

GAMUDA BERHAD (29579-T)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 July 2006

GAMUDA BERHAD
(Incorporated in Malaysia)

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GAMUDA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2006.

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 12 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	181,426	116,112
Minority interests	(12,868)	-
Net profit attributable to shareholders	<u>168,558</u>	<u>116,112</u>

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

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

DIVIDENDS

The amount of dividends declared and paid by the Company since 31 July 2005 were as follows:

	RM'000
In respect of the financial year ended 31 July 2005	
Final dividend of 9% less 28% taxation paid on 25 January 2006	<u>48,809</u>
In respect of the financial year ended 31 July 2006	
Interim dividend of 7% less 28% taxation paid on 28 April 2006	<u>37,963</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2006, of 9% less 28% taxation on 753,232,144 ordinary shares amounting to a dividend payable of RM48,809,443 (6.48 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' equity as an appropriation of retained profits in the financial year ending 31 July 2007.

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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 2005	Exercise of ESOS/ Bought	Sold	31 July 2006
Gamuda Berhad				
Direct Holding				
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	325,828	-	-	325,828
Y Bhg Dato' Lin Yun Ling	46,848,818	-	-	46,848,818
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	697,000	-	(30,000)	667,000
Ng Kee Leen	12,516,114	-	-	12,516,114
Goon Heng Wah	10,000,000	-	-	10,000,000
Ha Tiing Tai	11,907,938	-	-	11,907,938

DIRECTORS' INTERESTS (CONTD.)

	<----- Number of Ordinary Shares of RM1 Each ----->			
	1 August 2005	Exercise of ESOS/ Bought	Sold	31 July 2006
Indirect Holding				
YAM Raja Dato' Seri Eleena Azlan Shah*	77,400,000	-	(690,000)	76,710,000

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

Employees' Share Option Scheme

	<----- Number of Options ----->			
	1 August 2005	Allotted Note 30(c)	Expired on 25 December 2005	31 July 2006
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	-	100,000	-	100,000
Y Bhg Dato' Lin Yun Ling	1,130,000	1,500,000	(1,130,000)	1,500,000
Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi	-	100,000	-	100,000
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	-	100,000	-	100,000
YAM Raja Dato' Seri Eleena Azlan Shah	-	100,000	-	100,000
Y M Raja Dato' Seri Abdul Aziz bin Raja Salim	-	100,000	-	100,000
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	810,000	630,000	(810,000)	630,000
Y Bhg Dato' Haji Azmi bin Mat Nor	510,000	715,000	(510,000)	715,000
Ng Kee Leen	910,000	900,000	(910,000)	900,000
Goon Heng Wah	110,000	900,000	(110,000)	900,000
Ha Tiing Tai	710,000	900,000	(710,000)	900,000
Wong Chin Yen	-	100,000	-	100,000
Saw Wah Theng	110,000	825,000	(110,000)	825,000
Chow Chee Wah	90,000	715,000	(90,000)	715,000

DIRECTORS' INTERESTS (CONTD.)**Warrants 1996/2006**

Direct Holding	<----- Number of Warrants ----->		
	1 August 2005	Bought	Sold
			31 July 2006
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	110	-	-
Y Bhg Dato' Lin Yun Ling	8,053,442	-	-
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	172,000	-	(60,000)
Ng Kee Leen	2,288,000	-	-
Goon Heng Wah	1,788,158	-	-
Ha Tiing Tai	1,704,000	-	-

Indirect Holding

YAM Raja Dato' Seri Eleena Azlan Shah*	5,707,000	-	(1,507,000)	4,200,000
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* 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 a conversion price of RM4.21 each at any time within ten years following the date of issue on 30 December 1996.

Warrants 2001/2007

Direct Holding	<----- Number of Warrants ----->		
	1 August 2005	Bought	Sold
			31 July 2006
Y Bhg Dato' Lin Yun Ling	12,240,551	-	-
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	271,500	-	-
Ng Kee Leen	4,308,335	-	-
Goon Heng Wah	2,996,000	-	-
Ha Tiing Tai	3,477,000	-	-

Indirect Holding

YAM Raja Dato' Seri Eleena Azlan Shah*	9,545,000	-	-	9,545,000
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* Deemed interest through Generasi Setia (M) Sdn. Bhd.

DIRECTORS' INTERESTS (CONTD.)

Each Warrant 2001/2007 entitles the registered holder to subscribe for one new share in the Company at a conversion price of RM3.75 each at any time within six and a half years 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.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up capital from RM749,572,144 to RM753,232,144 via the issuance of:

- (a) 3,580,000 new ordinary shares of RM1.00 each pursuant to the Company's ESOS at exercise prices of between RM3.25 and RM4.32 per ordinary share;
- (b) 80,000 new ordinary shares of RM1.00 each pursuant to the conversion of Warrants 2001/2007 at an exercise price of RM3.75 each.

WARRANTS

- (i) The Warrants 1996/2006, previously the Warrants 1996/2001, which were constituted by a Deed Poll dated 23 December 1996, may be converted at any time on and after 30 December 1996 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 a conversion 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 converted at the date of maturity will lapse and cease to be valid for any purpose.

The shares arising from the conversion 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 conversion of Warrants 1996/2006 was effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

As at the balance sheet date, the total number of Warrants 1996/2006 which remain unconverted amounted to 71,138,640 units.

WARRANTS (CONTD.)

- (ii) The Warrants 2001/2007 which were constituted by a Deed Poll dated 27 November 2000, may be converted at any time on and after 22 February 2001 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 a conversion 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 converted at the date of maturity will lapse and cease to be valid for any purpose.

The shares arising from the conversion 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 conversion of Warrants 2001/2007 was effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

As at the balance sheet date, the total number of Warrants 2001/2007 which remain unconverted amounted to 127,670,198 units.

EMPLOYEES' SHARE OPTION SCHEME

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

At an Extraordinary General Meeting held on 5 July 2006, the shareholders of the Company approved the implementation of a new Employees' Share Option Scheme ("ESOS-2006") which became effective on 6 July 2006 upon final approval by Bursa Malaysia Securities Berhad. Pursuant to ESOS-2006, options to subscribe for 52,590,000 new ordinary shares of RM1 each had been granted to eligible employees and directors, and these remained unexercised as at 31 July 2006. The principal features of the ESOS, details of share options exercised during the financial year and outstanding at the end of the financial year are disclosed in Note 30(c) to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONTD.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 39 to the financial statements.

AUDITORS

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

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



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



Saw Wah Theng
Finance Director

Petaling Jaya, Selangor Darul Ehsan
18 October 2006

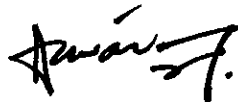
GAMUDA BERHAD
(Incorporated in Malaysia)

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

We, Y Bhg Tan Sri Dato' Ir. Talha Bin Haji Mohd Hashim and Saw Wah Theng, being two of the directors of Gamuda Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 109 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

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


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



Saw Wah Theng
Finance Director

Petaling Jaya, Selangor Darul Ehsan
18 October 2006

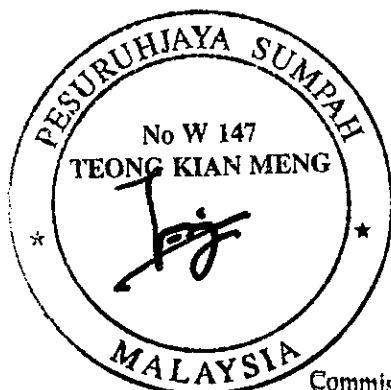
STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Saw Wah Theng, being the director primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 109 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Saw Wah Theng
at Petaling Jaya in Selangor Darul
Ehsan on 18 October 2006


Saw Wah Theng

Before me,



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Commissioner For Oaths
Lot 112, Tingkat Satu
Wisma MPL, Jalan Raja Chulan
50200 Kuala Lumpur

29579-T

**REPORT OF THE AUDITORS TO THE MEMBERS OF
GAMUDA BERHAD
(Incorporated in Malaysia)**

We have audited the financial statements set out on pages 13 to 109. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion,

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 July 2006 and of the results and the cash flows of the Group and of the Company for the year then ended;
 - (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

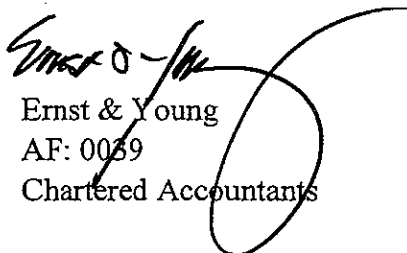
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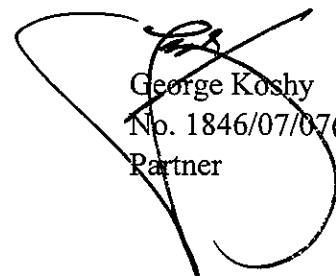
**REPORT OF THE AUDITORS TO THE MEMBERS OF
GAMUDA BERHAD (CONTD.)
(Incorporated in Malaysia)**

We have considered the financial statements and auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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


Ernst & Young
AF: 0039
Chartered Accountants


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

Kuala Lumpur, Malaysia
18 October 2006

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2006

	Note	2006 RM'000	2005 RM'000
Revenue	3	1,226,897	1,661,453
Other income		16,248	11,186
Construction contract costs recognised as contract expenses		(613,554)	(895,175)
Land and development costs		(244,824)	(232,469)
Changes in inventory of finished goods and work in progress		(21,092)	(16,693)
Purchases - raw materials		(27,491)	(21,196)
- trading materials		(80,752)	(79,313)
Production overheads		(14,336)	(11,896)
Staff costs	5	(43,481)	(45,569)
Depreciation		(7,262)	(8,820)
Other operating expenses		(57,501)	(57,712)
Profit from operations	4	132,852	303,796
Finance costs	7	(14,917)	(13,963)
Interest income		12,619	17,465
Share of profits of associated companies		147,975	105,364
Profit before taxation		278,529	412,662
Taxation	8	(97,103)	(113,633)
Company and subsidiaries		(51,708)	(78,985)
Associated companies		(45,395)	(34,648)
Profit after taxation		181,426	299,029
Minority interests		(12,868)	(33,251)
Net profit for the year		168,558	265,778
Earnings per share (sen)			
Basic	9	22.39	35.72
Diluted	9	22.28	33.62
Net dividends per ordinary share in respect of the year (sen):			
- Paid		5	5
- Proposed		6	6
		11	11

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

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2006

	Note	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	199,459	118,361
Land held for property development	18	451,349	422,575
Motorway development expenditure	19	295,950	192,109
Associated companies	13	1,368,534	1,202,913
Other investments	15	733	3,234
Goodwill arising on consolidation	16	18,458	19,293
Concession rights	17	58,335	60,668
Deferred tax assets	34	12,905	11,315
Receivables	21	28,584	29,293
		<u>2,434,307</u>	<u>2,059,761</u>
CURRENT ASSETS			
Property development costs	18	38,446	93,630
Inventories	20	110,503	32,954
Receivables	21	816,619	727,714
Tax recoverable		45,407	34,605
Cash and bank balances	24	456,855	505,377
		<u>1,467,830</u>	<u>1,394,280</u>
CURRENT LIABILITIES			
Short term borrowings	25	156,202	259,061
Payables	26	573,657	490,983
Provision for liabilities	27	150	3,384
Retirement benefit obligations	29	206	165
Tax payable		29,496	27,533
		<u>759,711</u>	<u>781,126</u>
NET CURRENT ASSETS		<u>708,119</u>	<u>613,154</u>
		<u>3,142,426</u>	<u>2,672,915</u>

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2006 (CONTD.)

	Note	2006 RM'000	2005 RM'000
FINANCED BY:			
Share capital	30	753,232	749,572
Reserves		1,489,537	1,429,290
Shareholders' equity		<u>2,242,769</u>	<u>2,178,862</u>
Minority interests	33	48,583	68,345
		<u>2,291,352</u>	<u>2,247,207</u>
Retirement benefit obligations	29	6,354	5,983
Deferred tax liabilities	34	19,720	19,725
Other long term liabilities	35	825,000	400,000
Non-current liabilities		<u>851,074</u>	<u>425,708</u>
		<u>3,142,426</u>	<u>2,672,915</u>

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

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2006

Group	Note	Non-distributable			Distributable	Total
		Share capital	Share premium	Other reserves (Note 31)	Retained profits	
		RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2004		736,788	235,236	76,018	928,661	1,976,703
Exercise of ESOS-2000	30	12,751	36,994	-	-	49,745
Conversion of warrants	30	33	89	-	-	122
Currency translation differences	31	-	-	(827)	-	(827)
Share of capital reserve in an associated company	31	-	-	- *	-	-
Net profit for the year		-	-	-	265,778	265,778
Dividends	10	-	-	-	(112,659)	(112,659)
At 31 July 2005		<u>749,572</u>	<u>272,319</u>	<u>75,191</u>	<u>1,081,780</u>	<u>2,178,862</u>
At 1 August 2005		749,572	272,319	75,191	1,081,780	2,178,862
Exercise of ESOS-2000	30	3,580	9,700	-	-	13,280
Expenses incurred for issuance of ESOS-2006		-	(148)	-	-	(148)
Conversion of warrants	30	80	220	-	-	300
Currency translation differences	31	-	-	(5,623)	-	(5,623)
Share of capital reserve in an associated company	31	-	-	(25,688)	-	(25,688)
Net profit for the year		-	-	-	168,558	168,558
Dividends	10	-	-	-	(86,772)	(86,772)
At 31 July 2006		<u>753,232</u>	<u>282,091</u>	<u>43,880</u>	<u>1,163,566</u>	<u>2,242,769</u>

* The effects of share of capital reserve in an associated company is below RM1,000.

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

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2006

	2006	2005
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	278,529	412,662
Adjustment for:		
Amortisation of concession rights	2,333	2,333
Amortisation of goodwill on consolidation		
- Subsidiaries	835	835
Depreciation	7,262	8,820
Impairment loss on other investments	3	-
Impairment loss on investment in an associated company	-	1,804
Impairment loss on property, plant & equipment	9,529	-
Property, plant and equipment written off	4	124
Provision for foreseeable losses on low cost apartments	-	4,407
Provision for contracts	10,698	17,757
Provision for doubtful debts	56	291
Reversal of provision for rebates	(2,407)	(870)
Provision for retirement benefits	981	951
(Reversal of provision)/provision for short term accumulating compensated absences	(31)	108
Gain on disposal of property, plant and equipment	(3,277)	(4,031)
Gain on disposal of quoted investments	(2,234)	-
Share of associated companies' profits	(147,975)	(105,364)
Unrealised gain on foreign exchange	(35)	(65)
Write back of provision for doubtful debts	(106)	(249)
Interest income	(12,619)	(17,465)
Interest expense	14,917	13,963
Operating profit before working capital changes	156,463	336,011
Increase in development properties	(49,937)	(1,430)
Increase in inventories	(650)	(847)
Decrease/(increase) in receivables	19,888	(170,599)
Increase/(decrease) in payables	53,443	(44,898)
Cash generated from operations	179,207	118,237
Dividend received from associated companies	77,871	60,187
Income taxes paid	(62,142)	(87,553)
Interest paid	(14,917)	(13,963)
Retirement benefits paid	(569)	(228)
Net cash generated from operating activities	179,450	76,680

GAMUDA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2006 (CONTD.)

	2006 RM'000	2005 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of motorway development expenditure	(103,841)	(96,212)
Capital repayment from an associated company	48,692	-
Proceeds from disposal of property, plant and equipment	24,000	4,697
Proceeds from disposal of other investments	4,733	-
Advances and deposits for acquisition of land	(96,000)	-
Proceeds from a minority shareholder for issuance of shares in a subsidiary	-	21,638
Acquisition of other investments	(1)	(17)
Interest received	12,619	17,465
Investment in associated companies	(203,891)	(18,121)
Purchase of property, plant and equipment	(133,376)	(21,340)
Net cash used in investing activities	<u>(447,065)</u>	<u>(91,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings	55,272	207,033
Drawdown of medium term notes	300,000	-
Drawdown of term loan	125,000	-
Proceeds from conversion of warrants	300	122
Net proceeds from exercise of ESOS	13,132	49,745
Distribution of profit to minority interests of an unincorporated subsidiary	(30,000)	(6,000)
Dividend paid to shareholders	(86,772)	(112,659)
Repayment of short term borrowings	(158,131)	(83,465)
Repayment of lease liabilities	-	(4,164)
Net cash generated from financing activities	<u>218,801</u>	<u>50,612</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(48,814)	35,402
EFFECTS OF EXCHANGE RATE CHANGES	292	(762)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>505,377</u>	<u>470,737</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	<u>456,855</u>	<u>505,377</u>

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

GAMUDA BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2006

	Note	2006 RM'000	2005 RM'000
Revenue	3	409,799	411,015
Other income		31,366	97,559
Construction contract costs recognised as contract expenses		(257,155)	(263,584)
Staff costs	5	(10,560)	(11,171)
Depreciation		(1,551)	(2,220)
Other operating expenses		(11,599)	(15,916)
Profit from operations	4	160,300	215,683
Finance costs	7	(12,903)	(12,724)
Interest income		11,948	20,061
Profit before taxation		159,345	223,020
Taxation	8	(43,233)	(54,334)
Net profit for the year		116,112	168,686
Net dividends per ordinary share in respect of the year (sen):			
- Paid		5	5
- Proposed		6	6
		11	11

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

GAMUDA BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 JULY 2006

	Note	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	40,492	51,702
Subsidiaries	12	335,835	335,835
Associated companies	13	800,881	633,535
Jointly controlled entities	14	141,000	64,000
Other investments	15	733	735
Deferred tax assets	34	1,279	255
		<u>1,320,220</u>	<u>1,086,062</u>
CURRENT ASSETS			
Receivables	21	233,019	189,404
Due from subsidiaries	23	589,121	707,023
Tax recoverable		35,335	28,010
Cash and bank balances	24	68,833	72,661
		<u>926,308</u>	<u>997,098</u>
CURRENT LIABILITIES			
Short term borrowings	25	83,503	41,667
Payables	26	70,111	85,685
Due to subsidiaries	28	207,313	105,622
Retirement benefit obligations	29	-	43
Tax payable		-	7,861
		<u>360,927</u>	<u>240,878</u>
NET CURRENT ASSETS		<u>565,381</u>	<u>756,220</u>
		<u>1,885,601</u>	<u>1,842,282</u>
FINANCED BY:			
Share capital	30	753,232	749,572
Reserves		730,135	691,023
Shareholders' equity		<u>1,483,367</u>	<u>1,440,595</u>
Retirement benefit obligations	29	2,234	1,687
Other long term liabilities	35	400,000	400,000
Non-current liabilities		<u>402,234</u>	<u>401,687</u>
		<u>1,885,601</u>	<u>1,842,282</u>

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

GAMUDA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2006

	Note	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 August 2004		736,788	235,236	362,677	1,334,701
Exercise of ESOS-2000	30	12,751	36,994	-	49,745
Conversion of warrants	30	33	89	-	122
Net profit for the year		-	-	168,686	168,686
Dividends	10	-	-	(112,659)	(112,659)
At 31 July 2005		<u>749,572</u>	<u>272,319</u>	<u>418,704</u>	<u>1,440,595</u>
At 1 August 2005		749,572	272,319	418,704	1,440,595
Exercise of ESOS-2000	30	3,580	9,700	-	13,280
Expenses incurred for issuance of ESOS-2006		-	(148)		(148)
Conversion of warrants	30	80	220	-	300
Net profit for the year		-	-	116,112	116,112
Dividends	10	-	-	(86,772)	(86,772)
At 31 July 2006		<u>753,232</u>	<u>282,091</u>	<u>448,044</u>	<u>1,483,367</u>

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

GAMUDA BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	159,345	223,020
Adjustment for:		
Depreciation	1,551	2,220
Impairment loss on investment in an associated company	-	1,804
Impairment loss on other investments	3	-
Property, plant and equipment written off	-	77
Impairment loss on property, plant and equipment	9,529	-
Provision for retirement benefits	547	189
Provision for short term accumulating compensated absences	34	179
Gain on disposal of property, plant and equipment	(341)	(1,820)
Interest income	(11,948)	(20,061)
Dividend income	(133,022)	(94,125)
Interest expense	12,903	12,724
Operating profit before working capital changes	38,601	124,207
Decrease/(increase) in due from subsidiaries	39,045	(132,599)
Increase in due to subsidiaries	101,691	35,795
Decrease/(increase) in receivables	93,557	(5,999)
(Decrease)/increase in payables	(50,608)	31,030
Cash generated from operations	222,286	52,434
Dividend received	97,560	73,806
Income taxes paid	(59,443)	(65,548)
Interest paid	(12,903)	(12,724)
Retirement benefits paid	(43)	(19)
Net cash generated from operating activities	247,457	47,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	700	2,279
Investment in associated companies	(203,891)	-
Investment in jointly controlled entities	(77,000)	(64,000)
Investment in subsidiary company	-	(204)
Capital repayment from an associated company	48,692	-
Purchase of property, plant and equipment	(229)	(391)
Purchase of other investment	(1)	(17)
Interest received	11,948	20,061
Net cash used in investing activities	(219,781)	(42,272)

GAMUDA BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2006 (CONTD.)

	2006	2005
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of revolving credit	41,836	(10,555)
Proceeds from conversion of warrants	300	122
Net proceeds from exercise of ESOS	13,132	49,745
Dividend paid to shareholders	(86,772)	(112,659)
Net cash used in financing activities	<u>(31,504)</u>	<u>(73,347)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (3,828)	 (67,670)
CASH AND CASH EQUIVALENTS AT BEGINNING		
OF YEAR	<u>72,661</u>	<u>140,331</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
(Note 24)	<u>68,833</u>	<u>72,661</u>

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

GAMUDA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2006

1. CORPORATE INFORMATION

The principal activities of the Company are that of investment holding and civil engineering construction. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of these activities during the financial year.

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

The number of employees in the Group and in the Company at the end of the financial year were 1,232 (2005: 1,234) and 105 (2005: 103) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

During the financial year ended 31 July 2006, the Group has taken the option of early adoption of FRS 131 Interests in Joint Venture which is effective for financial period beginning 1 January 2006. The effect of adopting FRS 131 is as disclosed in Note 40.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it 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.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and 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 or reserve arising on consolidation.

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 gain or loss on disposal of a subsidiary 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.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date plus the minorities' share of post acquisition reserve in the acquiree's equity since then.

(ii) Associated Companies

Associated companies are those companies in which the Group has a long term equity interest and where it has significant influence but not control, through participation in the financial and operating policy decisions of the entities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation (Contd.)

(ii) Associated Companies (Contd.)

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. Under the equity method of accounting, the Group's share of profits less losses of associated companies during the financial year is included in the consolidated income statement. The Group's interest in associated companies is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition reserves.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

(iii) Joint Ventures

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which the Group has joint control over its economic activity established under a contractual arrangement.

A jointly controlled operation is a joint venture that involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves.

The Group recognises its interest in the joint ventures using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint ventures with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint ventures are prepared for the same reporting year as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

(c) Goodwill

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Goodwill (Contd.)

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associated companies and jointly controlled entities is included within the respective carrying amounts of these investments.

Goodwill is amortised on a systematic basis over its estimated useful life. The amortisation period reflects the best estimate of the period during which future economic benefits are expected to flow to the Group. The estimated useful life of goodwill on the acquisition of subsidiaries and associated companies is 30 years.

(d) Investments in Subsidiaries, Associated Companies and Joint Ventures

The Company's investments in subsidiaries, associated companies and joint ventures are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

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 for on a straight line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Property, Plant and Equipment and Depreciation (Contd.)

Long term and short term leasehold land and buildings and certain freehold land of the Group and of the Company have not been revalued since they were first revalued in 1991. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provision of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1991 valuation less accumulated depreciation and impairment losses.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is charged or credited to the income statement.

(f) Motorway Development Expenditure

Motorway development expenditure ("MDE") is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r). MDE comprises construction and development expenditure (including interest and fee charges relating to financing of the construction and development of the Motorway) incurred by the Group in connection with the Concession. Upon completion of the construction works of the Motorway and commencement of tolling operations, at each balance sheet date, the cumulative actual expenditure incurred is amortised to the income statement based on the following formula:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Land Held for Property Development and Property Development Costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

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

(ii) Property development costs

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Construction Contracts

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

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

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

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

(i) Inventories

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

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

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

(j) Cash and Cash Equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(l) 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.

(m) Income Tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Income Tax (Contd.)

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(n) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(n) Employee Benefits (Contd.)****(iii) Defined Benefit Plans**

The Group operates an unfunded Retirement Benefit Scheme ("the Scheme") for its employees.

The Group's obligation under the Scheme are determined based on triennial actuarial valuation where the amount of benefits that employees have earned in return for their services in the current and prior years is estimated.

The Group used the Projected Unit Credit Method in order to determine the present value of its defined benefits obligations and related current service cost and, where applicable, past service cost.

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

(iv) Equity Compensation Benefits

The Gamuda Berhad Employees' Share Option Scheme ("ESOS") allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(o) Concession Rights

Concession rights are attributable to costs incurred which are related to arrangement whereby the Group is able to obtain economic benefits over future years. The concession rights is amortised on a straight-line basis over its estimated useful economic life of 30 years. Concession rights is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(p) Revenue Recognition**

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

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(h).

(ii) Development Properties

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

(iii) Sale of Goods and Services

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

(iv) Supply of water and related services

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

(v) Interest Income

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

(vi) Dividend Income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at the date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the fair values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

(ii) Foreign Operations

Where the operations of a foreign company are integral to the operations of the Company, the translation principles described above are applied as if the transactions of the foreign operation has been those of the Company.

(iii) Foreign Entities

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 transactions with respect to the income statement. All resulting translation differences are recognised in equity.

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

	2006 RM	2005 RM
United States Dollar	3.67	3.78
Singapore Dollar	2.32	2.25
Indian Rupee	0.08	0.09
New Taiwan Dollar	0.11	0.12
Qatari Riyal	1.03	1.03

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

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

(s) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. The financial risk management objectives and policies are disclosed in Note 41.

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associated companies and joint ventures are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

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

(ii) Receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(s) Financial Instruments (Contd.)

(iii) Payables

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

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans, Redeemable Unsecured Bonds and Al-Muharabah Commercial Paper and Medium Term Notes ("CP/MTN") are recorded at the face value of the loan amount.

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

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

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

(v) Equity Instruments

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

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

3. REVENUE

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

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Engineering and construction contracts	676,475	1,132,921	276,777	316,890
Sales of development properties	335,639	322,852	-	-
Quarry sales	18,588	29,620	-	-
Trading of construction materials	85,276	89,052	-	-
Sales of manufactured products	43,381	31,838	-	-
Supply of water and related services	58,973	46,560	-	-
Dividend income	-	-	133,022	94,125
Others	8,565	8,610	-	-
	<u>1,226,897</u>	<u>1,661,453</u>	<u>409,799</u>	<u>411,015</u>

4. PROFIT FROM OPERATIONS

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

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Amortisation of concession rights	2,333	2,333	-	-
Amortisation of goodwill on consolidation of subsidiaries	835	835	-	-
Auditors' remuneration				
- Statutory audits	315	266	67	65
- Other services	218	216	83	86
Hire of plant and equipment	1,272	1,626	-	-
Non-executive directors' fees (Note 6)	244	244	244	244
Property, plant and equipment written off	4	124	-	77

4. PROFIT FROM OPERATIONS (CONTD.)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Impairment loss on investment in an associated company	-	1,804	-	1,804
Impairment loss on other investments	3	-	3	-
Provision for contracts	10,698	17,757	-	-
Provision for foreseeable losses on low cost apartments	-	4,407	-	-
Provision for doubtful debts	56	291	-	-
Rental expense of land	601	374	51	51
Rental expense of premises	1,734	1,774	591	714
Staff costs (Note 5)	43,481	45,569	10,560	11,171
Impairment loss on property plant and equipment	9,529	-	9,529	-
Appropriation of profits from unincorporated subsidiaries	-	-	(27,454)	(92,099)
Reversal of provision for rebates (Note 27)	(2,407)	(870)	-	-
Gain on disposal of property, plant and equipment	(3,277)	(4,031)	(341)	(1,820)
Gain on disposal of quoted investments	(2,234)	-	-	-
Rental income				
- Subsidiaries	-	-	(640)	(674)
- Others	(589)	(499)	(274)	(205)
Unrealised gain on foreign exchange	(35)	(65)	-	-
Write back of provision for doubtful debts	(106)	(249)	-	-

5. STAFF COSTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	28,310	29,882	4,331	5,304
Directors' salaries and emoluments (Note 6)	4,607	3,470	4,332	3,201
Short term accumulating compensated absences	(31)	108	34	179
Pension costs-defined contribution plans	3,569	3,711	851	868
Pension costs-defined benefit plan	848	851	414	89
Social security costs	257	226	36	30
Other staff related expenses	5,921	7,321	562	1,500
	<u>43,481</u>	<u>45,569</u>	<u>10,560</u>	<u>11,171</u>

6. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	3,718	2,625	3,479	2,392
Bonus	413	413	377	377
Pension costs-defined contribution plans	343	332	343	332
Pension costs-defined benefit plan	133	100	133	100
Benefits-in-kind	159	164	134	149
	<u>4,766</u>	<u>3,634</u>	<u>4,466</u>	<u>3,350</u>
Non-executive:				
Fees	244	244	244	244
Benefits-in-kind	85	11	85	11
	<u>329</u>	<u>255</u>	<u>329</u>	<u>255</u>
Total	<u>5,095</u>	<u>3,889</u>	<u>4,795</u>	<u>3,605</u>

6. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	4,607	3,470	4,332	3,201
Total non-executive directors' remuneration excluding benefits-in-kind (Note 4)	244	244	244	244
Total directors' remuneration excluding benefits-in-kind	4,851	3,714	4,576	3,445

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

	Number of Directors	
	2006	2005
Executive directors:		
RM250,001 – RM300,000	1	1
RM350,001 – RM400,000	1	1
RM400,001 – RM450,000	1	1
RM450,001 – RM500,000	2	4
RM550,001 – RM600,000	1	-
RM600,001 – RM650,000	1	1
RM1,350,001 – RM1,400,000	1	-
	<u>8</u>	<u>8</u>
Non-executive directors:		
RM1 – RM50,000	5	5
RM100,001 – RM150,000	1	1
	<u>6</u>	<u>6</u>
Total	<u>14</u>	<u>14</u>

7. FINANCE COSTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Interest expense on				
Redeemable Unsecured				
Bonds	12,056	12,000	12,056	12,000
Murabahah Commercial Paper				
and Medium Term Notes	15,660	4,180	-	-
Others	4,907	5,317	847	724
	<u>32,623</u>	<u>21,497</u>	<u>12,903</u>	<u>12,724</u>
Less: Amount capitalised				
in qualifying assets:				
Motorway expenditure				
(Note 19)	(5,782)	(3,354)	-	-
Property development				
costs (Note 18)	(10,889)	(4,180)	-	-
Costs of construction				
contracts (Note 22)	(1,035)	-	-	-
	<u>14,917</u>	<u>13,963</u>	<u>12,903</u>	<u>12,724</u>

8. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian income tax	50,659	96,988	46,407	66,051
Under/(over) provided in				
prior years	2,644	(10,376)	(2,150)	(11,213)
	<u>53,303</u>	<u>86,612</u>	<u>44,257</u>	<u>54,838</u>
Deferred tax (Note 34):				
Relating to origination				
and reversal of				
temporary				
differences	(446)	(7,372)	220	(504)
Over provided in				
prior years	(1,149)	(255)	(1,244)	-
	<u>(1,595)</u>	<u>(7,627)</u>	<u>(1,024)</u>	<u>(504)</u>
Share of taxation for				
associated companies	45,395	34,648	-	-
	<u>97,103</u>	<u>113,633</u>	<u>43,233</u>	<u>54,334</u>

8. TAXATION (CONTD.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The corporate tax for Year of Assessment 2006/2005 for companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for the said Year of Assessment are as follows:

Chargeable income	Rate
First RM500,000 (2005: RM500,000)	20%
Amount exceeding RM500,000 (2005: RM500,000)	28%

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

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

	2006 RM'000	2005 RM'000
Group		
Profit before taxation	<u>278,529</u>	<u>412,662</u>
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	77,988	115,545
Tax incentive obtained from differential tax rate of 20%	(285)	(261)
Effect of different tax rates in other countries	(1,482)	(6)
Effect of group unrealised expenses	1,550	(3,084)
Income not subject to tax	(2,320)	(1,883)
Expenses not deductible for tax purposes:		
- Amortisation of goodwill and concession rights	887	887
- Impairment loss	2,668	-
- Others	6,282	7,477
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(653)	(235)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	10,973	5,824
Overprovision of deferred tax in prior years	(1,149)	(255)
Under/(over)provision of income tax in prior years	2,644	(10,376)
Tax expense for the year	<u>97,103</u>	<u>113,633</u>

8. TAXATION (CONTD.)

	2006 RM'000	2005 RM'000
Company		
Profit before taxation	<u>159,345</u>	<u>223,020</u>
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	44,617	62,446
Income not subject to tax	(1,848)	(1,849)
Expenses not deductible for tax purposes	3,858	4,950
Overprovision of deferred tax in prior year	(1,244)	-
Overprovision of income tax in prior years	<u>(2,150)</u>	<u>(11,213)</u>
Tax expense for the year	<u>43,233</u>	<u>54,334</u>

Tax savings during the financial year arising from:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Utilisation of current year tax losses	74	-	-	-
Utilisation of previously unrecognised tax losses	<u>557</u>	<u>235</u>	<u>-</u>	<u>-</u>

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

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2006	2005
Net profit for the year (RM'000)	168,558	265,778
Weighted average number of ordinary shares in issue ('000)	752,846	743,977
Basic earnings per share (sen)	<u>22.39</u>	<u>35.72</u>

9. EARNINGS PER SHARE (CONTD.)**(b) Diluted**

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

	2006	2005
Net profit for the year (RM'000)	<u>168,558</u>	<u>265,778</u>
Weighted average number of ordinary shares in issue ('000)	752,846	743,977
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	3,830	4,433
Assumed shares issued from the conversion of Warrants 1996/2006 ('000)	-	10,844
Assumed shares issued from the conversion of Warrants 2001/2007 ('000)	<u>-</u>	<u>31,304</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>756,676</u>	<u>790,558</u>
Fully diluted earnings per share (sen)	<u>22.28</u>	<u>33.62</u>

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

10. DIVIDENDS

	Group and Company		Net Dividends per	
	Amount		Ordinary Share	
	2006	2005	2006	2005
	RM'000	RM'000	sen	sen
Final dividend paid for financial year 2005, of 9% (2004: 9%) less 28% taxation	48,809	48,155	6	6
Special dividend paid for financial year 2004, of 5% less 28% taxation	-	26,753	-	4
Interim dividend paid for financial year 2006, of 7% (2005: 7%) less 28% taxation	37,963	37,751	5	5
	<u>86,772</u>	<u>112,659</u>		

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2006, of 9% less 28% taxation on 753,232,144 ordinary shares amounting to a dividend payable of RM48,809,443 (6.48 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' equity as an appropriation of retained profits in the financial year ending 31 July 2007.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings*	Construction -in-progress	Other property, plant and equipment**	Total
Valuation/Cost	RM'000	RM'000	RM'000	RM'000
At 1 August 2005	51,059	26,103	195,611	272,773
Additions	1,469	1,325	130,582	133,376
Disposals	-	(3,671)	(54,517)	(58,188)
Write-offs	-	-	(1,194)	(1,194)
Impairment loss for the year	-	(9,529)	-	(9,529)
Exchange differences	-	-	(2,291)	(2,291)
At 31 July 2006	52,528	14,228	268,191	334,947
Representing:				
At cost	33,645	14,228	268,191	316,064
At valuation	18,883	-	-	18,883
	52,528	14,228	268,191	334,947
Accumulated Depreciation				
At 1 August 2005	9,844	-	144,568	154,412
Charge for the year:				
Recognised in income statement	826	-	6,436	7,262
Capitalised in property development costs (Note 18)	-	-	554	554
Capitalised in construction costs (Note 22)	-	-	12,032	12,032
Disposals	-	-	(37,465)	(37,465)
Write-offs	-	-	(1,190)	(1,190)
Exchange differences	-	-	(117)	(117)
At 31 July 2006	10,670	-	124,818	135,488

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Land and buildings*	Construction -in-progress	Other property, plant and equipment**	Total
Valuation/Cost	RM'000	RM'000	RM'000	RM'000
Net Book Value				
At 31 July 2006				
At cost	31,036	14,228	143,373	188,637
At valuation	10,822	-	-	10,822
	<u>41,858</u>	<u>14,228</u>	<u>143,373</u>	<u>199,459</u>
At 31 July 2005				
At cost	29,875	26,103	51,043	107,021
At valuation	11,340	-	-	11,340
	<u>41,215</u>	<u>26,103</u>	<u>51,043</u>	<u>118,361</u>
Details at 1 August 2004				
At cost	32,087	26,049	182,882	241,018
At valuation	18,863	-	-	18,863
Accumulated depreciation	<u>9,023</u>	<u>-</u>	<u>135,490</u>	<u>144,513</u>
Depreciation charge for 2005				
Recognised in income statement	821	-	7,999	8,820
Capitalised in development expenditure (Note 18)	-	-	580	580
Capitalised in construction costs (Note 22)	<u>-</u>	<u>-</u>	<u>8,157</u>	<u>8,157</u>

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings

Group	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Long term leasehold buildings RM'000	Short term leasehold land RM'000	Short term leasehold buildings RM'000	Total RM'000
Valuation/Cost							
At 1 August 2005	19,297	15,239	290	230	15,372	631	51,059
Additions	-	1,449	-	-	-	20	1,469
At 31 July 2006	19,297	16,688	290	230	15,372	651	52,528
Representing:							
At cost	18,105	15,540	-	-	-	-	33,645
At valuation	1,192	1,148	290	230	15,372	651	18,883
Accumulated Depreciation							
At 1 August 2005	-	2,642	75	62	6,868	197	9,844
Charge for the year	-	312	5	4	490	15	826
At 31 July 2006	-	2,954	80	66	7,358	212	10,670
Net Book Value							
At 31 July 2006							
At cost	18,105	12,931	-	-	-	-	31,036
At valuation	1,192	803	210	164	8,014	439	10,822
At 31 July 2005							
At cost	18,105	11,770	-	-	-	-	29,875
At valuation	1,192	827	215	168	8,504	434	11,340
Details at 1 August 2004							
At cost	18,105	13,982	-	-	-	-	32,087
At valuation	1,192	1,148	1,349	674	14,313	187	18,863
Accumulated depreciation	-	2,335	303	158	6,145	82	9,023
Depreciation charge for 2005	-	307	5	4	490	15	821

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**** Other property, plant and equipment**

Group	Motor vehicles	Office equipment, furniture and fittings	Plant, machinery and golf, gym and club house equipment	Total
Cost	RM'000	RM'000	RM'000	RM'000
At 1 August 2005	23,440	25,676	146,495	195,611
Additions	6,290	2,818	121,474	130,582
Disposals	(4,768)	(1,329)	(48,420)	(54,517)
Write-offs	-	(833)	(361)	(1,194)
Exchange differences	(97)	(27)	(2,167)	(2,291)
At 31 July 2006	24,865	26,305	217,021	268,191
Accumulated Depreciation				
At 1 August 2005	18,955	20,406	105,207	144,568
Charge for the year:				
Recognised in income statement	1,136	1,691	3,609	6,436
Capitalised in property development costs (Note 18)	107	179	268	554
Capitalised in construction costs (Note 22)	669	713	10,650	12,032
Disposals	(3,869)	(662)	(32,934)	(37,465)
Write-offs	-	(830)	(360)	(1,190)
Exchange differences	(8)	(5)	(104)	(117)
At 31 July 2006	16,990	21,492	86,336	124,818
Net Book Value				
At 31 July 2006	7,875	4,813	130,685	143,373
At 31 July 2005	4,485	5,270	41,288	51,043
Details at 1 August 2004				
At cost	29,718	23,827	129,337	182,882
Accumulated depreciation	22,928	17,758	94,804	135,490

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**** Other property, plant and equipment**

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant, machinery and golf, gym and club house equipment RM'000	Total RM'000
Depreciation charge for 2005				
Recognised in income statement	1,893	1,923	4,183	7,999
Capitalised in development expenditure (Note 18)	80	149	351	580
Capitalised in construction costs (Note 22)	240	495	7,422	8,157

Company	Land and buildings* RM'000	Construction -in-progress RM'000	Other property, plant and equipment** RM'000	Total RM'000
Valuation/Cost				
At 1 August 2005	27,583	22,432	24,818	74,833
Additions	-	-	229	229
Disposals	-	-	(2,709)	(2,709)
Write-offs	-	-	(868)	(868)
Impairment loss for the year	-	(9,529)	-	(9,529)
At 31 July 2006	27,583	12,903	21,470	61,956

Representing:

At cost	24,180	12,903	21,470	58,553
At valuation	3,403	-	-	3,403
	27,583	12,903	21,470	61,956

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Land and buildings	Construction * -in-progress	Other property, plant and equipment**	Total
Valuation/Cost	RM'000	RM'000	RM'000	RM'000
Accumulated Depreciation				
At 1 August 2005	1,948	-	21,183	23,131
Charge for the year	239	-	1,312	1,551
Disposals	-	-	(2,350)	(2,350)
Write-offs	-	-	(868)	(868)
At 31 July 2006	2,187	-	19,277	21,464
Net Book Value				
At 31 July 2006				
At cost	22,707	12,903	2,193	37,803
At valuation	2,689	-	-	2,689
	25,396	12,903	2,193	40,492
At 31 July 2005				
At cost	22,898	22,432	3,635	48,965
At valuation	2,737	-	-	2,737
	25,635	22,432	3,635	51,702
Details at 1 August 2004				
At cost	24,071	22,378	31,080	77,529
At valuation	3,403	-	-	3,403
Accumulated depreciation	1,709	-	25,156	26,865
Depreciation charge for 2005				
	239	-	1,981	2,220

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings

Company	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Long term leasehold buildings RM'000	Short term leasehold land RM'000	Short term leasehold buildings RM'000	Total RM'000
Valuation/Cost							
At 1 August 2005/ 31 July 2006	15,352	10,468	145	115	1,059	444	27,583
Representing:							
At cost	14,572	9,608	-	-	-	-	24,180
At valuation	780	860	145	115	1,059	444	3,403
Accumulated Depreciation							
At 1 August 2005	-	1,522	34	32	251	109	1,948
Charge for the year	-	208	2	2	18	9	239
At 31 July 2006	-	1,730	36	34	269	118	2,187
Net Book Value							
At 31 July 2006							
At cost	14,572	8,135	-	-	-	-	22,707
At valuation	780	603	109	81	790	326	2,689
At 31 July 2005							
At cost	14,572	8,326	-	-	-	-	22,898
At valuation	780	620	111	83	808	335	2,737
Details at 1 August 2004							
At cost	14,572	9,499	-	-	-	-	24,071
At valuation	780	860	1,204	559	-	-	3,403
Accumulated depreciation	-	1,314	265	130	-	-	1,709
Depreciation charge for 2005	-	208	2	2	18	9	239

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**** Other property, plant and equipment**

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant, machinery and equipment RM'000	Total RM'000
Cost				
At 1 August 2005	9,022	12,315	3,481	24,818
Additions	101	128	-	229
Disposals	(2,258)	(128)	(323)	(2,709)
Write-offs	-	(514)	(354)	(868)
At 31 July 2006	6,865	11,801	2,804	21,470
Accumulated Depreciation				
At 1 August 2005	6,946	10,779	3,458	21,183
Charge for the year	591	702	19	1,312
Disposals	(1,914)	(116)	(320)	(2,350)
Write-offs	-	(513)	(355)	(868)
At 31 July 2006	5,623	10,852	2,802	19,277
Net Book Value				
At 31 July 2006	1,242	949	2	2,193
At 31 July 2005	2,076	1,536	23	3,635
Details at 1 August 2004				
At cost	14,991	12,499	3,590	31,080
Accumulated depreciation	11,434	10,257	3,465	25,156
Depreciation charge for 2005	959	922	100	1,981