

CORPORATE Governance

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Corporate Governance Statement

Gamuda continues to be committed to high standards of corporate governance. This statement describes how the Company has applied the main and supporting principles and best practices identified in the Malaysian Code on Corporate Governance (the Code) throughout the financial year ended 31 July 2005 ("2005" or the year).

THE BOARD

The Board appointed Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain as an Independent Non-Executive Director during the year to fill the seat vacated by Tan Sri Ab Rahman bin Omar. The Board now consists of thirteen Directors, with seven Executive Directors and six Non-Executive Directors (including four Independent Non-Executive Directors who make up one-third of the Board). The Directors believe that the Board continues to comprise an appropriate balance of skills and experience, with no individual or small group of individuals dominating the Board's decision making and, with them, the ability to provide effective stewardship for the Group.

ROLE OF THE BOARD

The Board operates both formally, through Board and Board committee meetings, and informally through regular contact between the Executive and Non-Executive Directors. The Board meets at least four times a year and additional meetings are convened when circumstances require. The Board met on five occasions in the course of 2005. It has a formal schedule of matters specifically reserved for its decision, in particular strategic and policy issues, approval of quarterly and year-end results, annual financial statements, major capital expenditure, changes to membership of the Board and its committees, related party transactions and acquisition and divestment possibilities, but otherwise delegates specific responsibilities to the Board committees and the Management. It considers and reviews, and where appropriate, adopts the recommendations of the Audit Committee, Remuneration Committee and Nomination Committee. Additional information on each of these committees, including their activities during the year, is set out later in this statement and, also, in the Audit Committee Report in respect of the Audit Committee.

Whilst the Chairman and Managing Director collectively are responsible for the leadership of the Group, there is a clear division of responsibility between them. The Chairman is primarily responsible for the working of the Board, ensures its effectiveness and setting its agenda and for the constructive relationship between the non-

executives and executives, whilst the Managing Director is primarily responsible for managing and supervising the day-to-day businesses of the Group and the development and implementation of strategy. The Senior Independent Non-Executive Director is Tan Sri Dato' Mohd Ramli bin Kushairi. He is available to shareholders if they have concerns to be conveyed to the Company that are not resolved through the existing mechanisms for investor communication.

BOARD PROCEDURES

Papers for Board and Board committees' meetings are generally sent out at least a week in advance of the meetings. The papers for Board meetings include a written report from each of the Head of the Group's business operations, both locally and abroad, and includes that of the Company's associated companies. The Directors will abstain from deliberations and decisions making in relation to transactions in which they have an interest. The full Board receives the minutes of Board committees meetings and is briefed on issues raised at the Board committees meetings to ensure that all Directors are kept well informed of the Board committees' activities. In addition, the respective Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee reports on matters deliberated by the respective Board committees and makes recommendations to the Board, at the Board meeting following the Audit Committee, Remuneration Committee and Nomination Committee meeting, as the case may be.

To enable the Board to perform its duties effectively, all Directors have full and direct access to the Company Secretaries. The Company Secretaries also act as the secretary of each of the Board committees. Directors are able to obtain independent professional advice at the Company's expense to assist with the conduct of their function, if necessary.

RE-ELECTION

Each Director seeks re-election every three years in accordance with the Code and the Company's Articles of Association. In addition, any Director who is of or over the age of seventy must seek re-appointment annually at the Annual General Meeting (AGM) in accordance with the Companies Act, 1965. The Board is pleased to inform that all Directors who are required to seek re-appointment at the 2006 AGM had indicated their willingness to stand for re-appointment.

CORPORATE GOVERNANCE STATEMENT

BOARD PERFORMANCE EVALUATION

As recommended in the Code, the Board has conducted an internal assessment of its effectiveness, the effectiveness of its committees and the contribution of each individual Director by a system of self-assessment, and in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), reviewed the performance of the Audit Committee and its members to determine whether they have performed their duties in accordance with their terms of reference, as part of this process (which assessment and review are collectively referred to hereafter as "Board performance evaluation"). The process was carried out through the Nomination Committee and is more particularly described in the information on the Nomination Committee set out below. The Chairman of the Board, who is also the Chairman of the Nomination Committee, led the process. He was assisted by the Senior Independent Non-Executive Director and one other Independent Non-Executive Director.

Supported by the findings of the Board performance evaluation, the Board is satisfied that:-

1. the composition of the current Board has the appropriate balance and size of non-executive and independent participation to provide broader and objective opinions and independent assessments;
2. members of the Board have a range of skills and a majority of them possesses a high number of years of experience in their respective fields of expertise;
3. the Directors collectively bring a wealth of relevant skills, knowledge and experience to the Board's discussion and decision-making on management proposals and operational and non-operational issues of the Company and that of the Company's major associated companies;
4. each of the Non-Executive Directors commits sufficient time to the fulfillment of their duties as a director of the Company and has participated actively in discussions during Board and Board committees meetings where he/she is a member;
5. the Board comprises credible and high calibre members who are also well qualified in the core competencies which they should bring to the Board and in the key success factors of a director;
6. the Audit Committee and its members have performed according to their terms of reference; and
7. generally, each individual Director has contributed well to progress the Group's businesses and in ensuring corporate accountability, and the Board has performed well as a team with cooperation from all members of the Board. The Board as a whole and its committees are able to operate effectively to arrive at a speedy and collective decision in the best interest of the Company.

The system of assessment will be continually improved, as and when deemed appropriate, to improve the performance of the Board and its committees to the benefit of the Company's stakeholders.

BOARD COMMITTEES

The Board is assisted by the Audit, Remuneration and Nomination committees, each of which has its own terms of reference.

Audit Committee*Members:*

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

The membership of the Committee has not changed during the year. Throughout the year, the Committee was composed in accordance with the Listing Requirements of Bursa Securities including Independent Non-Executive Directors forming the majority and one of its members being a member of the Malaysian Institute of Accountants (MIA).

Raja Dato' Seri Abdul Aziz bin Raja Salim, who is a member of MIA has chaired the Committee since December 2001. The Committee provides support to the Board by reviewing and monitoring the integrity of the quarterly and year-end results and financial statements, including the review of significant financial reporting judgements contained in them. The Committee also reviews the Groups' internal controls, status of the Group's risk, full year report from the external auditors, related party transactions and approves the annual internal audit plan. The Committee meets at least four times a year. During the year, the Committee met on five occasions. The Committee met prior to the Board meetings at which the quarterly and year-end results and annual financial statements were approved. Regular attendees at these meetings, invited to assist the Committee, include the Finance Director, General Manager of Corporate Development, the Finance Senior Manager and the internal and external auditors.

CORPORATE GOVERNANCE STATEMENT

The Head of Internal Audit has direct access to the Audit Committee. The external auditors attended one Audit Committee meeting during the year, during which they presented the proposed nature and scope of their work and areas of audit emphasis before the audit commenced, raised matters requiring consideration in particular as regards the Group's accounting policies and audit approach, and updated the Committee on the impending changes to the financial reporting standards in Malaysia including providing a brief synopsis of the attending likely impact of the changes on the Group's financial statements for the financial year ending 31 July 2007. The Independent Non-Executive Directors of the Committee continued to meet separately with the external auditors in September 2004, without the Executive Directors and the Management being present.

The detailed activities of the Committee during the year are set out in the Audit Committee Report on page 49.

Remuneration Committee

Members:

Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Committee Chairman), Dato' Lin Yun Ling and Raja Dato' Seri Abdul Aziz bin Raja Salim.

The membership of the Committee has not changed during the year. Throughout the year, the Committee comprised mainly of Non-Executive Directors as recommended by the Code.

Meetings are held as appropriate but at least once a year. The Committee met on one occasion in 2005 and there were no absentees. The component parts of the Directors' remuneration are structured so as to link rewards to corporate and individual performance, market comparisons and competitive pressure in the industry. During the year, with the assistance of market survey information provided from sources within the Company and from external sources, Watson Wyatt and PricewaterhouseCoopers, the Committee ensures that the remuneration packages of the Directors are appropriate. All decisions of the Committee in respect of remuneration packages of the Executive and Non-Executive Directors are referred to the Board. No Director takes part in any discussion or decision concerning his or her own remuneration. Fees are paid to Non-Executive Directors with the approval of shareholders at the AGM. Details of the Directors' remuneration are contained on page 85.

Nomination Committee

Members:

Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Committee Chairman), Tan Sri Dato' Mohd Ramli bin Kushairi and Ms Wong Chin Yen.

The membership of the Committee has not changed during the year. Throughout the year, the Committee comprised exclusively of Non-Executive Directors, a majority of whom are independent, as recommended by the Code.

Meetings are held as appropriate but at least once a year. The Committee met on 3 occasions during 2005 and there were no absentees. Two of the meetings of the Committee were for the purpose of short listing and recommending to the Board for approval, a candidate with the core competencies and attributes required to fill the role of an Independent Non-Executive Director of the Company, vacated by Tan Sri Ab Rahman bin Omar.

Additionally, during the year, the Committee carried out an internal Board performance evaluation. A set of detailed questionnaire, including a free format element where the Directors had the opportunity to provide additional feedback and comments aimed at improving further the efficient functioning of the Board and the Board committees, was agreed in advance with the Chairman of the Board and distributed to all Board members for completion. The answers were collated by the Company Secretary and submitted to the Committee for deliberation. The findings of the Board performance evaluation were then presented and discussed by the Chairman with the whole Board. The Board reviews the findings with a view to implementing, where appropriate, any recommendations made to improve further the overall effective and efficient functioning of the Board and its committees.

The Committee recognises the requirement of the Listing Requirements of Bursa Securities for the Board to oversee the training needs of the Directors on a continuous basis to aid them in the discharge of their duties as directors more effectively. As such, during one of its meetings, the Committee identified suitable trainings for the Directors for the whole of the financial year commencing 1 August 2005 based on the Directors' training needs, and then makes recommendations to the Board. The Committee also recommends to the Board, the Directors who are to seek re-election and re-appointment at the 2006 AGM.

CORPORATE GOVERNANCE STATEMENT

Meetings Attendance

The attendance of individual Directors at meetings of the Board and of the Audit, Remuneration and Nomination committees during 2005 is as set out in the tables below.

The Board	Number of meetings attended during 2005	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)	5/5	100
Dato' Lin Yun Ling	4/5	80
Tan Sri Dato' Mohd Ramli bin Kushairi	5/5	100
Tan Sri Ab Rahman bin Omar (Resigned w.e.f. 18.08.2004)	–	–
Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain (Appointed w.e.f. 01.12.2004)	2/4	50
Raja Dato' Seri Eleena Azlan Shah	4/5	80
Raja Dato' Seri Abdul Aziz bin Raja Salim	5/5	100
Dato' Ir Kamarul Zaman bin Mohd Ali	5/5	100
Dato' Haji Azmi bin Mat Nor	4/5	80
Mr Ng Kee Leen	4/5	80
Mr Goon Heng Wah	3/5	60
Ir Ha Tiing Tai	5/5	100
Ms Wong Chin Yen	5/5	100
Mr Saw Wah Theng	5/5	100
Mr Chow Chee Wah (Alternate to Dato' Lin Yun Ling)	4/5	80

Audit Committee	Number of meetings attended during 2005	%
Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)	5/5	100
Tan Sri Dato' Mohd Ramli bin Kushairi	4/5	80
Ms Wong Chin Yen	5/5	100
Mr Ng Kee Leen	4/5	80

Remuneration Committee	Number of meetings attended during 2005	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)	1/1	100
Dato' Lin Yun Ling	1/1	100
Raja Dato' Seri Abdul Aziz bin Raja Salim	1/1	100

Nomination Committee	Number of meetings attended during 2005	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim (Chairman)	3/3	100
Tan Sri Dato' Mohd Ramli bin Kushairi	3/3	100
Ms Wong Chin Yen	3/3	100

PROFESSIONAL DEVELOPMENT

Directors are continually updated on the Group's business operations by briefings, furnished with written materials and by meetings with senior executives, who are invited to attend and present at every Board meeting. They are also updated by the Company Secretaries on any changes to the legal and governance requirements of the Group. Non-Executive Directors are encouraged to undertake site visits in addition to presentations received during Board meetings.

Training is available to all Directors on an ongoing basis as required, at the Company's expense. Directors will continue to undergo other relevant training programmes to further enhance their knowledge on a continuous basis in compliance with the Listing Requirements of Bursa Securities on the Continuing Education Programme (CEP). Three Directors have accumulated CEP points exceeding the number of CEP points required of them with one Director achieving twice the number of requisite CEP points. Four Directors (three of whom have accumulated the requisite CEP points) have further attended a half-day CIMA International Speaker Series on 'The Value Of Integrity: Understanding The Hidden Value Of Business Intangibles' on 6 September 2005.

CORPORATE GOVERNANCE STATEMENT

FINANCIAL REPORTING

The Directors' responsibilities in relation to financial statements are described below.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- applied appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the Group which enable them to ensure that financial statements comply with the requirements of the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

RISK AND INTERNAL CONTROL

The Group seeks to maintain high standards of business conduct and operates under an established internal control framework which is described in the Statement on Internal Control. There is an ongoing process for identifying, evaluating and managing significant risks across the Group. Risk reviews are carried out at each business unit, taking into account the likelihood of occurrence and the degree of impact.

RELATION WITH SHAREHOLDERS

The Board recognises that it is accountable to shareholders for the performance and activities of the Group and attaches considerable importance to the effectiveness of its communication with shareholders. Regular dialogue is maintained with the Company's institutional investors, analysts and the media with the aim of fostering mutual understanding of company objectives. Formal presentations and meetings are held following the announcement of quarterly and year-end results and new projects, and at other times, as required. The AGM is also a valuable opportunity to meet and communicate with shareholders. The Chairmen of the Board, Audit, Remuneration and Nomination committees are available to answer questions together with their fellow Directors. In addition, a press conference is held immediately after the AGM where the press is advised of the Group's activities. The annual report, quarterly and year-end results together with other information about the Group are also made available on the Company's internet website at www.gamuda.com.my. The Company seeks to present an accurate and objective view in a style and format appropriate for the intended audience.

Statement on Internal Control

INTRODUCTION

This statement is made pursuant to Paragraph 15.27 of the Bursa Malaysia Securities Berhad's Listing Requirements that stipulates the Board of Directors must make a statement in its Annual Report about the state of internal control in the Company as a Group.

BOARD RESPONSIBILITIES

The Malaysian Code of Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board affirms the overall responsibility for Gamuda Group's system of internal control and for reviewing their adequacy and integrity. The system of internal control includes not only financial controls but operational and compliance controls and risk management as well. However, the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY INTERNAL CONTROLS FEATURES

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

- Clearly defined operating structure, lines of responsibilities and delegated authority. Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are Audit Committee, Nomination Committee, Remuneration Committee and Budget Committee.
- Internal control activities having been established in all business units. Among the internal control established are clearly defined lines of responsibilities, authority limits for major capital expenditure, contract awards and other significant transactions, segregation of duties, performance monitoring and safeguarding of assets.
- Policies, Procedures and Standard Operating Procedures which are systematically documented and made available to guide staff in their day-to-day work. These policies and procedures are reviewed regularly and updated when necessary.
- A detailed budgeting process where operating units prepare their annual budgets, business plans and control measures to mitigate identified risk for consideration by the Budget Committee before being presented to Directors for approval.
- A comprehensive information system where budgets, key business indicators and performance results on operations are reported to management and the Directors. The presence of comprehensive information system allows the management and Directors to review business unit's performance against budgets and performance indicator on monthly basis.
- An ISO 9001 Quality Management System, which is subject to regular review and improvement, continuously manages and controls the quality requirement of the Company's products and services.
- A Performance Management System which assists employees plan their targets to achieve business objectives. Employees' performance are monitored on a half-yearly basis and are appraised and rewarded according to the achievement of targets set.
- Training and development programmes, which are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectations.
- An adequately resourced Internal Audit function, which reports directly to the Audit Committee, conducts regular reviews on integrity and effectiveness of the Group's system of internal controls.
- Board representations in its associated companies. Information on the financial performance of these associated companies are provided regularly to the management of the Company via Group management reporting procedures.

STATEMENT ON INTERNAL CONTROL

- In respect of joint ventures entered into by the Group, the management of the joint ventures, which consist of representations from the Group and other joint venture partners is responsible to oversee the administration, operation, performance and executive management of the joint venture. Financial and operational information of these joint ventures are provided regularly to the management of the Company.

RISK MANAGEMENT

The Board confirms that it has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. Authority and accountability have been clearly defined to implement the risk management process and internal control system.

Assessments and evaluations of risk on new investments are undertaken by the respective project task force. For existing business operations, risk assessments and evaluations is an integral part of the annual business planning and budgeting process. Each business unit,

in establishing its business objectives is required to identify and document all possible risks that can affect their achievements together with the associated controls that are capable of mitigating such risks. By this process, each business unit's identified risks, controls and processes are captured in a risk assessment report. Significant risks of a business unit are plotted onto a risk map and presented to the Audit Committee for their consideration.

The Board confirms that the Group's system of internal control was operational throughout the financial year and up to the date of approval of the Annual Report.

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

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 July 2005. The attendance of each member is as follows:

Members	Number of Meetings	
	Held	Attended
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman of Audit Committee) Independent Non-Executive Director	5	5
YBhg Tan Sri Dato' Mohd Ramli bin Kushairi (Member) Senior Independent Non-Executive Director	5	4
Ms Wong Chin Yen (Member) Independent Non-Executive Director	5	5
Mr Ng Kee Leen (Member) Non-independent Executive Director	5	4

TERMS OF REFERENCE

Membership

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

At least one member of the Audit Committee:

- i. must be a member of the Malaysian Institute of Accountants (MIA); or
- ii. if he is not a member of MIA:
 - a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 and have at least three years' working experience; or

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

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

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

MEETINGS AND MINUTES

Meetings

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

Quorum

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

AUDIT COMMITTEE REPORT

Secretary

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

Reporting Procedure

The minutes of each meeting shall be circulated to the Audit Committee members and to all Board members.

AUTHORITY AND DUTIES

Authority

In carrying out their duties and responsibilities, the Audit Committee shall have the authority to investigate any matter within its terms of reference with full and unrestricted access to all the Company's records, properties and personnel. The Audit Committee is entitled to obtain independent professional or other advice to enable it to discharge its duties.

Duties

The duties of the Audit Committee shall include a review of the following and the findings and recommendations, if any, shall be submitted to the Board of Directors:

- i. the effectiveness of management information system and other systems of internal control within the Company and the Group;
- ii. the management's compliance with laws, regulations, established policies, plans and procedures;
- iii. with the assistance of the Management, the quarterly financial results and year-end financial statements prior to deliberation and approval by the Board, focusing particularly on:
 - a. changes in major accounting policies;
 - b. significant and unusual events;
 - c. the going concern assumption;
 - d. compliance with accounting standards and other legal requirements.

- iv. independence of the External Auditors and the framework within which the External Auditors can assert their independence;
- v. together with the External Auditors, the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
- vi. the selection, remuneration and resignation or dismissal of the External Auditors;
- vii. the scope, function and resources of Internal Audit function and authority necessary to carry out its duties;
- viii. the Internal Audit programme, processes and results of the audit work, process of investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function; and
- ix. any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct concerning Management's integrity.

INTERNAL AUDIT FUNCTION

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

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

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

Activities carried out by the Audit Committee during the financial year ended 31 July 2005 include the deliberation and review of:

- i. the unaudited quarterly financial results of the Group prior to submission to the Board for consideration and approval;
- ii. the audited year-end financial results of the Group prior to submission to the Board for consideration and approval;
- iii. the Audit Committee Report and its recommendation to the Board for inclusion in the financial year 2004 Annual Report;
- iv. the Statement on Internal Control and Statement of Corporate Governance and its recommendation to the Board for inclusion in the financial year 2004 Annual Report;
- v. the audit plan of the External Auditors in terms of their scope of audit prior to commencement of their annual audit;
- vi. the audit reports of the External Auditors in relation to audit and accounting issues arising from the audit.
- vii. new development and updates on accounting standards issued by Malaysian Accounting Standards Board and their impact on the Group;
- viii. the performance of the External Auditors and the recommendations to the Board on their reappointment and remuneration;
- ix. related party transactions as required under the Bursa Malaysia Securities Berhad's Listing Requirements to ascertain that transactions are conducted at arm's length prior to submission for the Board's consideration and where appropriate, shareholders' approval;
- x. the summaries of risk assessment results arising from risk evaluations conducted by the Management prior to their submission to the Board for their consideration;
- xi. the risk-based annual audit plan presented by the Internal Auditors for the Group;
- xii. the audit reports presented by the Internal Auditors on major findings, recommendations and Management's responses thereto;
- xiii. the results of follow-up audits conducted by the Internal Auditors on the Management's implementation of audit recommendations.

Statement of Directors' Interests

as at 8 November 2005

As shown in the Register of Directors' Shareholdings

Other than disclosed below, there is no other Director of the Company who has interest, direct or indirect, in Gamuda Berhad and its related corporations.

GAMUDA BERHAD

NO. OF ORDINARY SHARES OF RM1.00 EACH

Name of Director	Direct	%	Indirect	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim	325,828	0.04	–	–
Dato' Lin Yun Ling	46,848,818 [^]	6.22	–	–
Raja Dato' Seri Eleena Azlan Shah	–	–	77,400,000*	10.28
Dato' Ir Kamarul Zaman bin Mohd Ali	697,000	0.09	–	–
Ng Kee Leen	12,516,114	1.66	–	–
Goon Heng Wah	10,000,000	1.33	–	–
Ha Tiing Tai	11,907,938	1.58	–	–

Notes:

[^] Include ordinary shares held through a nominee company

* Deemed interested through Generasi Setia (M) Sdn Bhd

Include ordinary shares held by Generasi Setia (M) Sdn Bhd through a nominee company

NO. OF WARRANTS 1996/2006

Name of Director	Direct	%	Indirect	%
Tan Sri Dato' Ir Talha bin Haji Mohd Hashim	110	#	–	–
Dato' Lin Yun Ling	8,053,442 ^{^^}	11.32	–	–
Raja Dato' Seri Eleena Azlan Shah	–	–	5,707,000**	8.02
Dato' Ir Kamarul Zaman bin Mohd Ali	172,000	0.24	–	–
Ng Kee Leen	2,288,000	3.22	–	–
Goon Heng Wah	1,788,158	2.51	–	–
Ha Tiing Tai	1,704,000	2.40	–	–

Notes:

Less than 0.01%

^{^^} Include Warrants 1996/2006 held through a nominee company

** Deemed interested through Generasi Setia (M) Sdn Bhd

STATEMENT OF DIRECTORS' INTERESTS

as at 8 November 2005

NO. OF WARRANTS 2001/2007

Name of Director	Direct	%	Indirect	%
Dato' Lin Yun Ling	12,240,551	9.59	–	–
Raja Dato' Seri Eleena Azlan Shah	–	–	9,545,000***	7.48
Dato' Ir Kamarul Zaman bin Mohd Ali	271,500	0.21	–	–
Ng Kee Leen	4,308,335	3.37	–	–
Goon Heng Wah	2,996,000	2.35	–	–
Ha Tiing Tai	3,477,000	2.72	–	–

Note:

*** Deemed interested through Generasi Setia (M) Sdn Bhd

EMPLOYEES' SHARE OPTION SCHEME OF GAMUDA BERHAD

Name of Director	Option price			Total no. of option shares
	RM3.25	RM4.26	RM3.88	
Dato' Lin Yun Ling	500,000	500,000	130,000	1,130,000
Dato' Ir Kamarul Zaman bin Mohd Ali	400,000	300,000	110,000	810,000
Dato' Haji Azmi bin Mat Nor	–	420,000	90,000	510,000
Ng Kee Leen	500,000	300,000	110,000	910,000
Goon Heng Wah	–	–	110,000	110,000
Ha Tiing Tai	300,000	300,000	110,000	710,000
Saw Wah Theng	–	–	110,000	110,000
Chow Chee Wah (Alternate Director to Dato' Lin Yun Ling)	–	–	90,000	90,000

Additional Compliance Information

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Company and its subsidiaries for the financial year 2005 was RM216,000.

SHARES BUY-BACK

The Company did not purchase any of its own shares during the financial year 2005.

EXERCISE OF OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year 2005,

- i) 12,751,000 options were exercised in relation to the Employees' Share Option Scheme;
- ii) 32,500 Warrants 2001/2007 were exercised and converted into ordinary shares.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

Other than as disclosed in Note 36 of the Financial Statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since 1 August 2004.

REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt a policy of regular revaluation.

IMPOSITION OF SANCTIONS OR PENALTIES

There were no material sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year 2005.

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

The status of utilisation of the proceeds from the 3% Redeemable Unsecured Bonds 2000/2007 and Rights Issue of Warrants as at 31 July 2005 was as follows:

Description	Approved Utilisation RM'000	Actual Utilised RM'000
Repayment of borrowings	115,000	115,000
Part payment for land acquisition	60,000	60,000
Working capital	100,700*	70,700
Expenses of bonds issue	4,300	4,300
Investment in Syarikat Pengeluar Air Selangor Holdings Berhad (Holding company of SPLASH)	120,000	120,000
Total	400,000	370,000

* RM30 million which was earlier earmarked for investment in Syarikat Pengeluar Air Selangor Holdings Berhad (formerly known as Gabungan Cekap Sdn Bhd) will be utilised for working capital of the Gamuda Group.

RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transaction conducted pursuant to Shareholders' Mandate during the financial year 2005 was as follows:

Nature of Transaction	Party Transacting with Gamuda Engineering Sdn Bhd ("GESB")*	Transacted Value (RM'000)	Relationship of Interested Related Party
Design and construction for upgrading works on Lebuhraya Damansara-Puchong	Lingkar Trans Kota Sdn Bhd ("LTKSB")#	26,893	Dato' Lin Yun Ling and Mr Ng Kee Leen are common directors of Gamuda and Litrak. Dato' Lin Yun Ling is also a major shareholder of Gamuda and a shareholder of Litrak. Mr Ng Kee Leen is also a shareholder of Gamuda and Litrak.

* GESB is a wholly-owned subsidiary of Gamuda Berhad ("Gamuda").

LTKSB is a wholly-owned subsidiary of Lingkar Trans Kota Holdings Berhad ("Litrak").

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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 2005.

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	299,029	168,686
Minority interests	(33,251)	–
Net profit attributable to shareholders	265,778	168,686

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

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

- (a) the effects arising from the change in accounting policies resulting in a decrease in the Group's net profit for the year by RM5,181,000 as disclosed in Note 38 (b) to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2004 were as follows:

	RM'000
In respect of the financial year ended 31 July 2004	
Final dividend of 9% less 28% taxation and special dividend of 5% less 28% taxation paid on 2 February 2005	74,908
In respect of the financial year ended 31 July 2005	
Interim dividend of 7% less 28% taxation paid on 30 April 2005	37,751

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2005, of 9% less 28% taxation on 749,572,144 ordinary shares amounting to a dividend payable of RM48,572,275 (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 2006.

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 (*appointed on 1 December 2004*)
 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 36 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 2004	Exercise of ESOS/Bought	Sold	31 July 2005
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	1,197,000	–	(500,000)	697,000
Ng Kee Leen	12,516,114	–	–	12,516,114
Goon Heng Wah	10,000,000	800,000	(800,000)	10,000,000
Ha Tiing Tai	11,707,938	200,000	–	11,907,938
Saw Wah Theng	–	250,000	(250,000)	–
Chow Chee Wah	–	380,000	(380,000)	–

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	← Number of Ordinary Shares of RM1 Each →			
	1 August 2004	Exercise of ESOS/Bought	Sold	31 July 2005
Indirect Holding				
YAM Raja Dato' Seri Eleena Azlan Shah*	92,556,928	–	(15,156,928)	77,400,000

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

Employees' Share Option Scheme

	← Number of Options →			
	1 August 2004	Allotted	Exercised	31 July 2005
Y Bhg Dato' Lin Yun Ling	1,000,000	130,000	–	1,130,000
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	700,000	110,000	–	810,000
Y Bhg Dato' Haji Azmi bin Mat Nor	420,000	90,000	–	510,000
Ng Kee Leen	800,000	110,000	–	910,000
Goon Heng Wah	800,000	110,000	(800,000)	110,000
Ha Tiing Tai	800,000	110,000	(200,000)	710,000
Saw Wah Theng	250,000	110,000	(250,000)	110,000
Chow Chee Wah	380,000	90,000	(380,000)	90,000

Warrants 1996/2006

	← Number of Warrants →			
	1 August 2004	Bought	Sold	31 July 2005
Direct Holding				
Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim	110	–	–	110
Y Bhg Dato' Lin Yun Ling	8,053,442	–	–	8,053,442
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	172,000	–	–	172,000
Ng Kee Leen	2,288,000	–	–	2,288,000
Goon Heng Wah	1,788,158	–	–	1,788,158
Ha Tiing Tai	1,704,000	–	–	1,704,000
Indirect Holding				
YAM Raja Dato' Seri Eleena Azlan Shah*	7,950,000	–	(2,243,000)	5,707,000

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

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

Warrants 2001/2007

	← Number of Warrants →			31 July 2005
	1 August 2004	Bought	Sold	
Direct Holding				
Y Bhg Dato' Lin Yun Ling	12,240,551	–	–	12,240,551
Y Bhg Dato' Kamarul Zaman bin Mohd Ali	271,500	–	–	271,500
Ng Kee Leen	4,308,335	–	–	4,308,335
Goon Heng Wah	2,996,000	–	–	2,996,000
Ha Tiing Tai	3,477,000	–	–	3,477,000
Saw Wah Theng	96,000	–	(96,000)	–
Indirect Holding				
YAM Raja Dato' Seri Eleena Azlan Shah*	16,000,000	–	(6,455,000)	9,545,000

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

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

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up capital from RM736,788,644 to RM749,572,144 via the issuance of:

- (a) 12,751,000 new ordinary shares of RM1.00 each pursuant to the Company's ESOS at exercise prices of between RM3.25 and RM5.52 per ordinary share;
- (b) 32,500 new ordinary shares of RM1.00 each pursuant to the conversion of Warrants 2001/2007.

WARRANTS

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

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

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

DIRECTORS' REPORT

WARRANTS (CONT'D)

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

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

As at the balance sheet date, the total number of Warrants 2001/2007 which remain unexercised amounted to 127,750,198 units.

EMPLOYEES' SHARE OPTION SCHEME

The Gamuda Berhad Second Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting held on 31 October 2000 and became effective on 26 December 2000 upon final approval by the Securities Commission. 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 as disclosed in Note 29(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 known 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 (CONT'D)

(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 37 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
15 October 2005

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 64 to 135 are drawn up in accordance with applicable Financial Reporting Standards (FRS) 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 2005 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
15 October 2005

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 64 to 135 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) **Saw Wah Theng**
at Kuala Lumpur on 15 October 2005)

Before me,

Teong Kian Meng (No. W147)
Commissioner of Oath

Report of the Auditors

to the Members of Gamuda Berhad

We have audited the financial statements set out on pages 64 to 135. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion,

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards (FRS) 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 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 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

Abraham Verghese a/l T.V. Abraham
No. 1664/10/06(J)
Partner

Kuala Lumpur, Malaysia
15 October 2005

Consolidated Income Statement

for the year ended 31 July 2005

	Note	2005 RM'000	2004 RM'000
Revenue	3	1,539,803	1,719,032
Other operating income		10,500	12,703
Construction contract costs recognised as contract expenses		(785,305)	(737,289)
Land and development costs		(232,469)	(431,733)
Changes in inventory of finished goods and work in progress		(16,693)	(10,156)
Purchases – raw materials		(21,196)	(27,355)
– trading materials		(79,313)	(94,443)
Production overheads		(11,896)	(3,514)
Staff costs	5	(45,569)	(39,039)
Depreciation		(8,820)	(8,014)
Other operating expenses		(57,693)	(56,514)
Profit from operations	4	291,349	323,678
Finance costs	7	(12,724)	(12,403)
Interest income		17,010	18,410
Share of profits of associated companies		105,364	87,626
Share of profits of jointly controlled entities		11,663	16,778
Profit before taxation		412,662	434,089
Taxation	8	(113,633)	(132,649)
Company and subsidiaries		(76,047)	(102,221)
Associated companies		(34,648)	(28,020)
Jointly controlled entities		(2,938)	(2,408)
Profit after taxation		299,029	301,440
Minority interests		(33,251)	(19,571)
Net profit for the year		265,778	281,869
Earnings per share (sen)			
Basic	9	36	39
Diluted	9	34	35
Net dividends per ordinary share in respect of the year (sen):			
– Paid		5	5
– Proposed		6	10
		11	15

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

Consolidated Balance Sheet

as at 31 July 2005

	Note	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	108,364	115,368
Land held for property development	18	422,575	471,067
Associated companies	13	1,266,913	1,168,680
Jointly controlled entities	14	23,095	14,370
Other investments	15	3,234	3,217
Goodwill arising on consolidation	16	19,293	20,128
Concession rights	17	60,668	63,001
Deferred tax assets	32	11,315	4,079
Receivables	20	29,293	–
		1,944,750	1,859,910
CURRENT ASSETS			
Property development costs	18	93,630	69,361
Inventories	19	32,954	5,874
Receivables	20	675,783	687,336
Tax recoverable		34,605	13,137
Cash and bank balances	23	497,893	470,737
		1,334,865	1,246,445
CURRENT LIABILITIES			
Short term borrowings	24	152,518	56,192
Payables	25	428,446	533,738
Provision for liabilities	26	3,384	4,254
Retirement benefit obligations	28	165	142
Tax payable		22,187	7,006
		606,700	601,332
NET CURRENT ASSETS			
		728,165	645,113
		2,672,915	2,505,023
FINANCED BY:			
Share capital	29	749,572	736,788
Reserves		1,429,290	1,239,915
Shareholders' equity		2,178,862	1,976,703
Minority interests		68,345	19,456
		2,247,207	1,996,159
Retirement benefit obligations	28	5,983	5,283
Deferred tax liabilities	32	19,725	20,116
Other long term liabilities	33	400,000	483,465
Non-current liabilities		425,708	508,864
		2,672,915	2,505,023

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

Consolidated Statement of Changes in Equity

for the year ended 31 July 2005

Group	Note	◀ Non-distributable ▶			Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Other reserves (Note 30) RM'000	Retained profits RM'000	
At 1 August 2003						
As previously stated	38 (b)	683,447	83,882	75,813	738,846	1,581,988
Prior year adjustment		–	–	–	(7,957)	(7,957)
At 1 August 2003 (restated)						
Exercise of ESOS	29	11,774	34,508	–	–	46,282
Conversion of warrants	29	41,567	116,846	–	–	158,413
Currency translation differences	30	–	–	92	–	92
Share of capital reserve in an associated company	30	–	–	113	–	113
Net profit for the year		–	–	–	281,869	281,869
Dividends	10	–	–	–	(84,097)	(84,097)
At 31 July 2004		736,788	235,236	76,018	928,661	1,976,703
At 1 August 2004						
As previously stated	38 (b)	736,788	235,236	76,018	938,085	1,986,127
Prior year adjustment		–	–	–	(9,424)	(9,424)
At 1 August 2004 (restated)						
Exercise of ESOS	29	12,751	36,994	–	–	49,745
Conversion of warrants	29	33	89	–	–	122
Currency translation differences	30	–	–	(827)	–	(827)
Share of capital reserve in an associated company	30	–	–	–*	–	–
Net profit for the year		–	–	–	265,778	265,778
Dividends	10	–	–	–	(112,659)	(112,659)
At 31 July 2005		749,572	272,319	75,191	1,081,780	2,178,862

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

Consolidated Cash Flow Statement

for the year ended 31 July 2005

	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	412,662	434,089
Adjustment for:		
Amortisation of concession rights	2,333	2,333
Amortisation of goodwill on consolidation		
– Subsidiaries	835	835
Depreciation	8,820	8,014
Impairment of loss of investment in an associated company	1,804	–
Property, plant and equipment written off	124	49
Provision for foreseeable losses on low cost apartments	4,407	9,131
Provision for contracts	17,757	2,224
Provision for doubtful debts	291	167
(Reversal of provision)/provision for rebates	(870)	592
Provision/(reversal of provision) for retirement benefits	951	(492)
Provision for short term accumulating compensated absences	108	2,755
Gain on disposal of property, plant and equipment	(4,031)	(1,244)
Share of associated companies' profits	(105,364)	(87,626)
Share of jointly controlled entities' profits	(11,663)	(16,778)
Unrealised gain on foreign exchange	(65)	(35)
Write back of provision for doubtful debts	(249)	(483)
Interest income	(17,010)	(18,410)
Interest expense	16,904	12,403
Operating profit before working capital changes	327,744	347,524
Increase in development properties	(1,430)	(57,452)
Increase in inventories	(847)	(1,407)
Increase in receivables	(25,636)	(85,036)
Decrease in payables	(119,407)	(94,831)
Cash generated from operations	180,424	108,798
Income taxes paid	(89,961)	(118,214)
Interest paid	(16,904)	(19,393)
Retirement benefits paid	(228)	(206)
Net cash generated from/(used in) operating activities	73,331	(29,015)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2005

	2005 RM'000	2004 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associated companies	60,187	15,983
Proceeds from disposal of property, plant and equipment	4,697	10,914
Proceeds from a minority shareholder for issuance of shares in a subsidiary	21,638	13,002
Acquisition of other investments	(17)	(41)
Development expenditures incurred on land held for development	–	(100,332)
Interest received	17,477	17,814
Investment in associated companies	(82,121)	(94,364)
Purchase of property, plant and equipment	(11,343)	(4,598)
Net cash generated from/(used in) investing activities	10,518	(141,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	–	133,165
Drawdown of short term borrowing	110,851	29,508
Proceeds from conversion of warrants	122	158,413
Proceeds from exercise of ESOS	49,745	46,282
Distribution of profit to minority interests of an unincorporated subsidiary	(6,000)	(85,307)
Dividend paid to shareholders	(112,659)	(84,097)
Repayment of term loans	(83,271)	(84,978)
Repayment of short term borrowings	(10,555)	–
Repayment of lease liabilities	(4,164)	(4,654)
Net cash (used in)/generated from financing activities	(55,931)	108,332
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,918	(62,305)
EFFECTS OF EXCHANGE RATE CHANGES	(762)	127
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	470,737	532,915
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	497,893	470,737

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

Income Statement

for the year ended 31 July 2005

	Note	2005 RM'000	2004 RM'000
Revenue	3	316,890	278,699
Other operating income		191,684	141,680
Construction contract costs recognised as contract expenses		(263,584)	(203,395)
Staff costs	5	(11,171)	(7,915)
Depreciation		(2,220)	(3,514)
Other operating expenses		(15,916)	(15,878)
Profit from operations	4	215,683	189,677
Finance costs	7	(12,724)	(12,403)
Interest income		20,061	15,030
Profit before taxation		223,020	192,304
Taxation	8	(54,334)	(49,147)
Net profit for the year		168,686	143,157
Net dividends per ordinary share in respect of the year (sen):			
– Paid		5	5
– Proposed		6	10
		11	15

Balance Sheet

as at 31 July 2005

	Note	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	51,702	54,067
Subsidiaries	12	335,835	335,631
Associated companies	13	697,535	635,339
Other investments	15	735	718
Deferred tax assets	32	255	–
		1,086,062	1,025,755
CURRENT ASSETS			
Receivables	20	189,404	163,086
Due from subsidiaries	22	707,023	574,424
Tax recoverable		28,010	9,439
Cash and bank balances	23	72,661	140,331
		997,098	887,280
CURRENT LIABILITIES			
Short term borrowings	24	41,667	52,222
Payables	25	85,685	54,476
Due to subsidiaries	27	105,622	69,827
Retirement benefit obligations	28	43	19
Tax payable		7,861	–
		240,878	176,544
NET CURRENT ASSETS		756,220	710,736
		1,842,282	1,736,491
FINANCED BY:			
Share capital	29	749,572	736,788
Reserves		691,023	597,913
Shareholders' equity		1,440,595	1,334,701
Retirement benefit obligations	28	1,687	1,541
Deferred tax liabilities	32	–	249
Other long term liabilities	33	400,000	400,000
Non-current liabilities		401,687	401,790
		1,842,282	1,736,491

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

Statement of Changes in Equity

for the year ended 31 July 2005

		Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
	Note				
At 1 August 2003		683,447	83,882	303,617	1,070,946
Exercise of ESOS	29	11,774	34,508	–	46,282
Conversion of warrants	29	41,567	116,846	–	158,413
Net profit for the year		–	–	143,157	143,157
Dividends	10	–	–	(84,097)	(84,097)
At 31 July 2004		736,788	235,236	362,677	1,334,701
At 1 August 2004		736,788	235,236	362,677	1,334,701
Exercise of ESOS	29	12,751	36,994	–	49,745
Conversion of warrants	29	33	89	–	122
Net profit for the year		–	–	168,686	168,686
Dividends	10	–	–	(112,659)	(112,659)
At 31 July 2005		749,572	272,319	418,704	1,440,595

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

Cash Flow Statement

for the year ended 31 July 2005

	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	223,020	192,304
Adjustment for:		
Depreciation	2,220	3,514
Impairment loss on investment in an associated company	1,804	–
Property, plant and equipment written off	77	21
Provision/(reversal of provision) for retirement benefits	189	(3,056)
Provision for short term accumulating compensated absences	179	489
Gain on disposal of property, plant and equipment	(1,820)	(897)
Interest income	(20,061)	(15,030)
Dividend income	(94,125)	(34,154)
Interest expense	12,724	12,403
Operating profit before working capital changes	124,207	155,594
(Increase)/decrease in due from subsidiaries	(132,599)	14,556
Increase in due to subsidiaries	35,795	5,693
(Increase)/decrease in receivables	(5,999)	17,858
Increase in payables	31,030	5,514
Cash generated from operations	52,434	199,215
Income taxes paid	(65,548)	(55,550)
Interest paid	(12,724)	(12,403)
Retirement benefits paid	(19)	(33)
Net cash (used in)/generated from operating activities	(25,857)	131,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on transfer of property, plant and equipment to related companies	3	55
Proceeds from sale of property, plant and equipment	2,276	2,003
Investment in associated companies	(64,000)	(24,000)
Investment in subsidiary company	(204)	–
Advances of non-trade amount due from subsidiaries	–	(230,779)
Advances of non-trade amount due to subsidiaries	–	(399)
Purchase of property, plant and equipment from related companies	–	(119)
Purchase of property, plant and equipment	(391)	(1,443)
Purchase of other investment	(17)	–
Interest received	20,061	15,030
Dividend received	73,806	28,966
Net cash generated from/(used in) investing activities	31,534	(210,686)

CASH FLOW STATEMENT

for the year ended 31 July 2005

	2005 RM'000	2004 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/drawdown of revolving credit	(10,555)	29,508
Proceeds from conversion of warrants	122	158,413
Proceeds from exercise of ESOS	49,745	46,282
Dividend paid to shareholders	(112,659)	(84,097)
Net cash (used in)/generated from financing activities	(73,347)	150,106
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(67,670)	70,649
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,331	69,682
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	72,661	140,331

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

Notes to the Financial Statements

31 July 2005

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 1,234 (2004: 1,309) and 103 (2004: 107) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 October 2005.

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 Financial Reporting Standards (FRS) in Malaysia.

During the financial year ended 31 July 2005, the Group has adopted FRS 201 Property Development Activities for the first time.

The effect of adopting FRS 201 is summarised in the Statement of Changes in Equity and further information is disclosed in Note 38.

(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 and the minorities' share of movements in the acquiree's equity since then.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Basis of Consolidation****(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.

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 retained profits or accumulated losses and other 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) Jointly Controlled Entities

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.

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

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

(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.

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(q). 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 is 30 years.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- (i) 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(q).

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

- (ii) 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 share of profits or losses of the joint ventures are incorporated in the venturer's financial statements based on the percentage share of profit or loss of each joint venture.

(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(q).

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 to 60 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%

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) 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(q).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) Land Held for Property Development and Property Development Costs (Cont'd)****(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.

(g) Construction Contracts

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

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

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

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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.

(i) 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.

(j) 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).

(k) Provision 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(l) Income Tax**

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

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

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

(m) Employee Benefits**(i) Short Term Benefits**

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

(ii) Defined Contribution Plans

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.

(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.

That benefit is discounted using the Projected Unit Credit Method in order to determine its 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.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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(q).

(o) 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(g).

(ii) Development Properties

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

(iii) Sale of Goods and Services

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

(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.

(p) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(p) Foreign Currencies (Cont'd)****(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:

	2005	2004
	RM	RM
United States Dollar	3.78	3.80
Singapore Dollar	2.25	2.22
Indian Rupee	0.09	0.08
New Taiwan Dollar	0.12	0.11

(q) 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.

(r) 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 39.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Financial Instruments (Cont'd)

(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(q).

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.

(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 and Redeemable Unsecured Bonds 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.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

3. REVENUE

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Engineering and construction contracts	1,011,271	966,654	316,890	278,699
Sales of development properties	322,852	533,480	–	–
Quarry sales	29,620	32,839	–	–
Trading of construction materials	89,052	113,532	–	–
Manufacturing	31,838	42,777	–	–
Supply of water and related services	46,560	19,690	–	–
Others	8,610	10,060	–	–
	1,539,803	1,719,032	316,890	278,699

4. PROFIT FROM OPERATIONS

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Amortisation of concession rights	2,333	2,333	–	–
Amortisation of goodwill on consolidation of subsidiaries	835	835	–	–
Auditors' remuneration				
– Statutory audits	266	304	65	57
– Other services	216	348	86	54
Hire of plant and equipment	1,626	739	–	–
Non-executive directors' fees (Note 6)	244	244	244	244
Property, plant and equipment written off	124	49	77	21
Impairment of loss of investment in an associated company	1,804	–	1,804	–
Provision for contracts	17,757	2,224	–	–
Provision for foreseeable losses on low cost apartments	4,407	9,131	–	–
Provision for doubtful debts	291	167	–	–
(Reversal of provision)/provision for rebates (Note 26)	(870)	592	–	–
Rental expense of land	374	479	51	51
Rental expense of premises	1,774	1,252	714	520
Staff costs (Note 5)	45,569	39,039	11,171	7,915
Appropriation of profits from unincorporated subsidiaries	–	–	(92,099)	(101,343)

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

4. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bad debts recovered	-	(41)	-	-
Dividends received/receivable from				
- Subsidiaries	-	-	(20,792)	(11,971)
- Associated companies	-	-	(73,333)	(22,183)
Gain on disposal of property, plant and equipment	(4,031)	(1,244)	(1,820)	(897)
Rental income				
- Subsidiaries	-	-	(674)	(676)
- Others	(499)	(494)	(205)	(171)
Unrealised gain on foreign exchange	(65)	(35)	-	-
Write back of provision for doubtful debts	(249)	(483)	-	-

5. STAFF COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages and salaries	29,882	23,501	5,304	5,038
Directors' salaries and emoluments (Note 6)	3,470	3,487	3,201	2,864
Short term accumulating compensated absences	108	2,755	179	489
Pension costs-defined contribution plans	3,711	2,831	868	574
Pension costs-defined benefit plan	851	(612)	89	(3,172)
Termination benefits	-	189	-	-
Social security costs	226	157	30	30
Other staff related expenses	7,321	6,731	1,500	2,092
	45,569	39,039	11,171	7,915

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

6. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	2,625	2,504	2,392	2,023
Bonus	413	529	377	427
Pension costs-defined contribution plans	332	334	332	294
Pension costs-defined benefit plan	100	120	100	120
Benefits-in-kind	164	249	149	232
	3,634	3,736	3,350	3,096
Non-executive:				
Fees	244	244	244	244
Benefits-in-kind	11	23	11	23
	255	267	255	267
Total	3,889	4,003	3,605	3,363
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	3,470	3,487	3,201	2,864
Total non-executive directors' remuneration excluding benefits-in-kind (Note 4)	244	244	244	244
Total directors' remuneration excluding benefits-in-kind	3,714	3,731	3,445	3,108

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	
	2005	2004
Executive directors:		
RM250,001 – RM300,000	1	1
RM350,001 – RM400,000	1	3
RM400,001 – RM450,000	1	–
RM450,001 – RM500,000	4	3
RM600,001 – RM650,000	1	1
	8	8
Non-executive directors:		
RM1 – RM50,000	5	5
RM100,001 – RM150,000	1	1
	6	6
Total	14	14

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7. FINANCE COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest expense on Redeemable Unsecured Bonds	12,000	12,000	12,000	12,000
Interest expense on other borrowings	4,904	7,404	724	403
	16,904	19,404	12,724	12,403
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 18)	(4,180)	(6,771)	–	–
Costs of construction contracts (Note 21)	–	(230)	–	–
	12,724	12,403	12,724	12,403

8. TAXATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax:				
Malaysian income tax	94,050	112,822	66,051	54,141
Over provided in prior years	(10,376)	(5,227)	(11,213)	(5,501)
	83,674	107,595	54,838	48,640
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	(7,372)	(3,816)	(504)	481
Over provided in prior years	(255)	(1,558)	–	26
	(7,627)	(5,374)	(504)	507
Share of taxation for associated companies	34,648	28,020	–	–
Share of taxation for jointly controlled entities				
– Malaysian income tax	201	161	–	–
– Foreign tax	2,737	2,247	–	–
	2,938	2,408	–	–
	113,633	132,649	54,334	49,147

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

8. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. The corporate tax for Year of Assessment 2005/2004 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 (2004: RM500,000)	20%
Amount exceeding RM500,000 (2004: 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:

	2005 RM'000	2004 RM'000
Group		
Profit before taxation	412,662	434,089
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	115,545	121,545
Tax incentive obtained from differential tax rate of 20%	(261)	(286)
Effect of different tax rates in other countries	(6)	(1,578)
Effect of group unrealised expenses	(3,084)	3,358
Income not subject to tax	(1,883)	(2,891)
Expenses not deductible for tax purposes:		
– Effect of amortisation of goodwill and concession rights	887	887
– Others	7,477	1,633
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(235)	(188)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	5,824	16,954
Overprovision of deferred tax in prior years	(255)	(1,558)
Overprovision of income tax in prior years	(10,376)	(5,227)
Tax expense for the year	113,633	132,649
Company		
Profit before taxation	223,020	192,304
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	62,446	53,845
Income not subject to tax	(1,849)	(2,580)
Expenses not deductible for tax purposes	4,348	1,600
Expenses of an overseas branch claimed in the said foreign jurisdiction	602	1,757
Underprovision of deferred tax in prior year	–	26
Overprovision of income tax in prior years	(11,213)	(5,501)
Tax expense for the year	54,334	49,147

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

8. TAXATION (CONT'D)

Tax savings during the financial year arising from:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Utilisation of current year tax losses	–	92	–	–
Utilisation of previously unrecognised tax losses and capital allowances	235	138	–	–

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.

	Group	
	2005	2004
Net profit for the year (RM'000)	265,778	281,869
Weighted average number of ordinary shares in issue ('000)	743,977	721,932
Basic earnings per share (sen)	36	39

(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.

	Group	
	2005	2004
Net profit for the year (RM'000)	265,778	281,869
Weighted average number of ordinary shares in issue ('000)	743,977	721,932
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	4,433	13,761
Assumed shares issued from the conversion of Warrants 1996/2006 ('000)	10,844	23,387
Assumed shares issued from the conversion of Warrants 2001/2007 ('000)	31,304	51,382
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	790,558	810,462
Fully diluted earnings per share (sen)	34	35

NOTES TO THE FINANCIAL STATEMENTS

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10. DIVIDENDS

	Group and Company			
	Amount		Dividend per Share	
	2005 RM'000	2004 RM'000	2005 sen	2004 sen
Final dividend paid for financial year 2004, of 9% (2003: 9%) less 28% taxation	48,155	47,084	6	6
Special dividend paid for financial year 2004, of 5% (2003: Nil) less 28% taxation	26,753	–	4	–
Interim dividend paid for financial year 2005, of 7% (2004: 7%) less 28% taxation	37,751	37,013	5	5
	112,659	84,097		

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2005, of 9% less 28% taxation on 749,572,144 ordinary shares amounting to a dividend payable of RM48,572,275 (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 2006.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings*	Construction- in-progress	Other property, plant and equipment**	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Valuation/Cost				
At 1 August 2004	50,950	26,049	182,882	259,881
Additions	109	54	11,180	11,343
Disposals	–	–	(13,272)	(13,272)
Write-offs	–	–	(711)	(711)
At 31 July 2005	51,059	26,103	180,079	257,241

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

	Land and buildings*	Construction- in-progress RM'000	Other property, plant and equipment** RM'000	Total RM'000
Group (Cont'd)				
Accumulated Depreciation				
At 1 August 2004	9,023	–	135,490	144,513
Charge for the year:	821	–	16,736	17,557
Recognised in income statement	821	–	7,999	8,820
Capitalised in property development costs (Note 18)	–	–	580	580
Capitalised in construction costs (Note 21)	–	–	8,157	8,157
Disposals	–	–	(12,606)	(12,606)
Write-offs	–	–	(587)	(587)
At 31 July 2005	9,844	–	139,033	148,877
Net Book Value				
At 31 July 2005	41,215	26,103	41,046	108,364
At 31 July 2004	41,927	26,049	47,392	115,368
Details at 1 August 2003				
Valuation/cost	50,799	26,052	195,987	272,838
Accumulated depreciation	8,204	–	126,119	134,323
Depreciation charge for 2004				
Recognised in income statement	819	–	7,195	8,014
Capitalised in development expenditure (Note 18)	–	–	606	606
Capitalised in construction costs (Note 21)	–	–	10,528	10,528

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

* Land and buildings

Group	← At valuation →						← At cost →		Total RM'000
	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	Freehold land RM'000	Buildings on freehold land RM'000	
Valuation/Cost									
At 1 August 2004	1,192	1,148	1,349	674	14,313	187	18,105	13,982	50,950
Additions	–	–	–	–	–	–	–	109	109
Reclassification	–	–	(1,059)	(444)	1,059	444	–	–	–
At 31 July 2005	1,192	1,148	290	230	15,372	631	18,105	14,091	51,059
Accumulated									
Depreciation									
At 1 August 2004	–	298	303	158	6,145	82	–	2,037	9,023
Charge for the year	–	23	5	4	490	15	–	284	821
Reclassification	–	–	(233)	(100)	233	100	–	–	–
At 31 July 2005	–	321	75	62	6,868	197	–	2,321	9,844
Net Book Value									
At 31 July 2005	1,192	827	215	168	8,504	434	18,105	11,770	41,215
At 31 July 2004	1,192	850	1,046	516	8,168	105	18,105	11,945	41,927
Details at									
1 August 2003									
At valuation/cost	1,192	1,148	1,349	674	14,313	187	18,105	13,831	50,799
Accumulated depreciation	–	275	280	145	5,673	76	–	1,755	8,204
Depreciation charge for 2004	–	23	23	13	472	6	–	282	819

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

** Other property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant, machinery and golf, gym and club house equipment RM'000	Total RM'000
Cost				
At 1 August 2004	29,718	23,827	129,337	182,882
Additions	271	1,326	9,583	11,180
Disposals	(6,827)	(178)	(6,267)	(13,272)
Write-offs	(224)	(358)	(129)	(711)
At 31 July 2005	22,938	24,617	132,524	180,079
Accumulated Depreciation				
At 1 August 2004	22,928	17,758	94,804	135,490
Charge for the year:	2,213	2,567	11,956	16,736
Recognised in income statement	1,893	1,923	4,183	7,999
Capitalised in property development costs (Note 18)	80	149	351	580
Capitalised in construction costs (Note 21)	240	495	7,422	8,157
Disposals	(6,179)	(160)	(6,267)	(12,606)
Write-offs	(139)	(328)	(120)	(587)
At 31 July 2005	18,823	19,837	100,373	139,033
Net Book Value				
At 31 July 2005	4,115	4,780	32,151	41,046
At 31 July 2004	6,790	6,069	34,533	47,392
Details at 1 August 2003				
At cost	35,797	23,224	136,966	195,987
Accumulated depreciation	24,741	15,702	85,676	126,119
Depreciation charge for 2004	3,567	2,809	11,953	18,329
Recognised in income statement	2,831	2,066	2,298	7,195
Capitalised in development expenditure (Note 18)	80	119	407	606
Capitalised in construction costs (Note 21)	656	624	9,248	10,528

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

	Land and buildings [^] RM'000	Construction- in-progress RM'000	Other property, plant and equipment ^{^^} RM'000	Total RM'000
Company				
Valuation/Cost				
At 1 August 2004	27,474	22,378	31,080	80,932
Additions	109	54	228	391
Transfer out to subsidiaries	–	–	(179)	(179)
Disposals	–	–	(5,834)	(5,834)
Write-offs	–	–	(477)	(477)
At 31 July 2005	27,583	22,432	24,818	74,833
Accumulated Depreciation				
At 1 August 2004	1,709	–	25,156	26,865
Charge for the year	239	–	1,981	2,220
Transfer out to subsidiaries	–	–	(176)	(176)
Disposals	–	–	(5,378)	(5,378)
Write-offs	–	–	(400)	(400)
At 31 July 2005	1,948	–	21,183	23,131
Net Book Value				
At 31 July 2005	25,635	22,432	3,635	51,702
At 31 July 2004	25,765	22,378	5,924	54,067
Details at 1 August 2003				
At valuation/cost	27,340	22,381	35,806	85,527
Accumulated depreciation	1,471	–	26,855	28,326
Depreciation charge for 2004	238	–	3,276	3,514

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

^ Land and buildings

Company	← At valuation →						← At cost →		Total RM'000
	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	Freehold land RM'000	Buildings on freehold land RM'000	
Valuation/Cost									
At 1 August 2004	780	860	1,204	559	–	–	14,572	9,499	27,474
Additions	–	–	–	–	–	–	–	109	109
Reclassification	–	–	(1,059)	(444)	1,059	444	–	–	–
At 31 July 2005	780	860	145	115	1,059	444	14,572	9,608	27,583
Accumulated Depreciation									
At 1 August 2004	–	223	265	130	–	–	–	1,091	1,709
Charge for the year	–	17	2	2	18	9	–	191	239
Reclassification	–	–	(233)	(100)	233	100	–	–	–
At 31 July 2005	–	240	34	32	251	109	–	1,282	1,948
Net Book Value									
At 31 July 2005	780	620	111	83	808	335	14,572	8,326	25,635
At 31 July 2004	780	637	939	429	–	–	14,572	8,408	25,765
Details at 1 August 2003									
At valuation/cost	780	860	1,204	559	–	–	14,572	9,365	27,340
Accumulated depreciation	–	206	245	119	–	–	–	901	1,471
Depreciation charge for 2004									
	–	17	20	11	–	–	–	190	238

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

^^ Other property, plant and equipment

	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant, machinery and equipment RM'000	Total RM'000
Company				
Cost				
At 1 August 2004	14,991	12,499	3,590	31,080
Additions	6	222	–	228
Transfer in from subsidiaries	–	–	–	–
Transfer out to subsidiaries	(15)	(81)	(83)	(179)
Disposals	(5,796)	(38)	–	(5,834)
Write-offs	(164)	(287)	(26)	(477)
At 31 July 2005	9,022	12,315	3,481	24,818
Accumulated Depreciation				
At 1 August 2004	11,434	10,257	3,465	25,156
Charge for the year	959	922	100	1,981
Transfer in from subsidiaries	–	–	–	–
Transfer out to subsidiaries	(15)	(80)	(81)	(176)
Disposals	(5,343)	(35)	–	(5,378)
Write-offs	(89)	(285)	(26)	(400)
At 31 July 2005	6,946	10,779	3,458	21,183
Net Book Value				
At 31 July 2005	2,076	1,536	23	3,635
At 31 July 2004	3,557	2,242	125	5,924
Details at 1 August 2003				
At cost	20,374	11,864	3,568	35,806
Accumulated depreciation	14,028	9,509	3,318	26,855
Depreciation charge for 2004	2,078	1,070	128	3,276

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

(a) Details of independent professional valuation of land and buildings owned by the Group at 31 July 2005 are as follows:

Long term and short term leasehold land and buildings:

Year of valuation	Description of property	Amount RM'000	Basis of valuation	Leases expiring in
1991	Long term leasehold land and building at Jalan Gopeng, Ipoh, Perak Darul Ridzuan	260	Open market value	2078
1991	Long term leasehold land and building at Jalan Gopeng, Ipoh, Perak Darul Ridzuan	260	Open market value	2078
1991	Short term leasehold land and building at Jelapang, Ipoh, Perak Darul Ridzuan	592	Open market value	2043
1991	Short term leasehold land and building at Jelapang, Ipoh, Perak Darul Ridzuan	911	Open market value	2050
1991	Short term leasehold quarry land and building at Kuala Dipang, Perak Darul Ridzuan	14,500	Open market value	2022
		16,523		

Freehold land and buildings:

Year of valuation	Description of property	Amount RM'000	Basis of valuation
1991	Freehold land and building at Petaling Jaya, Selangor Darul Ehsan	1,240	Open market value
1991	Freehold land and building at Petaling Jaya, Selangor Darul Ehsan	400	Open market value
1991	Freehold land at Petaling Jaya, Selangor Darul Ehsan	412	Open market value
1991	Building at Petaling Jaya, Selangor Darul Ehsan	288	Open market value
		2,340	

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

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

- (b) Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment which are still in use costing RM74,548,000 (2004: RM61,840,000) and RM12,487,000 (2004: RM12,166,000) respectively.
- (c) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of the land and buildings that would have been included in the financial statements of the Group and of the Company are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Freehold land and buildings	1,420	1,473	1,039	1,069
Long term leasehold land and buildings	861	923	679	730
Short term leasehold land and building	121	128	–	–

- (d) As at 31 July 2005, net book values of plant, machinery and equipment amounting to RM Nil (2004: RM7,988,000) were acquired under finance lease arrangements.
- (e) During the year, the Group acquired property, plant and equipment with an aggregate cost RM11,343,000 (2004: RM5,720,000) of which RM Nil (2004: RM1,122,000) were acquired by means of finance lease arrangements.

12. SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	352,125	351,921
Less: Accumulated impairment losses	(16,290)	(16,290)
	335,835	335,631

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		2005 %	2004 %	
Subsidiaries incorporated in Malaysia				
Gammau Construction Sdn. Bhd.	6,000,000	100	100	Dormant
Gamuda Engineering Sdn. Bhd.	770,000	100	100	Civil engineering and construction
Megah Landscape Sdn. Bhd.	500,000	100	100	Supply of landscaping materials and provision of landscaping services
Gamuda Land Sdn. Bhd.	2	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

12. SUBSIDIARIES (CONT'D)

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		2005 %	2004 %	
Subsidiaries incorporated in Malaysia (Cont'd)				
Gamuda Paper Industries Sdn. Bhd.	18,000,000	95	95	Ceased operations
GPI Trading Sdn. Bhd.	2	95	95	Ceased operations
Gamuda Trading Sdn. Bhd.	109,000	100	100	Trading of construction materials
Gamuda Water Sdn. Bhd.	2,000,000	80	80	Operation and maintenance of water treatment plants
G.B. Kuari Sdn. Bhd.	750,000	100	100	Operation of quarry, laying of road and manufacture of premix
Ganaz Bina Sdn. Bhd.	3,000,000	100	100	Civil engineering and construction
GIT Services Sdn. Bhd.	100,000	100	100	Information technology services and trading
Harum Intisari Sdn. Bhd.	6,450,000	100	100	Property investment and development
Bandar Botanic Resort Berhad (formerly known as Green Nature Standard Berhad) ^	2	100	–	Dormant
Botanic Property Services Sdn. Bhd. (formerly known as World First Heritage Sdn. Bhd.) ^	2	100	–	Property maintenance services
Masterpave Sdn. Bhd.	2,500,000	100	100	Manufacture, supply and laying of road surfacing materials
Megah Capital Sdn. Bhd.	2	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	50,000	100	100	Insurance agency
Megah Sewa Sdn. Bhd.	100,002	100	100	Hire and rental of plant and machinery
Valencia Development Sdn. Bhd.	5,370,000	99	99	Property development

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

12. SUBSIDIARIES (CONT'D)

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		2005 %	2004 %	
Subsidiaries incorporated in Malaysia (Cont'd)				
Valencia Township Sdn. Bhd.	2	99	99	Management of township and golf club and related maintenance services
Reka Strategi Sdn. Bhd.*	2	100	100	Dormant
Idaman Lantas Sdn. Bhd.*	2	100	100	Dormant
Setara Hati Sdn. Bhd.*	2	100	100	Dormant
Subsidiary incorporated in British Virgin Islands				
Gamuda Overseas Investment Ltd.	US\$100,000	100	100	Investment holding
Subsidiary incorporated in Mauritius				
Gamuda (Offshore) Private Limited *	US\$1,000	100	100	Investment holding
Subsidiary incorporated in India				
Gamuda (India) Private Limited *	Rps100,000	100	100	Dormant
Held by Gamuda (Offshore) Private Limited:				
Gamuda – WCT (India) Private Limited *	Rps100,000	70	70	Civil engineering and construction
Subsidiary incorporated in the Kingdom of Bahrain				
Gamuda (Bahrain) W.L.L ^	BD20,000	99.5	–	Civil engineering and construction
Unincorporated subsidiaries				
Gamuda Berhad – Kumpulan Darul Ehsan Berhad – The Sweet Water Alliance Sdn. Bhd. Joint Venture (“GKTJV”)	–	70	70	Civil engineering and construction
Gamuda Berhad – Mujur Minat Sdn. Bhd. Joint Venture (“GMMJV”)	–	70	70	Civil engineering and construction

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

^ Newly acquired subsidiary during the year

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12. SUBSIDIARIES (CONT'D)

The details of the unincorporated subsidiaries are as follows:

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

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

Acquisition of Shares in Subsidiary Companies

On 2 November 2004, Harum Intisari Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Bandar Botanic Resort Berhad (formerly known as Green Nature Standard Berhad) comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 28 March 2005, Harum Intisari Sdn. Bhd. acquired the entire issued and paid-up share capital of Botanic Property Services Sdn. Bhd. (formerly known as World First Heritage Sdn. Bhd.) comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 27 July 2005, Gamuda Berhad subscribed for 199 ordinary shares of Bahraini Dinars ("BD") 100 each in Gamuda (Bahrain) W.L.L. representing 99.5% of the issued and paid-up share capital for a cash consideration of BD19,900 (equivalent to RM204,000).

There have been no effect of the acquisitions of ordinary shares in Bandar Botanic Resort Berhad (formerly known as Green Nature Standard Berhad), Botanic Property Services Sdn. Bhd. (formerly known as World First Heritage Sdn. Bhd.) and Gamuda (Bahrain) W.L.L. on the financial results of the Group from the date of acquisitions to 31 July 2005 because the results of external transactions are immaterial.

13. ASSOCIATED COMPANIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares, in Malaysia:				
At cost:				
– Ordinary shares	127,685	125,185	127,685	125,185
– Redeemable preference shares	460,715	399,215	460,715	399,215
	588,400	524,400	588,400	524,400
Group's share of post-acquisition reserves	173,338	175,452	–	–
Less: Accumulated impairment loss	(28,235)	(26,431)	(69,885)	(68,081)
	733,503	673,421	518,515	456,319

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13. ASSOCIATED COMPANIES (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares, outside Malaysia:				
At cost:				
– Ordinary shares	11	11	–	–
– Redeemable preference shares	183,880	165,759	–	–
	183,891	165,770	–	–
Group's share of post-acquisition reserves	1,483	449	–	–
	185,374	166,219	–	–
	918,877	839,640	518,515	456,319
Quoted shares, in Malaysia:				
At cost:				
– Ordinary shares	179,020	179,020	179,020	179,020
Group's share of capital reserves	75,817	75,817	–	–
Group's share of post-acquisition profits, net of dividends receivable	93,199	74,203	–	–
	348,036	329,040	179,020	179,020
	1,266,913	1,168,680	697,535	635,339

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

	2005 RM'000	2004 RM'000
Unquoted shares, in Malaysia and outside Malaysia		
– Share of net assets	918,877	839,640
Quoted shares, in Malaysia		
– Share of net assets	348,036	329,040
	1,266,913	1,168,680
Market value:		
Quoted shares, in Malaysia	445,464	447,550

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13. ASSOCIATED COMPANIES (CONT'D)

Details of the associated companies are as follows:

Associated companies incorporated in Malaysia	Paid-up Capital RM	Effective Interests		Principal Activities
		2005 %	2004 %	
Dyna Plastics Sdn. Bhd.	48,001,720	41	41	Ceased operations
Syarikat Pengeluar Air Selangor Holdings Berhad	172,250,000	30	30	Investment holding and provision of management services
Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	50,000,001	30	30	Concession holder of Sungai Selangor Water Supply Scheme Phases 1 and 3
Hicom-Gamuda Development Sdn. Bhd.	6,053,004	50	50	Property development
Danau Permai Resort Berhad	5,500,000	50	50	Owner and operator of a golf club
Kota Kemuning Nursery & Landscaping Sdn. Bhd.	800,000	50	50	Supply of landscaping materials and provision of landscaping services
HGD Property Services Sdn. Bhd.	2	50	50	Property maintenance services
HGD Properties Sdn. Bhd. (formerly known as Golden Class Commerce Sdn. Bhd.)	2	50	50	Dormant
Kesas Holdings Berhad	470,914,840	30	30	Investment holding
Kesas Sdn. Bhd.	5,000,000	30	30	Concession holder of an expressway
Lingkar Trans Kota Holdings Berhad (Quoted shares in Malaysia)	482,869,618	38	38	Investment holding and provision of management services
Lingkar Trans Kota Sdn. Bhd.	50,000,000	38	38	Concession holder of an expressway
Penyenggaraan Litrak Sdn. Bhd.	2	38	38	Highway maintenance
Sukma Sinaran Sdn. Bhd.	2	38	38	Investment holding
Litrak Sdn. Bhd.	2	38	38	Dormant
Semarak Zaman Sdn. Bhd.	2	38	38	Dormant
Midawasa Sdn. Bhd.	1,000	38	38	Dormant

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13. ASSOCIATED COMPANIES (CONT'D)

Associated companies incorporated in Malaysia	Paid-up Capital	Effective Interests		Principal Activities
		2005 %	2004 %	
Madang Permai Sdn. Bhd.	RM5,000,000	36	36	Concession holder of an expressway
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.	RM10,540,000	49	49	Investment holding
Sistem Penyuraian Trafik KL Barat Sdn. Bhd.	RM50,000,000	49	49	Concession holder of an expressway
Projek Smart Holdings Sdn. Bhd.	RM6,230,000	50	50	Investment holding
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.	RM5,000,000	50	50	Undertake, carry out and implement integrated Bypass Tunnel cum Motorway in Kuala Lumpur
Held by Kesas Holdings Berhad, Lingkaran Trans Kota Holdings Berhad and Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.:				
ETC Links Sdn. Bhd.	RM600,003	39	39	Dormant
Associated companies incorporated in Mauritius				
Held by Gamuda (Offshore) Private Limited:				
Suria Holding (O) Pvt. Ltd.	US\$13,909,096	50	50	Investment holding
Gamuda – WCT (Offshore) Private Limited	US\$13,484,429	50	50	Investment holding
Associated companies incorporated in India				
Held by Suria Holding (O) Pvt. Ltd.:				
Emas Expressway Private Limited	Rps1,008,840,570	50	50	Concession holder of an expressway
Held by Gamuda – WCT (Offshore) Private Limited:				
Mapex Infrastructure Private Limited	Rps1,695,999,270	50	50	Concession holder of an expressway

NOTES TO THE FINANCIAL STATEMENTS

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14. JOINTLY CONTROLLED ENTITIES

	Group	
	2005 RM'000	2004 RM'000
Unincorporated entities:		
At cost	–	–
Share of post-acquisition profits	23,095	14,370
	23,095	14,370

Details of the jointly controlled entities are as follows:

Name of Jointly Controlled Entities	Effective Interest		Economic activity
	2005 %	2004 %	
Malaysia Mining Corporation Berhad – Gamuda Berhad Joint Venture ("MMC – Gamuda JV")	50	50	To undertake engineering, procurement and construction of an integrated Bypass Tunnel cum Motorway in Kuala Lumpur
New Asia Construction & Development Corporation – Gamuda Berhad Joint Venture ("New Asia – Gamuda JV")	50	50	To undertake civil engineering construction of the Orange Line Package CO4 of the Kaohsiung Metropolitan Mass Rapid Transit System in Kaohsiung, Taiwan, Republic of China.

The Group's aggregate share of the assets, liabilities, income and expenses of the jointly controlled entities is as follows:

	Group	
	2005 RM'000	2004 RM'000
Non-current assets	9,995	12,666
Current assets	140,742	173,932
Current liabilities	(127,642)	(172,228)
Net assets	23,095	14,370
Revenue	362,548	340,479
Expenses	350,768	324,123

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15. OTHER INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost				
Quoted shares, in Malaysia	3,433	3,480	3	3
Unquoted shares, in Malaysia	97	50	50	50
Investment in transferable club memberships	682	665	682	665
	4,212	4,195	735	718
Accumulated impairment loss of investment in quoted shares, in Malaysia	(978)	(978)	–	–
	3,234	3,217	735	718
Market value				
Quoted shares, in Malaysia	4,813	3,822	9	9

16. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
Goodwill arising on consolidation	25,048	25,048
Less: Accumulated amortisation	(5,755)	(4,920)
	19,293	20,128

The goodwill on consolidation is attributable to the acquisition of G.B. Kuari Sdn. Bhd. and Gamuda Water Sdn. Bhd. The goodwill is amortised over a period of 30 years in line with the lease period of the quarry which is the principal asset of G.B. Kuari Sdn. Bhd. and the concession period of Gamuda Water Sdn. Bhd.'s water treatment rights respectively.

17. CONCESSION RIGHTS

	Group	
	2005 RM'000	2004 RM'000
Concession rights	70,000	70,000
Less: Accumulated amortisation	(9,332)	(6,999)
	60,668	63,001

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

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18. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
Cost				
At 1 August 2003	156,563	41,807	106,380	304,750
Additions	100,332	–	108,436	208,768
Transfer to property development costs	(41,507)	(944)	–	(42,451)
At 31 July 2004	215,388	40,863	214,816	471,067
Cost				
At 1 August 2004	215,388	40,863	214,816	471,067
Transfer to property development costs	(12,930)	(10,914)	(24,648)	(48,492)
At 31 July 2005	202,458	29,949	190,168	422,575

(b) Property development costs

	Group	
	2005 RM'000	2004 RM'000
As at 1 August 2004/2003		
Freehold land	238,976	197,469
Leasehold land	18,677	17,733
Development costs	671,479	297,409
	929,132	512,611
Costs incurred during the year		
Development costs	234,479	374,070
	234,479	374,070
Costs recognised in income statement		
As at 1 August 2004/2003	(859,771)	(428,038)
Recognised during the year	(232,469)	(431,733)
As at 31 July 2005/2004	(1,092,240)	(859,771)
Transfers		
From land held for property development	48,492	42,451
To inventories	(26,233)	–
	22,259	42,451
Property development costs at 31 July 2005/2004	93,630	69,361

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18. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)**(b) Property development costs (Cont'd)**

Included in development costs incurred during the year are:

	Group	
	2005 RM'000	2004 RM'000
Interest expense (Note 7)	4,180	6,771
Depreciation (Note 11)	580	606
Staff costs	3,987	3,825
	3,987	3,825

The freehold land with carrying value of RM Nil (2004: RM415,222,000) are pledged to a licensed bank for bank guarantee of RM Nil (2004: RM Nil) and term loan of RM Nil (2004: RM83,271,000), granted to a subsidiary for the land acquired by the subsidiary as referred to in Note 33(b).

19. INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Raw materials	151	350
Finished goods	2,837	2,413
Crusher run and aggregates	2,247	2,494
Consumable stores and spares	1,486	617
Property held for sale	26,233	-
	32,954	5,874

20. RECEIVABLES

Receivables of the Group and Company are analysed as follows:

		Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current	(a)	675,783	687,336	189,404	163,086
Non current	(b)	29,293	-	-	-
		705,076	687,336	189,404	163,086

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20. RECEIVABLES (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Trade receivables				
Joint ventures	91,190	89,503	13,235	14,065
Associated companies	118,682	90,760	90,509	–
Retention sum	35,271	29,661	–	–
Accrued billing	1,292	11,424	–	–
Others	238,010	222,783	127	26,718
Due from customers on contracts (Note 21)	20,437	41,073	–	–
	504,882	485,204	103,871	40,783
Less: Provision for doubtful debts	(543)	(501)	–	–
	504,339	484,703	103,871	40,783
Other receivables				
Joint ventures	44,395	121,910	29,396	108,559
Associated companies	30,617	2,671	30,157	2,003
Sundry receivables	96,432	70,666	25,980	4,355
Dividends receivable from associated companies	–	7,386	–	7,386
	171,444	202,633	85,533	122,303
	675,783	687,336	189,404	163,086

The Group's and the Company's normal trade credit term ranges from 14 to 90 days (2004: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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21. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Construction contract costs incurred to date	2,286,266	2,034,416	565,566	677,635
Recognised profits less recognised losses	304,353	747,950	93,009	59,063
Progress billings received and receivable	(2,722,439)	(2,954,607)	(658,575)	(743,874)
	(131,820)	(172,241)	–	(7,176)

Represented by:

Due from customers on contracts (Note 20)	20,437	41,073	–	–
Due to customers on contracts (Note 25)	(152,257)	(213,314)	–	(7,176)
	(131,820)	(172,241)	–	(7,176)

Included in the amount due from/ (to) customers on contracts are:

Construction contract costs incurred during the year	869,885	729,243	263,584	164,433
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The costs incurred to date on construction contracts include the following charges made during the financial year:

Interest expense (Note 7)	–	230	–	–
Depreciation (Note 11)	8,157	10,528	–	–
Staff costs	22,467	18,547	–	–
Hire of plant and equipment	20,005	18,524	–	(5)
Rental of premises	155	638	–	–

22. DUE FROM SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Due from subsidiaries		
– trade	122,272	47,336
– non-trade	584,751	527,088
	707,023	574,424

Included in amount due from subsidiaries is an amount due from an unincorporated subsidiary of RM109,533,000 (2004: RM34,850,000).

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2004: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an advance of RM287,856,620 (2004: RM184,166,000) given to subsidiaries which bore interest of 6.0% to 7.0% (2004: 6.0% to 7.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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23. CASH AND BANK BALANCES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash in hand and at banks	39,633	131,756	20,357	89,643
Housing Development Accounts	134,711	115,759	–	–
Deposits with licensed banks	148,901	141,892	16,189	19,694
Deposits with discount houses	174,648	81,330	36,115	30,994
	497,893	470,737	72,661	140,331

Included in deposits with licensed banks are deposits pledged for the term loan's interest amounting to RM Nil (2004: RM4,449,060) as referred to in Note 33(b).

The Housing Development Accounts are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The range of interest rates (per annum) as at balance sheet date were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Licensed banks	1.8 – 3.1	1.8 – 3.7	1.5 – 3.1	1.8 – 3.7
Discount houses	2.6 – 2.8	2.7 – 2.8	2.6 – 2.8	2.7 – 2.8
Housing Development Accounts	2.2	2.2	–	–

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

	Group		Company	
	2005 Days	2004 Days	2005 Days	2004 Days
Licensed banks	1 – 365	1 – 360	1 – 90	2 – 60
Discount houses	1 – 33	2 – 33	1 – 33	2 – 33
Housing Development Accounts	No fixed terms of maturity		–	–

NOTES TO THE FINANCIAL STATEMENTS

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24. SHORT TERM BORROWINGS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Secured:				
Lease payables (Note 33(c))	–	3,970	–	–
Short term loan	53,851	–	–	–
Unsecured:				
Revolving credits	98,667	52,222	41,667	52,222
	152,518	56,192	41,667	52,222

The interest rates for borrowings (per annum) as at balance sheet date were as follows:

	Group and Company	
	2005 %	2004 %
Revolving credits		
denominated in New Taiwan dollar & US dollar	1.41 – 1.76	1.35 – 1.60
Short term loan	3.05	–

The short term loan drawdown by the wholly-owned subsidiary, Harum Intisari Sdn. Bhd. ("HISB"), is guaranteed by the Company and an undertaking from HISB that the proceeds from the proposed issue of up to RM300 million AI Murabahah Commercial Papers and Medium Term Notes ("CP/MTN") to refinance its existing debts, shareholder's advances and / or any securities issued by the Company. The first issuance of RM200 million CP/MTN with a tenure of 5 years was completed on 28 September 2005.

25. PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables				
Trade payables	179,271	223,380	61,688	20,769
Due to associated companies	1,405	7,322	–	–
Retention sums	33,431	24,023	–	–
Progress billing	4,706	3,488	–	–
Due to customers on contracts (Note 21)	152,257	213,314	–	7,176
	371,070	471,527	61,688	27,945

NOTES TO THE FINANCIAL STATEMENTS

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25. PAYABLES (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables				
Sundry payables	56,146	48,117	23,997	26,531
Due to associated companies	1,230	14,094	–	–
	57,376	62,211	23,997	26,531
	428,446	533,738	85,685	54,476

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2004: 30 to 90 days).

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

26. PROVISION FOR LIABILITIES

Provision for rebates

	Group	
	2005 RM'000	2004 RM'000
At 1 August 2004/2003	4,254	3,662
(Reversal of provision)/provision for the year (Note 4)	(870)	592
At 31 July 2005/2004	3,384	4,254
Analysed as:		
Current	3,384	4,254

27. DUE TO SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Due to subsidiaries		
– trade	63,979	29,274
– non-trade	41,643	40,553
	105,622	69,827

Included in amount due to subsidiaries is an amount due to an unincorporated subsidiary of RM4,202,000 (2004: RM4,202,000).

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2004: 30 to 90 days).

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

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28. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded Retirement Benefit Scheme ("the Scheme") for its employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of services on attainment of the retirement age of 55.

The amounts recognised in the balance sheet are determined as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Present value of unfunded defined benefit obligations	5,814	5,090	1,579	1,408
Unrecognised actuarial gains, net	334	335	151	152
Net liability	6,148	5,425	1,730	1,560
Analysed as:				
Current	165	142	43	19
Non-current:				
Later than 1 year but not later than 2 years	81	140	–	39
Later than 2 years but not later than 5 years	760	349	149	16
Later than 5 years	5,142	4,794	1,538	1,486
	5,983	5,283	1,687	1,541
	6,148	5,425	1,730	1,560

The amounts recognised in the income statements are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current service cost	601	540	92	114
Interest cost	351	282	98	83
Transitional asset	(1)	(1,314)	(1)	(3,249)
Total, included in staff costs (Notes 5 and 6)	951	(492)	189	(3,052)

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28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Movements in the net liabilities in the current year were as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 August 2004/2003	5,425	6,123	1,560	4,648
Recognised in income statement	951	(492)	189	(3,052)
Contributions paid	(228)	(206)	(19)	(33)
Adjustments in liability due to transfer of employees	–	–	–	(3)
At 31 July 2005/2004	6,148	5,425	1,730	1,560

Principal actuarial assumptions used:

	2005 %	2004 %
Discount rate	7.0	7.0
Expected rate of salary increases	6.0	6.0
Price inflation	3.0	3.0

29. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
Authorised:				
At beginning/end of year	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
At 1 August 2004/2003	736,788	683,447	736,788	683,447
Exercise of ESOS	12,751	11,774	12,751	11,774
Conversion of warrants	33	41,567	33	41,567
At 31 July 2005/2004	749,572	736,788	749,572	736,788

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM736,788,644 (2004: RM683,447,274) to RM749,572,144 (2004: RM736,788,644) via the issuance of 12,751,000 (2004: 11,774,000) and 32,500 (2004: 41,567,370) new ordinary shares of RM1.00 each pursuant to the exercise of ESOS and conversion of warrants respectively. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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31 July 2005

29. SHARE CAPITAL (CONT'D)

- (b) As at balance sheet date, the total number of warrants which remained unexercised are as follows:

	UNITS
Warrants 1996/2006	71,138,640
Warrants 2001/2007	127,750,198

Details of the warrants are disclosed in the Directors' Report.

- (c) The principal features of the ESOS are as follows:
- (i) Eligible employees are full-time monthly paid employees and Executive Directors of the Group (including contract and non-Malaysian employees with a minimum three years of contract of service) whose employment has been confirmed and have been in the employment of the Group for a continuous period for at least one year as at the date of offer. The selection of eligible employee for participation in the ESOS shall be at the discretion of the Options Committee.
 - (ii) The ESOS shall be in force for a period of 5 years from 26 December 2000 subject however to any extension or renewal for a further period of not exceeding 5 years commencing from the day after the date of expiration of the original 5 years period as may be approved by all relevant parties.
 - (iii) The total number of shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
 - (iv) The subscription price under the ESOS shall be the weighted average market price of the shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of offer of the options subject to a discount of not more than 10%, or at par value of the share, whichever is higher.
 - (v) The aggregate number of shares to be offered to an eligible employee in accordance with the ESOS shall be determined at the discretion of the Options Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service that the eligible employee has rendered and subject to the maximum allowable allotment of shares for each eligible employee.
 - (vi) The number of shares under the ESOS which remained unexercised or the option price or both may be adjusted following any alteration in the capital structure of the Company during the option period, whether such alteration is by way of capitalisation of profits or reserves, right issues, consolidation of shares, sub-division of shares or reduction of capital or otherwise howsoever taking place, made by the Company.
 - (vii) The options shall not carry any right to vote at any general meeting of the Company and a grantee shall not be entitled to any dividends, right or other entitlements on his unexercised options.
 - (viii) The options granted under ESOS are not assignable.
 - (ix) The new shares allotted upon any exercise of the option shall rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company except that the new shares so issued will not rank for any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the date of allotment of the new shares.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

29. SHARE CAPITAL (CONT'D)

(c) The principal features of the ESOS are as follows: (Cont'd)

(x) The employees to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

(xi) Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

	2005 RM'000	2004 RM'000
Ordinary shares	12,751	11,774
Share premium	36,994	34,508
Aggregate proceeds received on shares issued	49,745	46,282
Aggregate fair value of ordinary shares at date of issue	61,873	76,386

(xii) The terms of share options outstanding as at the end of the financial year are as follows:

2005

Exercise Price RM	Grant Date	← Number of Share Options →				At 31 July 2005 '000
		At 1 August 2004 '000	Granted '000	Exercised '000	Lapsed '000	
3.25	6 January 2001	6,393	528	(3,245)	–	3,676
3.45	5 July 2001	2,272	–	(1,573)	(289)	410
4.07	3 January 2002	5,668	337	(2,710)	–	3,295
4.26	14 January 2002	7,122	–	(3,314)	(177)	3,631
5.33	1 July 2002	3,609	–	–	(689)	2,920
4.55	17 October 2002	1,327	464	(619)	(3)	1,169
4.92	10 January 2003	3,878	–	(326)	(213)	3,339
5.17	10 June 2003	1,874	–	(10)	(278)	1,586
5.51	1 July 2003	288	–	–	(88)	200
5.52	16 February 2004	3,628	–	(2)	(367)	3,259
4.32	26 August 2004	–	2,122	(869)	(46)	1,207
4.67	17 December 2004	–	2,216	(83)	(109)	2,024
4.73	4 January 2005	–	13	–	–	13
3.88	12 July 2005	–	6,968	–	(42)	6,926
		36,059	12,648	(12,751)	(2,301)	33,655

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

29. SHARE CAPITAL (CONT'D)

(c) (xii) The terms of share options outstanding as at the end of the financial year are as follows: (Cont'd)

Exercise Price RM	Grant Date	Number of Share Options				At 31 July 2004 '000
		At 1 August 2003 '000	Granted '000	Exercised '000	Lapsed '000	
3.25	6 January 2001	10,314	–	(3,604)	(317)	6,393
3.45	5 July 2001	3,817	–	(1,512)	(33)	2,272
4.07	3 January 2002	8,344	–	(2,447)	(229)	5,668
4.26	14 January 2002	9,299	–	(2,132)	(45)	7,122
5.33	1 July 2002	4,213	–	(473)	(131)	3,609
4.55	17 October 2003	1,990	–	(608)	(55)	1,327
4.92	10 January 2003	4,615	–	(625)	(112)	3,878
5.17	10 June 2003	–	2,272	(316)	(82)	1,874
5.51	1 July 2003	–	358	(54)	(16)	288
5.52	16 February 2004	–	3,682	(3)	(51)	3,628
		42,592	6,312	(11,774)	(1,071)	36,059

The above share options will expire on 25 December 2005.

30. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group	
	2005 RM'000	2004 RM'000
Capital Reserve		
Balance at 1 August 2004/2003	75,817	75,704
Share of capital reserve in an associated company	–	113
Balance at 31 July 2005/2004	75,817	75,817
Foreign Exchange Reserve		
Balance at 1 August 2004/2003	201	109
Currency translation differences	(827)	92
Balance at 31 July 2005/2004	(626)	201
Total Other Reserves	75,191	76,018

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

31. RETAINED PROFITS

As at 31 July 2005, the Company has tax exempt profit available for distribution under tax exempt income account pursuant to Section 12 of the Income Tax (Amendment) Act, 1999 of approximately RM65,677,000 (2004: RM65,677,000) and tax exempt dividend income received of approximately RM22,754,000 (2004: RM22,754,000).

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 July 2005.

32. DEFERRED TAX

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 August 2004/2003	16,037	21,411	249	(258)
Recognised in the income statement (Note 8)	(7,627)	(5,374)	(504)	507
At 31 July 2005/2004	8,410	16,037	(255)	249

Presented after appropriate offsetting as follows:

Deferred tax assets	(11,315)	(4,079)	(255)	–
Deferred tax liabilities	19,725	20,116	–	249
	8,410	16,037	(255)	249

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Property Development Costs RM'000	Receivables RM'000	Others RM'000	Total RM'000
At 1 August 2004	22,147	–	88	9	22,244
Recognised in the income statement	(650)	–	61	(7)	(596)
At 31 July 2005	21,497	–	149	2	21,648
At 1 August 2003	24,340	292	163	(232)	24,563
Recognised in the income statement	(2,193)	(292)	(75)	241	(2,319)
At 31 July 2004	22,147	–	88	9	22,244

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

32. DEFERRED TAX (CONT'D)

Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Provisions and Accruals RM'000	Property Development Costs RM'000	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 August 2004	(1,519)	(2,137)	(1,880)	(206)	(465)	(6,207)
Recognised in the income statement	(293)	(6,253)	(677)	54	138	(7,031)
At 31 July 2005	(1,812)	(8,390)	(2,557)	(152)	(327)	(13,238)
At 1 August 2003	(1,715)	(1,402)	–	(35)	–	(3,152)
Recognised in the income statement	196	(735)	(1,880)	(171)	(465)	(3,055)
At 31 July 2004	(1,519)	(2,137)	(1,880)	(206)	(465)	(6,207)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Receivables RM'000	Others RM'000	Total RM'000
At 1 August 2004	1,229	56	7	1,292
Recognised in the income statement	(447)	86	(30)	(391)
At 31 July 2005	782	142	(23)	901
At 1 August 2003	1,379	98	16	1,493
Recognised in the income statement	(150)	(42)	(9)	(201)
At 31 July 2004	1,229	56	7	1,292

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

32. DEFERRED TAX (CONT'D)**Deferred Tax Assets of the Company:**

	Retirement Benefits Obligations RM'000	Provisions and Accruals RM'000	Total RM'000
At 1 August 2004	(437)	(606)	(1,043)
Recognised in the income statement	(47)	(66)	(113)
At 31 July 2005	(484)	(672)	(1,156)
At 1 August 2003	(1,302)	(449)	(1,751)
Recognised in the income statement	865	(157)	708
At 31 July 2004	(437)	(606)	(1,043)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2005 RM'000	2004 RM'000
Unused tax losses	29,249	29,517
Unabsorbed capital allowances	8,137	8,497
	37,386	38,014

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiaries.

33. OTHER LONG TERM LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bonds (a)	400,000	400,000	400,000	400,000
Term loan – secured (b)	–	83,271	–	–
Finance lease (c)	–	194	–	–
	400,000	483,465	400,000	400,000

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

33. OTHER LONG TERM LIABILITIES (CONT'D)

- (a) The principal features of the bonds are as follows:

The RM400,000,000 nominal amount of 3% Redeemable Unsecured Bonds 2000/2007 were issued with 166,297,668 detachable warrants to a primary subscriber and subsequently resold to the shareholders of the Company on the basis of one warrant for every four existing ordinary shares held at an offer price of 61.0 sen per warrant. Each warrant entitles the registered holder to subscribe for one new share in the Company at any time on or before the expiry date at the end of six and half years following the date of issue on 22 February 2001 at an exercise price of RM3.75 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions set out in the Deed Poll created on 22 February 2001.

The bonds carry a fixed coupon rate of 3% per annum payable semi annually in arrears. At the end of its tenure, the bonds will be redeemed at 100% nominal value together with interest accrued to the date of maturity on 28 September 2007.

- (b) Term loan (secured)

	Group	
	2005	2004
	RM'000	RM'000
Due after 12 months	–	83,271

The term loan was secured by the following:

- (i) First legal charge over the freehold land as disclosed in Note 18.
- (ii) Debenture for RM250 million over all property, plant and equipment and floating assets of a subsidiary, Harum Intisari Sdn. Bhd., and
- (iii) Fixed deposits equivalent to not less than 3 months interest of the outstanding balance of the loan as disclosed in Note 23.

The term loan bears interest of 6.75% (2004: 6.75%) per annum was fully paid in the current financial year.

- (c) Finance lease payables

	Group	
	2005	2004
	RM'000	RM'000
Minimum lease payments:		
Not later than one year	–	4,105
Later than 1 year and not later than 2 years	–	198
	–	4,303
Less: Future finance charges	–	(139)
Present value of lease liabilities	–	4,164

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

33. OTHER LONG TERM LIABILITIES (CONT'D)

(c) Finance lease payables (Cont'd)

	Group	
	2005 RM'000	2004 RM'000
Present value of lease liabilities		
Not later than 1 year (Note 24)	–	3,970
Later than 1 year and not later than 2 years	–	194
	–	4,164

The finance lease liabilities, which were denominated in Indian Rupee, were fully paid during the financial year. The effective interest rate in the previous year were between 4.5% to 8.9% per annum.

34. COMMITMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Approved and contracted for	364	24	21	24

35. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Indemnities and guarantees given to trade suppliers for credit facilities granted to a subsidiary	–	–	5,415	1,606
Performance, retention sum and other guarantees	487,184	331,803	418,116	349,199
	487,184	331,803	423,531	350,805

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Contract services rendered by Pioneer Continental Sdn. Bhd., a company in which a director, Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim has interest	8	214	–	–
Contract services rendered by SSP (E&M) Sdn. Bhd., a company in which a director, Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim has interest	413	230	–	–
Contract services rendered by Sepakat Setia Perunding Sdn. Bhd., a company in which a director, Y Bhg Tan Sri Dato' Ir. Talha bin Haji Mohd Hashim has interest	10,285	5,926	–	–
Contract services rendered by GLC Architect, a company in which a person connected with a director, Goon Heng Wah, has interest	491	1,244	–	–
Contract services rendered by a jointly controlled entity, MMC – Gamuda JV	241,259	258,770	241,259	258,770
Contract services rendered to Syarikat Mengurus Air Banjir & Terowong Sdn.Bhd., an associated company	(316,890)	(284,723)	(316,890)	(284,723)
Contract services rendered to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd., an associated company	(178,930)	(203,166)	–	–
Contract services rendered to Lingkaran Trans Kota Sdn. Bhd., an associated company	(26,893)	(89,450)	–	–
Contract services rendered to Sistem Penyuraian Trafik KL Barat Sdn. Bhd., an associated company	(15,690)	(118,746)	–	–
Recoveries from previous contract services rendered to Lingkaran Trans Kota Sdn. Bhd., an associated company	–	–	–	(1,976)
Reversal of progress billings for contract services rendered to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd., an associated company	–	–	–	8,000
Gross dividends receivable from subsidiaries	–	–	(20,792)	(11,971)
Rental received from subsidiaries	–	–	(674)	(676)
Interest receivable from subsidiaries	–	–	(17,461)	(10,860)

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

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

37. SIGNIFICANT EVENTS

(i) During the financial year

- (a) On 28 November 2004, the Company entered into a Project Development Agreement with the Government of Lao People's Democratic Republic ("Lao PDR") to develop on a build, own, operate and transfer basis, the Nam Theun 1 Hydroelectric Power Project located at Bolikhamsay province in central Lao PDR, to supply about 450 megawatts of electricity to Electricity Generating Authority of Thailand ("EGAT").

The Company is currently negotiating with the Government of Lao PDR the terms and conditions of the project documents which include a Concession Agreement, a Shareholders' Agreement, Power Purchase Agreement(s), an Engineering Procurement and Construction Contract, an Operation and Maintenance Agreement and financing documents to enable the project documents to be signed.

- (b) On 16 June 2005, the Company agreed to enter into a joint venture with UEM Land Sdn. Bhd. ("UEM Land") via an incorporated entity Arapesona Development Sdn Bhd ("Arapesona") to undertake and carry out a mixed development mainly for residential purposes and a golf club ("Development") on 1,200 acres of land in Bandar Nusajaya, Johor Darul Takzim. The rights and liabilities of the parties in the joint venture are in the proportion of 50% : 50% respectively.
- (c) On 3 July 2005, the Company and WCT Engineering Berhad ("WCT") received from the Public Works Authority of the State of Qatar the acceptance of their tender for the project known as Dukhan Highway from Shahaniya to Zekreet ("the Dukhan Highway Project") for a total contract sum of approximately RM784 million. The works involve the construction of approximately 43km of new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan industrial area.

The Dukhan Highway Project was awarded to Gamuda-WCT Joint Venture, an unincorporated joint venture between the Company and WCT. The rights and liabilities of the Company and WCT in Gamuda-WCT Joint Venture shall be in the proportion of 51% : 49% respectively.

- (d) On 18 July 2005, the Company, jointly with Sinohydro Corporation and WCT, received from New Doha International Airport Steering Committee the acceptance of their tender for the project known as The Provision of Airfield Paving, Tunnel & Detention Ponds Works for the The New Doha International Airport ("the NDIA project"). The works involve the design and construction of the 3 main systems, namely, airfield facilities, tunnel and detention ponds.

The NDIA project was awarded to Sinohydro-Gamuda-WCT Joint Venture, an unincorporated joint venture between the Company, Sinohydro Corporation and WCT. The rights and liabilities of Sinohydro, Gamuda and WCT in Sinohydro-Gamuda-WCT Joint Venture are in the proportion of 60% : 25% : 15% respectively.

- (e) On 16 September 2002, the Company announced that it had entered into the following agreements:
- (i) a sale and purchase agreement dated 12 September 2002 with the Company's wholly-owned subsidiary, Reka Strategi Sdn Bhd ("RSSB"), for the proposed disposal of the Company's 80% equity interest in Gamuda Water Sdn. Bhd. comprising 1,600,000 ordinary shares of RM1.00 each to RSSB for a total cash consideration of RM120 million ("S&P of the G-Water Disposal"); and
- (ii) a sale and purchase agreement dated 13 September 2002 with the Company's 30% owned associated company, Gabungan Cekap Berhad (now known as Syarikat Pengeluar Air Selangor Holdings Berhad, "SPLASH Holdings"), for the proposed disposal of the Company's entire equity interest in RSSB comprising 2 ordinary shares of RM1.00 each to SPLASH Holdings for a total cash consideration of RM2.00 ("S&P of the RSSB Disposal").

37. SIGNIFICANT EVENTS (CONT'D)**(i) During the financial year (Cont'd)**

- (e) The Company had on 16 September 2005 entered into: (Cont'd)
 - (i) a Deed of Rescission with RSSB to revoke and rescind the S&P of the G-Water Disposal; and
 - (ii) a Deed of Rescission with SPLASH Holdings and to revoke and rescind the S&P of the RSSB Disposal

(ii) Subsequent events

- (a) On 27 September 2005, Harum Intisari Sdn. Bhd., a wholly-owned subsidiary of the Company announced the proposed issue of up to RM300 million Al-Murabahah Commercial Papers and Medium Term Notes to refinance its existing debts, shareholder's advances and/or any securities issued to the Company. The first issuance of RM200 million Al-Murabahah Medium Term Notes with a tenure of 5 years was completed on 28 September 2005.

38. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS**(a) Changes in Accounting Policies**

During the financial year, the Group applied FRS 201 Property Development Activities as disclosed in Note 2(a), which became effective for the Group from 1 August 2004, and accordingly modified certain accounting policies.

Under FRS 201, land held for property development shall be classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Other incentives or promotional costs incurred by the property development entity that are associated with the sale of its development units shall not be capitalised but are to be recognised in the income statement. Previously, the promotional costs incurred were capitalised and amortised into the income statement by reference to the stage of completion of the development activity.

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.

The promotional costs capitalised and not charged to income statement by the Group as at financial years ended 2003 and 2004 amounted to RM7,957,000 and RM9,424,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

38. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONT'D)**(b) Prior Year Adjustments**

- (i) The changes in accounting policy have been applied retrospectively and comparatives have been restated. The effect of the changes in accounting policies are as follows:

	Group	
	2005	2004
	RM'000	RM'000
Effects on retained profits:		
At 1 August 2004/2003, as previously stated	938,085	738,846
Effects of adopting FRS 201	(9,424)	(7,957)
At 1 August 2004/2003, as restated	928,661	730,889
Effects on net profit for the year:		
Net profit before changes in accounting policies	270,959	283,336
Effects of adopting FRS 201	(5,181)	(1,467)
Net profit for the year	265,778	281,869

- (ii) Comparative amounts as at 31 July 2004 have been restated as follows:

	Previously		Restated
	Stated	Adjustments	RM'000
	RM'000	RM'000	RM'000
Income Statements			
Land and development costs	444,080	(12,347)	431,733
Balance Sheets			
Land held for development	–	471,067	471,067
Development properties	557,788	(488,427)	69,361
Receivables	675,912	11,424	687,336
Payables	530,250	3,488	533,738
Reserves	1,249,339	(9,424)	1,239,915

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

39. FINANCIAL STATEMENTS**(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to deposits and interest-bearing debts. The investments in financial assets are mainly short term in nature and mostly have been placed in repo and fixed deposits.

The Group manages its interest exposure on interest-bearing financial liabilities by maintaining a prudent mix of fixed and floating rate borrowings. The Group also regularly reviews its debt portfolio and such strategy enable it to source low interest funding from the market and achieve a certain level of protection against rate hike.

The information on the terms and maturity dates of borrowings and deposits are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates in India and Taiwan and is exposed to Indian Rupee and New Taiwan Dollar currencies. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange exposure.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the business is located.

Included in the following balance sheet captions of the Group as at balance sheet date are balances denominated in the following major foreign currencies:

Group	Indian Rupee RM'000	New Taiwan Dollar RM'000	United States Dollar RM'000	Total RM'000
At 31 July 2005:				
Cash, deposits and bank balances	9,908	251	1,423	11,582
Receivables	76,655	31,365	39	108,059
Payables	29,491	1,071	19	30,581
Short term borrowings	–	41,667	57,000	98,667
Leases	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

39. FINANCIAL STATEMENTS (CONT'D)

(c) Foreign Exchange Risk (Cont'd)

Group	Indian Rupee RM'000	New Taiwan Dollar RM'000	United States Dollar RM'000	Total RM'000
At 31 July 2004:				
Cash, deposits and bank balances	3,603	562	61	4,226
Receivables	30,292	47,091	39	77,422
Payables	60,589	4,943	76	65,608
Short term borrowings	–	52,222	–	52,222
Leases	4,164	–	–	4,164

(d) Liquidity Risk

The Group actively manages its debts maturity profile, operating cash flows and the availability of funding through an adequate amount of committed credit facilities, so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to fund the Group's operations.

(e) Credit Risk

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

(f) Fair Values

(i) Recognised Financial Statements

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

At 31 July 2005	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Non-current Assets					
Other investments:					
– Quoted (net of impairment)	15	2,455	4,813	3	9
– Unquoted	15	97	*	50	*
– Investment in transferable club memberships	15	682	*	682	*
		<u>3,234</u>		<u>735</u>	
Quoted investment in an associated company	13	348,036	445,464	179,020	445,464
Concession rights	17	60,668	105,041	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

39. FINANCIAL STATEMENTS (CONT'D)

(f) Fair Values (Cont'd)

(i) Recognised Financial Statements (Cont'd)

At 31 July 2005	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Current Assets					
Amount due from associated companies (non-trade)	20	30,617	**	30,157	**
Amount due from joint ventures (non-trade)	20	44,395	**	29,396	**
Amount due from subsidiaries (non-trade)	22	–	–	584,751	**
		<u>75,012</u>		<u>644,304</u>	
At 31 July 2004					
	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Non-current Assets					
Other investments:					
– Quoted (net of impairment)	15	2,502	3,822	3	9
– Unquoted	15	50	*	50	*
– Investment in transferable club memberships	15	665	*	665	*
		<u>3,217</u>		<u>718</u>	
Quoted investment in an associated company	13	329,040	447,550	179,020	447,550
Concession rights	17	63,001	107,831	–	–
Current Assets					
Amount due from associated companies (non-trade)	20	2,671	**	2,003	**
Amount due from joint ventures (non-trade)	20	121,910	**	108,559	**
Amount due from subsidiaries (non-trade)	22	–	–	527,088	**
		<u>124,581</u>		<u>637,650</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

39. FINANCIAL STATEMENTS (CONT'D)

(f) Fair Values (Cont'd)

(i) Recognised Financial Statements (Cont'd)

At 31 July 2005	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Non-current liabilities					
Other long term liabilities					
– Bonds	33	400,000	395,270	400,000	395,270
Current liabilities					
Finance lease		–	–	–	–
Amount due to associated companies (non-trade)	25	1,230	**	–	–
Amount due to subsidiaries (non-trade)	27	–	–	41,643	**
At 31 July 2004					
Non-current liabilities					
Other long term liabilities					
– Bonds	33	400,000	383,454	400,000	383,454
– Term loan	33	83,271	83,271#	–	–
– Finance lease	33	194	194^	–	–
Current liabilities					
Finance lease	24	3,970	3,970^	–	–
Amount due to associated companies (non-trade)	25	14,094	**	–	–
Amount due to subsidiaries (non-trade)	27	–	–	40,553	**

* It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market price and without incurring excessive costs.

** It is not practical to estimate the fair value of non-trade amounts due to/from subsidiaries, associated companies and joint ventures due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The carrying value of the long term loan, which has predominantly floating rate of interest, approximates the fair value determined using discounted cash flow analysis based on current interest rate for similar type of borrowing arrangement.

^ The fair value of finance lease is equivalent to its book value as its effective rate is considered to be market rate in view of its recent drawdown.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

39. FINANCIAL STATEMENTS (CONT'D)**(f) Fair Values (Cont'd)****(i) Recognised Financial Statements (Cont'd)**

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Note	Group		Company	
		Nominal/ Notional Amount RM'000	Fair Value RM'000	Nominal/ Notional Amount RM'000	Fair Value RM'000
At 31 July 2005					
Contingent liabilities	35	<u>487,184</u>	***	<u>423,531</u>	***
At 31 July 2004					
Contingent liabilities	35	<u>331,803</u>	***	<u>350,805</u>	***

*** It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, quantum and eventual outcome.

(ii) Methods and assumptions

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

Cash and Cash Equivalents, Receivables/Payables, Amount Due from/to Customers on Contracts, Short Term Borrowings, Amount Due from Joint Ventures (trade in nature), Amount Due from Associated Companies (trade in nature) and Amount Due from/to Subsidiaries (trade in nature)

The carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

Amount Due from Joint Ventures (non-trade in nature), Amount Due from/to Associated Companies (non-trade in nature) and Amount Due from/to Subsidiaries (non-trade in nature)

It is not practical to estimate the fair values due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs.

Long Term Borrowings

The fair value of long term borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

Finance Lease

The fair value of finance lease is estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

40. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised on a worldwide basis into five major business segments:

- (i) Engineering and construction – the construction of highways, water treatment plants, dams and residential and commercial properties;
- (ii) Property development – the development of residential and commercial properties;
- (iii) Water concession – the management of water supply;
- (iv) Expressway concessions – the management and tolling of highway operations; and
- (v) Trading, manufacturing, quarrying and others*.

* *Others are mainly provision of management and IT services and maintenance of properties and golf club, none of which are of a sufficient size to be reported separately.*

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

(b) Geographical Segments:

Although the Group's five major business segments are managed on a worldwide basis, the Group operates principally in four geographical areas of the world. In Malaysia, its home country, the Group's areas of operation are principally engineering and construction, property development, water concession and expressway concessions. Additionally, all of the Group's manufacturing and quarrying activities are also conducted in Malaysia.

The Group also operates in other countries in the Asia Pacific region:

- (i) India – construction of expressways, expressway concessions and investment holding;
- (ii) Taiwan, Republic of China – construction of the Mass Rapid Transit System; and
- (iii) Mauritius – investment holding.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

40. SEGMENT INFORMATION (CONT'D)

(a) Business Segments:

2005	Engineering and Construction RM'000	Property Development RM'000	Water Concession RM'000	Expressway Concessions RM'000	Trading, Manufacturing, Quarrying and Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE AND RESULT							
Revenue							
External sales	1,011,271	322,852	46,560	–	159,120	–	1,539,803
Inter-segment sales	8,057	–	–	–	83,909	(91,966)	–
Total revenue	1,019,328	322,852	46,560	–	243,029	(91,966)	1,539,803
Result							
Segment results before amortisations	201,969	46,103	25,199	–	21,246	–	294,517
Amortisation of goodwill and concession rights	–	–	(2,987)	–	(181)	–	(3,168)
Profit from operations	201,969	46,103	22,212	–	21,065	–	291,349
Finance costs	(12,724)	–	–	–	–	–	(12,724)
Interest income	11,509	3,143	24	–	2,334	–	17,010
Share of results of associated companies and jointly controlled entities	12,708	31,890	42,972	29,457	–	–	117,027
Profit before taxation	213,462	81,136	65,208	29,457	23,399	–	412,662
Taxation	–	–	–	–	–	–	(113,633)
Profit after taxation	–	–	–	–	–	–	299,029
Minority interests	–	–	–	–	–	–	(33,251)
Net profit for the year	–	–	–	–	–	–	265,778
ASSETS AND LIABILITIES							
Segment assets	894,665	794,655	103,530	–	196,757	–	1,989,607
Investments in:							
– Associated company	249,374	186,862	270,098	560,579	–	–	1,266,913
– Jointly controlled entities	23,095	–	–	–	–	–	23,095
							3,279,615
Segment liabilities	841,961	133,907	4,809	–	51,731	–	1,032,408
OTHER INFORMATION							
Capital expenditure	6,110	437	187	–	4,609	–	11,343
Depreciation	2,375	581	146	–	5,718	–	8,820
Non-cash expenses other than depreciation, amortisation and impairment losses	16,645	4,500	17	–	2,368	–	23,530

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

40. SEGMENT INFORMATION (CONT'D)

(a) Business Segments:

2004	Engineering and Construction RM'000	Property Development RM'000	Water Concession RM'000	Expressway Concessions RM'000	Trading, Manufacturing, Quarrying and Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE AND RESULT							
Revenue							
External sales	966,654	533,480	19,690	–	199,208	–	1,719,032
Inter-segment sales	67,059	–	–	–	84,848	(151,907)	–
Total revenue	1,033,713	533,480	19,690	–	284,056	(151,907)	1,719,032
Result							
Segment results before amortisations	210,491	79,773	12,093	–	24,489	–	326,846
Amortisation of goodwill and concession rights	–	–	(2,987)	–	(181)	–	(3,168)
Profit from operations	210,491	79,773	9,106	–	24,308	–	323,678
Finance costs	(12,403)	–	–	–	–	–	(12,403)
Interest income	13,793	2,687	16	–	1,914	–	18,410
Share of results of associated companies and jointly controlled entities	17,093	18,536	36,285	32,490	–	–	104,404
Profit before taxation	228,974	100,996	45,407	32,490	26,222	–	434,089
Taxation	–	–	–	–	–	–	(132,649)
Profit after taxation	–	–	–	–	–	–	301,440
Minority interests	–	–	–	–	–	–	(19,571)
Net profit for the year	–	–	–	–	–	–	281,869
ASSETS AND LIABILITIES							
Segment assets	852,162	804,090	77,982	–	189,071	–	1,923,305
Investments in:							
– Associated company	166,220	201,506	239,158	559,992	1,804	–	1,168,680
– Jointly controlled entities	14,370	–	–	–	–	–	14,370
							3,106,355
Segment liabilities	858,360	188,124	20,454	–	43,258	–	1,110,196
OTHER INFORMATION							
Capital expenditure	2,311	1,946	169	–	1,294	–	5,720
Depreciation	698	529	125	–	6,662	–	8,014
Non-cash expenses other than depreciation, amortisation and impairment losses	4,544	10,558	131	–	789	–	16,022

NOTES TO THE FINANCIAL STATEMENTS

31 July 2005

40. SEGMENT INFORMATION (CONT'D)

(b) Geographical Segments:

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Malaysia	1,207,630	1,492,401	2,799,665	2,816,304	5,769	4,435
Outside Malaysia						
India	332,173	226,631	101,425	62,169	5,574	1,226
Taiwan, Republic of China	–	–	75,692	62,088	–	59
Mauritius	–	–	302,833	165,794	–	–
	332,173	226,631	479,950	290,051	5,574	1,285
Consolidated	1,539,803	1,719,032	3,279,615	3,106,355	11,343	5,720

Shareholders' & Warrantholders' Information

as at 8 November 2005

ORDINARY SHARES

Authorised capital	: RM2,000,000,000.00
Issued and fully paid	: RM753,012,144.00
Type of shares	: Ordinary shares of RM1.00 each
Voting rights	: 1 vote per shareholder on a show of hands 1 vote per ordinary share on a poll
No. of shareholders	: 10,261

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100	280	2.73	3,765	0.00
100 – 1,000	3,588	34.97	3,290,513	0.44
1,001 – 10,000	4,978	48.51	19,390,877	2.57
10,001 – 100,000	1,011	9.85	32,094,745	4.26
100,001 – 37,650,606	401	3.91	532,054,588	70.66
37,650,607* and above	3	0.03	166,177,656	22.07
Total	10,261	100.00	753,012,144	100.00

Note:

* Denotes 5% of the issued capital

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

Name of substantial shareholder	← No. of shares held →		%
	Direct interest	Deemed interest	
Employees Provident Fund Board	81,888,450 ^(a)	–	10.87
Generasi Setia (M) Sdn Bhd	77,400,000 ^(b)	–	10.28
Raja Dato' Seri Eleena Azlan Shah	–	77,400,000 ^(c)	10.28
Dato' Lin Yun Ling	46,848,818 ^(b)	–	6.22

Notes:

^(a) Include shares held by portfolio managers

^(b) Include shares held through a nominee company

^(c) Deemed interested through Generasi Setia (M) Sdn Bhd

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

TOP 30 SHAREHOLDERS

As per the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person)

Name of shareholder	No. of shares held	%
1. Generasi Setia (M) Sdn Bhd	67,900,000	9.02
2. Employees Provident Fund Board	59,315,450	7.88
3. Dato' Lin Yun Ling	38,962,206	5.17
4. Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	33,231,600	4.41
5. Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	23,571,200	3.13
6. Permodalan Nasional Berhad	17,276,000	2.29
7. Cartaban Nominees (Tempatan) Sdn Bhd – Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	12,888,800	1.71
8. Valuecap Sdn Bhd	12,800,000	1.70
9. Ng Kee Leen	12,516,114	1.66
10. Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad	12,400,000	1.65
11. Ha Tiing Tai	11,907,938	1.58
12. Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Wawasan 2020	11,452,800	1.52
13. Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	10,587,800	1.41
14. Goon Heng Wah	10,000,000	1.33
15. ABB Nominee (Tempatan) Sdn Bhd – Pledged Securities Account for Generasi Setia (M) Sdn Bhd	9,500,000	1.26
16. Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Malaysia	8,640,600	1.15
17. Citigroup Nominees (Asing) Sdn Bhd – CBHK PBGSGP for Keyport Limited	7,811,250	1.04
18. Citigroup Nominees (Asing) Sdn Bhd – Mellon Bank, N.A. for MPAM Emerging Markets Fund	7,233,300	0.96
19. Citigroup Nominees (Asing) Sdn Bhd – Mellon Bank, N.A. for The Boston Company Pooled Employees Fund	7,094,400	0.94
20. Lembaga Tabung Haji	7,066,898	0.94

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

TOP 30 SHAREHOLDERS (CONT'D)

	Name of shareholder	No. of shares held	%
21.	HSBC Nominees (Asing) Sdn Bhd – BNY Brussels for Dreyfus Premier Emerging Markets Fund	6,427,800	0.85
22.	HSBC Nominees (Asing) Sdn Bhd – Abu Dhabi Investment Authority	6,267,540	0.83
23.	Amanah Raya Nominees (Tempatan) Sdn Bhd – Sekim Amanah Saham Nasional	6,091,200	0.81
24.	Citigroup Nominees (Asing) Sdn Bhd – CB Lux for Citimarkets SA	5,715,500	0.76
25.	Takaful Nasional Sdn Berhad	5,548,400	0.74
26.	EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Heng Teng Kuang	5,138,300	0.68
27.	HSBC Nominees (Asing) Sdn Bhd – Natexis for Comgest Nouvelle Asie	5,000,000	0.66
28.	Cartaban Nominees (Asing) Sdn Bhd – Investors Bank and Trust Company for Ishares, Inc.	4,636,800	0.62
29.	Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Didik	4,519,700	0.60
30.	EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Shang Yong @ Chung Koon Yee	4,300,000	0.57
	Total	435,801,596	57.87

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

WARRANTS 1996/2006

Type of securities	: Warrants	
No. of warrants unexercised	: 71,138,640	
Exercise period	: 30/12/1996 – 29/12/2006	
Exercise price	: RM4.21 each warrant	
Exercise rights	: Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 in the Company at any time during the exercise period	
Voting rights	: 1 vote per warrant holder on a show of hands 1 vote per warrant on a poll	} in the meeting of warrant holders
No. of warrant holders	: 2,433	

DISTRIBUTION OF WARRANTS 1996/2006 HOLDINGS

Size of warrant holdings	No. of warrant holders	%	No. of warrants held	%
Less than 100	26	1.07	1,334	0.00
100 – 1,000	561	23.06	526,381	0.74
1,001 – 10,000	1,458	59.93	6,278,167	8.82
10,001 – 100,000	329	13.52	8,762,136	12.32
100,001 – 3,556,931	55	2.26	34,799,880	48.92
3,556,932* and above	4	0.16	20,770,742	29.20
Total	2,433	100.00	71,138,640	100.00

Note:

* Denotes 5% of the total unexercised warrants

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

TOP 30 WARRANTS 1996/2006 HOLDERS

As per the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person)

	Name of Warrants 1996/2006 holder	No. of Warrants 1996/2006 held	%
1.	Dato' Lin Yun Ling	6,453,410	9.07
2.	Generasi Setia (M) Sdn Bhd	5,707,000	8.02
3.	Malaysia National Insurance Berhad	4,655,000	6.54
4.	Chan Yong Foo @ Chan Kuan Nam	3,955,332	5.56
5.	Heng Teng Kuang	3,553,076	4.99
6.	Permodalan Nasional Berhad	3,000,000	4.22
7.	Shang Yong @ Chung Koon Yee	2,500,320	3.51
8.	Ng Kee Leen	2,288,000	3.22
9.	Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	2,000,000	2.81
10.	Tiong Nam Transport Holdings Berhad	2,000,000	2.81
11.	Goon Heng Wah	1,788,158	2.51
12.	Ha Tiing Tai	1,704,000	2.40
13.	Citigroup Nominees (Asing) Sdn Bhd – CBHK PBGSGP for Keyport Limited	1,574,832	2.21
14.	Malaysian Assurance Alliance Berhad	1,500,000	2.11
15.	Universal Trustee (Malaysia) Berhad – CMS Islamic Fund	1,100,000	1.55
16.	Takaful Nasional Sdn Berhad	1,025,000	1.44
17.	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chan Kok Wah	683,756	0.96
18.	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for CMS Islamic Balanced Fund	600,000	0.84
19.	Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Commerce International Merchant Bankers Berhad	550,000	0.77
20.	TCL Nominees (Tempatan) Sdn Bhd – OCBC Securities Private Limited for Mak Hing Kwai	501,300	0.70

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

TOP 30 WARRANTS 1996/2006 HOLDERS (CONT'D)

	Name of Warrants 1996/2006 holder	No. of Warrants 1996/2006 held	%
21.	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Nyiam Seng Kwee	463,000	0.65
22.	Citigroup Nominees (Asing) Sdn Bhd – CBHK PBGSGP for Su Zhou Investments Ltd	457,666	0.64
23.	Omega Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Kai Ann @ Tan Teck Chuan	420,000	0.59
24.	Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	400,000	0.56
25.	Southern Nominees (Tempatan) Sdn Bhd – Southern Bank Berhad	387,000	0.54
26.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ong Yoong Nyock	310,900	0.44
27.	HSBC Nominees (Tempatan) Sdn Bhd – HSBT M GWS for Sharonsan Trust	300,000	0.42
28.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Kok Hou	297,000	0.42
29.	Lim Thin Peng	294,000	0.41
30.	Citigroup Nominees (Asing) Sdn Bhd – UBS AG for Artradis Barracuda Fund	289,200	0.41
	Total	50,757,950	71.32

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

WARRANTS 2001/2007

Type of securities	:	Warrants
No. of warrants unexercised	:	127,670,198
Exercise period	:	22/2/2001 – 21/8/2007
Exercise price	:	RM3.75 each warrant
Exercise rights	:	Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 in the Company at any time during the exercise period
Voting rights	:	1 vote per warrant holder on a show of hands } in the meeting of warrant holders 1 vote per warrant on a poll
No. of warrant holders	:	5,043

DISTRIBUTION OF WARRANTS 2001/2007 HOLDINGS

Size of warrant holdings	No. of warrant holders	%	No. of warrants held	%
Less than 100	58	1.15	2,812	0.00
100 – 1,000	1,689	33.49	1,530,963	1.20
1,001 – 10,000	2,490	49.38	10,783,118	8.45
10,001 – 100,000	679	13.46	20,016,308	15.68
100,001 – 6,383,508	125	2.48	73,551,446	57.61
6,383,509* and above	2	0.04	21,785,551	17.06
Total	5,043	100.00	127,670,198	100.00

Note:

* Denotes 5% of the total unexercised warrants

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

TOP 30 WARRANTS 2001/2007 HOLDERS

As per the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person)

	Name of Warrants 2001/2007 holder	No. of Warrants 2001/2007 held	%
1.	Dato' Lin Yun Ling	12,240,551	9.59
2.	Generasi Setia (M) Sdn Bhd	9,545,000	7.48
3.	Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	3,499,200	2.74
4.	Ha Tiing Tai	3,477,000	2.72
5.	Malaysian Assurance Alliance Berhad	3,200,000	2.51
6.	AMMB Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund	3,000,000	2.35
7.	Shang Yong @ Chung Koon Yee	2,999,000	2.35
8.	Goon Heng Wah	2,996,000	2.35
9.	Citigroup Nominees (Asing) Sdn Bhd – CBHK PBGSGP for Keyport Limited	2,952,812	2.31
10.	Ng Kee Leen	2,835,000	2.22
11.	Sukma Sinaran Sdn Bhd	2,647,000	2.07
12.	Chan Yong Foo @ Chan Kuan Nam	2,564,000	2.01
13.	Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	2,550,300	2.00
14.	EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Heng Teng Kuang	2,535,000	1.99
15.	Lembaga Tabung Haji	2,292,400	1.80
16.	Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Pertubuhan Keselamatan Sosial	1,875,700	1.47
17.	Heng Teng Kuang	1,590,000	1.25
18.	Ng Kee Leen	1,473,335	1.15
19.	Employees Provident Fund Board	1,417,600	1.11
20.	Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	1,319,121	1.03

SHAREHOLDERS' & WARRANTHOLDERS' INFORMATION

as at 8 November 2005

TOP 30 WARRANTS 2001/2007 HOLDERS (CONT'D)

	Name of Warrants 2001/2007 holder	No. of Warrants 2001/2007 held	%
21.	EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Chan Kok Wah	1,250,000	0.98
22.	Universal Trustee (Malaysia) Berhad – Malaysian Assurance Alliance Bhd	1,000,000	0.78
23.	Manulife Insurance (Malaysia) Berhad	814,000	0.64
24.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB-Principal Asset Management Berhad for Employees Provident Fund Board	620,000	0.49
25.	Su Ming Keat	605,000	0.47
26.	United Overseas Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Seng Kow	605,000	0.47
27.	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kuhan a/l Sivasambu	560,600	0.44
28.	BIMSEC Nominees (Tempatan) Sdn Bhd – Bank Islam Malaysia Berhad	550,000	0.43
29.	BIMSEC Nominees (Tempatan) Sdn Bhd – Syarikat Takaful Malaysia Berhad	547,200	0.43
30.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chia Siya Heng	539,000	0.42
	Total	74,099,819	58.05

List of Major Properties

held as at 31 July 2005

Location	Tenure	Area	Description	Year of expiry	NBV (RM)	Approximate age of building (Years)	Date of valuation/ acquisition
No. 36/38, Jalan SS21/62 47400 Petaling Jaya Selangor	Freehold	1,078 sq m	2 blocks, 4 storey shoplot/office	–	1,058,000	15	1991
No. 30, Jalan SS2/44 47300 Petaling Jaya Selangor	Freehold	501 sq m	Bungalow/ staff quarters	–	341,200	23	1991
No. 39, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	499 sq m	4 storey shoplot/office	–	619,360	15	1991
No. 55-61, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	1,996 sq m	4 blocks, 4 storey shoplot/office	–	5,674,421	18	1992
Lot 6, Jalan U1/17 Seksyen U1 40000 Shah Alam Selangor	Freehold	3.527 acres	Industrial estate/ factory/office	–	6,839,151	13	1991
No. 152, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	164 sq m	3 storey shoplot/office	2078	193,290	23	1991
No. 158, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	163 sq m	3 storey shoplot/office	2078	187,200	23	1991
PT 51683, Jalan Jelapang 30020 Ipoh, Perak	Leasehold	4,353 sq m	Industrial estate/workshop	2043	444,144	19	1991
PT 183485 Meru Industrial Estate Jelapang, 30020 Ipoh Perak	Leasehold	12,144 sq m	Industrial estate/store	2050	698,449	13	1991
Lot 195821, 195822, 195823, 195824, 195825, 195826, 195827, 46482 57417 all in the Mukim Kampar District of Kinta 31350 Ipoh, Perak	Leasehold	45 hectares	Granite hill, limestone hill and industrial land/quarry	2022	7,933,367	–	1991
HS (D) 54871, PT No. 56274 Mukim & Mukim & District of Kelang Selangor	Freehold	16,898 sq m workshop	Industrial estate/workshop	–	8,119,979	–	1995
HS (D) 52561, PT No. 53932 Mukim & District of Kelang Selangor	Freehold	42,217 sq m	Commercial land	–	9,104,000	–	1996

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of the Company will be held at the Ballroom of Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 12 January 2006 at 10.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 July 2005 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve a final dividend of 9% per share less 28% income tax for the year ended 31 July 2005. **(Resolution 2)**
3. To approve the payment of Directors' fees for the year ended 31 July 2005. **(Resolution 3)**
4. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:
 - a. Y Bhg Dato' Ir Kamarul Zaman bin Mohd Ali **(Resolution 4)**
 - b. Mr Goon Heng Wah **(Resolution 5)**
 - c. Ir Ha Tiing Tai **(Resolution 6)**
 - d. Ms Wong Chin Yen **(Resolution 7)**
5. To consider and, if thought fit, pass the following resolution:

"THAT pursuant to Section 129 (6) of the Companies Act, 1965, Y Bhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

(Resolution 8)
6. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**
7. As Special Business:

To consider and if thought fit, pass the following resolutions with or without modifications as Ordinary Resolutions:

(a) Authority to Allot and Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

(b) Proposed Renewal of Share Buy-back Authority

"THAT subject to the provisions of the Companies Act, 1965, the Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant government and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each of the Company ("Proposed Share Buy-back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital for the time being of the Company and an amount not exceeding the retained profits and/or share premium of the Company be allocated by the Company for the Proposed Share Buy-back;

AND THAT at the discretion of the Directors, upon such purchase by the Company of its own shares, the purchased shares will be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Securities;

AND THAT the Directors be and are hereby empowered to do all acts and things and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by any relevant authorities and/or any amendments, variations and/or modifications in the interest of the Company as may be approved by any relevant authorities if such approvals are required;

AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it shall lapse, unless by ordinary resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities."

(Resolution 11)

8. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 9% per RM1.00 ordinary share less 28% income tax for the year ended 31 July 2005, if approved by the shareholders at the 29th Annual General Meeting, will be paid on 25 January 2006 to Depositors whose names appear in the Record of Depositors at the close of business on 13 January 2006.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a. shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 January 2006 in respect of transfers; and
- b. shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

Lim Soo Lye

Tee Yew Chin

Company Secretaries

Petaling Jaya

15 December 2005

Notes:

1. Appointment of Proxy(ies)

- a. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- b. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- c. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- d. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- e. In the case of a corporate member, the Form of Proxy shall be under its Common Seal or under the hand of its attorney.
- f. The Form of Proxy must be deposited at the Company's Registered Office situated at No. 78, Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

2. Explanatory Notes on Special Business

a. Resolution 10

The proposed Resolution 10 if passed, will empower the Directors to issue shares of the Company up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company. The rationale for this resolution is to save cost and time for convening a general meeting.

b. Resolution 11

Please refer to the Statement to Shareholders dated 15 December 2005 for further information.

Statement Accompanying Notice of Annual General Meeting

1. DATE, TIME AND VENUE OF THE 29TH AGM

The 29th AGM of the Company will be held as follows:

On : Thursday, 12 January 2006

At : 10.00 a.m.

At : Ballroom of Kota Permai Golf & Country Club
No. 1, Jalan 31/100A
Kota Kemuning, Section 31
40460 Shah Alam
Selangor Darul Ehsan
Malaysia

2. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AND RE-APPOINTMENT AT THE 29TH AGM

The Directors retiring by rotation and standing for re-election pursuant to Article 97 of the Company's Articles of Association are:

- a Y Bhg Dato' Ir Kamarul Zaman bin Mohd Ali
- b Mr Goon Heng Wah
- c Ir Ha Tiing Tai
- d Ms Wong Chin Yen

The Director who is over the age of 70 and standing for re-appointment pursuant to Section 129 (6) of the Companies Act, 1965 is:

- a Y Bhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim

The profiles of the above 5 Directors and the record of their attendance at Board meetings held in the financial year ended 31 July 2005 are presented in the Profile of Directors on pages 33, 34, 35 and 30 respectively. Their securities holdings in the Group are presented in the Statement of Directors' Interests on page 52.

3. ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

5 Board meetings were held during the financial year ended 31 July 2005. A record of the Directors' attendance at the Board meetings is presented in the Corporate Governance Statement on page 42.

Form of Proxy

A I/We _____ (FULL NAME IN CAPITALS)
of _____ (ADDRESS)
being a member/members of GAMUDA BERHAD, hereby appoint _____ (FULL NAME)
of _____ (ADDRESS)
or failing him/her, _____ (FULL NAME)
of _____ (ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our *first proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held at the Ballroom of Kota Permai Golf & Country Club, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 12 January 2006 at 10.00 a.m., and at any adjournment thereof.

Where it is desired to appoint a second proxy, this section must also be completed. Otherwise it should be deleted.

B I/We _____ (FULL NAME IN CAPITALS)
of _____ (ADDRESS)
being a member/members of GAMUDA BERHAD, hereby appoint _____ (FULL NAME)
of _____ (ADDRESS)
or failing him/her, _____ (FULL NAME)
of _____ (ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our *second proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held at the Ballroom of Kota Permai Golf & Country Club, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 12 January 2006 at 10.00 a.m., and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:-

First Proxy A	%
Second Proxy B	%
	100 %

In case of a vote by a show of hands, *First Proxy A/*Second Proxy B shall vote on my/our behalf.

My/our proxy shall vote as follows:-

(Please indicate with an "X" or "✓" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of Annual General Meeting. If you do not do so, the proxy/proxies will vote or abstain from voting on the resolutions as he/they may think fit.)

No.	Resolution	First Proxy A		Second Proxy B	
		For	Against	For	Against
1.	Adoption of Audited Financial Statements and Reports for the year ended 31 July 2005				
2.	Approval of a final dividend				
3.	Approval of Directors' fees				
4.	Re-election of Y Bhg Dato' Ir Kamarul Zaman bin Mohd Ali as Director				
5.	Re-election of Mr Goon Heng Wah as Director				
6.	Re-election of Ir Ha Tiing Tai as Director				
7.	Re-election of Ms Wong Chin Yen as Director				
8.	Re-appointment of Y Bhg Tan Sri Dato' Ir Talha bin Haji Mohd Hashim as Director				
9.	Re-appointment of Auditors				
10.	Authority to Directors to allot and issue shares				
11.	Proposed renewal of share buy-back authority				

Signed this _____ day of _____ 2005/2006

Number of shares held	CDS account no.

Signature of Member and/or Common Seal

* Delete if inapplicable

Notes:-

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
5. In the case of a corporate member, the Form of Proxy shall be under its Common Seal or under the hand of its attorney.
6. This Form of Proxy must be deposited at the Company's Registered Office situated at No. 78, Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

FOLD HERE

STAMP

Registered Office
Gamuda Berhad
No. 78, Jalan SS22/21
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia

FOLD HERE