

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

1. Basis of Preparation

- a) The interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board (“MASB”) No.26, Interim Financial Reporting.
- b) The interim financial report should be read in conjunction with the audited financial statements of the group for the year ended 31 July 2002.
- c) The accounting policies and methods of computation adopted by the Group are consistent with those adopted in the preparation of the financial statements for the year ended 31 July 2002, except for the following:
 - (i) adoption of MASB No.25, Income Taxes, whereby deferred tax liabilities are recognised for all the temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Company has commenced recognition of deferred tax assets for all deductible temporary differences when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

Under MASB 25, the costs of the acquisition is allocated to the identifiable assets and liabilities acquired by reference to their fair values at the date of the exchange transaction. Previously, the temporary difference on the fair value arising from the acquisition of Gamuda Water Sdn Bhd has not been accounted for.

- (ii) adoption of MASB No.27, Borrowing Costs, by its associated companies. Previously, certain associated companies adopted the accounting policy to capitalise interest incurred on borrowings for the construction of the expressway already in use. The post-construction borrowing costs incurred were deferred via an Interest Equalisation Account which was amortised to each balance sheet date. During the year, the associated companies have adopted MASB No.27, by charging the borrowing costs and writing off the Interest Equalisation Account to the income statements and retained earnings respectively.
- (iii) recognition of share of capital reserves arising from deemed disposal in an associated company. Previously, the dilution of the Group’s interest in an associated company has resulted in an increase in its share of net assets in the said associated company. The recognition of the gain arising from the deemed disposal has resulted in retrospective adjustments to the carrying amount of the investment in associated companies and capital reserve.

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

The effect of the change as mentioned in (i) and (ii) above has reduced net profit for the year ended 31 July 2003, by RM45,935,000. The other effects of the change on the Group's financial statements are as follows:

	As previously reported RM'000	Effect of change in policy RM'000	As restated RM'000
At 31 July 2002:-			
<u>Effect on Condensed Balance Sheet</u>			
- Associated companies	1,039,902	(104,812)	935,090
- Goodwill arising on consolidation	2,851	18,947	21,798
- Capital reserve	-	75,210	75,210
- Deferred tax assets	-	666	666
- Retained profits	728,974	(173,424)	555,550
- Deferred tax liabilities	14,589	13,015	27,604

Three months ended 31 July 2002:-

<u>Effect on Condensed Income Statement</u>			
- Share of profits of associated companies	37,823	(18,148)	19,675
- Taxation	(37,647)	5,352	(32,295)

Year ended 31 July 2002:-

<u>Effect on Condensed Income Statement</u>			
- Share of profits of associated companies	151,392	(62,939)	88,453
- Taxation	(120,954)	18,703	(102,251)

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 July 2002 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are not affected by any significant seasonal or cyclical factors.

4. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review, except for the effects arising from the changes in accounting policies as mentioned in Note 1 and the one-off charge as mentioned in Note 12.

5. Changes in Estimates

There are no changes in estimates of amounts reported previously that have any material effect in the current quarter under review.

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

6. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period except for the issuance of 10,608,602 new ordinary shares of RM1 each, pursuant to the exercise of the Employees' Share Option Scheme and conversion of warrants.

7. Segmental Reporting

Segment information is presented in respect of the Group's business segment.

	Engineering and Construction	Property Development	Water related and Expressway Concessions	Manufacturing, Quarrying and Others	Inter- segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 July 2003						
Revenue						
External	828,113	418,920	5,089	189,947	-	1,442,069
Inter segment	126,755	-	-	78,476	(205,231)	-
	<u>954,868</u>	<u>418,920</u>	<u>5,089</u>	<u>268,423</u>	<u>(205,231)</u>	<u>1,442,069</u>
Segment results						
Segment profit	238,244	68,345	1,517	26,827	-	334,933
Finance costs						(12,025)
Interest income						15,628
Share of profits of associated companies		27,193	72,504	(5,800)		93,897
Impairment of goodwill in an associated company						<u>(26,431)</u>
Profit before taxation						406,002
Taxation						<u>(138,607)</u>
Profit after taxation						267,395
Minority interests						<u>(25,622)</u>
Net profit attributable to shareholders						<u>241,773</u>

8. Valuation of Property, Plant and Equipment

The valuation of land and buildings has been brought forward without amendment from the previous annual report.

9. Material Events Subsequent to Balance Sheet Date

There are no material events subsequent to the end of the quarter under review.

**Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003**

Notes To The Financial Statements

10. Changes in Composition of the Group

The changes in the composition of the Group during the financial year ended 2003 are as follows:

On 13 January 2003, the Company has acquired 2 ordinary shares of RM1.00 each in the issued and paid-up share capital of Idaman Lantas Sdn Bhd (“ILSB”) for cash consideration of RM2.00 and another 2 ordinary shares of RM1.00 each in the issued and paid-up share capital of Setara Hati Sdn Bhd (“SHSB”) for a cash consideration of RM2.00. Upon the acquisitions, ILSB and SHSB become wholly owned subsidiaries of the Company.

On 25 July 2003, Gamuda Engineering Sdn Bhd (“GESB”) a wholly owned subsidiary of the Company has acquired 150,000 ordinary shares of RM1.00 each representing the balance 30% equity interest in Megah Landscape Sdn Bhd (“MLSB”) for a cash consideration of RM150,000. With the acquisition, MLSB will become a wholly owned subsidiary of GESB.

11. Changes in Contingent Liabilities or Contingent Assets

	<u>31 July 2003</u>	<u>31 July 2002</u>
	RM'000	RM'000
Performance and retention sum guarantees	355,835	275,946

The contingent liabilities mainly relate to advance payment guarantees and performance bonds for the construction projects undertaken by the Group.

12. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before tax of RM466.5 million and RM105.8 million respectively as compared to RM318.7 million and RM90.4 million (restated as explained in Note 1(c) above) respectively in the corresponding preceding quarter. **The current quarter’s profit before tax is after deducting a one-off charge in respect of impairment of goodwill in an associated company, Dyna Plastics Sdn Bhd, amounting to RM26.4 million. This amount represents the final write off of the balance of goodwill arising from the company’s investment in an associated company.** The current quarter’s profit before tax (before the one-off charge) amounts to RM132.2 million.

For the current year to date, the Group recorded revenue and profit before tax of RM1,442.1 million and RM406.0 million respectively compared to RM1,042.8 million and RM321.4 million (restated as explained in Note 1(c) above) respectively for the corresponding preceding period. **The profit before tax for the current year to date is after deducting the abovementioned one-off charge.** Hence, the profit before tax for the current year to date (before the one-off charge) amounts to RM432.4 million, representing an increase of 35% from the corresponding preceding period, due to better performance from the core businesses.

13. Comparison with Immediate Preceding Quarter’s Results

For the current quarter under review, the Group recorded profit before tax of RM105.8 million as compared to RM104.5 million in the immediate preceding quarter. **The current quarter’s profit before tax is after deducting a one-off charge as mentioned in Note 12 above.** The current quarter’s profit before tax (before the one-off charge) amounts to RM132.2 million.

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

14. Prospects for the Next Financial Year

Given the existing good order book, progress of work to-date and barring any unforeseen circumstances, the Group's results are expected to improve in the next financial year.

15. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

16. Tax Expense

The taxation is derived as below:

	3 months ended 31 July		Year ended 31 July	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Income tax:				
- Current year	43,314	15,986	110,323	63,566
- Prior years	884	4,200	2,884	5,344
Deferred tax	(5,527)	2,517 *	(5,527)	3,932 *
Share of associated companies	10,462	9,592 *	30,927	29,409 *
Total	49,133	32,295	138,607	102,251

* Restated as explained in Note 1(c) above

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes and losses of certain Group companies which cannot be set off against profits made by other companies in the Group as there is no tax relief for the Group.

17. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There is no sale of investments and / or properties for the current financial period under review.

18. Quoted Securities

a) The group has disposed quoted shares of RM402,040 which resulted in a profit on sale of investment amounting to RM103,960 in the current quarter.

b) The details of the investments in quoted shares as at 31 July 2003 are as follows:-

	RM'000
Total investments at cost	3,439
Total investments at book value	2,462
Total investments at market value	<u>3,125</u>

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

19. Status of Corporate Proposal Announced

- a) There are no corporate proposal announced but not completed at a date not earlier than 7 days from the date of issue of this report except as follows:-

The Company has entered into the following agreements :-

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

Upon completion of the disposal of the RSSB Sale Shares, RSSB and G-Water will cease to be subsidiaries of Gamuda. However, they will remain as associate companies of Gamuda via Splash Holdings.

- b) The following are the status of utilisation of proceeds from the 3% Redeemable Unsecured Bonds 2000/2007 and Rights Issue Warrants proceeds as at end of the reporting period:

Details of activities:	<u>Proposed</u> RM'000	<u>Utilised</u> RM'000
Repayment of borrowings	115,000	115,000
Part payment for land acquisition (Bandar Botanic)	60,000	60,000
Working capital	70,700	70,700
Expenses of bonds issue	4,300	4,300
Investment in Splash Holdings (Holding Company of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd)	150,000	96,000
Total	<u>400,000</u>	<u>346,000</u>

20. Group Borrowings and Debt Securities

The details of the Group’s borrowings as at end of current quarter are as follows:

	Foreign Currency '000	RM Equivalent '000
<u>Short Term Borrowings</u>		
Revolving Credit Facility (Unsecured)		
- denominated in Taiwan Dollar (“TWD”)	TWD 205,000	22,714
Finance Lease Payables (Secured) – Current portion		
- denominated in Indian Rupee (“INR”)	INR 55,366	4,580
		<u>27,294</u>

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

	Foreign Currency '000	RM Equivalent '000
<u>Long Term Borrowings</u>		
Bonds (Nominal amount of 3% Redeemable Unsecured Bonds 2000/2007)	-	400,000
Term Loan (Secured)	-	35,084
Finance Lease Payables (Secured) - denominated in Indian Rupee ("INR")	INR 37,669	3,116
		<u>438,200</u>
Total		<u>465,494</u>

21. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments at a date not earlier than 7 days from the date of issue of this report.

22. Changes in Material Litigation

There is no pending material litigation since the last annual balance sheet date to a date not earlier than 7 days from the date of issue of this report.

23. Dividend

	Year ended 31 July	
	2003	2002
	RM'000	RM'000
<u>Final dividend paid</u>		
For the year ended 31 July 2002: 5.0 sen less 28% tax (2001: 4.0 sen less 28% tax)	24,340	19,163
		<u>19,163</u>
<u>Interim dividend paid</u>		
For the year ended 31 July 2003: 7.0 sen less 28% tax (2002: 5.0 sen less 28% tax)	34,137	24,133
		<u>24,133</u>

Subject to shareholders' approval at the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2003 has been recommended as follows:-

- i) Amount per share 9.00 sen less 28% taxation;
- ii) Previous corresponding period of 5.00 sen less 28% taxation;
- iii) Estimated date payable is February 2004; and
- iv) In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at book closure date.

The total dividend per share for the current financial year is 16.00 sen less 28% taxation.

Gamuda Berhad (Company No. 29579-T)
Quarterly Report On Consolidated Results
For The Financial Quarter Ended 31 July 2003

Notes To The Financial Statements

24. Earnings Per Share

	Current Quarter 31 July 2003	Current Year To Date 31 July 2003
Basic		
Net profit attributable to shareholders (RM'000)	53,505	241,773
Number of ordinary shares in issue as at 1 August 2002 ('000)	672,839	672,839
Effect of shares issued during the period ('000)	7,261	3,617
Weighted average number of ordinary shares in issue ('000)	680,100	676,456
Basic earnings per ordinary share (sen)	7.87	35.74
Diluted		
Net profit attributable to shareholders (RM'000)	53,505	241,773
Weighted average number of ordinary shares in issue ('000)	680,100	676,456
- Assumed shares issued from the exercise of ESOS ('000)	13,345	11,908
- Assumed shares issued from exercise of Warrants 1996/2006 ('000)	22,560	19,901
- Assumed shares issued from exercise of Warrants 2001/2007 ('000)	60,853	55,791
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	776,858	764,056
Fully diluted earnings per ordinary share (sen)	6.89	31.64

Report Dated: 27th September 2003