

Company No. : 29579 - T

GAMUDA BERHAD
Company No. : 29579 - T
(Incorporated in Malaysia)

FINANCIAL STATEMENTS AS AT 31 JULY 2002
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

GAMUDA BERHAD
Company No. : 29579 - T
(Incorporated in Malaysia)

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GAMUDA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 July 2002.

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 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the activities of the new subsidiaries as disclosed in Note 4 in the financial statements.

RESULTS

| | Group RM'000 | Company RM'000 |
|---|-------------------------|---------------------------|
| Profit after taxation | 264,012 | 102,968 |
| Minority interests | (25,224) | - |
| Net profit attributable to shareholders | <u>238,788</u> | <u>102,968</u> |

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2001 were as follows:

| | RM'000 |
|--|---------------|
| In respect of the financial year ended 31 July 2001 | |
| Final dividend of 4% less 28% taxation paid on 5 February 2002 | <u>19,163</u> |
| In respect of the financial year ended 31 July 2002 | |
| Interim dividend of 5% less 28% taxation paid on 3 May 2002 | <u>24,133</u> |

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2002 of 5% on 672,838,672 ordinary shares less 28% taxation amounting to a total dividend of RM24,222,192 (3.6 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' funds as an appropriation of retained profits in the next financial year ending 31 July 2003.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render any amounts to be written off as bad debts or the amount provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 29 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are as disclosed in Note 30 to the financial statements.

WARRANTS

The Warrants 1996/2006, previously the Warrants 1996/2001, which are constituted by a Deed Poll dated 23 December 1996, may be exercised at any time on and after 30 December 1996 up to 29 December 2006. Each Warrant 1996/2006 carries the entitlement to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM4.21 each, which is subject to adjustment in accordance with the provisions in the Deed Poll. Any Warrants 1996/2006 which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

The shares arising from the exercise of Warrants 1996/2006 shall rank pari passu in all respects with the ordinary shares of the Company except that they shall not be entitled to any rights, dividends or other distributions unless the exercise 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.

As at the balance sheet date, the total number of Warrants 1996/2006 which remain unexercised amounted to 76,650,642 units.

The Warrants 2001/2007 which are constituted by a Deed Poll dated 27 November 2000, may be exercised at any time on and after 22 February 2001 up to 21 August 2007. Each Warrant 2001/2007 carries the entitlement to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM3.75 each, which is subject to adjustment in accordance with the provisions in the Deed Poll. Any Warrants 2001/2007 which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

The shares arising from the exercise of Warrants 2001/2007 shall rank pari passu in all respects with the ordinary shares of the Company except that they shall not be entitled to any rights, dividends or other distributions unless the exercise 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 unexercised amounted to 166,295,668 units.

At the date of this report, none of the Warrants 1996/2006 and Warrants 2001/2007 were converted into ordinary shares subsequent to the end of the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Gamuda Berhad Second Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting held on 31 October 2000 and became effective on 26 December 2000 upon final approval by the Securities Commission. Pursuant to the ESOS, options to subscribe for 57,552,000 (2001 : 28,205,000) new ordinary shares of RM1.00 each were granted to eligible employees. The principal features of the ESOS are as disclosed in [Note 18 \(b\)](#) to the financial statements.

The movement of the options as at 31 July 2002 at their respective option price are as follows:

| Option Price | Granted | Retracted* | Accepted | Exercised | Balance unissued as at 31 July 2002 | Exercised from 1 August 2002 to the date of this report |
|--------------|-------------------|------------|------------|-----------|-------------------------------------|---|
| RM3.25 | 20,532,000 | 1,166,000 | 19,366,000 | 4,669,000 | 14,697,000 | 519,000 |
| RM3.45 | 7,673,000 | 560,000 | 7,113,000 | 1,390,000 | 5,723,000 | 365,000 |
| RM4.07 | 12,406,000 | 262,000 | 12,144,000 | 774,000 | 11,370,000 | 236,000 |
| RM4.26 | 11,847,000 | 90,000 | 11,757,000 | 813,000 | 10,944,000 | 203,000 |
| RM5.33 | 5,094,000 | - | 5,094,000 | - | 5,094,000 | 62,000 |
| | <u>57,552,000</u> | | | | <u>47,828,000</u> | <u>1,385,000</u> |

* due to resignations or offer not taken-up

SHARE CAPITAL

During the financial year, the Company increased its issued and paid up capital from RM665,354,672 to RM672,838,672 via the issuance of :

- (a) 7,482,000 new ordinary shares of RM1.00 each pursuant to the exercise of ESOS; and
- (b) 2,000 new ordinary shares of RM1.00 each pursuant to the conversion of Warrants 2001/2007.

DIRECTORS

The directors who served since the date of the last 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 Ab. Rahman bin Omar
YAM Raja Dato' Seri Eleena Azlan Shah
Y M Raja Dato' Seri Abdul Aziz bin Raja Salim
Y Bhg Dato' Kamarul Zaman bin Mohd Ali
Ng Kee Leen
Goon Heng Wah
Ha Tiing Tai
Wong Chin Yen
Saw Wah Theng
Azmi Mat Nor
Chow Chee Wah (alternate to Y Bhg Dato' Lin Yun Ling)

In accordance with the Company's Articles of Association, Y Bhg Dato' Kamarul Zaman bin Mohd Ali, Goon Heng Wah, Ha Tiing Tai, and Wong Chin Yen retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The composition of the Audit Committee, Nomination Committee and Remuneration Committee are as follows:

Audit Committee:

Y M Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)
Y Bhg Tan Sri Dato' Mohd. Ramli bin Kushairi
Ng Kee Leen
Wong Chin Yen

Nomination Committee:

Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim (Chairman)
Y Bhg Tan Sri Dato' Mohd. Ramli bin Kushairi
Wong Chin Yen

Remuneration Committee:

Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim (Chairman)

Y Bhg Dato' Lin Yun Ling

Y M Raja Dato' Seri Abdul Aziz bin Raja Salim

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the share options granted pursuant to the Company's ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in [Note 22](#) 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 the 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 28 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, options and warrants in the Company and its related corporations during the financial year were as follows:

| | Number of Ordinary Shares of RM1 Each | | | |
|---|---|---------------------|------------|-----------------|
| | 1 August 2001/ date of appointment | Exercise of ESOS | Sold | 31 July 2002 |
| Gamuda Berhad | | | | |
| Direct Holding | | | | |
| Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim | 825,828 | - | 300,000 | 525,828 |
| Y Bhg Dato' Lin Yun Ling | 56,848,818 | - | 10,000,000 | 46,848,818 |
| Ng Kee Leen | 14,516,114 | - | 2,000,000 | 12,516,114 |
| Goon Heng Wah | 11,471,158 | - | - | 11,471,158 |
| Y Bhg Dato' Kamarul Zaman bin Mohd Ali | 1,218,000 | - | 30,000 | 1,188,000 |
| Ha Tiing Tai | 13,207,938 | - | 1,500,000 | 11,707,938 |

DIRECTORS' INTERESTS (CONT'D)

| | Number of Ordinary Shares of RM1 Each | | | |
|---|---|---------------------|---------|-----------------|
| | 1 August 2001/ date of appointment | Exercise of ESOS | Sold | 31 July 2002 |
| Gamuda Berhad | | | | |
| Direct Holding | | | | |
| Saw Wah Theng | 100,000 | 100,000 | 100,000 | 100,000 |
| Azmi Mat Nor | 10,000 | - | - | 10,000 |
| Chow Chee Wah | 2,000 | 50,000 | - | 52,000 |
| Indirect Holding | | | | |
| YAM Raja Dato' Seri Eleena Azlan Shah* | 92,486,928 | - | - | 92,486,928 |

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

Employees' Share Option Scheme

| | 1 August 2001/ date of appointment | Number of Options | | 31 July 2002 |
|---|--|-------------------|-----------|-----------------|
| | | Allotted | Exercised | |
| Y Bhg Dato' Lin Yun Ling | 500,000 | 500,000 | - | 1,000,000 |
| Ng Kee Leen | 500,000 | 300,000 | - | 800,000 |
| Goon Heng Wah | 500,000 | 300,000 | - | 800,000 |
| Y Bhg Dato' Kamarul Zaman bin Mohd Ali | 500,000 | 300,000 | - | 800,000 |
| Ha Tiing Tai | 500,000 | 300,000 | - | 800,000 |
| Saw Wah Theng | 500,000 | 300,000 | 100,000 | 700,000 |
| Azmi Mat Nor | - | 700,000 | - | 700,000 |
| Chow Chee Wah | 450,000 | 250,000 | 50,000 | 650,000 |

Warrants 1996/2006

| | 1 August 2001 | Number of Warrants | | 31 July 2002 |
|---|------------------|--------------------|---------|-----------------|
| | | Bought | Sold | |
| Direct Holding | | | | |
| Y Bhg Tan Sri Dato’ Ir. Talha bin Haji Mohd Hashim | 110,110 | - | 110,000 | 110 |
| Y Bhg Dato’ Lin Yun Ling | 8,053,442 | - | - | 8,053,442 |
| Ng Kee Leen | 2,288,000 | - | - | 2,288,000 |
| Goon Heng Wah | 1,788,158 | - | - | 1,788,158 |
| Y Bhg Dato’ Kamarul Zaman bin Mohd Ali | 172,000 | - | - | 172,000 |
| Ha Tiing Tai | 1,704,000 | - | - | 1,704,000 |

Indirect Holding

| | | | | |
|----------------------------------|------------|---|-----------|------------|
| YAM Raja Dato' Seri Eleena Azlan | | | | |
| Shah* | 13,724,000 | - | 2,324,000 | 11,400,000 |

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

Each Warrant 1996/2006 entitles the registered holder to subscribe for one new share in the Company at any time within ten years following the date of issue on 30 December 1996.

Warrants 2001/2007

| | 1 August 2001 | Number of Warrants | | 31 July 2002 |
|---|------------------|--------------------|---------|-----------------|
| | | Bought | Sold | |
| Direct Holding | | | | |
| Y Bhg Tan Sri Dato’ Ir. Talha bin Haji Mohd Hashim | 206,457 | - | 206,457 | - |
| Y Bhg Dato’ Lin Yun Ling | 12,240,551 | - | - | 12,240,551 |
| Ng Kee Leen | 4,308,335 | - | - | 4,308,335 |
| Goon Heng Wah | 2,996,000 | - | - | 2,996,000 |
| Ha Tiing Tai | 3,477,000 | - | - | 3,477,000 |
| Y Bhg Dato’ Kamarul Zaman bin Mohd Ali | 331,500 | - | 60,000 | 271,500 |
| Saw Wah Theng | 96,000 | - | - | 96,000 |

Indirect Holding

| | | | | |
|----------------------------------|------------|---|---|------------|
| YAM Raja Dato' Seri Eleena Azlan | | | | |
| Shah* | 23,122,000 | - | - | 23,122,000 |

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

Company No. : 29579 - T

Each Warrant 2001/2007 entitles the registered holder to subscribe for one new share in the Company at any time within six and a half years following the date of issue on 22 February 2001.

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.

AUDITORS

Arthur Andersen & Co. retire and do not seek reappointment. A nomination has been received from a shareholder for the appointment of Ernst & Young in place of the retiring auditors.

Signed on behalf of the Board
in accordance with a resolution
of the directors

Y BHG TAN SRI DATO' IR. TALHA BIN
HAJI MOHD HASHIM
Chairman

SAW WAH THENG
Finance Director

Petaling Jaya
Date: 28 October 2002

**GAMUDA BERHAD
(Incorporated in Malaysia)**

STATEMENT BY DIRECTORS

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 financial statements set out on pages 13 to 67 give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board
in accordance with a resolution
of the directors

Y BHG TAN SRI DATO' IR. TALHA
BIN HAJI MOHD HASHIM

SAW WAH THENG

Petaling Jaya
Date: 28 October 2002

STATUTORY DECLARATION

I, SAW WAH THENG, the director primarily responsible for the financial management of GAMUDA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 13 to 67 are, to the best of my knowledge and belief, 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 in Selangor Darul)
Ehsan on 28 October 2002) SAW WAH THENG

Before me:

Commissioner for Oaths

AUDITORS' REPORT

To the Shareholders of
GAMUDA BERHAD

We have audited the financial statements set out on pages 13 to 67. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 July 2002 and of their results and their cash flows 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 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 of all the subsidiaries of which we have not acted as auditors, as indicated in [Note 4](#) 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 these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and, in respect of subsidiaries incorporated in Malaysia, did not include any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Abraham Verghese a/l T.V. Abraham
No. 1664/10/04(J)
Partner of the Firm

Date: 28 October 2002

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET - 31 JULY 2002

| | Note | 2002 RM'000 | 2001 RM'000 |
|--|--------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 132,259 | 120,956 |
| Associated companies | 5 | 1,039,902 | 879,244 |
| Other investments | 6 | 3,579 | 3,440 |
| Net goodwill arising on consolidation | 7 | 2,851 | 3,033 |
| Concession rights | 8 | 67,667 | 70,000 |
| | | <u>1,246,258</u> | <u>1,076,673</u> |
| CURRENT ASSETS | | | |
| Development properties | 9 | 418,218 | 362,316 |
| Inventories | 10 | 8,707 | 15,611 |
| Amount due from customers for construction contracts | 11 | 108,234 | 73,530 |
| Receivables | 12 | 471,586 | 550,229 |
| Cash and bank balances | 14 | 472,678 | 359,864 |
| | | <u>1,479,423</u> | <u>1,361,550</u> |
| CURRENT LIABILITIES | | | |
| Bank borrowings | 15 | 330 | 8,915 |
| Bonds | 19 (a) | - | 115,000 |
| Payables | 16 | 423,189 | 476,126 |
| Amount due to customers for construction contracts | 11 | 291,452 | 82,077 |
| Taxation | | 15,621 | 8,853 |
| Proposed dividend | | - | 19,163 |
| | | <u>730,592</u> | <u>710,134</u> |
| NET CURRENT ASSETS | | | |
| | | <u>748,831</u> | <u>651,416</u> |
| | | <u>1,995,089</u> | <u>1,728,089</u> |
| FINANCED BY: | | | |
| Share capital | 18 | 672,839 | 665,389 |
| Reserves | | 783,773 | 550,626 |
| Shareholders' funds | | 1,456,612 | 1,216,015 |
| Minority interests | | 28,727 | 3,351 |
| | | <u>1,485,339</u> | <u>1,219,366</u> |
| Long term liabilities | 19 | 509,750 | 508,723 |
| | | <u>1,995,089</u> | <u>1,728,089</u> |

The accompanying notes are an integral part of this balance sheet.

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2002

| | Note | 2002 RM'000 | 2001 RM'000 |
|--|------|----------------|----------------|
| Revenue | 20 | 1,042,752 | 831,283 |
| Other operating income | | 6,123 | 8,134 |
| Construction contract costs recognised as contract expenses | | (614,701) | (604,544) |
| Land and development cost | | (82,220) | (4,420) |
| Changes in inventory of finished goods and work in progress | | (9,753) | 1,170 |
| Purchases - raw material | | (25,286) | (20,184) |
| - trading material | | (15,396) | (14,805) |
| Production overheads | | (1,887) | (2,216) |
| Staff costs | | (27,492) | (25,015) |
| Depreciation | | (9,578) | (9,171) |
| Other operating expenses | | (33,955) | (15,340) |
| Profit from operations | 21 | 228,607 | 144,892 |
| Finance costs | | (14,230) | (15,125) |
| Interest income | | 19,197 | 14,276 |
| Share of profits of associated companies | | 151,392 | 131,992 |
| Profit before taxation | | 384,966 | 276,035 |
| Taxation | 23 | (73,924) | (44,505) |
| Share of taxation of associated companies | | (47,030) | (35,345) |
| Profit after taxation | | 264,012 | 196,185 |
| Minority interests | | (25,224) | (4,477) |
| Net profit attributable to shareholders | | 238,788 | 191,708 |
| Earnings per share | 25 | | |
| Basic earnings per share | | 36 sen | 29 sen |
| Fully diluted earnings per share | | 32 sen | 28 sen |

The accompanying notes are an integral part of this statement.

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2002

| | Share capital RM'000 | Non- Distributable Share premium RM'000 | Distributable Retained profits RM'000 | Total RM'000 |
|-------------------------------------|-------------------------------------|--|--|-------------------------|
| At 1 August 2000 | 665,191 | 39,039 | 368,385 | 1,072,615 |
| Exercise of ESOS | 164 | 371 | - | 535 |
| Capital raising related expenses | - | (3,182) | - | (3,182) |
| Share application monies | 34 | 79 | - | 113 |
| Net profit for the year | - | - | 191,708 | 191,708 |
| Dividends (Note 24) | - | - | (45,774) | (45,774) |
| At 31 July 2001 | <u>665,389</u> | <u>36,307</u> | <u>514,319</u> | <u>1,216,015</u> |
| At 1 August 2001 | 665,389 | 36,307 | 514,319 | 1,216,015 |
| Exercise of ESOS | 7,448 | 18,488 | - | 25,936 |
| Conversion of warrants | 2 | 4 | - | 6 |
| Net profit for the year | - | - | 238,788 | 238,788 |
| Dividends (Note 24) | - | - | (24,133) | (24,133) |
| At 31 July 2002 | <u>672,839</u> | <u>54,799</u> | <u>728,974</u> | <u>1,456,612</u> |

The accompanying notes are an integral part of this statement.

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2002

| | 2002 | 2001 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 384,966 | 276,035 |
| Adjustments for: | | |
| Amortisation of concession rights | 2,333 | - |
| Amortisation of goodwill on consolidation: | | |
| - Subsidiaries | 182 | 182 |
| - Associated company | 10,903 | 2,313 |
| Attributable profits on development properties | (20,261) | (1,396) |
| Attributable profits on construction contracts | (216,109) | (146,912) |
| Depreciation | 9,578 | 9,171 |
| Property, plant and equipment written off | 162 | 680 |
| Unrealised (gain)/loss on foreign exchange | (12) | 20 |
| Provision for retirement benefits | 160 | 288 |
| Provision for diminution in value of investment in quoted shares in Malaysia | - | 535 |
| Provision for doubtful debts | 893 | 138 |
| Inventories written off | 817 | 172 |
| Impairment losses on property, plant and equipment | 2,750 | - |
| Gain on disposal of property, plant and equipment | (1,073) | (799) |
| Gain on disposal of investment | (789) | - |
| Share of associated companies' profits | (151,392) | (131,992) |
| Write back of provision for doubtful debts | (605) | (300) |
| Write back of provision for diminution in value of investment | (46) | - |
| Interest income | (19,197) | (14,276) |
| Interest expense | 14,230 | 15,125 |
| Operating profit before working capital changes | 17,490 | 8,984 |
| Decrease/(increase) in inventories | 6,087 | (436) |
| Decrease/(increase) in receivables | 138,933 | (369,372) |
| Increase in development properties | (35,250) | (119,457) |
| Decrease in net amount due from/(to) customers for construction contracts | 339,386 | 165,786 |
| (Decrease)/increase in payables | (54,822) | 332,231 |
| Cash generated from operations | 411,824 | 17,736 |
| Dividend received from associated companies | 6,682 | 12,968 |
| Income taxes paid | (61,748) | (59,964) |
| Interest paid | (14,230) | (18,084) |
| Retirement benefits paid | (195) | - |
| Net cash generated from/(used in) operating activities | 342,333 | (47,344) |

| | 2002 RM'000 | 2001 RM'000 |
|---|------------------------------|------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (35,785) | (14,475) |
| Proceeds from disposal of property, plant and equipment | 4,964 | 1,732 |
| Proceeds from disposal of investment | 1,235 | - |
| Investment in associated companies | (74,381) | (19,465) |
| Acquisition of investment | (92) | - |
| Acquisition of subsidiaries net of cash acquired (Note 4) | 84 | (69,816) |
| Payment to minority shareholders for the acquisition of subsidiary | - | (18,400) |
| Proceeds from a minority shareholder for issuance of shares in a subsidiary | 150 | - |
| Interest received | 19,197 | 14,276 |
| Net cash used in investing activities | <u>(84,628)</u> | <u>(106,148)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from conversion of warrants | 6 | - |
| Proceeds from ESOS and share application monies | 25,936 | 648 |
| Proceeds from issuance of bonds and warrants | - | 400,000 |
| Repayment of bond | (115,000) | - |
| Repayment of term loan | (3,952) | - |
| (Repayment)/drawdown of short term borrowings | (8,277) | 1,403 |
| Capital raising related expenses | - | (3,182) |
| Dividend paid to shareholders | (43,296) | (53,219) |
| Dividend paid to minority shareholders | - | (193) |
| Net cash (used in)/generated from financing activities | <u>(144,583)</u> | <u>345,457</u> |
| Net increase in cash and cash equivalents | 113,122 | 191,965 |
| Cash and cash equivalents at beginning of year | <u>359,556</u> | <u>167,591</u> |
| Cash and cash equivalents at end of year | <u>472,678</u> | <u>359,556</u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 49,957 | 7,747 |
| Deposits with financial institutions | 422,721 | 352,117 |
| Bank overdrafts | - | (308) |
| | <u>472,678</u> | <u>359,556</u> |

The accompanying notes are an integral part of this statement.

GAMUDA BERHAD
(Incorporated in Malaysia)

BALANCE SHEET - 31 JULY 2002

| | Note | 2002 RM'000 | 2001 RM'000 |
|--|--------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 60,408 | 59,492 |
| Subsidiaries | 4 | 335,631 | 181,140 |
| Associated companies | 5 | 638,830 | 608,130 |
| Other investments | 6 | 718 | 718 |
| | | <u>1,035,587</u> | <u>849,480</u> |
| CURRENT ASSETS | | | |
| Inventories | 10 | - | 1,099 |
| Amount due from customers for construction contracts | 11 | - | 2,376 |
| Receivables | 12 | 140,932 | 362,535 |
| Due from subsidiaries | 13 | 296,750 | 313,871 |
| Cash and bank balances | 14 | 95,126 | 58,842 |
| | | <u>532,808</u> | <u>738,723</u> |
| CURRENT LIABILITIES | | | |
| Bonds | 19 (a) | - | 115,000 |
| Payables | 16 | 18,089 | 45,516 |
| Amount due to customers for construction contracts | 11 | 14,117 | 34,497 |
| Due to subsidiaries | 17 | 102,579 | 57,750 |
| Taxation | | 15,640 | 2,889 |
| Proposed dividend | | - | 19,163 |
| | | <u>150,425</u> | <u>274,815</u> |
| NET CURRENT ASSETS | | <u>382,383</u> | <u>463,908</u> |
| | | <u>1,417,970</u> | <u>1,313,388</u> |
| FINANCED BY: | | | |
| Share capital | 18 | 672,839 | 665,389 |
| Reserves | | 335,063 | 237,736 |
| Shareholders' funds | | <u>1,007,902</u> | <u>903,125</u> |
| Long term liabilities | 19 | 410,068 | 410,263 |
| | | <u>1,417,970</u> | <u>1,313,388</u> |

The accompanying notes are an integral part of this balance sheet.

GAMUDA BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2002

| | Note | 2002 RM'000 | 2001 RM'000 |
|---|------|----------------|----------------|
| Revenue | 20 | 195,530 | 344,776 |
| Other operating income | | 131,031 | 20,853 |
| Construction contract costs recognised as contract expenses | | (123,491) | (241,921) |
| Changes in inventories of finished goods | | (1,099) | 87 |
| Staff costs | | (8,993) | (13,309) |
| Depreciation | | (4,037) | (4,338) |
| Other operating expenses | | (31,466) | (2,150) |
| Profit from operations | 21 | 157,475 | 103,998 |
| Finance costs | | (13,903) | (14,628) |
| Interest income | | 18,009 | 7,568 |
| Profit before taxation | | 161,581 | 96,938 |
| Taxation | 23 | (58,613) | (24,539) |
| Net profit attributable to shareholders | | <u>102,968</u> | <u>72,399</u> |

The accompanying notes are an integral part of this statement.

GAMUDA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2002

| | Share capital RM'000 | Non- Distributable Share premium RM'000 | Distributable Retained profits RM'000 | Total RM'000 |
|-------------------------------------|----------------------------|---|--|------------------|
| At 1 August 2000 | 665,191 | 39,039 | 174,804 | 879,034 |
| Exercise of ESOS | 164 | 371 | - | 535 |
| Capital raising related expenses | - | (3,182) | - | (3,182) |
| Share application monies | 34 | 79 | - | 113 |
| Net profit for the year | - | - | 72,399 | 72,399 |
| Dividends (Note 24) | - | - | (45,774) | (45,774) |
| At 31 July 2001 | <u>665,389</u> | <u>36,307</u> | <u>201,429</u> | <u>903,125</u> |
| At 1 August 2001 | 665,389 | 36,307 | 201,429 | 903,125 |
| Exercise of ESOS | 7,448 | 18,488 | - | 25,936 |
| Conversion of warrants | 2 | 4 | - | 6 |
| Net profit for the year | - | - | 102,968 | 102,968 |
| Dividends (Note 24) | - | - | (24,133) | (24,133) |
| At 31 July 2002 | <u>672,839</u> | <u>54,799</u> | <u>280,264</u> | <u>1,007,902</u> |

The accompanying notes are an integral part of this statement.

GAMUDA BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2002

| | 2002 | 2001 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 161,581 | 96,938 |
| Adjustments for : | | |
| Attributable profits on construction contracts | (70,940) | (102,942) |
| Depreciation | 4,037 | 4,338 |
| Property, plant and equipment written off | 15 | 45 |
| Net write back of provision for retirement benefits | - | (5) |
| Gain on disposal of an associated company | (110) | - |
| Provision for doubtful debts | 22,512 | - |
| Provision for diminution in value of investment in subsidiaries | 16,290 | - |
| Write back of provision for doubtful debts | (605) | - |
| Gain on disposal of property, plant and equipment | (179) | (690) |
| Interest income | (18,009) | (7,568) |
| Dividend income | (43,530) | (14,218) |
| Interest expense | 13,903 | 14,628 |
| Operating profit/(loss) before working capital changes | 84,965 | (9,474) |
| Decrease/(increase) in inventories | 1,099 | (87) |
| Decrease/(increase) in receivables | 163,258 | (213,507) |
| Increase in due from subsidiaries | (13,093) | (126,761) |
| Decrease in net amount due from/(to) customers for construction contracts | 112,767 | 118,337 |
| Decrease in payables | (24,730) | (17,818) |
| Increase in due to subsidiaries | 42,460 | 34,910 |
| Cash generated from/(used in) operations | 366,726 | (214,400) |
| Income taxes paid | (22,703) | (42,688) |
| Interest paid | (16,600) | (17,587) |
| Retirement benefit paid | (195) | - |
| Net cash generated from/(used in) operating activities | 327,228 | (274,675) |

| | 2002 RM'000 | 2001 RM'000 |
|---|------------------------------|------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net transfer-in/(transfer-out) of property, plant and equipment from/(to) related companies | 8 | (21) |
| Purchase of property, plant and equipment | (5,344) | (2,945) |
| Proceeds from sale of property, plant and equipment | 504 | 911 |
| Proceeds from disposal of an associated company | 610 | - |
| Investment in subsidiaries | (170,781) | (111,600) |
| Investment in associated companies | (31,200) | (19,465) |
| Interest received | 17,171 | 7,284 |
| Dividend received | 30,442 | 13,178 |
| Net cash used in investing activities | <u>(158,590)</u> | <u>(112,658)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from conversion of warrants | 6 | - |
| Proceeds from exercise of ESOS and share application monies | 25,936 | 648 |
| Proceeds from issuance of bonds and warrants | - | 400,000 |
| Capital raising related expenses | - | (3,182) |
| Dividend paid to shareholders | (43,296) | (53,219) |
| Repayment of bonds | (115,000) | - |
| Net cash (used in)/generated from financing activities | <u>(132,354)</u> | <u>344,247</u> |
| Net increase/(decrease) in cash and cash equivalents | 36,284 | (43,086) |
| Cash and cash equivalents at beginning of year | 58,842 | 101,928 |
| Cash and cash equivalents at end of year | <u>95,126</u> | <u>58,842</u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 496 | 556 |
| Deposits with financial institutions | 94,630 | 58,286 |
| | <u>95,126</u> | <u>58,842</u> |

The accompanying notes are an integral part of this statement.

GAMUDA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2002

1. PRINCIPAL ACTIVITIES AND GENERAL 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 4. There have been no significant changes in the nature of these activities during the financial year except for the activities of the new subsidiaries.

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

The number of employees in the Group and in the Company at the end of the financial year were 1,379 (2001 : 1,232) and 103 (2001 : 121) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 October 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. 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. Companies acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. The excess between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation and is amortised to income statement over its estimated useful economic life. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

The deficit between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as reserve arising on consolidation. This reserve is credited to the income statements over the period it is estimated to accrue.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(c) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

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

| | 2002 RM | 2001 RM |
|----------------------|--------------------|--------------------|
| United States Dollar | 3.80 | 3.80 |
| Singapore Dollar | 2.15 | 2.08 |
| Indian Rupee | 0.08 | - |

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

Freehold land and construction in progress are not depreciated. Leasehold land is depreciated over the period of the respective leases.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost or valuation of each property, plant and equipment to their residual value over their estimated useful lives at the following annual rates:

| | |
|---|--------------------------------|
| Long term leasehold land | Over a period of 60 years |
| Short term leasehold land and buildings thereon | Over periods of 30 to 50 years |
| Buildings and improvements | 2% |
| Plant, machinery and office equipment | 12% - 33% |
| Furniture and fittings | 10% - 15% |
| Motor vehicles | 12% - 25% |

Freehold land, long term and short term leasehold land and buildings 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 provisions of Malaysian Accounting Standards Board No. 15 : Property, Plant and Equipment, these assets continue to be stated at their 1991 valuation less accumulated depreciation.

(e) Inventories

Inventories are stated at the lower of cost (determined on weighted average cost basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour and appropriate production overheads. Cost of raw materials includes the cost of purchase and other direct charges.

(f) Retirement Benefits

Contributions are made to the Group's Retirement Benefit Scheme, a defined benefit plan. The cost of retirement benefits under this Scheme is determined based on accrued benefit valuation method. Current service costs, past service costs and experience adjustments in respect of the Group's Retirement Benefit Scheme are dealt with through the income statement systematically over the expected remaining service lives of members.

In the previous year, the Group has done its own computation to determine the provision needed in respect of the scheme and an actuarial valuation has not been carried out. During the year, the directors of the Company have engaged an actuary to determine the cost of retirement benefits on triennial actuarial valuations using the Projected Unit Method. No material financial effects resulted from this change in accounting policy.

(g) Revenue Recognition

- (i) Revenue from construction contracts and sale of development properties are accounted for based on the "percentage of completion" method. The percentage 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.
- (ii) Revenue relating to the sale of goods and services is recognised net of sales taxes and discounts when delivery has taken place and transfer of risks and rewards have been completed.

(h) 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 financial year end.

(i) Amount Due From / To Customers For Construction Contracts

Amount due from customers for construction contract is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billing for all contracts in progress which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

Amount due to customers for construction contract is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceeds costs incurred plus recognised profits (less recognised losses).

Cost includes direct materials, labour, sub-contract sum and attributable overheads paid or payable to date, including interest expenses incurred during the period of active construction.

(j) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

(k) Investments

Investments in subsidiaries, associated companies, joint ventures and other non-current investments are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(l) Development Properties

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties. Development properties are stated at cost plus profits less foreseeable losses and applicable progress billings. Cost includes cost of land, all direct building cost and other related development expenditure, including interest expenses incurred during the period of active development.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at banks and deposits at call, net of outstanding bank overdrafts.

(n) Associated Companies

The Group treats as associated companies those companies in which a long term equity interest of between 20 to 50 percent is held and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in consolidated financial statements by the equity method of accounting based on management financial statements of the associated companies. Investment in redeemable preference shares in associated companies are stated at cost less provision for any diminution in value.

The Group's share of post acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits and 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.

The difference between the purchase consideration and the fair value of net assets acquired is reflected as goodwill or reserve on acquisition and are amortised or credited to income statement over its estimated useful economic life. Goodwill on acquisition is reviewed at each balance sheet date and will be written down for impairment when it is considered necessary.

In the current financial year, the amortisation rate for goodwill on acquisition of investment in an associated company was changed from 20 years to 7 years retrospectively so as to better reflect the estimated economic benefits of the goodwill.

The effect on the financial statements of this change in accounting estimate is an increase in amortisation of goodwill for the Group by RM8,590,000 and a decrease in the Group's current year profit by the similar amount.

(o) 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.

(p) Concession Rights

Concession rights are attributable to costs incurred which are related to arrangement whereby the Group is able to obtain economical benefits over future years. The concession rights is amortised over its estimated useful economic life, subject to annual reviews for permanent diminution in the carrying value.

(q) Joint Ventures

This includes all joint ventures entered into by the Company that are treated as jointly controlled operations with percentage of share of profits or losses of 70%.

The share of profits or losses of the joint ventures are incorporated in the Company's financial statements based on the percentage share of profit or losses of each joint venture.

(r) Capitalisation of Borrowing Costs

Borrowing costs incurred on development properties and amount due from/to customers for construction contracts are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

3. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings* RM'000 | Construction -in-progress RM'000 | Other property, plant and equipment ** RM'000 | Total RM'000 |
|---|----------------------------------|--|--|-----------------|
| Group | | | | |
| Valuation/Cost | | | | |
| At 1 August 2001 | 44,349 | 26,407 | 163,386 | 234,142 |
| Additions | 339 | 3,688 | 31,758 | 35,785 |
| Assets of acquired subsidiary | - | - | 359 | 359 |
| Disposals | - | - | (7,211) | (7,211) |
| Reclassification | 4,345 | (4,505) | 160 | - |
| Write off | - | - | (1,265) | (1,265) |
| At 31 July 2002 | 49,033 | 25,590 | 187,187 | 261,810 |
| Accumulated Depreciation and Impairment Losses | | | | |
| At 1 August 2001 | 6,611 | - | 106,575 | 113,186 |
| Charge for the year | 780 | - | 17,208 | 17,988 |
| Charge of acquired subsidiary | - | - | 50 | 50 |
| Impairment losses | - | - | 2,750 | 2,750 |
| Disposals | - | - | (3,320) | (3,320) |
| Write off | - | - | (1,103) | (1,103) |
| At 31 July 2002 | 7,391 | - | 122,160 | 129,551 |
| Net Book Value | | | | |
| At 31 July 2002 | 41,642 | 25,590 | 65,027 | 132,259 |
| At 31 July 2001 | 37,738 | 26,407 | 56,811 | 120,956 |
| Depreciation charge for 2001 | 745 | - | 16,166 | 16,911 |

* **Land and buildings**

| | <----- AT VALUATION -----> | | | | AT COST | |
|---|---|--|--|---|---|-----------------|
| | Freehold land and buildings RM'000 | Long term leasehold land and buildings RM'000 | Short term leasehold land RM'000 | Short term leasehold buildings RM'000 | Freehold land and buildings RM'000 | Total RM'000 |
| Group | | | | | | |
| Valuation/Cost | | | | | | |
| At 1 August 2001 | 1,640 | 2,023 | 14,313 | 187 | 26,186 | 44,349 |
| Reclassification | 700 | - | - | - | 3,645 | 4,345 |
| Additions | - | - | - | - | 339 | 339 |
| At 31 July 2002 | 2,340 | 2,023 | 14,313 | 187 | 30,170 | 49,033 |
| Accumulated Depreciation and Impairment Losses | | | | | | |
| At 1 August 2001 | 172 | 341 | 4,728 | 64 | 1,306 | 6,611 |
| Reclassification | 57 | 5 | - | - | (62) | - |
| Charge for the year | 23 | 43 | 473 | 6 | 235 | 780 |
| At 31 July 2002 | 252 | 389 | 5,201 | 70 | 1,479 | 7,391 |
| Net Book Value | | | | | | |
| At 31 July 2002 | 2,088 | 1,634 | 9,112 | 117 | 28,691 | 41,642 |
| At 31 July 2001 | 1,468 | 1,682 | 9,585 | 123 | 24,880 | 37,738 |
| Depreciation charge for 2001 | - | 51 | 472 | 6 | 216 | 745 |

**** Other property, plant and equipment**

| Group | <----- AT COST -----> | | | |
|---|--------------------------------------|--|--|-------------------------|
| | Motor vehicles RM'000 | Office equipment, furniture and fittings RM'000 | Plant, machinery and equipment RM'000 | Total RM'000 |
| Cost | | | | |
| At 1 August 2001 | 36,273 | 16,173 | 110,940 | 163,386 |
| Reclassification | - | 160 | - | 160 |
| Assets of acquired subsidiary | 292 | 67 | - | 359 |
| Additions | 4,162 | 4,087 | 23,509 | 31,758 |
| Disposals | (1,664) | (336) | (5,211) | (7,211) |
| Write off | (246) | (554) | (465) | (1,265) |
| At 31 July 2002 | 38,817 | 19,597 | 128,773 | 187,187 |
| Accumulated Depreciation and Impairment Losses | | | | |
| At 1 August 2001 | 21,627 | 11,888 | 73,060 | 106,575 |
| Charge for the year | 3,633 | 2,563 | 11,012 | 17,208 |
| Charge of acquired subsidiary | 43 | 7 | - | 50 |
| Impairment losses | - | 129 | 2,621 | 2,750 |
| Disposals | (1,294) | (215) | (1,811) | (3,320) |
| Write off | (111) | (533) | (459) | (1,103) |
| At 31 July 2002 | 23,898 | 13,839 | 84,423 | 122,160 |
| Net Book Value | | | | |
| At 31 July 2002 | 14,919 | 5,758 | 44,350 | 65,027 |
| At 31 July 2001 | 14,646 | 4,285 | 37,880 | 56,811 |
| Depreciation charge for 2001 | 4,137 | 2,237 | 9,792 | 16,166 |

| | Land and buildings^ RM'000 | Construction- in-progress RM'000 | Other property, plant and equipment^^ RM'000 | Total RM'000 |
|---|---|---|---|-------------------------|
| Company | | | | |
| Valuation/Cost | | | | |
| At 1 August 2001 | 25,305 | 21,902 | 36,892 | 84,099 |
| Additions | 282 | 2,318 | 2,744 | 5,344 |
| Transfer in | - | - | 214 | 214 |
| Transfer out | - | - | (242) | (242) |
| Disposals | - | - | (946) | (946) |
| Write off | - | - | (655) | (655) |
| At 31 July 2002 | 25,587 | 24,220 | 38,007 | 87,814 |
| Accumulated Depreciation and Impairment Losses | | | | |
| At 1 August 2001 | 1,039 | - | 23,568 | 24,607 |
| Charge for the year | 200 | - | 3,880 | 4,080 |
| Transfer in | - | - | 142 | 142 |
| Transfer out | - | - | (162) | (162) |
| Disposals | - | - | (621) | (621) |
| Write off | - | - | (640) | (640) |
| At 31 July 2002 | 1,239 | - | 26,167 | 27,406 |
| Net Book Value | | | | |
| At 31 July 2002 | 24,348 | 24,220 | 11,840 | 60,408 |
| At 31 July 2001 | 24,266 | 21,902 | 13,324 | 59,492 |
| Depreciation charge for 2001 | | | | |
| | 167 | - | 4,385 | 4,552 |

^ **Land and buildings**

| | <-----Valuation-----> | | <-- COST--> | |
|---|---|--|--|-------------------------|
| | Freehold land and buildings RM'000 | Long term leasehold land and buildings RM'000 | Freehold land and building RM'000 | Total RM'000 |
| Company | | | | |
| Valuation/Cost | | | | |
| At 1 August 2001 | 1,640 | 1,763 | 21,902 | 25,305 |
| Additions | - | - | 282 | 282 |
| At 31 July 2002 | 1,640 | 1,763 | 22,184 | 25,587 |
| Accumulated Depreciation and Impairment Losses | | | | |
| At 1 August 2001 | 172 | 301 | 566 | 1,039 |
| Charge for the year | 17 | 32 | 151 | 200 |
| At 31 July 2002 | 189 | 333 | 717 | 1,239 |
| Net Book Value | | | | |
| At 31 July 2002 | 1,451 | 1,430 | 21,467 | 24,348 |
| At 31 July 2001 | 1,468 | 1,462 | 21,336 | 24,266 |
| Depreciation charge for 2001 | - | 49 | 118 | 167 |

^^ **Other property, plant and equipment**

| | Motor vehicles RM'000 | Office equipment, furniture and fittings RM'000 | Plant, machinery and equipment RM'000 | Total RM'000 |
|---|--------------------------------------|--|--|-------------------------|
| Company | | | | |
| Cost | | | | |
| At 1 August 2001 | 22,578 | 10,581 | 3,733 | 36,892 |
| Additions | 1,582 | 1,162 | - | 2,744 |
| Transfer in | 214 | - | - | 214 |
| Transfer out | (215) | (27) | - | (242) |
| Disposals | (836) | (110) | - | (946) |
| Write off | - | (530) | (125) | (655) |
| At 31 July 2002 | 23,323 | 11,076 | 3,608 | 38,007 |
| Accumulated Depreciation and Impairment Losses | | | | |
| At 1 August 2001 | 12,191 | 8,236 | 3,141 | 23,568 |
| Charge for the year | 2,610 | 1,094 | 176 | 3,880 |
| Transfer in | 142 | - | - | 142 |
| Transfer out | (143) | (19) | - | (162) |
| Disposals | (531) | (90) | - | (621) |
| Write off | - | (521) | (119) | (640) |
| At 31 July 2002 | 14,269 | 8,700 | 3,198 | 26,167 |
| Net Book Value | | | | |
| At 31 July 2002 | 9,054 | 2,376 | 410 | 11,840 |
| At 31 July 2001 | 10,387 | 2,345 | 592 | 13,324 |
| Depreciation charge for 2001 | | | | |
| | 3,127 | 1,009 | 249 | 4,385 |

- (a) Details of independent professional valuation of land and buildings owned by the Group at 31 July 2002 are as follows:

Long term and short term leasehold land and buildings

| Year of valuation | Description of property | Amount RM'000 | Basis of valuation | Leases expiring in |
|--------------------------|--|--------------------------|---------------------------|-------------------------------|
| 1991 | Long term leasehold land and building at Jalan Gopeng, Ipoh | 260 | Open market value | 2078 |
| 1991 | Long term leasehold land and building at Jelapang, Ipoh | 753 | Open market value | 2050 |
| 1991 | Long term leasehold land and building at Jelapang, Ipoh | 462 | Open market value | 2043 |
| 1991 | Quarry land and building at Kuala Dipang, Perak Darul Ridzuan | 14,500 | Open market value | 2022 |
| 1991 | Leasehold land and building at Jalan Gopeng, Ipoh, Perak Darul Ridzuan | 260 | Open market value | 2078 |

Freehold land and buildings

| Year of valuation | Description of property | Amount RM'000 | Basis of valuation |
|--------------------------|---|--------------------------|---------------------------|
| 1991 | Freehold land and building at Petaling Jaya | 1,240 | Open market value |
| 1991 | Freehold land and building at Petaling Jaya | 400 | Open market value |
| 1991 | Freehold land at Petaling Jaya | 412 | Open market value |
| 1991 | Building at Petaling Jaya | 288 | Open market value |

- (b) Certain property, plant and equipment of the Group with net book value of RM7,097,000 (2001: RM7,183,000) have been pledged to a financial institution for credit facilities granted to the Group.
- (c) Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment which are still in use costing RM53,671,000 (2001: RM48,619,000) and RM14,628,000 (2001: RM11,836,000) respectively.

- (d) Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment that would have been included in the financial statements of the Group and the Company are as follows:

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Freehold land and buildings | 1,544 | 1,586 | 1,130 | 1,160 |
| Long term leasehold land and buildings | 945 | 973 | 748 | 771 |
| Short term leasehold land and building | 142 | 150 | - | - |

4. SUBSIDIARIES

| | Company | |
|---|----------------|----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost | 351,921 | 181,140 |
| Less: Provision for diminution in value | (16,290) | - |
| | <u>335,631</u> | <u>181,140</u> |

Details of the subsidiaries are as follows:

| Name of Company | Paid-up Capital RM | Effective Interests | | Principal Activities |
|---------------------------------------|-----------------------|---------------------|-----------|---|
| | | 2002 % | 2001 % | |
| Subsidiaries incorporated in Malaysia | | | | |
| Gammau Construction Sdn. Bhd. | 6,000,000 | 100 | 100 | Civil engineering and earthwork construction |
| Gamuda Engineering Sdn. Bhd. | 770,000 | 100 | 100 | Civil engineering and building construction |
| Megah Landscape Sdn. Bhd. | 500,000 | 70 | - | Supplying and planting of landscaping materials and provision of landscaping services |
| Gamuda Land Sdn. Bhd. | 2 | 100 | - | Dormant |

| Name of Company | Paid-up Capital RM | Effective Interests | | Principal Activities |
|--|--------------------------|---------------------|-----------|--|
| | | 2002 % | 2001 % | |
| Subsidiaries incorporated in Malaysia | | | | |
| Gamuda Paper Industries Sdn. Bhd. | 18,000,000 | 95 | 95 | Manufacture and sale of paper and paper related products |
| GPI Trading Sdn. Bhd. | 2 | 95 | 95 | Trading of paper and paper related products |
| Gamuda Trading Sdn. Bhd. | 109,000 | 100 | 100 | Trading of construction materials |
| Gamuda Water Sdn. Bhd. (formerly known as The Sweet Water Management 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 and road laying and manufacture of premix |
| Ganaz Bina Sdn. Bhd. | 3,000,000 | 100 | 100 | Civil engineering construction |
| GIT Services Sdn. Bhd. | 100,000 | 100 | 100 | Information technology services and trading |
| Harum Intisari Sdn. Bhd. | 6,450,000 | 100 | 100 | Property development |
| 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 |

| Name of Company | Paid-up Capital | Effective Interests | | Principal Activities |
|---|-----------------|---------------------|--------|--|
| | | 2002 % | 2001 % | |
| Subsidiaries incorporated in Malaysia | | | | |
| Megah Sewa Sdn. Bhd. | RM100,002 | 100 | 100 | Hire and rental of plant and machinery |
| Reka Strategi Sdn. Bhd.* | RM2 | 100 | 100 | Dormant |
| Valencia Development Sdn. Bhd. | RM5,370,000 | 98.8 | 80 | Property development |
| 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 | - | Investment holding |
| Subsidiary incorporated in India | | | | |
| Gamuda (India) Pte. Ltd.* | Rps100,000 | 100 | 100 | Dormant |
| Held by Gamuda (Offshore) Private Limited: | | | | |
| Gamuda - WCT (India) Private Limited* | Rps100,000 | 70 | - | Civil engineering construction |

| Name of Company | Paid-up Capital | Effective Interests | | Principal Activities |
|-----------------------------|-----------------|---------------------|--------|--------------------------------|
| | | 2002 % | 2001 % | |
| Unincorporated subsidiaries | | | | |
| GKTJV | - | 70 | 70 | Civil engineering construction |
| GMMJV | - | 70 | - | Civil engineering construction |

* Audited by firms of auditors other than Arthur Andersen & Co., Malaysia

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 Malaysian Accounting Standards Board, Standard No. 16, 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 govern the financial and operating policies of the economic activities of these entities.

Acquisition and subscription of additional interest of subsidiaries:

In Malaysia

- (a) On 27 February 2002, the Company subscribed for additional equity interest in Valencia Development Sdn. Bhd. comprising 4,800,000 new ordinary shares of RM1.00 each at the subscription price of RM1.00 per share and 270,000 Redeemable Preference Shares of RM1.00 each at a premium of RM99.00 per share for a total consideration of RM31.8 million.

- (b) On 21 March 2002, the Company acquired the entire issued and paid up share capital of Gamuda Land Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for cash.
- (c) On 26 March 2002, the Company subscribed for 1,100,000 Redeemable Preference Shares of RM1.00 each at a premium of RM99.00 each in Harum Intisari Sdn. Bhd. by capitalisation of advances.
- (d) On 22 April 2002, the Company through its wholly owned subsidiary, Gamuda Engineering Sdn. Bhd., acquired 70% of the issued and paid-up share capital of Megah Landscape Sdn. Bhd., comprising 350,000 ordinary shares of RM1.00 each for a total cash consideration of RM350,000.

Overseas

- (a) On 15 November 2001, the Company acquired the entire issued and paid-up share capital of Gamuda (Offshore) Private Limited, a company incorporated in Mauritius, comprising 1,000 ordinary shares of US\$1 each.
- (b) On 16 November 2001, the Company through its wholly owned subsidiary, Gamuda (Offshore) Private Limited, acquired 70% equity interest in Gamuda-WCT (India) Private Limited, a company incorporated in India, comprising 7,000 equity shares of Rps 10 each.

There has been no effect of the acquisition of ordinary shares in the subsidiaries on the financial results of the Group from the date of acquisition to 31 July 2002 because the results of the external transactions are immaterial.

The summary of effects of the acquisition of ordinary shares on the financial position of the Group as at 31 July 2002 is as follows:

| | 2002 RM'000 |
|--|------------------------|
| Property, plant and equipment | 21,893 |
| Investment in associates | 43,172 |
| Receivables | 7,869 |
| Amount due from customers for construction contracts | 11,591 |
| Cash and bank balances | 7,885 |
| Payables | (91,833) |
| Minority interest | (150) |
| | <u>427</u> |

The acquisition of Gamuda Water Sdn. Bhd. (formerly known as The Sweet Water Management Sdn. Bhd.) in prior year was completed on 31 July 2001 and, accordingly, did not have any effect on the financial results and financial position of the Group as at 31 July 2001.

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries at date of the acquisition are as follows:

| | 2002 RM'000 | 2001 RM'000 |
|--|------------------------------|------------------------------|
| Net assets acquired: | | |
| Property, plant and equipment | 309 | - |
| Trade and other receivables | 1,118 | 220 |
| Amount due from customers | 375 | - |
| Cash and bank balances | 94 | 1,784 |
| Trade and other payables | (1,886) | (4) |
| | <u>10</u> | <u>2,000</u> |
| Minority interest | - | (400) |
| | <u>10</u> | <u>1,600</u> |
| Concession rights | - | 70,000 |
| Purchase consideration | 10 | 71,600 |
| Less: Cash and cash equivalents of subsidiaries acquired | (94) | (1,784) |
| Net cash (generated from)/used for acquisition of subsidiaries | <u>(84)</u> | <u>69,816</u> |

5. ASSOCIATED COMPANIES

| | Group | | Company | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2002 RM'000 | 2001 RM'000 | 2002 RM'000 | 2001 RM'000 |
| Unquoted shares, at cost: | | | | |
| - Ordinary shares | 125,191 | 122,685 | 125,185 | 122,685 |
| - Redeemable preference shares | 377,800 | 306,425 | 334,625 | 306,425 |
| Group's share of profits, net of dividends receivable and amortisation of goodwill | <u>238,418</u> | <u>185,601</u> | <u>-</u> | <u>-</u> |
| | <u>741,409</u> | <u>614,711</u> | <u>459,810</u> | <u>429,110</u> |
| Quoted shares, at cost | 179,020 | 179,020 | 179,020 | 179,020 |
| Group's share of profits, net of dividends receivable | <u>119,473</u> | <u>85,513</u> | <u>-</u> | <u>-</u> |
| | <u>298,493</u> | <u>264,533</u> | <u>179,020</u> | <u>179,020</u> |
| | <u>1,039,902</u> | <u>879,244</u> | <u>638,830</u> | <u>608,130</u> |

| | Group | | Company | |
|---------------------------------|------------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Represented by: | | | | |
| Unquoted shares | | | | |
| - Share of net assets | 708,370 | 570,769 | - | - |
| - Goodwill, net of amortisation | 33,039 | 43,942 | - | - |
| | <u>741,409</u> | <u>614,711</u> | <u>-</u> | <u>-</u> |
| Quoted shares | | | | |
| - Share of net assets | 298,493 | 264,533 | - | - |
| | <u>1,039,902</u> | <u>879,244</u> | <u>-</u> | <u>-</u> |
| Market value: | | | | |
| Quoted shares, in Malaysia | <u>519,715</u> | <u>527,140</u> | <u>519,715</u> | <u>527,140</u> |

With respect to the construction of expressway, some of the associated companies adopted the accounting policy to capitalise interest incurred on borrowings for the construction of the expressway already in use. The continued capitalisation of interest incurred for the expressway in use and deferral of post-construction interest represents a departure from the provisions of International Accounting Standard ("IAS") No. 23, Capitalisation of Borrowing Costs. IAS 23, is not, however, an approved accounting standard adopted by the Malaysian Accounting Standards Board ("MASB").

During the year, MASB issued MASB Standard No. 27, Borrowing Costs ("MASB 27"). The capitalisation of interest incurred after the commencement of the Expressway's tolling operations will no longer be allowed under MASB 27. The Group has not adopted the requirements of MASB 27 as it is not effective until financial periods commencing on or after 1 July 2002.

The pro forma effects of complying with the requirements of MASB 27 on the Group's net profit and shareholders' funds, had the provisions of MASB 27 been complied in the preparation of the financial statements, will be as follows:

| | As reported | | Proforma | |
|-------------------------|--------------------|------------------|------------------|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Net profit for the year | 238,788 | 191,708 | 193,470 | 156,654 |
| Shareholders' funds | <u>1,456,612</u> | <u>1,216,015</u> | <u>1,276,590</u> | <u>1,075,538</u> |

The directors of Gamuda Berhad intend to comply with the requirements of MASB 27 in the next financial year ending 31 July 2003.

The associated companies, all of which are incorporated in Malaysia, are as follows:

| Name of Company | Paid-up Capital RM | Effective Interest 2002 % | Effective Interest 2001 % | Principal Activities |
|--|-----------------------------------|--|--|---|
| Associated companies incorporated in Malaysia | | | | |
| Dyna Plastics Sdn. Bhd. | 48,001,720 | 41 | 44 | Manufacturing and sale of Polymer Lithium ion batteries and related accessories |
| Gabungan Cekap Berhad | 170,900,000 | 30 | 30 | Investment holding and provision of management services |
| Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. | 50,000,001 | 30 | 30 | 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 | Proprietary of a club and the management of the golf course |
| Kota Kemuning Nursery & Landscaping Sdn. Bhd. | 800,000 | 50 | 50 | Supply and planting of landscaping materials and landscaping services |
| HGD Property Services Sdn. Bhd. | 2 | 50 | 50 | Property maintenance services |
| Kesas Holdings Berhad | 470,914,840 | 30 | 30 | Investment holding |
| Kesas Sdn. Bhd. | 5,000,000 | 30 | 30 | Toll highway concession |
| Lingkar Trans Kota Holdings Berhad* | 480,622,118 | 39 | 41 | Investment holding and provision of management services |

| Name of Company | Paid-up Capital RM | Effective 2002 % | Interest 2001 % | Principal Activities |
|---|-----------------------------------|---------------------------------|--------------------------------|--|
| Associated companies incorporated in Malaysia | | | | |
| Lingkar Trans Kota Sdn. Bhd. | 50,000,000 | 39 | 41 | Toll highway concession |
| Penyenggaraan Litrak Sdn. Bhd. | 2 | 39 | 41 | Highway maintenance |
| Sukma Sinaran Sdn. Bhd. | 2 | 39 | 41 | Investment holding |
| Litrak Sdn. Bhd. | 2 | 39 | 41 | Dormant |
| Semarak Zaman Sdn. Bhd. | 2 | 39 | 41 | Dormant |
| Midawasa Sdn. Bhd. | 1,000 | 39 | 41 | Investment holding |
| Madang Permai Sdn. Bhd. | 5,000,000 | 36 | 36 | Concession holder of an expressway |
| Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. | 9,067,000 | 49 | 42 | Investment holding |
| Sistem Penyuraian Trafik KL Barat Sdn. Bhd. | 50,000,000 | 49 | 42 | Toll highway concession |
| Sussen (M) Sdn. Bhd. | 600,000 | - | 50 | Manufacturing and trading of bitumen emulsion products |
| 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 | 40 | 38 | Rental of software and related equipment |

* Quoted shares in Malaysia

| Name of Company | Paid-up Capital | Effective Interest | | Principal Activities |
|--|--------------------|--------------------|-----------|---------------------------------------|
| | | 2002 % | 2001 % | |
| Associated companies incorporated in Mauritius | | | | |
| Held by Gamuda (Offshore) Private Limited: | | | | |
| Suria Holding (O) Pvt. Ltd. | US\$3,000 | 50 | - | Investment holding |
| Gamuda - WCT (Offshore) Private Limited | US\$3,000 | 50 | - | Investment holding |
| Associated companies incorporated in India | | | | |
| Held by Suria Holding (O) Pvt. Ltd.: | | | | |
| Emas Expressway Private Limited | Rps12,237,500 | 50 | - | Concession holder of an expressway |
| Held by Gamuda - WCT (Offshore) Private Limited: | | | | |
| Mapex Infrastructure Private Limited | Rps558,039,930 | 50 | - | Concession holder of an expressway |

6. OTHER INVESTMENTS

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At cost | | | | |
| Quoted shares, in Malaysia | 3,842 | 3,703 | 3 | 3 |
| Unquoted shares, in Malaysia | 50 | 50 | 50 | 50 |
| Investment in transferable club memberships | 665 | 665 | 665 | 665 |
| | <u>4,557</u> | <u>4,418</u> | <u>718</u> | <u>718</u> |
| Provision for diminution in value of investment in quoted shares, in Malaysia | (978) | (978) | - | - |
| | <u>3,579</u> | <u>3,440</u> | <u>718</u> | <u>718</u> |
| Market value | | | | |
| Quoted shares, in Malaysia | <u>3,720</u> | <u>2,972</u> | <u>20</u> | <u>21</u> |

7. NET GOODWILL ARISING ON CONSOLIDATION

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Goodwill arising on consolidation (a) | 5,448 | 5,448 |
| Reserve arising on consolidation (b) | <u>(1,787)</u> | <u>(1,787)</u> |
| | 3,661 | 3,661 |
| Cumulative amortisation of goodwill | (2,597) | (2,415) |
| Cumulative recognition of reserve | <u>1,787</u> | <u>1,787</u> |
| | <u>2,851</u> | <u>3,033</u> |

- (a) The goodwill on consolidation is attributable to the acquisition of G.B. Kuari Sdn. Bhd.. The goodwill is amortised over a period of 30 years in line with the lease period of the quarry which is the principal asset.
- (b) The reserve arising on consolidation is attributable to the acquisition of Gammau Construction Sdn. Bhd. The reserve was amortised to the income statements over a period of 8 years based on the approximate average economic useful life of major property, plant and equipment acquired.

8. CONCESSION RIGHTS

| | Group | |
|-------------------|---------------|---------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Concession rights | 70,000 | 70,000 |
| Amortisation | (2,333) | - |
| | <u>67,667</u> | <u>70,000</u> |

The concession rights is attributable to the acquisition of a subsidiary, Gamuda Water Sdn. Bhd. (formerly known as The Sweet Water Management Sdn. Bhd.), which has been granted the rights to operate and maintain the water treatment plants of Sungai Selangor Water Supply Scheme Phase 3 for a period of 30 years.

9. DEVELOPMENT PROPERTIES

| | Group | |
|---|------------------|----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Freehold land, at cost | 354,031 | 294,981 |
| Leasehold land, at cost | 59,540 | 60,656 |
| Development expenditure | 91,484 | 11,098 |
| Attributable profits | <u>21,657</u> | <u>1,396</u> |
| | 526,712 | 368,131 |
| Less: | | |
| Progress billings received and receivable | <u>(108,494)</u> | <u>(5,815)</u> |
| | <u>418,218</u> | <u>362,316</u> |

Included in development expenditure incurred during the year are:

| | | |
|------------------|--------------|------------|
| Interest expense | 1,959 | - |
| Depreciation | 391 | 372 |
| Staff costs | <u>1,777</u> | <u>944</u> |

The freehold land with carrying value of RM314,900,000 (2001 : RM255,838,494) are pledged to a licensed bank for bank guarantee in respect of remaining purchase consideration and term loan granted to a subsidiary for the land acquired by the subsidiary as referred to in Note 19(c) and (d).

The land title of a freehold land with carrying amount of RM100,332,000 (2001 : RM50,166,000) is in the process of being registered in the name of a subsidiary.

10. INVENTORIES

| | Group | | Company | |
|------------------------------|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At cost: | | | | |
| Raw materials | - | 273 | - | - |
| Work-in-progress | - | 1,601 | - | - |
| Finished goods | 302 | 845 | - | - |
| Crusher run and aggregates | 1,320 | 805 | - | - |
| Consumable stores and spares | 1,971 | 1,099 | - | 1,099 |
| | <u>3,593</u> | <u>4,623</u> | <u>-</u> | <u>1,099</u> |
| At net realisable value: | | | | |
| Raw materials | 2,593 | 6,873 | - | - |
| Work-in-progress | 1,340 | - | - | - |
| Finished goods | 1,181 | 4,115 | - | - |
| | <u>5,114</u> | <u>10,988</u> | <u>-</u> | <u>-</u> |
| | <u>8,707</u> | <u>15,611</u> | <u>-</u> | <u>1,099</u> |

11. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Construction costs | 3,295,587 | 2,966,698 | 2,512,659 | 2,310,277 |
| Recognised profits less recognised losses | 409,331 | 252,827 | 210,985 | 199,834 |
| Progress billings received and receivable | <u>(3,888,136)</u> | <u>(3,228,072)</u> | <u>(2,737,761)</u> | <u>(2,542,232)</u> |
| | <u>(183,218)</u> | <u>(8,547)</u> | <u>(14,117)</u> | <u>(32,121)</u> |
| Represented by: | | | | |
| Due from customers for construction contracts | 108,234 | 73,530 | - | 2,376 |
| Due to customers for construction contracts | <u>(291,452)</u> | <u>(82,077)</u> | <u>(14,117)</u> | <u>(34,497)</u> |
| | <u>(183,218)</u> | <u>(8,547)</u> | <u>(14,117)</u> | <u>(32,121)</u> |

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Included in the amount due from/(to) customers for construction contracts are: | | | | |
| Construction contract costs incurred during the year | <u>1,670,806</u> | <u>1,147,406</u> | <u>325,874</u> | <u>544,619</u> |
| Construction contract costs recognised as contract expenses during the year | <u>599,330</u> | <u>604,544</u> | <u>123,491</u> | <u>241,921</u> |
| Included in construction contract costs incurred during the year are: | | | | |
| Depreciation | 8,019 | 7,368 | 43 | 214 |
| Interest expense | - | 7,036 | - | 7,036 |
| Staff costs | 21,208 | 19,184 | 367 | 5,443 |
| Rental expense on hire of equipment | 43,844 | 19,954 | - | 1,250 |
| Rental of premises | <u>580</u> | <u>66</u> | <u>19</u> | <u>-</u> |

12. RECEIVABLES

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | | | | |
| - Joint ventures | 195,153 | 349,788 | 89,767 | 312,235 |
| - Associated companies | 84,834 | 98,414 | - | - |
| - Retention sum | 26,768 | 13,881 | 12,534 | 13,881 |
| - Others | 104,938 | 30,488 | 11,350 | 1,726 |
| Other receivables | 44,647 | 43,819 | 9,198 | 19,860 |
| Dividends receivable | <u>16,833</u> | <u>16,833</u> | <u>18,083</u> | <u>16,833</u> |
| | 473,173 | 553,223 | 140,932 | 364,535 |
| Provision for doubtful debts | <u>(1,587)</u> | <u>(2,994)</u> | <u>-</u> | <u>(2,000)</u> |
| | <u>471,586</u> | <u>550,229</u> | <u>140,932</u> | <u>362,535</u> |

Included in the other receivables of the Group and the Company in the previous year was an amount due from an associated company of RM15,000,000 in respect of subscription for redeemable preference shares.

13. DUE FROM SUBSIDIARIES

| | Company | |
|------------------------------------|----------------|----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Due from subsidiaries - trade | 75,632 | 69,726 |
| - non-trade | 243,630 | 244,145 |
| | <u>319,262</u> | <u>313,871</u> |
| Less: Provision for doubtful debts | (22,512) | - |
| | <u>296,750</u> | <u>313,871</u> |

Included in amount due from subsidiaries is amount due from an unincorporated subsidiary of RM47,087,000 (2001: RM38,945,000).

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an advance of RM145,277,000 (2001 : RM18,398,000) given to subsidiaries which bore interest of 6.0% to 7.4% (2001 : 2.5%) per annum.

14. CASH AND BANK BALANCES

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash in hand and at banks | 16,917 | 7,747 | 496 | 556 |
| Housing Development Accounts | 33,040 | - | - | - |
| Deposits with licensed banks | 371,978 | 335,767 | 73,397 | 57,136 |
| Deposits with discount houses | 50,743 | 16,350 | 21,233 | 1,150 |
| | <u>472,678</u> | <u>359,864</u> | <u>95,126</u> | <u>58,842</u> |

Included in deposits with licensed banks are deposits pledged for the term loan's interest amounting to RM899,666 (2001 : Nil) as referred to in Note 19(d).

15. BANK BORROWINGS

| | Group | |
|--------------------|---------------|---------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Bank overdrafts | - | 308 |
| Bankers acceptance | 330 | 8,607 |
| | <u>330</u> | <u>8,915</u> |

The bankers acceptance and bank overdrafts are secured against certain assets of the Group as referred to in Note 3 and bear interest of between 3.10% to 8.05% (2001: 3.90% to 8.30%) per annum.

16. PAYABLES

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | 181,374 | 187,661 | 2,101 | 6,666 |
| Retention sums | 35,543 | 40,285 | 569 | 8,881 |
| Other payables | 116,862 | 121,951 | 15,419 | 29,969 |
| Due to associated companies | 89,410 | 126,229 | - | - |
| | <u>423,189</u> | <u>476,126</u> | <u>18,089</u> | <u>45,516</u> |

Included in other payables of the Group is an amount due within twelve months of RM47,041,000 (2001: RM47,041,000) as referred to in [Note 19\(c\)](#) in respect of remaining purchase considerations for the land acquired by its subsidiary.

The amount due to associated companies are in respect of advances received for construction contracts and the amounts are unsecured, interest free and repayable through contra with future progress billings.

17. DUE TO SUBSIDIARIES

Included in amount due to subsidiaries are amounts due to an unincorporated subsidiary of RM38,532,000 (2001: Nil).

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

18. SHARE CAPITAL

| | Number of Ordinary Shares of RM1 each | | Amount | |
|-------------------------|--|------------------|------------------|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | '000 | '000 | RM'000 | RM'000 |
| Authorised: | | | | |
| At 1 August | 2,000,000 | 1,000,000 | 2,000,000 | 1,000,000 |
| Created during the year | - | 1,000,000 | - | 1,000,000 |
| At 31 July | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> |

| | Number of Ordinary Shares of RM1 each | | Amount | |
|---|--|----------------|----------------|----------------|
| | 2002 '000 | 2001 '000 | 2002 RM'000 | 2001 RM'000 |
| Issued and fully paid: | | | | |
| At 1 August | 665,355 | 665,191 | 665,355 | 665,191 |
| Conversion of share application monies from exercise of ESOS to paid up share capital | 34 | - | 34 | - |
| Conversion of warrants | 2 | - | 2 | - |
| Exercise of ESOS | 7,448 | 164 | 7,448 | 164 |
| | <u>672,839</u> | <u>665,355</u> | <u>672,839</u> | <u>665,355</u> |
| Share application monies | | | - | 34 |
| At 31 July | | | <u>672,839</u> | <u>665,389</u> |

- (a) The issued and paid-up share capital was increased via issuance of 7,482,000 and 2,000 new ordinary shares of RM1.00 each pursuant to the exercise 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) The principal features of the ESOS are as follows:
- (i) Eligible persons 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 and have been in the employment of the Group for a continuous period for at least one year as at the date of offer. The selection of eligible person for participation in the ESOS shall be at the discretion of the Option Committee.
 - (ii) The ESOS shall be in force for a period of 5 years from 26 December 2000 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 Kuala Lumpur Stock Exchange for the 5 market days immediately preceding the date of offer of the options subject to a discount of not more than ten per cent (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 Option 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 remaining 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 the ESOS are not assignable.
 - (ix) 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.
- (c) In the financial year ended 31 July, 1997, the Company issued 38,351,903 Warrants 1996/2006 as described in [Note 19\(a\)\(i\)](#). As at the balance sheet date, the total number of Warrants 1996/2006 which remain unexercised amounted to 76,650,642 (2001: 76,650,642) units after adjustment for the one for one bonus issue in the previous financial year.
- (d) In the financial year ended 31 July 2001, the Company issued 166,297,668 Warrants 2001/2007 as described in [Note 19\(a\)\(ii\)](#). As at the balance sheet date, the total number of Warrants 2001/2007 which remain unexercised amounted to 166,295,668 (2001: 166,297,668) units.

19. LONG TERM LIABILITIES

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bonds (a) | 400,000 | 400,000 | 400,000 | 400,000 |
| Deferred taxation (b) | 14,589 | 9,575 | 6,272 | 6,272 |
| Long term payable (c) | 47,042 | 94,083 | - | - |
| Term loan - secured (d) | 43,089 | - | - | - |
| Provision for retirement benefits (e) | 5,030 | 5,065 | 3,796 | 3,991 |
| | <u>509,750</u> | <u>508,723</u> | <u>410,068</u> | <u>410,263</u> |

| | Group and Company | |
|---|--------------------------|----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| (a) Bonds | | |
| Nominal amount of 4% Redeemable Unsecured Bonds 1996/2001 | - | 115,000 |
| Nominal amount of 3% Redeemable Unsecured Bonds 2000/2007 | 400,000 | 400,000 |
| | <u>400,000</u> | <u>515,000</u> |
| Amount due within 12 months | - | (115,000) |
| | <u>400,000</u> | <u>400,000</u> |

The principal features of the bonds are as follows:

- (i) The RM115,000,000 nominal amount of 4% Redeemable Unsecured Bonds 1996/2001 were issued with 38,351,903 detachable warrants to a primary subscriber and subsequently resold to the shareholders on the basis of one warrant for every three existing ordinary shares held at an offer price of 58.4 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 five years following the date of issue on 30 December 1996. In 1999, the subscription period was extended for a further period of five years from 29 December 2001 to 29 December 2006. Each Warrant 1996/2006 carries the entitlement to subscribe for one new ordinary shares of RM1.00 each in the Company at an exercise price of RM4.21, which are subject to adjustment in accordance with the provision in the Deed Poll.

The bonds were issued at 100% of the nominal amount and carry a fixed coupon rate of 4% per annum payable annually in arrears. At the end of its tenure, the bonds were redeemed at 100% nominal value together with interest accrued to the date of maturity on 29 December 2001.

- (ii) 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 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 were issued at 100% of the nominal amount and 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) Deferred taxation

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 August | 9,575 | 7,986 | 6,272 | 6,272 |
| Transfer from income statement (Note 23) | 5,014 | 1,589 | - | - |
| At 31 July | <u>14,589</u> | <u>9,575</u> | <u>6,272</u> | <u>6,272</u> |

Deferred taxation amounting to RM3,965,000 (2001 : RM3,965,000) is not provided for on the surplus arising from the revaluation of certain land and buildings as it is not the intention of the directors to dispose these properties.

- (c) Long term payable is in respect of obligation due to a third party for the acquisition of land held for development, referred to in Note 9. The obligation is payable in accordance with the terms and conditions of the sale and purchase agreement as follows:

| | Group | |
|--------------------------------|-----------------|-----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Long term payable | 94,083 | 141,124 |
| Due within 12 months (Note 16) | <u>(47,041)</u> | <u>(47,041)</u> |
| Due after 12 months | <u>47,042</u> | <u>94,083</u> |

| | Group | |
|----------------------------|---------------|----------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Repayable: | | |
| Within one year | 47,041 | 47,041 |
| Between one and two years | 47,042 | 47,041 |
| Between two and five years | - | 47,042 |
| | <u>94,083</u> | <u>141,124</u> |

(d) Term loan (secured)

| | Group | |
|---------------------|---------------|---------------|
| | 2002 | 2001 |
| | RM'000 | RM'000 |
| Due after 12 months | <u>43,089</u> | <u>-</u> |

The term loan bears interest of 7.65% per annum. The term loan is secured by the following:

- (i) First legal charge over the freehold land as disclosed in Note 9.
 - (ii) A debenture for RM250 million over all property, plant and equipment and floating assets of the subsidiary; Harum Intisari Sdn. Bhd.
 - (iii) Fixed deposits equivalent to not less than 3 months interest of the outstanding balance of the loan as disclosed in Note 14.
- (e) The provision for retirement benefits is non-funded and is determined based on the schedule of benefits stipulated in the Group's policies and agreements.

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 August | 5,065 | 4,777 | 3,991 | 3,996 |
| Provision/ (write back of provision) for the year (Note 21) | 160 | 288 | - | (5) |
| Utilised during the year | (195) | - | (195) | - |
| At 31 July | <u>5,030</u> | <u>5,065</u> | <u>3,796</u> | <u>3,991</u> |

20. REVENUE

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

| | Group | | Company | |
|-----------------------------------|------------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Engineering and construction | 859,514 | 751,369 | 195,530 | 344,776 |
| Property development | 103,103 | 5,924 | - | - |
| Quarry sales | 31,113 | 29,815 | - | - |
| Paper sales | 15,282 | 25,442 | - | - |
| Trading of construction materials | 26,234 | 18,339 | - | - |
| Others | 7,506 | 394 | - | - |
| | <u>1,042,752</u> | <u>831,283</u> | <u>195,530</u> | <u>344,776</u> |

21. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration | | | | |
| - Statutory audits | 209 | 165 | 55 | 55 |
| - Other services | 99 | 58 | 99 | 58 |
| Amortisation of concession rights | 2,333 | - | - | - |
| Amortisation of goodwill on consolidation: | | | | |
| - Subsidiaries | 182 | 182 | - | - |
| - Associated company | 10,903 | 2,313 | - | - |
| Inventories written off | 817 | 172 | - | - |
| Unrealised loss on foreign exchange | - | 20 | - | - |
| Hire of plant and equipment | 4,350 | 5,962 | - | 1,250 |
| Rental expense of premises | 1,263 | 1,496 | 560 | 530 |
| Rental expense of land | 51 | - | 51 | - |
| Provision/(write back of provision) for retirement benefit | 160 | 288 | - | (5) |
| Provision for diminution in value of investment in quoted shares in Malaysia | - | 535 | - | - |
| Provision for diminution in value of investment in subsidiaries | - | - | 16,290 | - |
| Provision for doubtful debts | | | | |
| - Others | 893 | 138 | - | - |
| - Subsidiaries | - | - | 22,512 | - |
| Write back of provision for doubtful debts | (605) | (300) | (605) | - |
| Write back of provision for diminution in value of investment | (46) | - | - | - |

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment written off | 162 | 680 | 15 | 45 |
| Impairment losses on property, plant and equipment | 2,750 | - | - | - |
| Directors' remuneration (Note 22) | 3,530 | 4,176 | 2,941 | 3,934 |
| Management fees received from a subsidiary | - | - | - | (450) |
| Dividends received/receivable from | | | | |
| - Subsidiaries | - | - | (34,250) | (1,250) |
| - Associated company (quoted) | - | - | (9,280) | (12,968) |
| Gain on disposal of property, plant and equipment | (1,073) | (799) | (179) | (690) |
| Brokerage income | (216) | (62) | - | - |
| Gain on disposal of investment | (789) | - | (110) | - |
| Net bad debts recovered | (267) | - | - | - |
| Realised gain on foreign exchange | (34) | - | - | - |
| Unrealised gain on foreign exchange | (12) | - | - | - |
| Rental income | | | | |
| - Subsidiary | - | - | (570) | (289) |
| - Others | (461) | (117) | (134) | (96) |
| Appropriation of profits from unincorporated subsidiaries | - | - | (77,578) | - |

22. DIRECTORS' REMUNERATION

| | Group | | Company | |
|----------------------------------|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors of the Company: | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 3,286 | 4,065 | 2,697 | 3,823 |
| Benefits-in-kind | 268 | 363 | 226 | 342 |
| | <u>3,554</u> | <u>4,428</u> | <u>2,923</u> | <u>4,165</u> |
| Non-Executive: | | | | |
| Fees | 244 | 111 | 244 | 111 |
| Benefits-in-kind | 44 | 31 | 44 | 31 |
| | <u>288</u> | <u>142</u> | <u>288</u> | <u>142</u> |
| Total | <u>3,842</u> | <u>4,570</u> | <u>3,211</u> | <u>4,307</u> |
| Total excluding benefits-in-kind | <u>3,530</u> | <u>4,176</u> | <u>2,941</u> | <u>3,934</u> |

The number of the directors of the Company whose total remuneration during the year fall within the following bands are:

| | Number of Directors | |
|--------------------------|----------------------------|-------------|
| | 2002 | 2001 |
| Executive directors: | | |
| RM250,001 – RM300,000 | 1 | 1 |
| RM300,001 – RM350,000 | - | - |
| RM350,001 – RM400,000 | 2 | - |
| RM400,001 – RM450,000 | 1 | - |
| RM450,001 – RM500,000 | 3 | 4 |
| RM500,001 – RM550,000 | - | 4 |
| RM550,001 – RM600,000 | - | - |
| RM600,001 – RM650,000 | - | - |
| RM650,001 – RM700,000 | 1 | 1 |
| | <u>8</u> | <u>10</u> |
| Non-executive directors: | | |
| RM1 – RM50,000 | 5 | 2 |
| RM50,001 – RM100,000 | - | - |
| RM100,001 – RM150,000 | 1 | 1 |
| | <u>6</u> | <u>3</u> |
| Total | <u>14</u> | <u>13</u> |

23. TAXATION

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year's provision | 63,566 | 41,626 | 48,953 | 23,107 |
| Transfer to deferred taxation (Note 19(b)) | 5,014 | 1,589 | - | - |
| Taxation under provided in prior years | <u>5,344</u> | <u>1,290</u> | <u>9,660</u> | <u>1,432</u> |
| | <u>73,924</u> | <u>44,505</u> | <u>58,613</u> | <u>24,539</u> |

The effective tax rate of the Group is higher than the statutory tax rate principally due to losses of certain group companies which cannot be set off against profits made by other companies in the Group as there is no tax relief for the Group.

The effective tax rate of the Company is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes. As at 31 July 2002, the Company has tax exempt profit available for distribution of approximately RM14,191,000 (2001: RM10,506,000) subject to agreement with Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at 31 July 2002.

24. DIVIDENDS

| | Group and Company | | Dividend per share | |
|---|--------------------------|---------------|---------------------------|-------------|
| | Amount | | | |
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | Sen | Sen |
| Interim dividend paid of 5% less 28% taxation (2001 : 4% tax exempt) | 24,133 | 26,611 | 4 | 4 |
| Proposed final dividend Nil (2001 : 4% less 28% taxation) | - | 19,163 | - | 3 |
| | <u>24,133</u> | <u>45,774</u> | | |

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2002 of 5% on 672,838,672 ordinary shares less 28% taxation amounting to a total dividend of RM24,222,192 (3.6 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in the shareholders' funds as an appropriation of retained profits in the next financial year ending 31 July 2003.

25. EARNINGS PER SHARE**(a) Basic**

The basic earning per share is calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|--|--------------|-------------|
| | 2002 | 2001 |
| Net profit attributable to shareholders (RM'000) | 238,788 | 191,708 |
| Weighted average number of ordinary shares in issue ('000) | 668,093 | 665,240 |
| Basic earnings per share (sen) | <u>36</u> | <u>29</u> |

(b) Diluted

The fully diluted earnings per share is arrived at by dividing the Group's adjusted net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable assuming full conversion of ESOS and Warrants during the financial year.

| | Group | |
|--|----------------|----------------|
| | 2002 | 2001 |
| Net profit attributable to shareholders (RM'000) | <u>238,788</u> | <u>191,708</u> |

| | Group | |
|---|----------------|----------------|
| | 2002 | 2001 |
| Weighted average number of ordinary shares in issue ('000) | 668,093 | 665,240 |
| Adjusted for: | | |
| Assumed shares issued from the exercise of ESOS ('000) | 17,187 | 4,628 |
| Assumed shares issued from the exercise of Warrants 1996/2006 ('000) | 15,009 | 9,545 |
| Assumed shares issued from the exercise of Warrants 2001/2007 ('000) | 47,176 | - * |
| | <u>747,465</u> | <u>679,413</u> |
| Fully diluted earnings per share (sen) | <u>32</u> | <u>28</u> |

* The effect on the fully diluted earnings per share arising from the assumed conversion of Warrants 2001/2007 for financial year ended 31 July 2001 was anti-dilutive and accordingly, Warrants 2001/2007 were excluded from the computation of fully diluted earnings per share.

26. COMMITMENTS

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Approved and contracted for | <u>102,497</u> | <u>151,160</u> | <u>64</u> | <u>93</u> |

Included in commitments is an amount of RM100,332,000 (2001 : RM150,499,000) relating to the purchase of land by the Company's subsidiary, Harum Intisari Sdn. Bhd.

27. CONTINGENT LIABILITIES (UNSECURED)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Indemnities and guarantees given to trade suppliers for credit facilities granted to a subsidiary company | - | - | 2,000 | 1,037 |
| Performance and retention sum guarantees | <u>275,946</u> | <u>266,157</u> | <u>368,370</u> | <u>268,113</u> |
| | <u>275,946</u> | <u>266,157</u> | <u>370,370</u> | <u>269,150</u> |

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Contract services rendered to Lingkaran Trans Kota Sdn. Bhd., an associated company | (2,822) | (1,587) | (29) | (1,587) |
| Contract services rendered to Sistem Penyuraian Trafik KL Barat Sdn. Bhd., an associated company | (148,826) | (163,064) | (54,660) | (163,064) |
| Contract services rendered by companies in which a director, Tan Sri Dato' Ir Talha bin Haji Mohd Hashim has interest: | | | | |
| - Sepakat Setia Perunding Sdn. Bhd. | 933 | 1,764 | - | - |
| - SSP Geotechnics Sdn. Bhd. | 40 | - | - | - |
| - Pioneer Continental Sdn. Bhd. | 1,197 | - | - | - |
| - SSP (E&M) Sdn. Bhd. | 275 | - | - | - |
| Contract services rendered by GLC Architect, a company in which a person connected with a director, Goon Heng Wah, has interest | 409 | - | - | - |
| Contract services rendered to GKTJV, an unincorporated subsidiary | - | - | (139,789) | (164,620) |
| Contract services rendered to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd., an associated company | (695,366) | (133,560) | - | - |
| Contract services rendered by subsidiaries | - | - | 140,231 | 302,807 |
| Gross dividends receivable from subsidiaries | - | - | (34,250) | (1,550) |
| Interest payable to subsidiaries | - | - | - | 67 |
| Management fees receivable from subsidiaries | - | - | - | (450) |
| Rental received from a subsidiary | - | - | (570) | (337) |
| Interest receivable from subsidiaries | - | - | (12,817) | (439) |
| Transfer of property, plant and equipment from subsidiaries | - | - | 72 | 66 |
| Transfer of property, plant and equipment to subsidiaries | - | - | (80) | (45) |

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

29. SIGNIFICANT EVENTS

During the financial year,

- (a) On 4 September 2001, the acquisition of 80% equity interest in Gamuda Water Sdn. Bhd. (formerly known as The Sweet Water Management Sdn. Bhd.) was completed after fulfilling the conditions stipulated in the Sales and Purchase Agreement.
- (b) On 26 September 2001, the National Highways Authority of India accepted the joint bid by the Company and WCT Engineering Berhad to design, finance, construct, operate and maintain a highway project at KM 517 to KM 581.457, Panagarh-Palsit Section in the State of West Bengal, India. The project is estimated to cost Rps 5.0 billion (approximately RM420 million). The concession agreement was signed on 21 November 2001.
- (c) On 15 November 2001, the Company acquired the entire issued and paid-up share capital of Gamuda (Offshore) Private Limited ("GOPL"), a company incorporated in Mauritius, comprising 1,000 ordinary shares of US\$1 each.
- (d) On 15 November 2001, the Company through its wholly owned subsidiary, GOPL, acquired 50% equity interest in Gamuda-WCT (Offshore) Private Limited ("GWOPL"), a company incorporated in Mauritius, comprising 1,500 ordinary shares of US\$1 each. GWOPL is the holding company of Mapex Infrastructure Private Limited, the concession company undertaking the Panagarh-Palsit Highway project in the state of West Bengal, India.
- (e) On 16 November 2001, the Company through its wholly owned subsidiary, GOPL, acquired 70% equity interest in Gamuda-WCT (India) Private Limited ("GWIPL"), a company incorporated in India, comprising 7,000 equity shares of Rps 10 each. GWIPL is undertaking the engineering, procurement and construction activities of the Panagarh-Palsit Highway project in the state of West Bengal, India.
- (f) On 3 January 2002, the Company entered into a Sale and Purchase Agreement to dispose 50% equity interest in Sussen (Malaysia) Sdn Bhd comprising 100,000 ordinary shares of RM1.00 each and 400,000 redeemable cumulative preference shares of RM0.50 each for a cash consideration of RM610,000. The transaction was completed on 16 January 2002.
- (g) On 31 January 2002, the National Highways Authority of India accepted the joint bid by the Company and WCT Engineering Berhad to design, finance, construct, operate and maintain a highway project at KM 581 to KM 646 on the existing Durgapur Expressway, Dankuni-Palsit Section in the State of West Bengal, India. The project is estimated to cost Rps 4.2 billion (approximately RM350 million). The concession agreement was signed on 27 March 2002.

- (h) On 27 February 2002, the Company subscribed for additional equity interest in Valencia Development Sdn Bhd (“VDSB”) comprising 4,800,000 new ordinary shares of RM1.00 each at the subscription price of RM1.00 per share and 270,000 Redeemable Preference Shares of RM1.00 each at a premium of RM99.00 per share for a total consideration of RM31.8 million. Pursuant to the share subscription, the Company’s equity interest in VDSB increased from 80% to 98.8%.
- (i) On 18 March 2002, the Company through its wholly owned subsidiary, GOPL, acquired 50% equity interest in Suria Holding (O) Pvt. Limited (“SHOPL”), a company incorporated in Mauritius, comprising 1,500 ordinary shares of US\$1 each. SHOPL is the holding company of Emas Expressway Private Limited, the concession company undertaking the Durgapur Expressway project in the State of West Bengal, India.
- (j) On 21 March 2002, the Company acquired the entire issued and paid up share capital of Gamuda Land Sdn. Bhd. (“GLSB”) comprising 2 ordinary shares of RM1.00 each for cash. The principal activity of GLSB is property development.
- (k) On 26 March 2002, the Company subscribed for 1,100,000 Redeemable Preference Shares of RM1.00 each at a premium of RM99.00 each in Harum Intisari Sdn. Bhd. by capitalisation of advances.
- (l) On 22 April 2002, the Company through its wholly owned subsidiary, Gamuda Engineering Sdn Bhd, acquired 70% of the issued and paid-up share capital of Megah Landscape Sdn. Bhd., comprising 350,000 ordinary shares of RM1.00 each for a total cash consideration of RM350,000.
- (m) On 19 June 2002, the Company acquired the entire issued and paid up share capital of G.B. Kuari Sdn. Bhd. comprising 750,000 ordinary shares of RM1.00 each from its wholly owned subsidiary, Ganaz Bina Sdn. Bhd. for a total cash consideration of RM28,754,400. Following the acquisition, G.B. Kuari Sdn. Bhd. became a direct wholly owned subsidiary of the Company.
- (n) On 26 July 2002, the Company entered into a Joint Venture Agreement with MMC Engineering Berhad for the purpose of forming an unincorporated joint venture known as MMCEG-Gamuda Joint Venture to collaborate with each other to jointly negotiate and undertake the design, engineering, procurement, construction, installation, testing and commissioning as an engineering, procurement and construction (“EPC”) contractor for the construction of an integrated Bypass Tunnel cum Motorway in the city of Kuala Lumpur to alleviate the flood and traffic congestion problems in the city, in the event the proposal is accepted by the Government of Malaysia. The project is known as the Stormwater Management And Road Tunnel (“SMART”) project.

30. SUBSEQUENT EVENTS

The Company has entered into the following agreements:-

- (a) a sale and purchase agreement dated 12 September 2002 with its wholly owned subsidiary, Reka Strategi Sdn. Bhd. ("RSSB"), for the disposal of its 80% equity interest in Gamuda Water Sdn. Bhd. (formerly known as The Sweet Water Management Sdn. Bhd.) ("G-Water") comprising 1,600,000 ordinary shares of RM1.00 each ("G-Water Sale Shares") to RSSB for a total cash consideration of RM120 million ("Proposed Disposal of G-Water"); and
- (b) a sale and purchase agreement dated 13 September 2002 with its 30% owned associate company, Gabungan Cekap Berhad ("GCB"), for the disposal of its entire equity interest in RSSB comprising 2 ordinary shares of RM1.00 each ("RSSB Sale Shares") to GCB for a total cash consideration of RM2.00 ("Proposed Disposal of RSSB").

Upon completion of the disposal of the RSSB Sales Shares, RSSB and G-Water will cease to be subsidiaries of the Company. However, they will remain as associate companies of the Company via GCB.

The Proposed Disposals are expected to be completed in the financial year ending 31 July 2003 and it is expected to result in a gain of approximately RM39 million and RM48 million at Group and Company level respectively.

- (c) On 2 October 2002, the Kaohsiung Rapid Transit Corporation, Taiwan, Republic of China accepted the joint bid by the Company and New Asia Construction & Development Corporation, a company incorporated in Taiwan, Republic of China and listed on the Taiwan Stock Exchange, to design, construct and complete the Kaohsiung Mass Rapid Transit System Project, Orange Line Package C04 which forms part of the overall Kaohsiung Underground Mass Rapid Transit System in the City of Kaohsiung, Taiwan, Republic of China.
- (d) On 4 October 2002, Gamuda Engineering Sdn. Bhd., a wholly owned subsidiary of the Company, was awarded a contract for the design, construction and upgrading works of six interchanges on Lebuhraya Damansara-Puchong by Lingkaran Trans Kota Sdn. Bhd.

31. SEGMENTAL ANALYSIS

| | Revenue RM'000 | Profit Before Taxation RM'000 | Total Assets Employed RM'000 |
|-------------------------------------|---------------------------|--|---|
| Analysis by activity: | | | |
| 2002 | | | |
| The Company and its subsidiaries: | | | |
| Engineering and construction | 859,514 | 198,938 | 1,150,777 |
| Manufacturing, quarrying and others | 80,135 | 17,656 | 197,063 |
| Property development | 103,103 | 16,980 | 337,939 |
| | <u>1,042,752</u> | <u>233,574</u> | <u>1,685,779</u> |
| Associated companies: | | | |
| Expressways | | 88,743 | 617,437 |
| Water supply | | 49,365 | 148,882 |
| Property development | | 29,858 | 189,625 |
| Manufacturing and others | | (16,574) | 83,958 |
| | | <u>151,392</u> | <u>1,039,902</u> |
| | <u>1,042,752</u> | <u>384,966</u> | <u>2,725,681</u> |
| 2001 | | | |
| The Company and its subsidiaries: | | | |
| Engineering and construction | 751,369 | 125,646 | 946,323 |
| Manufacturing, quarrying and others | 73,990 | 18,712 | 167,373 |
| Property development | 5,924 | (96) | 370,199 |
| Water supply | - | (219) | 75,084 |
| | <u>831,283</u> | <u>144,043</u> | <u>1,558,979</u> |
| Associated companies: | | | |
| Expressways | | 64,688 | 559,025 |
| Water supply | | 41,708 | 83,339 |
| Property development | | 26,955 | 168,127 |
| Manufacturing and others | | (1,359) | 68,753 |
| | | <u>131,992</u> | <u>879,244</u> |
| | <u>831,283</u> | <u>276,035</u> | <u>2,438,223</u> |

The activities of the Group are principally carried out in Malaysia and the activities of foreign subsidiaries are not significant as they are at their preliminary stage.

The directors are of the opinion that all inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

32. CURRENCY

All amounts are stated in Ringgit Malaysia unless otherwise stated.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.