

Continuity from unity







Continuity from unity

Teams are potentially the most powerful human resource a company can call to action. When a group of individuals is given the opportunity to effectively merge its ideas, energies and ambitions toward a common vision or goal, anything - from the most difficult, to the improbable, to the seemingly impossible - can be achieved.

Among many, Gamuda's strength is also built upon our team spirit. As a result, we are able to continuously do the unthinkable and deliver breakthrough solutions time and time again. Which is further evidence that continuity does stem from unity.

Our Vision

We deliver innovative world-class infrastructure and homes for our customers through our core businesses in infrastructure development and construction, operation and maintenance of public infrastructure concessions, and large-scale property development.

Our Values

Innovation – in our concepts, services, products and delivery system to provide viable solutions for our clients and customers.

Responsible conduct – towards all our stakeholders, including our customers, employees, shareholders and the community and environment in which we operate.

Constant improvement to improve our efficiency and relevance amidst the changing needs of our customers and markets.

Taking the long view in our business policies and actions to ensure that we have a sustainable future.



32nd Annual General Meeting

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

Tuesday, 16 December 2008 at 10.00 a.m.

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on the regional front





Performance Review

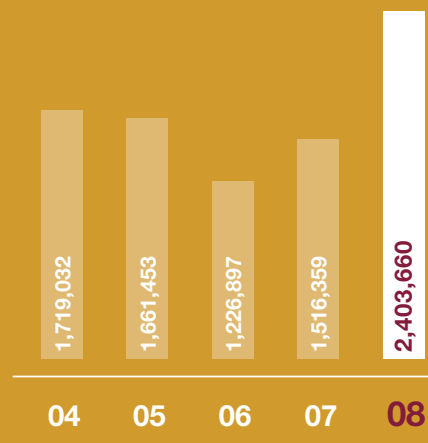
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five-year financial highlights

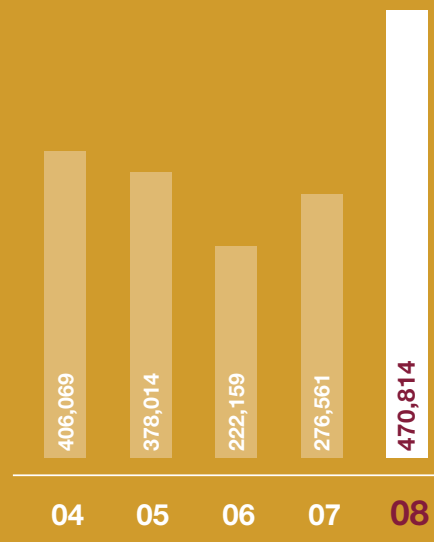
RM '000	2004	2005	2006	2007	2008
Revenue	1,719,032	1,661,453	1,226,897	1,516,359	2,403,660
Profit Before Taxation	406,069	378,014	222,159	276,561	470,814
Profit Attributable to Shareholders	281,869	265,778	157,583	185,428	325,078
Total Assets	3,106,355	3,454,041	3,902,137	5,038,482	5,774,301
Shareholders' Equity	1,976,703	2,178,862	2,242,769	2,945,950	3,051,582
Total Number of Shares ('000)	736,788	749,572	753,232	981,528	2,005,016

Sen per share	2004	2005	2006	2007	2008
Group Earnings Per Share*	20	18	11	11	16
Net Assets Per Share*	134	145	149	150	152

* Comparatives have been restated to take into effect on the bonus issue exercise on the basis of one (1) new ordinary share for every one (1) existing share held which was completed on 25 October 2007.



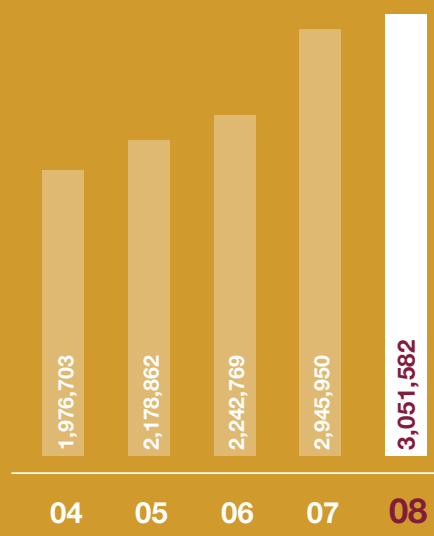
Revenue (RM'000)



Profit before tax (RM'000)



Group earnings per share (sen)



Shareholders' equity (RM'000)

chairman's perspective



FY2008 was characterized by major achievements, new challenges and political uncertainties. The year marked the securing of the RM12.5 billion Electrified Double Tracking Project (EDTP) by MMC-Gamuda JV, the sharp rise in crude oil, commodity and construction raw material prices and the unexpected outcome of the country's general elections. These factors resulted in a very volatile year for your company's stock.

Record Financial Performance

Despite the odds, the group set a new record for its financial performance, surpassing our previous record set in FY2004. In FY2008, the group achieved a record net profit of RM325 million, up 75% over the previous year, whilst chalking up record revenues of RM2.4 billion, a 59% improvement over the year before. All core divisions contributed to the stellar performance, but the construction and properties divisions performed notably well. Group earnings per share came in at 16 sen. Your company also paid out a record level of dividends for the year, totalling RM370 million, compared to RM323 million in the previous year.

The construction division's improved performance resulted in its share of group pretax earnings rising to 28%, whilst the property division maintained its share at 32%. The concessions division contributed the remaining 40% to group pretax earnings.

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

It is my pleasure to present, on behalf of the Board of Directors, the 18th Annual Report and Audited Financial Statements of Gamuda Berhad for the financial year ended 31st July 2008 (FY2008).

During the year, the construction division secured the award of the EDTP from the Malaysian government on a 'Design and Build' basis. This 5-year project involves the construction of two parallel railway tracks over a 329km corridor in the north between Ipoh and Padang Besar. Work has commenced on the project and is progressing well.

In Vietnam, our proposal to the Hanoi People's Committee to undertake a USD400 million infrastructure project in return for the rights to develop 500 acres of land in Yen So Park was accepted and the project received the long-awaited Investment Certificate in December 2007. Work is also progressing as scheduled and is expected to pick up pace in the coming year.

These major projects, which commenced in FY2008, are expected to keep the group's construction unit busy for the next several years. The group's unbilled order book remains strong at about RM10 billion.

On the property front, our projects continue to record impressive sales despite the general sluggishness in the sector during the year. Our Horizon Hills project in Johor has sustained strong interest from foreign buyers. In the Klang Valley, we soft-launched our new Jade Hills township in Kajang, and we expect to officially launch

this development in the next few months. Our other flagship developments such as Valencia, Kota Kemuning and Bandar Botanic have all performed satisfactorily during the year.

In Vietnam, the Yen So Park development is expected to be launched sometime in the middle of next year. This mammoth integrated development, with an estimated Gross Development Value of RM8 billion, is expected to take up to 10 years to fully develop. When completed, Yen So Park is envisaged to emerge as Hanoi's new urban district, forming a new gateway in the south of the city.

The group's concessions division continues to chalk up steady growth and stable earnings. Our newest toll road concession, the SMART Highway, has gained widespread acceptance among motorists and now forms an indispensable traffic dispersal link in southern Kuala Lumpur.

Challenging Year Ahead

Despite the healthy construction order book and a strong portfolio of property projects, the Board remains mindful of several challenges in the year ahead. Foremost among these is raw material price inflation. During FY2008, prices of key construction raw materials continued

to rise to unprecedented levels, driven by the unabated surges in oil and commodity prices. These price rises have squeezed our project margins and if left unchecked, will continue to exert enormous pressure on future margins.

The company's financial position remains strong and prudently managed. This will help the group ride out the challenges ahead.

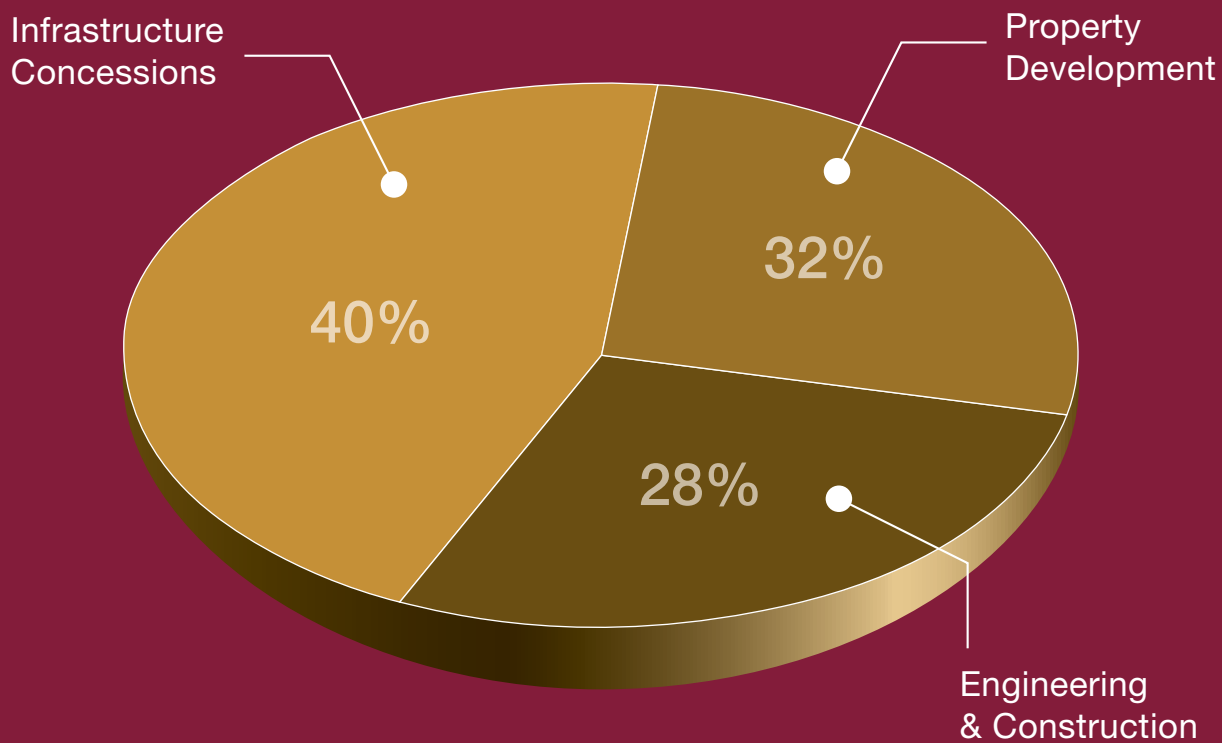
On behalf of the Board of Directors, I wish to record our appreciation to management and staff for their unwavering commitment and loyalty to the group, as well as the many sacrifices made in the performance of duties. Special thanks also to our overseas-based staff who continue to work under difficult conditions away from home. We also thank our clients, bankers, customers and suppliers for their continuing support, as well as the authorities for their guidance and assistance. Last, but not least, my sincere appreciation goes to my fellow members of the Board for their invaluable contributions, advice and guidance.

Tan Sri Dato' Ir Talha bin Haji Mohd Hashim
Chairman

Operations Review

Making up the core business activities of the group are Engineering & Construction, Operation of Infrastructure Concessions and Property Development.

Operating Earnings



Engineering & Construction	14 - 19
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Property Development	30 - 34

Unity is indeed strength

Standing still and resting on our laurels have never been the culture at Gamuda. Recognising the need to constantly outdo ourselves, we have fostered a culture that embraces all, from the highest levels of management to those below. This strong sense of unity challenges us to move forward, and to better ourselves. We stand shoulder to shoulder, supporting one another through thick and thin, to ensure that we always deliver to the best of our ability.



Engineering & Construction

Through our relentless focus on operational excellence and reliability, we have mastered engineering and construction projects, meeting high expectations. We continue to accomplish this through effective teamwork whereby our ideas, energies and ambitions converge to a common vision, empowering us to deliver our best.





The Electrified Double Tracking project construction site.

Engineering and Construction

This division performed significantly better than last year as a result of improved profitability on existing jobs and new earnings contributions from recently secured jobs. Turnover for the division increased 73% to RM1.8 billion whilst pretax profit increased significantly to RM130 million. The division accounted for 28% of the group's pretax profits. The division now boasts an unbilled order book size of RM10 billion comprising projects in Malaysia, Indo-China and the Gulf States.

The division faces a more challenging operating environment in the coming year. Rapidly rising crude oil, commodity and raw material prices are among the key challenges for the division to overcome. Project margins are expected to remain under pressure until these inflationary effects subside.



- Record unbilled order book of RM10 billion



1. Engineers inspecting existing railway track during a line-block in Sg Ampat, Penang.
2. Safety officer briefing contractors on site safety in Bukit Merah, Perak.
3. Concreting works in progress in Sg Petani.
4. Gamuda Executive Director, Mr Saw Wah Theng (right), and Section General Manager, Mr Szeto Wai Loong, being briefed by a site supervisor.
5. Survey works taking place for a new bridge crossing.
6. A safety officer acknowledging an incoming train.



Domestic Projects

Work on the RM12.5 billion Electrified Double Tracking Project (EDTP) commenced at the start of this year and the pace of work is rapidly gaining momentum. Main project offices have been established at strategic major towns such as Alor Setar, Bukit Mertajam and Kamunting to assist in overall project management, coordination and control. Stockyards have also been set up at these locations to facilitate an efficient materials supply and control system.

The project is progressing well on schedule, with about half of the entire project corridor already handed over to the project company. Several worksites have been simultaneously opened up. Major earthworks, ground treatment works, relocation of services and utilities, and various civil works are also underway. Some 81% of the contract works and services have been awarded to various subcontractors and suppliers.

- Raw materials price inflation a key concern

Overseas Projects

Gulf States

Additional works have been secured for the New Doha International Airport (NDIA) and the Dukhan Highway projects in Qatar. These projects are now expected to complete in early 2010 and mid-2009 respectively. Our Sitra Causeway Bridges project in Bahrain is also progressing well on schedule with foundation works for the interchanges and two marine bridges, as well as embankment works for the causeway nearing completion. This project is targeted to be completed in mid-2010.



1. Final stages of paving works being done for the Dukhan Highway project.
2. Engineers examining the paving levels at Dukhan Highway.
3. Massive works taking place for the Sitra Causeway Bridges in Bahrain.
4. Temporary access bridge being built along the existing Sitra Bridges.



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5. Excavation works completed for the South-West detention pond for the New Doha International Airport project in Qatar.

6. Drainage works in progress at the New Doha International Airport project.

7. Approach Light Structure for the construction of the Aircraft Ground Lighting at the east runway.

8. Laying of bituminous concrete surface works at the apron and runways in progress.



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Indo-China

Infrastructure works on our Yen So Park project in Hanoi, Vietnam commenced soon after the project received its Investment Certificate in December last year. This USD400 million project encompasses the design, funding and construction of the country's largest modern sewerage treatment plant capable of treating half of Hanoi's wastewater, as well as building a new international public park and the de-sludging and cleaning up of five lakes within the park. The project is expected to be completed by October 2010 in time for the nation's grand millennium celebrations.

Full-scale construction work on the Nam Theun I project in Laos is expected early next year. The project concessionaire is presently in the midst of renegotiating a new tariff with the Electricity Generating Authority of Thailand (EGAT) which will take into account the significant increase in construction cost due to the rise in global fuel and construction materials prices.

Driven by the principle of unity

This same principle continues to provide us with a clear blueprint, a way forward for future growth. Unity by one vision drives us to overcome challenges, find breakthrough solutions, always working together as a veritable force.



Infrastructure Concessions

With world-class infrastructure being crucial in enabling the growth and competitiveness of cities in the region, we have been particularly successful as a builder of well-designed infrastructure because of our team's united stand in wanting to deliver only the best, every time.





The SMART Patrol team making their rounds in the SMART Tunnel.

Infrastructure Concessions

This division continues to achieve steady revenue and earnings growth, and generates strong underlying cash-flows for the group. The division accounted for about 40% of the group's profits.

Tolled Highways

Traffic volumes on the group's four tolled highways fell slightly following the steep fuel price increase in June this year. With uncertainties over crude oil prices amidst rising inflation, we expect motorists to minimize usage of their cars. Traffic volume growth in the coming year or two could therefore be muted. SPRINT's toll hike scheduled for January this year was deferred by one year by the government. The government has agreed to compensate SPRINT in accordance with the provisions set forth in the Concession Agreement.

The division continues to focus on relieving traffic congestion on its highways. LITRAK is presently in the midst of upgrading the Taman Tun Dr Ismail (TTDI) interchange as well as integrating the upgraded TTDI interchange with the existing Bandar Utama interchange. This will help eliminate traffic weaving between the TTDI and Bandar Utama interchanges and allow for uninterrupted mainline traffic flow.

Our newest concession, the SMART Highway has gained tremendous acceptance by motorists. SMART's flood diversion tunnel has also been utilised several times since its opening in June last year. It is indeed gratifying to note that the city has not suffered a major flood ever since the tunnel was commissioned.

The division continues to promote the usage of electronic toll collection (ETC) to improve traffic flow. It is encouraging to note the rising proportion of motorists opting for electronic payment in all our highways. Today, more than half of Damansara - Puchong Highway motorists pay using ETC.

During the year, LITRAK successfully executed a debt refinancing package which lowered its cost of borrowings and raised additional funds for capital expenditure. It also undertook a Capital Repayment Scheme which distributed RM1.00 per share to its shareholders comprising 93 sen via a reduction in paid-up share capital and share premium accounts and another 7 sen via a single tier interim dividend.

- Traffic growth dampened by steep fuel price hike





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1. Smooth flow even during peak morning hour traffic via SMART to Kuala Lumpur city centre.
2. Motorists making their way into the SMART Tunnel.
3. Channeling of traffic lanes that are found after every LDP toll plaza gives motorists added convenience.