

### 23. DUE FROM SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
Due from subsidiaries		
- trade	510,888	72,202
- non-trade	586,645	516,919
	<b>1,097,533</b>	589,121

Included in amount due from subsidiaries is an amount due from an unincorporated subsidiary of RM36,235,000 (2006: RM27,454,000).

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2006: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an advance of RM5,895,000 (2006: RM82,405,000) given to subsidiaries which attracted interest of 6.0% to 7.0% (2006: 6.0% to 7.0%) per annum.

### 24. CASH AND BANK BALANCES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at banks	276,381	214,382	14,030	13,164
Deposits with licensed banks	703,888	242,473	495,397	55,669
	<b>980,269</b>	456,855	<b>509,427</b>	68,833

Included in cash at banks of the Group is an amount of RM119,807,000 (2006: RM165,084,000) which are Housing Development Accounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The weighted average effective interest rates as at balance sheet date were as follows:

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Licensed banks	3.47	2.60	3.57	2.60

The range of maturities of deposits as at balance sheet date were as follows:

	Group		Company	
	2007 Days	2006 Days	2007 Days	2006 Days
Licensed banks	1 - 365	1 - 365	1 - 90	1 - 90

## Notes to the Financial Statements

31 JULY 2007

## 25. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
<b>Authorised:</b>				
At beginning/end of year	2,000,000	2,000,000	2,000,000	2,000,000
<b>Issued and fully paid:</b>				
At beginning of year	753,232	749,572	753,232	749,572
Exercise of ESOS	42,482	3,580	42,482	3,580
Conversion of warrants	185,814	80	185,814	80
At end of year	981,528	753,232	981,528	753,232

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM753,232,144 (2006: RM749,572,144) to RM981,528,493 (2006: RM753,232,144) via the issuance of 42,482,000 (2006: 3,580,000) and 185,814,349 (2006: 80,000) new ordinary shares of RM1.00 each pursuant to the exercise of ESOS and conversion of warrants respectively. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.
- (b) As at balance sheet date, the total number of warrants which remained unconverted are as follows:

	Warrants 1996/2006		Warrants 2001/2007	
	2007 Units	2006 Units	2007 Units	2006 Units
At beginning of year	71,138,640	71,138,640	127,670,198	127,750,198
Converted	(69,454,332)	-	(116,360,017)	(80,000)
Expired	(1,684,308)	-	-	-
At end of year	-	71,138,640	11,310,181	127,670,198

The Warrants 1996/2006 and Warrants 2001/2007 lapsed on 29 December 2006 and 21 August 2007 respectively. Further details of the warrants are disclosed in the Directors' Report.

- (c) The Gamuda Berhad Third Employees' Share Options Scheme ("ESOS-2006") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 5 July 2006. The ESOS was implemented on 6 July 2006. No expense is recognised for option shares granted before 31 December 2004.

The principal features of the ESOS-2006 are as follows:

- (i) Eligible employees are full-time monthly paid employees and Executive Directors of the Group (including contract and non-Malaysian employees with a minimum three years of contract of service) whose employment has been confirmed. The selection of eligible employee for participation in the ESOS shall be at the discretion of the Options Committee.

## Notes to the Financial Statements

31 JULY 2007

### 25. SHARE CAPITAL (CONT'D)

- (ii) The ESOS shall be in force for a period of 5 years from 6 July 2006 subject however to any extension or renewal for a further period of not exceeding 5 years commencing from the day after the date of expiration of the original 5 years period as may be approved by all relevant parties.
- (iii) The total number of shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
- (iv) The subscription price under the ESOS shall be the weighted average market price of the shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of offer of the options subject to a discount of not more than 10%, or at par value of the share, whichever is higher.
- (v) The aggregate number of shares to be offered to an eligible employee in accordance with the ESOS shall be determined at the discretion of the Options Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service that the eligible employee has rendered and subject to the maximum allowable allotment of shares for each eligible employee.
- (vi) The number of shares under the ESOS which remained unexercised or the option price or both may be adjusted following any alteration in the capital structure of the Company during the option period, whether such alteration is by way of capitalisation of profits or reserves, right issues, consolidation of shares, sub-division of shares or reduction of capital or otherwise howsoever taking place, made by the Company.
- (vii) The options shall not carry any right to vote at any general meeting of the Company and a grantee shall not be entitled to any dividends, right or other entitlements on his unexercised options.
- (viii) The options granted under ESOS are not assignable.
- (ix) There is no restriction on the employee in exercising and selling their Gamuda Shares which were allotted and issued pursuant to the exercise of their options.

If the net proceeds from the disposal is less than the Exercise Value (being the Exercise Price multiplied by the number of Gamuda Shares sold), the entire net proceeds will be released to the employee.

However, if the net proceeds is more than the Exercise Value, an amount equivalent to the Exercise Value will be released to the employee. The balance proceeds not released to the employee will be placed in an interest bearing account for the benefit of the employee. The balance proceeds (being the net proceeds less Exercise Value) together with the attributable interest, if any, will be released to the employee over the period of the scheme at a rate of 20% per annum on each anniversary of the effective date of the scheme.

- (x) The new shares allotted upon any exercise of the option shall rank *pari passu* in all respects with the then existing issued and paid-up ordinary shares of the Company except that the new shares so issued will not rank for any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the date of allotment of the new shares.
- (xi) The employees to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

## Notes to the Financial Statements

31 JULY 2007

## 25. SHARE CAPITAL (CONT'D)

(xii) Options to subscribe for ordinary shares of RM1.00 each under ESOS-2006 were granted in the following phases:

Grant date	Exercise price RM	Number of options '000	Exercise period
6 July 2006	3.46	52,590	6 July 2006 - 5 July 2011
15 January 2007	5.20	9,290	15 January 2007 - 5 July 2011

(d) Breakdown of aggregate proceeds received from share options exercised during the financial year and the fair value, at exercise date of ordinary shares issued are as follows:

	2007 RM'000	2006 RM'000
Ordinary shares	42,482	3,580
Share premium	110,817	9,700
Aggregate proceeds received on shares issued	153,299	13,280
Aggregate fair value of ordinary shares at date of issue	155,630	16,612

(e) The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year are as follows:

	Number of Share Options				Outstanding and exercisable at 31 July 2007 '000
	Outstanding at 1 August 2006 '000	Granted '000	Exercised '000	Resigned '000	
ESOS-2006 RM3.46	52,590	-	(38,855)	(716)	13,019
ESOS-2006 RM5.20	-	9,200	(3,627)	(318)	5,255
	52,590	9,200	(42,482)	(1,034)	18,274
WAEP	3.46	5.20	3.61	4.00	3.96

	Number of Share Options				Outstanding and exercisable at 31 July 2006 '000
	Outstanding at 1 August 2005 '000	Granted '000	Exercised '000	Resigned Lapsed '000	
ESOS-2006	-	52,590	-	-	52,590
ESOS-2000	33,655	-	(3,580)	(30,075)	-
	33,655	52,590	(3,580)	(30,075)	52,590
WAEP	4.41	3.46	3.71	4.49	3.46

## Notes to the Financial Statements

31 JULY 2007

### 25. SHARE CAPITAL (CONT'D)

- (f) The fair value of share options granted during the year was estimated by an external valuer using a binomial model, taking into account of the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	← ESOS-2006 →	
Option price (RM)	3.46	5.20
Fair value of share options at the following grant dates:		
- 6 July 2006 (RM)	0.46	-
- 15 January 2007 (RM)	-	0.58
Weighted average share price (RM)	3.52	5.20
Expected volatility	30.00%	30.00%
Risk free rate (%)	4.22%	3.56%
Expected dividend yield (%)	3.2%	3.2%

The expected volatility is based on historical data and is not necessarily indicative of exercise patterns that may occur.

### 26. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group	
	2007 RM'000	2006 RM'000
<b>Capital Reserve</b>		
Balance at beginning of year	50,129	75,817
Movement in capital reserve in an associated company	2,830	(25,688)
Balance at end of year	52,959	50,129
<b>Foreign Exchange Reserve</b>		
Balance at beginning of year	(6,249)	(626)
Currency translation differences	(4,361)	(5,623)
Balance at end of year	(10,610)	(6,249)
<b>Total Other Reserves</b>	<b>42,349</b>	<b>43,880</b>

### 27. RETAINED PROFITS

As at 31 July 2007, the Company has tax exempt profit available for distribution under tax exempt income account pursuant to Section 12 of the Income Tax (Amendment) Act, 1999 of approximately RM72,049,000 (2006: RM72,049,000) and tax exempt dividend income received of approximately RM22,754,000 (2006: RM22,754,000).

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 July 2007.

## Notes to the Financial Statements

31 JULY 2007

**28. RETIREMENT BENEFIT OBLIGATIONS**

The Group operates an unfunded Retirement Benefit Scheme ("the Scheme") for its employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of services on attainment of the retirement age of 55.

The amounts recognised in the balance sheet are determined as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>	<b>2007 RM'000</b>	<b>2006 RM'000</b>
Present value of unfunded defined benefit obligations	<b>6,855</b>	6,158	<b>2,345</b>	1,730
Unrecognised actuarial gains, net	<b>654</b>	402	<b>180</b>	504
Net liability	<b>7,509</b>	6,560	<b>2,525</b>	2,234
Analysed as:				
Current (Note 33)	<b>137</b>	206	-	-
Non-current:				
Later than 1 year but not later than 2 years	<b>108</b>	139	<b>20</b>	17
Later than 2 years but not later than 5 years	<b>844</b>	1,049	<b>47</b>	835
Later than 5 years	<b>6,420</b>	5,166	<b>2,458</b>	1,382
Amount included in other payables (Note 29)	<b>7,372</b>	6,354	<b>2,525</b>	2,234
	<b>7,509</b>	6,560	<b>2,525</b>	2,234
Current service cost	<b>425</b>	556	<b>163</b>	118
Interest cost	<b>410</b>	402	<b>128</b>	110
Transitional asset	<b>213</b>	23	-	319
Total, included in staff costs (Notes 5 and 6)	<b>1,048</b>	981	<b>291</b>	547

Movements in the net liabilities in the current year were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>	<b>2007 RM'000</b>	<b>2006 RM'000</b>
At beginning of year	<b>6,560</b>	6,148	<b>2,234</b>	1,730
Recognised in income statement	<b>1,048</b>	981	<b>291</b>	547
Contributions paid	<b>(99)</b>	(569)	-	(43)
At end of year	<b>7,509</b>	6,560	<b>2,525</b>	2,234

Principal actuarial assumptions used:

	<b>2007 %</b>	<b>2006 %</b>
Discount rate	<b>6.3</b>	6.3
Expected rate of salary increases	<b>6.0</b>	6.0
Price inflation	<b>3.5</b>	3.5

## Notes to the Financial Statements

31 JULY 2007

### 29. OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Advance membership fees (a)	1,334	-	-	-
Balance purchase consideration (b)	48,000	-	-	-
Retirement benefit obligations (Note 28)	7,372	6,354	2,525	2,234
	<b>56,706</b>	6,354	<b>2,525</b>	2,234

(a) Advance membership fees received are in connection with the provision of services by way of golfing, sporting and other recreational facilities. The advance membership fees are recognised as income on a fixed annualised basis over the duration of the membership.

(b) This is the balance purchase consideration for the purchase of freehold land for development by a subsidiary in the previous financial year. The conditions precedent have been fulfilled in the current financial year and the balance purchase consideration is payable in eight instalments over three years from the unconditional date.

### 30. DEFERRED TAX

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Balance at beginning of year	6,815	8,410	(1,279)	(255)
Recognised in income statement (Note 8)	(2,182)	(1,595)	(3,350)	(1,024)
Balance at end of year	<b>4,633</b>	6,815	<b>(4,629)</b>	(1,279)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(16,021)	(12,905)	(4,629)	(1,279)
Deferred tax liabilities	20,654	19,720	-	-
	<b>4,633</b>	6,815	<b>(4,629)</b>	(1,279)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:	Accelerated Capital Allowances RM'000	Receivables RM'000	Others RM'000	Total RM'000
At 1 August 2006	22,222	136	2	22,360
Recognised in income statement	(571)	(126)	(2)	(699)
At 31 July 2007	21,651	10	-	21,661
At 1 August 2005	21,497	149	2	21,648
Recognised in income statement	725	(13)	-	712
At 31 July 2006	22,222	136	2	22,360

## Notes to the Financial Statements

31 JULY 2007

## 30. DEFERRED TAX (CONT'D)

## Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Provisions and Accruals RM'000	Property Development Costs RM'000	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 August 2006	(2,530)	(10,160)	(2,702)	(152)	(1)	(15,545)
Recognised in income statement	529	(4,207)	2,047	147	1	(1,483)
At 31 July 2007	(2,001)	(14,367)	(655)	(5)	-	(17,028)
At 1 August 2005	(1,812)	(8,390)	(2,557)	(152)	(327)	(13,238)
Recognised in income statement	(718)	(1,770)	(145)	-	326	(2,307)
At 31 July 2006	(2,530)	(10,160)	(2,702)	(152)	(1)	(15,545)

## Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Receivables RM'000	Others RM'000	Total RM'000
At 1 August 2006	1,482	142	(23)	1,601
Recognised in income statement	(1,229)	(142)	23	(1,348)
At 31 July 2007	253	-	-	253
At 1 August 2005	782	142	(23)	901
Recognised in income statement	700	-	-	700
At 31 July 2006	1,482	142	(23)	1,601

## Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Provisions and Accruals RM'000	Total RM'000
At 1 August 2006	(1,109)	(1,771)	(2,880)
Recognised in income statement	452	(2,454)	(2,002)
At 31 July 2007	(657)	(4,225)	(4,882)
At 1 August 2005	(484)	(672)	(1,156)
Recognised in income statement	(625)	(1,099)	(1,724)
At 31 July 2006	(1,109)	(1,771)	(2,880)

## Notes to the Financial Statements

31 JULY 2007

### 30. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2007 RM'000	2006 RM'000
Unused tax losses	18,603	29,537
Unabsorbed capital allowances	4,894	8,382
	<b>23,497</b>	37,919

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the Group under Section 44(5A) & (5B) of the Income Tax Act 1967.

### 31. OTHER LONG TERM LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Bonds (Note 32(a))	-	400,000	-	400,000
Murabahah Medium Term Notes ("MTN") (a)	335,000	300,000	-	-
Term loan (b)	161,500	125,000	-	-
	<b>496,500</b>	825,000	-	400,000

(a) Murabahah Medium Term Notes ("MTN")

The MTN are drawdown by the following entities:

	Group	
	2007 RM'000	2006 RM'000
Harum Intisari Sdn. Bhd. ("HISB") (i)	300,000	300,000
Horizon Hills Development Sdn. Bhd. ("HHDSB") (ii)	35,000	-
	<b>335,000</b>	300,000

- (i) The MTN amounting to RM300 million drawdown by a wholly-owned subsidiary, HISB, is secured by a corporate guarantee from the Company. The first and second issuance of RM200 million and RM100 million MTN respectively with tenure of 5 years was completed on 28 September 2005 and 17 March 2006.

The maturity date and yield as at issuance dates of the MTN are as follows:

	Maturity date %	Yield at issuance date %
Issue No. 1	28.9.2010	4.5
Issue No. 2	17.3.2011	5.0

## Notes to the Financial Statements

31 JULY 2007

**31. OTHER LONG TERM LIABILITIES (CONT'D)**

## (a) Murabahah Medium Term Notes ("MTN") (Cont'd)

- (ii) This represents the Group's share of the total of RM70 million drawdown by HHDSB. The first tranche of MTN with tenure of 5 years was drawdown on 14 June 2007.

The maturity date and yield as at issuance dates of the MTN are as follows:

	<b>Maturity date %</b>	<b>Yield at issuance date %</b>
Tranche 1	14.6.2012	3.95

- (iii) The MTN is secured by an unconditional and irrevocable undertaking from the Company to provide equity contributions (in the form of redeemable preference shares and / or ordinary shares) substantially in the form and substance acceptable to the Lead Arranger and the Security Trustee to meet:

1. any financial obligation of HHDSB under the Programme and the Kafalah Facility (inclusive of principal and profit payments and fees and expenses) of up to RM280 million in the event that HHDSB does not have sufficient funds to meet such obligations; and/or
2. any cash flow deficit of the Project and the Financial Covenants of up to RM30 million in a manner proportionate to the Company's shareholding percentage in HHDSB.

## (b) Term Loan - Secured

The term loan is drawdown by a jointly controlled entity, Syarikat Mengurus Air Banjir & Terowong Sdn Bhd ("SMARTSB") in relation to the motorway development of the Stormwater Channel and Motorway Works ("Project").

The term loan shall be repaid over 28 semi-annual instalments commencing from 2011 over 14 years with yields ranging from 5.55% to 5.76% at issuance dates.

The loan is secured by the following:

- (i) debentures to create a fixed and floating charge over all present and future assets of SMARTSB and Projek Smart Holdings Sdn. Bhd. ("PSHSB");
- (ii) assignment of Principal Contracts whereby SMARTSB has awarded Gamuda Berhad to undertake a specified scope of work in respect of the Project;
- (iii) assignment of Toll Revenue and Designated Accounts by SMARTSB including all its rights, interests, titles and benefits;
- (iv) Deed of Subordination whereby PSHSB has subordinated or agreed to subordinate all loan stocks held; and
- (v) an undertaking from PSHSB and an undertaking from the shareholders of PSHSB to promptly provide funding for the Project as and when required to meet cost overruns during the construction and cash flow deficits during the operations.

The term loan was obtained on a non-recourse basis to the Group. The term loan is consolidated into the Group's borrowings as a result of the Group's policy of accounting for investments in jointly controlled entities using the proportionate consolidation method of accounting.

## Notes to the Financial Statements

31 JULY 2007

### 32. SHORT TERM BORROWINGS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Secured:</b>				
Bonds (a)	400,000	-	400,000	-
Revolving credits (b)	25,000	82,259	-	41,281
Commercial Papers (c)	22,500	-	-	-
<b>Unsecured:</b>				
Revolving credits	290,623	73,943	290,623	42,222
	<b>738,123</b>	156,202	<b>690,623</b>	83,503

(a) Bonds

The RM400,000,000 nominal amount of 3% Redeemable Unsecured Bonds 2000/2007 were issued with 166,297,668 detachable warrants to a primary subscriber and subsequently resold to the shareholders of the Company on the basis of one warrant for every four existing ordinary shares held at an offer price of 61.0 sen per warrant. Each warrant entitles the registered holder to subscribe for one new share in the Company at any time on or before the expiry date at the end of six and half years following the date of issue on 22 February 2001 at an exercise price of RM3.75 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions set out in the Deed Poll created on 22 February 2001.

The bonds carry a fixed coupon rate of 3% per annum payable semi annually in arrears. At the end of its tenure, the bonds will be redeemed at 100% nominal value together with interest accrued to the date of maturity on 28 September 2007.

(b) Revolving credits

Revolving credits of RM50 million was drawndown during the financial year by a jointly controlled entity, MMC - Gamuda JV and is secured against an assignment of contract proceeds between another jointly controlled entity, Syarikat Mengurus Air Banjar & Terowong Sdn Bhd ("SMARTSB") and MMC - Gamuda JV via irrevocable letter of instruction to SMARTSB to remit all proceeds to MMC - Gamuda JV's escrow account and is also secured by all insurance policies on the project. The Group's share of this borrowing is RM25 million.

(c) Commercial Papers

The Commercial Papers of RM22.5 million represents the share of the total of RM45 million drawndown by HHDSB. This share of borrowings is secured by an undertaking by the Company to assign all rights, titles, benefits and debentures security for the payment of the secured indebtedness.

The weighted average effective interest rates for borrowings (per annum) as at balance sheet date were as follows:

	Group and Company	
	2007 %	2006 %
Bonds	6.00	-
Revolving credits, denominated in		
- New Taiwan dollar	2.62	1.92
- US dollar	5.37	5.20
- Ringgit Malaysia	4.55	4.55
Commercial Papers	3.77	-

## Notes to the Financial Statements

31 JULY 2007

## 33. PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Trade payables</b>				
Trade payables	228,242	301,228	48,366	31,179
Due to associated companies	1,730	4,361	-	14
Due to joint ventures	3,580	1,352	3,580	-
Retention sums	65,168	49,507	959	-
Progress billing	49,056	2,175	-	-
Due to customers on contracts (Note 22)	67,990	83,667	11,183	13,603
	<b>415,766</b>	<b>442,290</b>	<b>64,088</b>	<b>44,796</b>
<b>Other payables</b>				
Retirement benefit obligations (Note 28)	137	206	-	-
Sundry payables	139,031	66,823	527	14,078
Accruals	99,439	59,817	29,791	11,237
Due to associated companies	8,579	4,072	-	-
Due to joint ventures	37,415	655	-	-
	<b>284,601</b>	<b>131,573</b>	<b>30,318</b>	<b>25,315</b>
	<b>700,367</b>	<b>573,863</b>	<b>94,406</b>	<b>70,111</b>

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2006: 30 to 90 days).

The amount due to associated companies and joint ventures are in respect of advances received for construction contracts and the amounts are unsecured, interest free and repayable through contra with future progress billings.

Included in sundry payables of the current financial year is an amount of RM48,632,000 representing the balance purchase consideration for the purchase of freehold land for development by a subsidiary (Note 29(b)).

## 34. DUE TO SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
Due to subsidiaries		
- trade	79,727	105,077
- non-trade	105,828	102,236
	<b>185,555</b>	<b>207,313</b>

Included in amount due to subsidiaries is an amount due to an unincorporated subsidiary of RM14,504,000 (2006: RM30,254,000).

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2006: 30 to 90 days).

The non-trade amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## Notes to the Financial Statements

31 JULY 2007

### 35. PROVISION FOR LIABILITIES

Group	Provision for promotional costs RM'000 Note (a)	Provision for future development costs RM'000 Note (b)	Total RM'000
At 1 August 2005	3,384	-	3,384
Reversal of provision for the year (Note 4)	(2,407)	-	(2,407)
Utilisation of provision during the year	(827)	-	(827)
At 31 July 2006	150	-	150
At 1 August 2006	150	-	150
Provision for the year (Note 4)	3,257	8,904	12,161
At 31 July 2007	3,407	8,904	12,311

(a) The Group gives a 12% rebate on the gross value of bungalow land sold to purchasers if bungalows are built on that land within two years of the handover of the land to the purchasers. The Group is also obliged to give rebates on the purchase price and refund the payment of interest on loan and stamp duty of the purchasers via various incentive schemes offered during the financial year.

(b) Provision for future development costs is in respect of development projects undertaken by its subsidiaries. The provision is recognised for development costs expected to be incurred for the completed projects.

### 36. COMMITMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Approved and contracted for:				
Property, plant and equipment	33,743	39,168	-	-

### 37. CONTINGENT LIABILITIES AND MATERIAL LITIGATION

#### (a) Contingent Liabilities (Unsecured)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Indemnities and guarantees given to trade suppliers for credit facilities granted to a subsidiary	-	-	36,800	2,774
Performance, retention sum and other guarantees				
- for subsidiary	-	-	305,000	300,000
- to third parties	516,477	342,097	446,183	337,134
	516,477	342,097	787,983	639,908

## Notes to the Financial Statements

31 JULY 2007

**37. CONTINGENT LIABILITIES AND MATERIAL LITIGATION (CONT'D)****(b) Material Litigation**

On 23 January 2006, a jointly controlled entity, MMC-Gamuda JV ("Joint Venture") had terminated Wayss & Freytag (Malaysia) Sdn Bhd ("W&F") as the sub-contractor for the North Tunnel of the Stormwater Management and Road Tunnel Project due to a breach of contract. Following the termination, the Joint Venture demanded full payment of RM16,580,982 ("Guaranteed Sum") on the guarantee given by W&F as the performance bond ("Performance Bond").

On 26 January 2006, the Company was served with an Ex-parte Interim Injunction Order ("Interim Order") by the solicitors of W&F obtained pursuant to Kuala Lumpur High Court Civil Suit No. D-22-93-06 ("Civil Suit"). The Interim Order restrained the Company and MMC Engineering Berhad ("MMC Engineering") whether jointly or severally, from receiving monies under the Performance Bond issued by BNP Paribas Bank ("Bank") until the disposal of the suit or further order from the Court. Alternatively, it required the Company and MMC Engineering whether jointly or severally, within twelve days of receipt of the Interim Order to pay back to the Bank any monies which they received under the Performance Bond.

Under the Civil Suit, W&F sought to obtain against the Joint Venture, inter-alia, an injunction restraining the Joint Venture from receiving monies under the Performance Bond and for damages.

In response to the Interim Order, the Joint Venture had, on 27 January 2006, made an application to the High Court to set it aside. The High Court had, on 6 February 2006, ordered that the Interim Order be stayed pending the full and final disposal of W&F's claim and pending the said disposal, the Guaranteed Sum be placed with the Joint Venture's solicitors as stakeholder.

On 26 January 2007, the Interim Order was dismissed and discharged by the High Court. With the dismissal and discharge, the stakeholder released the Guaranteed Sum to the Joint Venture and the Joint Venture is now at liberty to utilise the said proceeds.

As a result of the decision on 26 January 2007, W&F filed a motion at the Court of Appeal for a stay/Erinford Injunction. The Civil Suit is at the case management stage wherein the next date for case management is fixed on 11 October 2007. W&F has also filed an application under Order 14A, Rules of the High Court 1980 for determination on a point of law or construction of the sub-contract. The issue before the Court is inter-alia, whether under the sub-contract, the Joint Venture is required to prove their entitlement for the amounts alleged to be owed before calling on the said Performance Bond. The hearing date scheduled for this application is also fixed on 11 October 2007.

The Group's share of this amount has been provided for in the financial statements.

## Notes to the Financial Statements

31 JULY 2007

### 38. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Contract services rendered by SSP (E&M) Sdn. Bhd., a company in which a director, Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim has interest	179	122	-	-
Contract services rendered by Sepakat Setia Perunding Sdn. Bhd., a company in which a director, Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim has interest	-	14,484	-	-
Contract services rendered by GLC Architect, a company in which a person connected with a director, Goon Heng Wah, has interest	512	409	-	-
Contract services rendered by a jointly controlled entity, MMC - Gamuda JV	-	-	112,221	235,750
Contract services rendered to a jointly controlled entity, Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.	-	-	(445,753)	(276,777)
Contract services rendered to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd., an associated company	(29,255)	(38,367)	-	-
Contract services rendered to Lingkaran Trans Kota Sdn. Bhd., an associated company	-	(844)	-	-
Gross dividends receivable from subsidiaries	-	-	(323,162)	(24,868)
Gross dividends receivable from associates	-	-	(63,531)	(108,154)
Rental received from subsidiaries	-	-	(672)	(640)
Interest receivable from subsidiaries	-	-	(10,430)	(9,460)

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

## Notes to the Financial Statements

31 JULY 2007

**39. SIGNIFICANT EVENTS****(a) During the financial year**

- (i) On 18 December 2006, the Company announced the signing of a Memorandum of Understanding ("Tariff MoU") by the Company and Electricity Generating Public Company Limited ("EGCO") with Electricity Generating Authority of Thailand ("EGAT") to establish and record the parties' agreements on the key commercial terms under which a Power Purchase Agreement ("PPA") would be finalised for the future purchase of hydroelectric power to be generated by the NT1 Project.
- (ii) On 6 June 2007, MMC Corporation Berhad - Gamuda Bhd JV, a 50%-50% joint venture between the companies ("the Joint Venture"), received a letter from Economic Planning Unit of the Prime Minister's Department confirming the Government of Malaysia's ("GOM") approval of the Joint Venture's proposal to implement the Electrified Double Tracking Project from Ipoh to Padang Besar on a private financing initiative basis. The GOM and the Joint Venture are expected to finalise the terms of the agreement soon.
- (iii) On 25 June 2007, the Company proposed to increase the authorised share capital from RM2 billion to RM3 billion and a bonus issue of up to 1,011,112,674 Shares ("Bonus Issue") to be credited as fully paid-up on the basis of 1 Bonus Share for every existing Gamuda Share held on an entitlement date to be determined.

At an Extraordinary General Meeting held on 3 October 2007, the shareholders of the Company approved the proposed Bonus Issue. The proposed Bonus Issue has also been approved by Bursa Malaysia for the listing of and quotation for the Bonus Shares.

**(b) Subsequent events**

- (i) On 14 August 2007, the Company executed a Principal Agreement with the Hanoi People's Committee to undertake a project comprising the design, financing and construction of the Yen So Park Development ("Park Development"), the Sewerage Treatment Plant ("STP") and the development of a commercial centre within the Hanoi city zone ("Development") encompassing an area of approximately 500 acres.

The Company will invest RM1.5 billion to design and build the STP and the Park Development on a Build and Transfer basis. The new park is expected to be ready by 2010.

In consideration of the Company undertaking the STP and Park Development, the Company is given the right to carry out the Development. The Development involves the development of the site located within the Hanoi city zone into an urban commercial centre comprising high rise towers, 5 star international hotels, convention centre, shop offices and residential components.

The Development is expected to generate a Gross Development Value (GDV) of RM8 billion and be completed between 8 to 10 years.

- (ii) The Company has fully redeemed the RM400,000,000 3% Redeemable Unsecured Bonds 2000/2007 on 28 September 2007 upon it reaching maturity.

## Notes to the Financial Statements

31 JULY 2007

### 40. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

#### (b) Interest Rate Risk

The Group's primary interest rate risk relates to deposits and interest-bearing debts. The investments in financial assets are mainly short term in nature and mostly have been placed in repositories and fixed deposits.

The Group manages its interest exposure on interest-bearing financial liabilities by maintaining a prudent mix of fixed and floating rate borrowings. The Group also regularly reviews its debt portfolio and such strategy enable it to source low interest funding from the market and achieve a certain level of protection against interest rate hike.

The information on the terms and maturity dates of borrowings and deposits are disclosed in their respective notes.

#### (c) Foreign Exchange Risk

The Group operates in India, Taiwan, Qatar and Bahrain and is exposed to Indian Rupee, New Taiwan Dollar, Qatari Riyal and Bahraini Dinar currencies. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange exposure.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the business is located.

Included in the following balance sheet captions of the Group as at balance sheet date are balances denominated in the following major foreign currencies:

Group	Indian Rupee RM'000	New Taiwan Dollar RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Total RM'000
<b>At 31 July 2007:</b>						
Cash, deposits and bank balances	5,596	425	246	21,424	47,257	74,948
Receivables	3,854	72,923	195	298,911	34,827	410,710
Payables	3,896	15,653	86	126,454	59,577	205,666
Short term borrowings	-	21,180	-	-	-	21,180
<b>At 31 July 2006:</b>						
Cash, deposits and bank balances	3,376	524	4,684	13,956	-	22,540
Receivables	88,114	72,193	88,229	130,814	-	379,350
Payables	4,243	31,249	4,306	182,849	-	222,647
Short term borrowings	-	42,222	31,720	41,281	-	115,223

#### (d) Liquidity Risk

The Group actively manages its debts maturity profile, operating cash flows and the availability of funding through an adequate amount of committed credit facilities, so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to fund the Group's operations.

## Notes to the Financial Statements

31 JULY 2007

## 40. FINANCIAL INSTRUMENTS (CONT'D)

## (e) Credit Risk

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial asset.

## (f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for the following:

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>At 31 July 2007</b>					
<b>Non-current assets</b>					
Unquoted investment in subsidiaries	16	-	-	410,273	*
Unquoted investment in associated companies	17	1,063,965	*	619,925	*
Quoted investment in an associated company	17	411,954	832,176	201,955	832,176
Unquoted investment in jointly controlled entities	18	-	-	207,977	*
Other investments:					
- Unquoted	19	50	*	50	*
- Investment in transferable club memberships	19	683	735	683	735
		<u>733</u>		<u>733</u>	
Long term trade receivable	21	27,166	21,935	-	-
<b>Current assets</b>					
Marketable securities		25,000	26,397	-	-
Amount due from associated companies (non-trade)	21	62,536	**	318	**
Amount due from joint ventures (non-trade)	21	18,367	**	44,387	**
Amount due from subsidiaries (non-trade)	23	-	-	586,645	**

## Notes to the Financial Statements

31 JULY 2007

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### (f) Fair Values (Cont'd)

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>At 31 July 2006</b>					
<b>Non-current assets</b>					
Unquoted investment in subsidiaries	16	-	-	335,835	*
Unquoted investment in associated companies	17	1,021,566	*	619,925	*
Quoted investment in an associated company	17	346,968	478,728	180,956	478,728
Unquoted investment in jointly controlled entities	18	-	-	141,000	*
Other investments:					
- Unquoted	19	50	*	50	*
- Investment in transferable club memberships	19	683	750	683	750
		<u>733</u>		<u>733</u>	
Long term trade receivable	21	28,584	19,182	-	-
<b>Current assets</b>					
Amount due from associated companies (non-trade)		86,507	**	485	**
Amount due from joint ventures (non-trade)	21	566	**	67,888	**
Amount due from subsidiaries (non-trade)	23	-	-	516,919	**
<b>At 31 July 2007</b>					
<b>Non-current liabilities</b>					
Other long term liabilities					
- Medium Term Notes	31	335,000	299,672	-	-
- Term loan	31	161,500	160,550	-	-
<b>Current liabilities</b>					
Amount due to associated companies (non-trade)	33	8,579	**	-	-
Amount due to joint ventures (non-trade)	33	37,415	**	-	-
Amount due to subsidiaries (non-trade)	34	-	-	105,828	**

## Notes to the Financial Statements

31 JULY 2007

## 40. FINANCIAL INSTRUMENTS (CONT'D)

## (f) Fair Values (Cont'd)

	Note	Group	Company		
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
At 31 July 2006					
Non-current liabilities					
Other long term liabilities					
- Bonds	31	400,000	393,249	400,000	393,249
- Medium Term Notes	31	300,000	298,800	-	-
- Term loan	31	125,000	124,441	-	-
Current liabilities					
Amount due to associated companies (non-trade)	33	4,072	**	-	-
Amount due to joint ventures (non-trade)	33	655	**	-	-
Amount due to subsidiaries (non-trade)	34	-	-	102,236	**

\* It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market price and without incurring excessive costs.

\*\* It is not practical to estimate the fair value of non-trade amounts due to/from subsidiaries, associated companies and joint ventures due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

## Notes to the Financial Statements

31 JULY 2007

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### (f) Fair Values (Cont'd)

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Note	Group		Company	
		Nominal/ Notional Amount RM'000	Fair Value RM'000	Nominal/ Notional Amount RM'000	Fair Value RM'000
<b>At 31 July 2007</b>					
Contingent liabilities	37	<u>516,477</u>	***	<u>787,983</u>	***
<b>At 31 July 2006</b>					
Contingent liabilities	37	<u>342,097</u>	***	<u>639,908</u>	***

\*\*\* It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, quantum and eventual outcome.

The methods and assumptions used by management to determine fair value of financial instrument other than those whose carrying amounts reasonably approximate their fair values are as follows:

- (i) Quoted investment in an associated company  
The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.
- (ii) Marketable securities  
The fair value of the private debt securities is determined by reference to the market prices at the balance sheet date.
- (iii) Other receivables (non-current) and long term borrowings  
Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of borrowing.

## Notes to the Financial Statements

31 JULY 2007

**41. SEGMENT INFORMATION****(a) Business Segments**

The Group is organised on a worldwide basis into three major business segments:

- (i) Engineering and construction - the construction of highways and bridges, water treatment plants, dams and residential and commercial properties;
- (ii) Property development - the development of residential and commercial properties; and
- (iii) Water and expressway concessions - the management of water supply and the management and tolling of highway operations.

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

**(b) Geographical Segments**

Although the Group's three major business segments are managed on a worldwide basis, the Group operates principally in six geographical areas of the world. In Malaysia, its home country, the Group's areas of operation are principally engineering and construction, property development, water concession and expressway concessions. Additionally, all of the Group's manufacturing and quarrying activities are also conducted in Malaysia.

The Group also operates in other countries:

- (i) India - expressway concessions and investment holding;
- (ii) Taiwan, Republic of China - construction of the Mass Rapid Transit System;
- (iii) Mauritius - investment holding;
- (iv) Qatar - construction and design works of highways and New Doha International Airport; and
- (v) Bahrain - replacement of Sitra Causeway bridges with new structures on a revised alignment adjacent to the existing Causeway.

## Notes to the Financial Statements

31 JULY 2007

### 41. SEGMENT INFORMATION (CONT'D)

#### (a) Business Segments:

	Engineering and Construction RM'000	Property Development RM'000	Water and Expressway Concessions RM'000	Eliminations RM'000	Consolidated RM'000
<b>2007</b>					
<b>REVENUE AND RESULT</b>					
<b>Revenue</b>					
External sales	1,053,178	370,932	92,249	-	1,516,359
Inter-segment sales	47,386	-	-	(47,386)	-
Total revenue	1,100,564	370,932	92,249	(47,386)	1,516,359
<b>Result</b>					
Segment results before amortisations	50,466	75,327	44,734	-	170,527
Amortisation of concession and quarry rights	(181)	-	(2,990)	-	(3,171)
Profit from operations	50,285	75,327	41,744	-	167,356
Finance costs	(7,948)	(5,960)	(5,961)	-	(19,869)
Share of results of associated companies	-	19,678	109,396	-	129,074
Profit before taxation	42,337	89,045	145,179		276,561
Taxation					(51,748)
Profit for the year					224,813
Attributable to:					
Equity holders of the Company					185,428
Minority interests					39,385
					224,813
<b>ASSETS AND LIABILITIES</b>					
Segment assets	2,209,306	1,210,661	142,596	-	3,562,563
Investments in:					
- Associated companies	183,145	166,411	1,126,363	-	1,475,919
					5,038,482
Segment liabilities	1,400,867	637,975	5,257	-	2,044,099
<b>OTHER INFORMATION</b>					
Capital expenditure	165,104	2,260	330	-	167,694
Depreciation	12,027	602	190	-	12,819
Non-cash expenses other than depreciation, amortisation and impairment losses	1,197	3,379	28	-	4,604

## Notes to the Financial Statements

31 JULY 2007

## 41. SEGMENT INFORMATION (CONT'D)

## (a) Business Segments (Cont'd):

	Engineering and Construction RM'000	Property Development RM'000	Water and Expressway Concessions RM'000	Eliminations RM'000	Consolidated RM'000
<b>2006</b>					
<b>REVENUE AND RESULT</b>					
<b>Revenue</b>					
External sales	832,285	335,639	58,973	-	1,226,897
Inter-segment sales	114,610	-	-	(114,610)	-
Total revenue	946,895	335,639	58,973	(114,610)	1,226,897
<b>Result</b>					
Segment results before amortisations	58,449	48,794	30,421	-	137,664
Amortisation of goodwill and concession rights	(181)	-	(2,987)	-	(3,168)
Profit from operations	58,268	48,794	27,434	-	134,496
Finance costs	(8,204)	(2,238)	(4,475)	-	(14,917)
Share of results of associated companies	-	17,870	84,710	-	102,580
Profit before taxation	50,064	64,426	107,669		222,159
Taxation					(51,708)
Profit for the year					170,451
Attributable to:					
Equity holders of the Company					157,583
Minority interests					12,868
					170,451
<b>ASSETS AND LIABILITIES</b>					
Segment assets	1,376,858	947,018	209,727	-	2,533,603
Investments in:					
- Associated companies	184,627	163,792	1,020,115	-	1,368,534
					3,902,137
Segment liabilities	990,531	477,380	142,874		1,610,785
<b>OTHER INFORMATION</b>					
Capital expenditure	130,925	2,267	184	-	133,376
Depreciation	6,697	403	162	-	7,262
Non-cash expenses other than depreciation, amortisation and impairment losses	11,320	149	3	-	11,472

## Notes to the Financial Statements

31 JULY 2007

### 41. SEGMENT INFORMATION (CONT'D)

#### (b) Geographical Segments:

	Total Revenue from External Customers		Capital Expenditure	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Malaysia	<b>787,114</b>	1,023,492	<b>81,372</b>	13,319
Outside Malaysia				
India	-	683	-	-
Taiwan, Republic of China	<b>56,756</b>	72,049	<b>20</b>	19
Qatar	<b>573,150</b>	130,673	<b>74,144</b>	120,038
Bahrain	<b>99,339</b>	-	<b>12,158</b>	-
	<b>729,245</b>	203,405	<b>86,322</b>	120,057
Consolidated	<b>1,516,359</b>	1,226,897	<b>167,694</b>	133,376

# Statement of Directors' Interests

AS AT 9 OCTOBER 2007  
(AS SHOWN IN THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Other than disclosed below, there is no other Director of the Company who has interest in the shares and options over shares in the Company and its related corporations.

## SHARES HELD IN THE COMPANY

Name of Director	Direct	%	Deemed	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim	375,828	0.04	55,000 * <sup>1</sup>	0.01
Dato' Lin Yun Ling	-	-	50,848,818 * <sup>2</sup>	5.12
Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	60,000	0.01	-	-
Raja Dato' Seri Eleena binti Raja Azlan Shah	100,000	0.01	79,500,000 * <sup>3</sup>	8.01
Raja Dato' Seri Abdul Aziz bin Raja Salim	20,000	* <sup>4</sup>	-	-
Dato' Ir Kamarul Zaman bin Mohd Ali	980,500	0.10	398,815 * <sup>1</sup>	0.04
Dato' Ir Haji Azmi bin Mat Nor	200,000	0.02	-	-
Ng Kee Leen	16,012,449	1.61	3,261,236 * <sup>1</sup>	0.33
Goon Heng Wah	6,180,000	0.62	2,552,016 * <sup>1</sup>	0.26
Ha Tiing Tai	11,007,938	1.11	15,100 * <sup>1</sup>	* <sup>4</sup>
Saw Wah Theng	425,000	0.04	-	-
Chow Chee Wah (Alternate Director to Dato' Lin Yun Ling)	89,000	0.01	-	-

### Notes:

\*<sup>1</sup> Through spouse.

\*<sup>2</sup> Through HSBC (Malaysia) Trustee Berhad.

\*<sup>3</sup> Through Generasi Setia (M) Sdn Bhd.

\*<sup>4</sup> Less than 0.01 %

## SHARE OPTIONS HELD IN THE COMPANY

- Share Options held under the Gamuda Berhad Employees Share Option Scheme

Name of Director	Number of Share Options
Dato' Lin Yun Ling	1,500,000
Tan Sri Dato' Mohd Ramli bin Kushairi	100,000
Raja Dato' Seri Abdul Aziz bin Raja Salim	40,000
Dato' Ir Kamarul Zaman bin Mohd Ali	252,000
Dato' Ir Haji Azmi bin Mat Nor	202,000
Goon Heng Wah	360,000
Wong Chin Yen	60,000

# Shareholders' Information

AS AT 9 OCTOBER 2007

## SHARE CAPITAL

Authorised	:	RM3,000,000,000
Issued and fully paid	:	RM992,872,054
Type of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote on a show of hands 1 vote per share on a poll
Number of shareholders	:	8,374

## DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares held	%
Less than 100	285	3.40	4,182	0.00
100 – 1,000	3,119	37.25	2,726,497	0.28
1,001 – 10,000	3,588	42.85	14,074,688	1.42
10,001 – 100,000	885	10.57	29,020,709	2.92
100,001 – 49,643,601	495	5.91	826,197,160	83.21
49,643,602* and above	2	0.02	120,848,818	12.17
Total	8,374	100.00	992,872,054	100.00

### Note:

\* 5% of the issued share capital

## SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Name of substantial shareholder	<----- Number of shares held ----->		%
	Direct interest	Indirect/Deemed interest	
FMR LLC & Fidelity International Limited	115,209,780	-	11.60
HSBC Holdings plc	-	86,298,918 <sup>*a</sup>	8.69
Raja Dato' Seri Eleena binti Raja Azlan Shah	100,000	79,500,000 <sup>*b</sup>	8.02
Generasi Setia (M) Sdn Bhd	79,500,000	-	8.01
Dato' Lin Yun Ling	-	50,848,818 <sup>*c</sup>	5.12

### Notes:

<sup>\*a</sup> Indirect interest held by:-

- HSBC (Malaysia) Trustee Berhad (as trustees for unit trust & discretionary investment management)
- HSBC International Trustee Limited, Hong Kong (as trustees for unit trust – non discretionary)
- HSBC Provident Fund Trustee Limited, Hong Kong (as trustees for unit trust – non discretionary)
- Halbis Capital Management (Hong Kong) Limited (as trustees for unit trust & discretionary investment management).

<sup>\*b</sup> Deemed interest through Generasi Setia (M) Sdn Bhd.

<sup>\*c</sup> Deemed interest through HSBC (Malaysia) Trustee Berhad.

## Shareholders' Information

AS AT 9 OCTOBER 2007

## TOP 30 SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	Number of shares held	%
1.	Generasi Setia (M) Sdn Bhd	70,000,000	7.05
2.	HSBC Nominees (Tempatan) Sdn Bhd - Exempt Authorised Nominee for HSBC (Malaysia) Trustee Berhad	50,848,818	5.12
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	31,137,700	3.14
4.	Employees Provident Fund Board	30,393,850	3.06
5.	HSBC Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)	28,794,871	2.90
6.	Cartaban Nominees (Asing) Sdn Bhd - State Street Australia Fund ATB1 for Platinum Asia Fund	26,959,100	2.72
7.	HSBC Nominees (Asing) Sdn Bhd - TNTC for Fidelity International Discovery Fund	26,717,500	2.69
8.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund 24D4 for Fidelity Advisor Diversified International Fund	26,296,000	2.65
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Wawasan 2020	22,688,800	2.29
10.	HSBC Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for The Hongkong and Shanghai Banking Corporation Limited	20,692,600	2.08
11.	HSBC Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.K.)	18,884,601	1.90
12.	HSBC Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for J.P. Morgan Bank Luxembourg S.A.	17,453,700	1.76
13.	Ng Kee Leen	15,472,449	1.56
14.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG for Tosca Asia	14,352,400	1.45
15.	HSBC Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds Asean	14,254,400	1.44
16.	Citigroup Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for Mellon Bank (Mellon)	12,854,100	1.29
17.	Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	11,312,000	1.14
18.	Ha Tiing Tai	10,467,938	1.05

## Shareholders' Information

AS AT 9 OCTOBER 2007

No.	Name	Number of shares held	%
19.	HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for Mirae Asset Asia Pacific Infra Sector Equity Investment Trust 1	10,307,300	1.04
20.	HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for CG Nouvelle Asie	9,700,000	0.98
21.	ABB Nominee (Tempatan) Sdn Bhd - Pledged Securities Account for Generasi Setia (M) Sdn Bhd	9,500,000	0.96
22.	HSBC Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for Morgan Stanley & Co. Incorporated	9,406,420	0.95
23.	Citigroup Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for Mellon Bank (ABNAMRO Mellon)	8,465,500	0.85
24.	Cartaban Nominees (Asing) Sdn Bhd - Investors Bank and Trust Company for Ishares, Inc.	8,204,400	0.83
25.	Citigroup Nominees (Asing) Sdn Bhd - CBHK for Fortis L Fund-Fortis L Fund Equity Best Selection Asia	6,671,700	0.67
26.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	6,533,900	0.66
27.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	6,401,600	0.64
28.	Goon Heng Wah	6,000,000	0.60
29.	HSBC Nominees (Asing) Sdn Bhd - Exempt Authorised Nominee for Morgan Stanley & Co. International Plc	5,657,000	0.57
30.	HSBC Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds Malaysia	5,585,600	0.56
<b>Total</b>		<b>542,014,247</b>	<b>54.60</b>

# List of Major Properties

HELD AS AT 31 JULY 2007

Location	Tenure	Area	Description	Year of expiry	NBV (RM'000)	Approximate age of building (Years)	Date of valuation/acquisition
No. 36/38, Jalan SS21/62 47400 Petaling Jaya Selangor	Freehold	1,078 sq m	2 blocks, 4 storey shoplot/office	-	1,045	15	1991
No. 30, Jalan SS2/44 47300 Petaling Jaya Selangor	Freehold	501 sq m	Bungalow/ staff quarters	-	337	23	1991
No. 39, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	499 sq m	4 storey shoplot/office	-	614	15	1991
No. 55-61, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	1,996 sq m	4 blocks, 4 storey shoplot/office	-	5,577	18	1992
No. 152, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	164 sq m	3 storey shoplot/office	2078	190	23	1991
No. 158, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	163 sq m	3 storey shoplot/office	2078	183	23	1991
PT 51683, Jalan Jelapang 30020 Ipoh, Perak	Leasehold	4,353 sq m	Industrial estate/workshop	2043	434	19	1991
PT 183485 Meru Industrial Estate Jelapang, 30020 Ipoh Perak	Leasehold	12,144 sq m	Industrial estate/store	2050	682	13	1991
Lot 195821, 195822, 195823, 195824, 195825, 195826, 195827, 46482 57417 all in the Mukim Kampar District of Kinta 31350 Ipoh, Perak	Leasehold	45 hectares	Granite hill, limestone hill and industrial land/quarry	2022	7,463	-	1991
HS (D) 54871, PT No. 56274 Mukim & Mukim & District of Kelang Selangor	Freehold	16,898 sq ft workshop	Industrial estate/workshop	-	8,028	-	1995
HS (D) 52561, PT No. 53932 Mukim & District of Kelang Selangor	Freehold	14,690 sq m	Commercial land	-	9,104	-	1996
No. 53, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	153 sq m	4 storey shoplot/office	-	1,448	-	2006
No. 54-58, Jalan SS22/25 47400 Petaling Jaya Selangor	Freehold	460 sq m	3 blocks, 4 storey shoplot/office	-	5,022	-	2006

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of the Company will be held at Permai Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 14 December 2007 at 10.00 a.m. for the purpose of transacting the following businesses: -

## AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 July 2007 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of RM269,000 for the year ended 31 July 2007 (2006: RM244,000). **(Resolution 2)**
3. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association: -
  - a. Y Bhg Dato' Lin Yun Ling **(Resolution 3)**
  - b. Y A M Raja Dato' Seri Eleena binti Raja Azlan Shah **(Resolution 4)**
  - c. Mr Ng Kee Leen **(Resolution 5)**
  - d. Mr Saw Wah Theng **(Resolution 6)**
4. To consider and, if thought fit, pass the following resolutions in accordance with Section 129 of the Companies Act, 1965: -
  - a. "THAT Y Bhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim, retiring pursuant to Section 129 of the Companies Act, 1965, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Resolution 7)**
  - b. "THAT Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi retiring pursuant to Section 129 of the Companies Act, 1965, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Resolution 8)**
  - c. "THAT Y Bhg Dato' Ir Kamarul Zaman bin Mohd Ali retiring pursuant to Section 129 of the Companies Act, 1965, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Resolution 9)**
5. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorise the Directors to fix their remuneration. **(Resolution 10)**
6. As Special Business: -  
To consider and if thought fit, pass the following resolutions with or without modifications:

### Ordinary Resolutions: -

#### a) Authority to Allot and Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**(Resolution 11)**

## Notice of Annual General Meeting

### b) Proposed Renewal of Share Buy-back Authority

“THAT subject to the provisions of the Companies Act, 1965, the Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant government and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each of the Company (“Proposed Share Buy-back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital for the time being of the Company and an amount not exceeding the retained profits and/or share premium of the Company be allocated by the Company for the Proposed Share Buy-back;

AND THAT at the discretion of the Directors, upon such purchase by the Company of its own shares, the purchased shares will be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Securities;

AND THAT the Directors be and are hereby empowered to do all acts and things and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by any relevant authorities and/or any amendments, variations and/or modifications in the interest of the Company as may be approved by any relevant authorities if such approvals are required;

AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue in force until:

- i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it shall lapse, unless by ordinary resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities.”

**(Resolution 12)**

### Special Resolution: -

#### c) Proposed Amendments to the Articles of Association of the Company

“THAT the proposed amendments to the existing Articles of Association of the Company as set out under Part B, Annexure I of the Circular to Shareholders dated 15 November 2007 be and are hereby approved and adopted.

## Notice of Annual General Meeting

AND THAT the Directors be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments to the Articles of Association of the Company.”

**(Resolution 13)**

7. To transact any other business of which due notice shall have been given.

By Order of the Board

**Lim Soo Lye**

**Tee Yew Chin**

Company Secretaries

Petaling Jaya

15 November 2007

### Notes:

#### 1. Appointment of Proxy(ies)

- a. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- b. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- c. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- d. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- e. In the case of a corporate member, the Form of Proxy shall be under its Common Seal or under the hand of its attorney.
- f. The Form of Proxy must be deposited at the Company's Registered Office situated at No. 78, Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

#### 2. Explanatory Notes on Special Business

##### a. Resolution 11

The proposed Resolution 11 if passed, will empower the Directors to issue shares of the Company up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company. The rationale for this resolution is to save cost and time for convening a general meeting.

##### b. Resolution 12

Please refer to Part A, Statement to Shareholders dated 15 November 2007 for further information.

##### c. Resolution 13

Please refer to Part B, Circular to Shareholders dated 15 November 2007 for further information.

# Statement Accompanying Notice of Annual General Meeting (AGM)

## 1. Date, Time and Venue of the 31st AGM

The 31st AGM of the Company will be held as follows:

On : Friday, 14 December 2007

At : 10.00 a.m.

At : Permai Room, Kota Permai Golf & Country Club  
No. 1, Jalan 31/100A  
Kota Kemuning, Section 31  
40460 Shah Alam  
Selangor Darul Ehsan  
Malaysia

## 2. Directors who are standing for re-election/re-appointment at the 31st AGM

The Directors retiring by rotation and standing for re-election pursuant to Article 97 of the Company's Articles of Association are:

- a. Y Bhg Dato' Lin Yun Ling
- b. Y A M Raja Dato' Seri Eleena binti Raja Azlan Shah
- c. Mr Ng Kee Leen
- d. Mr Saw Wah Theng

The Directors who are over the age of 70 and standing for re-appointment pursuant to Section 129 of the Companies Act, 1965 are:

- a. Y Bhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim
- b. Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi
- c. Y Bhg Dato' Ir Kamarul Zaman bin Mohd Ali

The profiles of the above 7 Directors and the record of their attendances at Board Meetings held in the financial year ended 31 July 2007 are presented in the "Directors' Profile" section on pages 36, 37, 38, 39, 40 and 42. Their securities holdings in the Group are presented in the "Statement of Directors' Interests" section on page 161.

## 3. Board Meetings held in the financial year ended 31 July 2007

4 Board meetings were held during the financial year ended 31 July 2007. A record of the Directors' attendances at the Board Meetings is presented in the "Corporate Governance Statement" section on page 54.

# Form of Proxy

**Gamuda Berhad** (29579-T)  
(Incorporated in Malaysia)

**A** I/We \_\_\_\_\_ (FULL NAME IN CAPITALS)  
of \_\_\_\_\_ (ADDRESS)  
being a member/members of GAMUDA BERHAD, hereby appoint \_\_\_\_\_ (FULL NAME)  
of \_\_\_\_\_ (ADDRESS)  
or failing him/her, \_\_\_\_\_ (FULL NAME)  
of \_\_\_\_\_ (ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our \*first proxy to attend and vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at Permai Room, Kota Permai Golf & Country Club, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 14 December 2007 at 10.00 a.m., and at any adjournment thereof.

Where it is desired to appoint a second proxy, this section must also be completed. Otherwise it should be deleted.

**B** I/We \_\_\_\_\_ (FULL NAME IN CAPITALS)  
of \_\_\_\_\_ (ADDRESS)  
being a member/members of GAMUDA BERHAD, hereby appoint \_\_\_\_\_ (FULL NAME)  
of \_\_\_\_\_ (ADDRESS)  
or failing him/her, \_\_\_\_\_ (FULL NAME)  
of \_\_\_\_\_ (ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our \*second proxy to attend and vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at Permai Room, Kota Permai Golf & Country Club, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 14 December 2007 at 10.00 a.m., and at any adjournment thereof.

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy **A** \_\_\_\_\_ %  
Second Proxy **B** \_\_\_\_\_ %  
100 %

In case of a vote by a show of hands, \*First Proxy **A** /\*Second Proxy **B** shall vote on my/our behalf.

My/our proxy shall vote as follows:-

(Please indicate with an "X" or "√" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of Annual General Meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

No.	Resolution	First Proxy <b>A</b>		Second Proxy <b>B</b>	
		For	Against	For	Against
1.	Adoption of Audited Financial Statements and Reports for the year ended 31 July 2007				
2.	Approval of Directors' fees				
3.	Re-election of Y Bhg Dato' Lin Yun Ling as Director				
4.	Re-election of YAM Raja Dato' Seri Eleena binti Raja Azlan Shah as Director				
5.	Re-election of Mr Ng Kee Leen as Director				
6.	Re-election of Mr Saw Wah Theng as Director				
7.	Re-appointment of Y Bhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim as Director				
8.	Re-appointment of Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi as Director				
9.	Re-appointment of Y Bhg Dato' Ir Kamarul Zaman bin Mohd Ali as Director				
10.	Re-appointment of Auditors				
11.	Authority to Directors to allot and issue shares				
12.	Proposed renewal of share buy-back authority				
13.	Proposed amendments to the Articles of Association of the Company				

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Number of shares held	CDS account no.

Signature of Member and/or Common Seal \_\_\_\_\_

\* Delete if inapplicable

**Notes:-**

- 1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- 5. In the case of a corporate member, the Form of Proxy shall be under its Common Seal or under the hand of its attorney.
- 6. This Form of Proxy must be deposited at the Company's Registered Office situated at No. 78, Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

FOLD HERE



Registered Office  
**Gamuda Berhad**  
No. 78, Jalan SS22/21  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

FOLD HERE

**Gamuda Berhad (29579-T)**

78 Jalan SS 22/21, Damansara Jaya  
47400 Petaling Jaya, Selangor, Malaysia  
Tel : 603-7726 9210  
Fax : 603-7728 6571, 7728 9811  
Website : www.gamuda.com.my  
Email : gbgpa@gamuda.com.my

**Gamuda Engineering Sdn Bhd (506869-K)**

55-61 Jalan SS 22/23, Damansara Jaya  
47400 Petaling Jaya, Selangor, Malaysia  
Tel : 603-7729 8094  
Fax : 603-7727 1112

**Syarikat Mengurus Air Banjir  
& Terowong Sdn Bhd (599374-W) (SMART)**

No. 67 Jalan 3/93, Taman Miharja off Jalan Cheras,  
55200 Kuala Lumpur, Malaysia  
Tel : 603-9206 3000  
Fax : 603-9282 4421  
Website : www.smarttunnel.com.my  
Email : info@smartjv.com.my

**Lingkar Trans Kota Sdn Bhd (353053-W) (LITRAK)**

Kompleks Operasi LITRAK  
KM19, Lebu Raya Damansara-Puchong  
Jalan PJS 9, Bandar Sunway  
47500 Petaling Jaya, Selangor, Malaysia  
Tel : 603-7494 7000  
Fax : 603-7494 7016  
Website : www.litrak.com.my  
Email : info@litrak.com.my

**Sistem Penyuraian Trafik****KL Barat Sdn Bhd (429797-P) (SPRINT)**

Pejabat Operasi, KM3, Hubungan Damansara  
Lebu Raya Sprint, Seksyen 17  
46400 Petaling Jaya, Selangor, Malaysia  
Tel : 603-7494 7000  
Fax : 603-7494 7320  
Website : www.sprint.com.my  
Email : info@sprint.com.my

**Kesas Sdn Bhd (275554-U)**

1 Wisma Kesas, Lebu Raya Shah Alam  
47500 Subang Jaya, Selangor, Malaysia  
Tel : 603-5632 7088  
Fax : 603-5632 6088  
Website : www.kesas.com.my  
Email : mm@kesas.com.my

**Syarikat Pengeluar Air Sungai****Selangor Sdn Bhd (482346-K) (SPLASH)**

34 & 36, Jalan SS 22/21, Damansara Jaya  
47400 Petaling Jaya, Selangor, Malaysia  
Tel : 603-7729 2928  
Fax : 603-7726 1557  
Website : www.splash.com.my  
Email : info@splash.com.my

**Gamuda Water Sdn Bhd (297031-H)**

36, Jalan SS 22/21, Damansara Jaya  
47400 Petaling Jaya, Selangor, Malaysia  
Tel : 603-7727 4879  
Fax : 603-7727 4921

**Gamuda Land Sdn Bhd (573380-D)**

1 Jalan Anggerik Vanilla X 31/X,  
Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor, Malaysia  
Tel : 603-5122 1055  
Fax : 603-5122 3040  
Website : www.gamudaland.com.my

**Hicom-Gamuda****Development Sdn Bhd (285780-D)**

1 Jalan Anggerik Vanilla X 31/X  
Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor, Malaysia  
Tel : 603-5122 6100 / 7100/1055  
Fax : 603-5122 1050  
Website : www.kotakemuning.net  
Email : khchew@hgd.com.my

**Harum Intisari Sdn Bhd (491736-H)**

1 Jalan Anggerik Vanilla X 31/X  
Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor, Malaysia  
Tel : 603-5121 9299, 5121 7299  
Fax : 603-5121 6299  
Website : www.bandarbotanic.com.my

**Valencia Development Sdn Bhd (474040-U)**

4403 Main Road, 12<sup>th</sup> Mile  
47000 Sungai Buloh, Selangor, Malaysia  
Tel : 03-6156 0021  
Fax : 03-6156 9871  
Website : www.valencia.com.my

**Kota Permai Golf & Country Club**

1 Jalan 31/100A, Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor, Malaysia  
Tel : 603-5122 3700  
Fax : 603-5122 3701  
Website : www.kotapermai.com.my  
Email : kpgcc@kotapermai.com.my

**Megah Sewa Sdn Bhd (425417-W)**

16 Jalan Anggerik Mokara 31/48,  
Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor, Malaysia  
Tel : 605-5122 2213  
Fax : 603-5122 2331  
Email : megahsewa@po.jaring.my

**GIT Services Sdn Bhd (461935-U)**

78 Jalan SS 22/21, Damansara Jaya  
47400 Petaling Jaya, Selangor Malaysia  
Tel : 603-7726 9210  
Fax : 603-7729 4323  
Website : www.git.com.my

**OVERSEAS****Gamuda-WCT Joint Venture**

c/o Al Tawfeeq Petroleum Services W.L.L.  
P. O. Box 187  
Doha, Qatar  
Tel : 974-4620576

**Gamuda (India) Private Limited**

607/59, Shakuntla Apartments  
59, Nehru Place  
New Delhi 110 019  
India

**Gamuda - WCT (India) Private Limited**

Arihant Building  
Unit No. 2B & 2C, 2nd Floor,  
53A Mirza Ghalib Street  
Kolkata 700016  
India

**Mapex Infrastructure Private Limited**

Arihant Building  
2nd Floor, 53A Mirza Ghalib Street  
Kolkata 700016  
India

**Emas Expressway Private Limited**

Arihant Building  
2nd Floor, 53A Mirza Ghalib Street  
Kolkata 700016  
India

**Gamuda Berhad (Taiwan Office)**

22nd Floor, No. 380, Minchiuan 2nd Road  
Chianjen District, Kaohsiung, Taiwan 806  
R.O.C.  
Tel : 886-7-3329 828  
Fax : 886-7-3329 829

**Gamuda Berhad (Laos Representative Office)**

PO Box 11330  
70/201 Luang Prabang Road  
Ban Khouanta Thong  
Sikkout District  
Vientiane, Lao PDR.  
Tel : 856-21-219491  
Fax : 856-20-219492  
Mobile Phone : 856-20-5599108

**Gamuda Berhad (Bahrain Representative Office)**

PO Box 1867, Manama  
Kingdom of Bahrain  
Tel : 973-17-735 686  
Fax : 973-17-735 696

**Gamuda Berhad (Hanoi Representative Office)**

Unit 6-02A Prime Center Building  
53 Quang Trung Street  
HaiBaTrung District  
Hanoi, Vietnam  
Tel : 844-944 5699  
Fax : 844-944 5655

**GAMUDA BERHAD** (29579-T)

78, Jalan SS22/21

Damansara Jaya

47400 Petaling Jaya

Selangor Darul Ehsan

Tel : 603-7726 9210

Fax : 603-7728 9811

[www.gamuda.com.my](http://www.gamuda.com.my)