



**Enabling Communities**  
Annual Report 2012

# Enabling Communities

For every project we build, we have the community at heart.

Driven by a central belief that we are only as successful as the solutions we deliver, we are staunchly committed to build life-changing infrastructure projects that not only improve lives, but are also sustainable to benefit future generations.

And in enabling an eco-friendly living environment for the community, we leave no stones unturned to ensure that nature prevails in all that we do. Moving forward, we take stakeholders, business partners and employees on a rewarding journey that will change the way we live – for the better.

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## Cover pictures

### Top

Artist impression of a KVMRT elevated station

### Bottom left

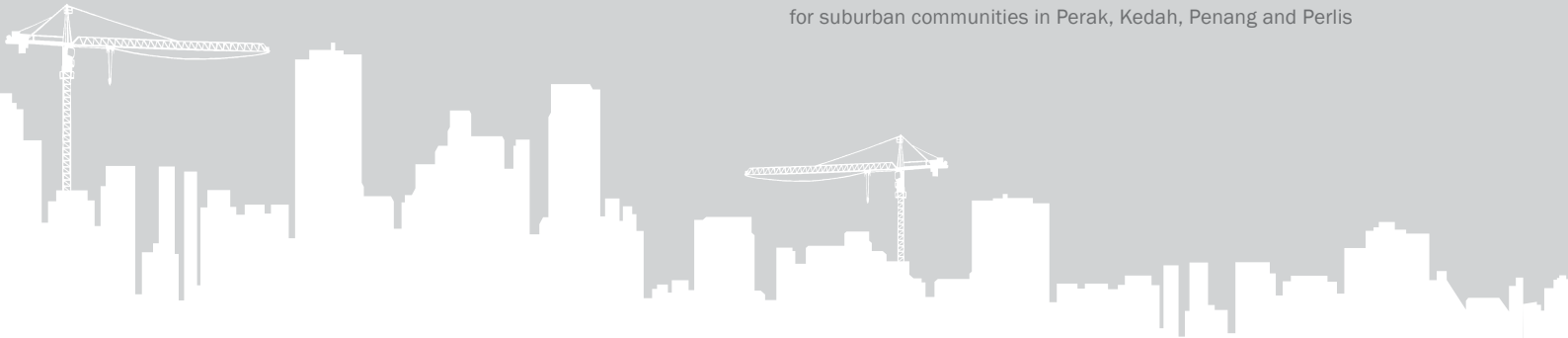
Kota Kemuning, the award-winning integrated township in Shah Alam, epitomises the perfect balance between development and nature through meticulous master planning and creative design concepts that enable harmonious living

### Bottom centre

Upon completion, the Klang Valley Mass Rapid Transit (Sungai Buloh – Kajang Line) will support Greater Kuala Lumpur/ Klang Valley's aspiration to achieve a 50% public transport modal share by the year 2020 through increased coverage and capacity in urban rail travel

### Bottom right

The Electrified Double Track Project (Ipoh – Padang Besar) provides crucial connectivity and serves as a catalyst for economic advancement for suburban communities in Perak, Kedah, Penang and Perlis



## VISION & MISSION

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

## VALUES

**Innovative** in our concepts, products, services and delivery mechanism to provide the most viable solutions for our clients and stakeholders;

**Responsible conduct** towards our stakeholders, including customers, employees, shareholders, the overall community and the environment in which we operate;

**Constant improvement** on our efficiency and relevance amidst the changing needs of our clients and global markets; and

**Taking the long view** in our business policies and decisions to ensure that we build a sustainable future.

# 36<sup>th</sup>

## Annual General Meeting

Permai Room, Kota Permai Golf & Country Club,  
No. 1, Jalan 31/100A, Kota Kemuning, Section 31,  
40460 Shah Alam, Selangor Darul Ehsan.  
Thursday, 6 December 2012 at 10.00 am.



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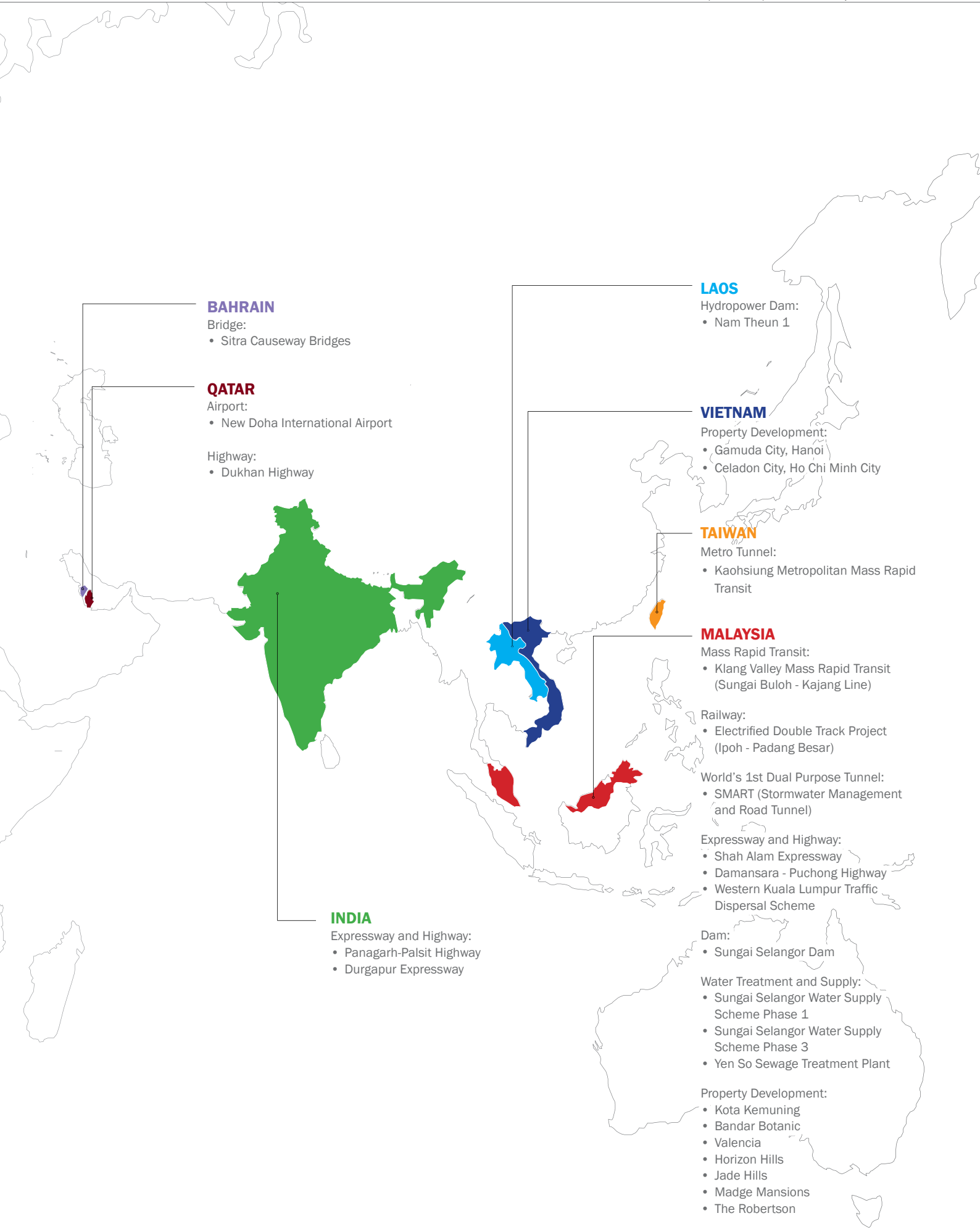
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# ON THE REGIONAL FRONT





**BAHRAIN**

Bridge:  
• Sitra Causeway Bridges

**QATAR**

Airport:  
• New Doha International Airport

Highway:  
• Dukhan Highway

**INDIA**

Expressway and Highway:  
• Panagarh-Palsit Highway  
• Durgapur Expressway

**LAOS**

Hydropower Dam:  
• Nam Theun 1

**VIETNAM**

Property Development:  
• Gamuda City, Hanoi  
• Celadon City, Ho Chi Minh City

**TAIWAN**

Metro Tunnel:  
• Kaohsiung Metropolitan Mass Rapid Transit

**MALAYSIA**

Mass Rapid Transit:  
• Klang Valley Mass Rapid Transit (Sungai Buloh - Kajang Line)

Railway:  
• Electrified Double Track Project (Ipoh - Padang Besar)

World's 1st Dual Purpose Tunnel:  
• SMART (Stormwater Management and Road Tunnel)

Expressway and Highway:  
• Shah Alam Expressway  
• Damansara - Puchong Highway  
• Western Kuala Lumpur Traffic Dispersal Scheme

Dam:  
• Sungai Selangor Dam

Water Treatment and Supply:  
• Sungai Selangor Water Supply Scheme Phase 1  
• Sungai Selangor Water Supply Scheme Phase 3  
• Yen So Sewage Treatment Plant

Property Development:  
• Kota Kemuning  
• Bandar Botanic  
• Valencia  
• Horizon Hills  
• Jade Hills  
• Madge Mansions  
• The Robertson





Upon full completion by mid-2017, the Klang Valley Mass Rapid Transit (Sungai Buloh – Kajang Line) (KVMRT, SBK Line) will form the backbone of Greater Kuala Lumpur's integrated urban rail system to provide relief for the long-standing traffic congestion problem plaguing densely populated suburbs and the city centre





## CONNECTIVITY

Providing seamless mobility for the community, we move people to places in the fastest and most convenient manner possible – every single day



## PERFORMANCE REVIEW

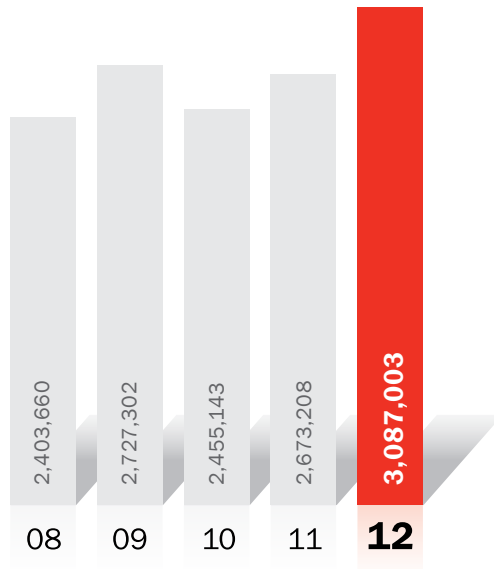
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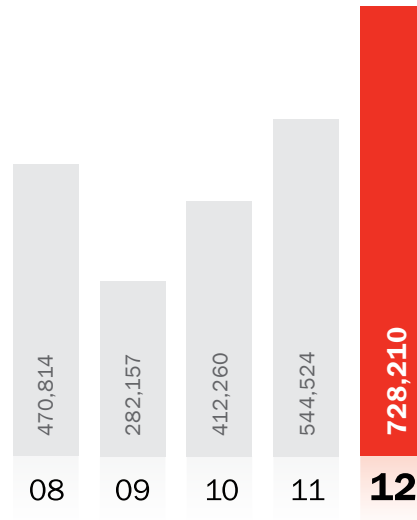
# FIVE-YEAR FINANCIAL HIGHLIGHTS

RM'000	2008	2009	2010	2011	2012
Revenue	2,403,660	2,727,302	2,455,143	2,673,208	3,087,003
Profit Before Tax	470,814	282,157	412,260	544,524	728,210
Profit Attributed to Shareholders	325,078	193,689	322,918	425,411	547,305
Total Assets	5,774,301	5,878,459	6,733,561	7,551,298	8,498,928
Shareholders' Equity	3,051,582	3,161,011	3,440,176	3,686,565	4,048,032
Total Number of Shares	2,005,016	2,009,257	2,025,888	2,064,824	2,079,413
<b>Sen Per Share</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Group Earnings Per Share (sen)	16	10	16	21	26
Net Tangible Assets Per Share (sen)	152	157	170	179	195

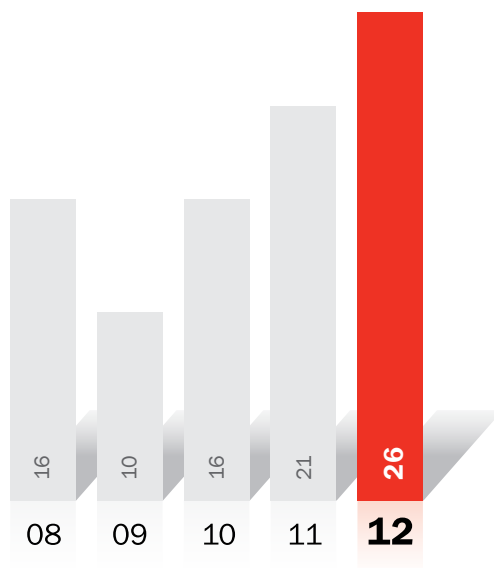
**Revenue (RM'000)**



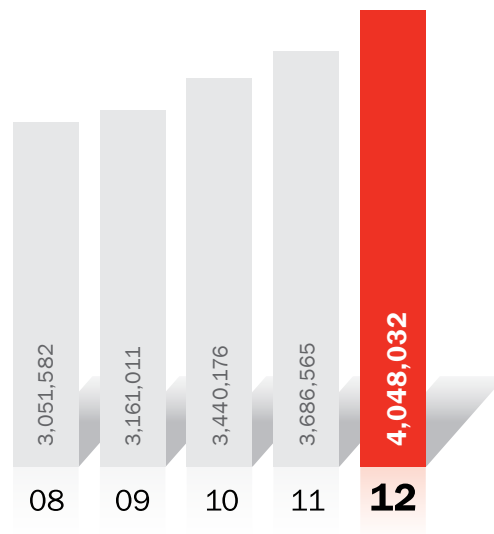
**Profit Before Tax (RM'000)**



**Group Earnings Per Share (sen)**



**Shareholders' Equity (RM'000)**



# CHAIRMAN'S PERSPECTIVE



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

On behalf of the Board of Directors, it gives me great pleasure to present the 22<sup>nd</sup> Annual Report and Audited Financial Statements of Gamuda Berhad for the financial year ended 31 July 2012 (FY2012).

FY2012 was indeed a year of major achievements for your company despite the global economy experiencing one of the most tumultuous and volatile years in recent history. The European debt crisis dominated most of the financial headlines during the year. Starting with Ireland and Portugal, it eventually spread to major European economies like Greece, Spain and Italy, requiring massive financial bailouts from the European Union. Several emergency measures were put in place to stem the crisis spreading further and to protect the Euro, which was in danger of collapsing. At the time of writing, the crisis appear to have abated but its underlying structural problems have yet to be fully addressed.

Y M Raja Dato' Seri Abdul Aziz bin Raja Salim  
Chairman, Gamuda Berhad



**“The year 2012 also started off on a modest note with growth for the first half year coming in at 5.1%.”**

The US economy, meanwhile, remained weak and directionless, with little evidence of a sustainable recovery. Fortunately, Asian economies continued to remain largely resilient despite some cooling off in the region’s two powerhouses, China and India. Our own domestic economy also weakened in late 2011, resulting in a modest growth of 5.1% for the year compared to 7.2% in 2010. The year 2012 also started off on a modest note with growth for the first half year coming in at 5.1%. The government now projects growth of between 4.5% - 5.0% for 2012 and between 4.5% - 5.5% for 2013.

Despite the weak global economy and European financial crisis, our Group achieved its best ever financial performance in FY2012, beating our record-breaking performance in FY2011. Both pre-tax and net profit levels were significantly higher in FY2012, driven by revenue and profit margin improvements in our construction division, and property division. For FY2012, group pre-tax profit rose 34% to RM728 million, whilst net profit increased a similar 29% to RM547 million. Turnover expanded by 15% to RM3.1 billion. The Board declared a total of 12 sen single tier dividends, per ordinary share compared with 3 sen less taxation and 9 sen single tier dividends per ordinary share in previous year.

As in previous years, earnings growth was driven primarily by the construction and properties divisions, whilst our concessions division continued to generate stable earnings and strong cash flows. Overall for the year, the construction, properties and concessions divisions contributed 31%, 39% and 30% to group pre-tax profits respectively.

The construction division saw revenues and profits dominated by further progress achieved on the five-year old Electrified Double Track Project (EDTP) which ended the financial year at the 86% completion stage. Our properties division achieved its third consecutive year of good performance with several of our property projects chalking up record levels of new sales. FY2012 also saw maiden contributions from both our Vietnamese projects to the group’s total new sales.

#### **ENGINEERING AND CONSTRUCTION**

FY2012 was a year during which our Engineering and Construction division enjoyed a string of successes by securing two leading roles in the Klang Valley Mass Rapid Transit (KVMRT) project. The KVMRT is the country’s largest ever infrastructure project – a comprehensive metro network designed to solve the city’s public transport problems. Comprising three separate lines serving a 20km radius footprint around the city centre, all three lines are envisaged to be operational by 2020. The first of the three lines, called the Sungai Buloh - Kajang Line (SBK Line) is presently under construction and is scheduled to be fully operational by July 2017.

**“Our properties division achieved its third consecutive year of good performance with several of our property projects chalking up record levels of new sales.”**

In Q3 of FY2012, the MMC-Gamuda JV was appointed the Project Delivery Partner (PDP) for the SBK Line. As PDP, the JV undertakes to deliver to the government a fully functional and operating railway system within the agreed target cost and completion date in return for a fee.

Also, in Q3 of FY2012, our JV won the international open tender for the underground works package of the SBK Line. Competition was stiff and our JV, being the only local tenderer, competed successfully against four large Asian contractors. Despite being offered the right to match the lowest successful tendered price, our JV did not have to utilise this option, having emerged outright as the best evaluated tenderer with the lowest price.

This RM8.28 billion “Design-and-Build” underground works package comprises the construction of 9.5km of twin-bored tunnels and seven underground stations in the city centre between Semantan and Maluri. Works have already commenced and activity levels are expected to build up in the coming months. Full completion of the works is expected by mid-2017.

In the coming year, the division will focus on the execution of the underground works and project management of the elevated works and systems works to ensure our obligations are fully met. At the same time, our project development team will continue to engage with MRT Corp (the Project Owner), SPAD (the Land Public Transport Commission) and various other Government agencies involved in the implementation of the project to expedite the scheduled roll-out of the second and third KVMRT lines by end of 2013.

In the meantime, works on the EDTP continue to progress well and is expected to complete by November 2014 as provided for under the contract.

#### **PROPERTY DEVELOPMENT**

Riding on the strong sales built up over the last couple of years, the property division achieved revenue and pre-tax profit growth of 51% and 91% respectively. The division also recorded new property sales totalling RM1.5 billion for the year, up 15% from the previous year. Although domestic property sales were slightly lower, total new sales were boosted by maiden contributions from our two new developments in Vietnam.

Our flagship development in Hanoi, Gamuda City, was launched in December 2011. Despite a generally weak market, the response was good and initial launches were very successful.

At Celadon City in Ho Chi Minh City, new sales continue to be somewhat sluggish. We believe buyers are adopting a wait-and-see approach as the township is still in its early stages of development. Notwithstanding this, the project took a major step forward when it concluded the en-bloc sale of a piece of retail mall land to AEON of Japan. We remain confident that buying interest will return when construction of the retail mall is completed and the township is further developed. Our plan is to build and sell completed apartments as the completed units will better demonstrate the project’s superior product designs and masterplan. In the meantime, we remain fully committed to completing construction of two residential tower blocks and common township facilities.

Domestically, the property market showed signs of gradual weakening since early 2012. Measures introduced by Bank Negara such as the 70% cap on loan values for a third mortgage, and computation of affordability based on net income instead of gross income, have had its impact of cooling the domestic market. Notwithstanding this, the division still achieved a level of domestic sales only slightly lower than the previous year.

#### INFRASTRUCTURE CONCESSIONS

As in the previous year, there has been very little progress made on the water consolidation exercise in the State. Both Federal and State Governments have been unable to resolve their differences in their respective approaches to consolidate the industry in Selangor. At the time of writing, there has been no new developments although the State Government has indicated that they will be presenting a new proposal for the consolidation of the Selangor water industry.

Our expressways division continued to achieve gradual traffic volume growth as in previous years. Compensation has been paid by the Government for deferred toll increases as provided for under the various highway concession agreements.

#### PROSPECTS FOR FINANCIAL YEAR 2013

The Board anticipates that the upcoming FY2013 and beyond will indeed be exciting years for the Group. With a sizeable construction order book, a steadily growing property division and stable concession earnings, total revenue build up for the next few years is expected to be good. The SBK Line alone is expected to generate significant construction activity and positive multiplier effects in the country over the next five years. The subsequent two new KVMRT lines which are expected to be rolled-out by late 2013 will further boost the sector and underpin strong domestic demand which will cushion our domestic economy from external uncertainties. Beyond the KVMRT project, there are numerous other infrastructure projects that the Government plans to implement, with particular emphasis on rail-related projects. Indeed, SPAD has identified rail-based projects totalling RM160 billion to be implemented up to 2020. Given our intense involvement and expertise in rail-based projects in the country, the Board remains confident that our Group will secure its fair share of these future projects.

Besides pursuing domestic projects, the Group also continues to seek out infrastructure opportunities in neighbouring countries like Indonesia, Vietnam and more recently Myanmar. These emerging countries are expected to spend heavily on infrastructure expansion and upgrades in the next decade, thereby presenting significant opportunities for reputable and established regional infrastructure groups like ourselves.



On the property front, the Group will continue to replace our near-completed developments with new projects. Our developments in Valencia and Kota Kemuning are expected to be completed within two years, and new developments such as Madge Mansions and The Robertson, and more recently the newly-acquired land parcel in Kelana Jaya will augment the division's portfolio of developments. To sustain medium to longer term growth, the property division will also endeavour to acquire new land bank to develop new townships.

In Vietnam, our developments are still in their infancy. The Group will continue to grow and nurture these developments and take all necessary steps to ensure the success of these developments. The Board remains confident that our investments in Vietnam will generate substantial returns as these developments mature.

On the whole, the property division is expected to post another strong year in FY2013, underpinned by a record level of unbilled sales and growing contributions from Vietnam.

Key risks for the Group include an unexpected economic downturn, significant changes in Government spending policies, unfavourable raw material price movements, unexpected problems or delays in the execution of the KVMRT project, or additional measures to curb the property market. In Vietnam, our property businesses will remain sensitive to the overall economic climate and the market response to our product offerings.

Financials are expected to remain strong into the coming year. The Board continues to be prudent in managing the balance sheet and projected net gearing levels are expected to remain comfortable.

On behalf of the Board of Directors, I wish to place on record our appreciation to all employees for their efforts, hard work, and contributions during the year. The last year has been particularly challenging for many of our staff, especially those involved in the KVMRT project. A special word of thanks goes to all of them who have contributed to getting this massive project off the ground in a relatively short space of time.

Our sincere thanks and appreciation also go out to clients, investors, bankers, customers and suppliers for their continued support, as well as the various local and overseas authorities and regulators for their invaluable guidance and assistance.

Finally, we wish to congratulate Dato' Ir Ha Tiing Tai who has been promoted to Deputy Group Managing Director. At the same time, we also wish to extend our warm welcome to Tunku Afwida binti Tunku A.Malek who joins the Board as Independent Non-executive Director. We wish to place on record our deepest thanks to Ms Wong Chin Yen who has left the Board. Last, but not least, my thanks goes to my fellow Board members for their invaluable contributions, advice and guidance.

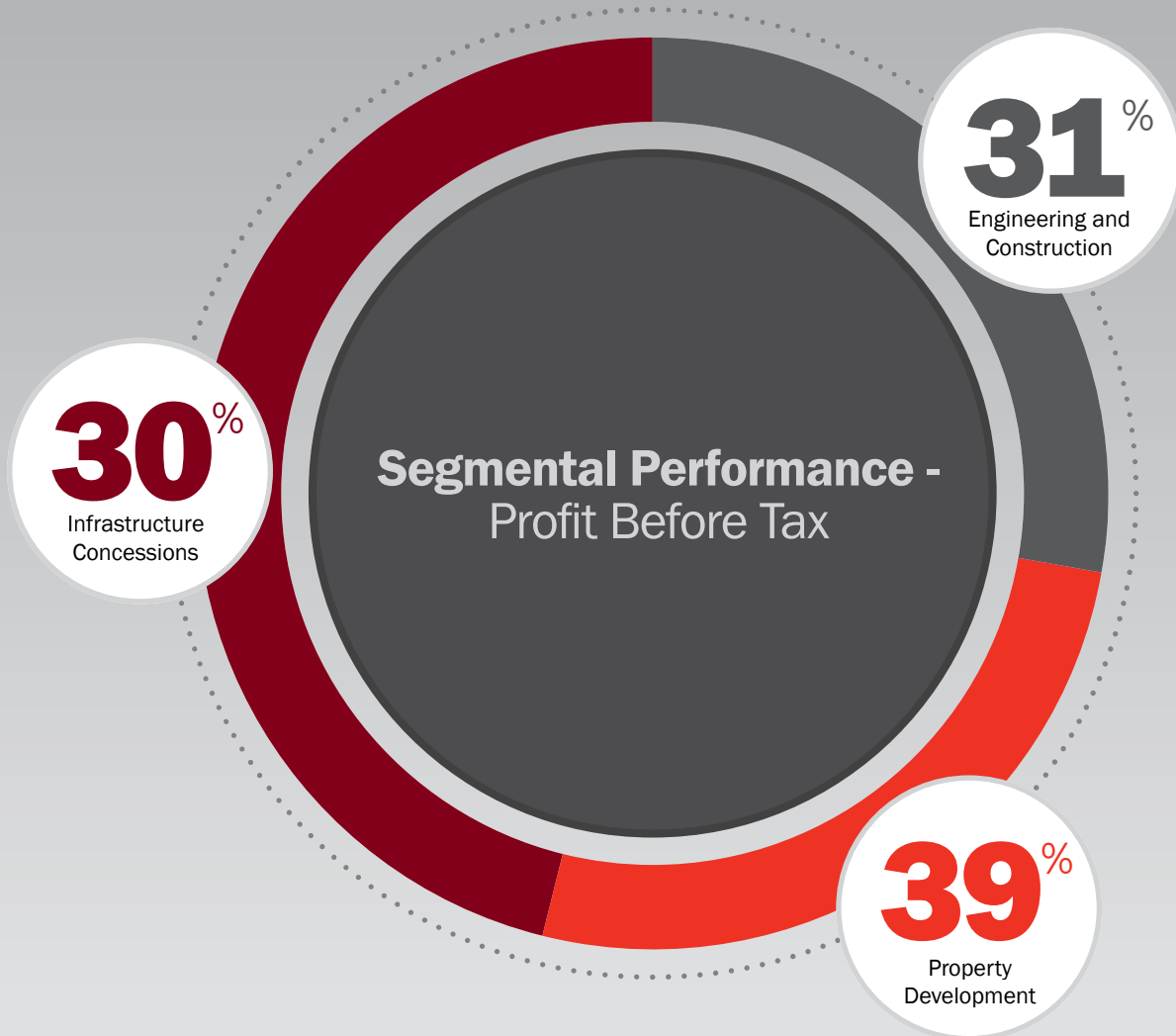


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# CORE BUSINESS

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











## ENGINEERING & CONSTRUCTION

Construction of the Northern Tunnel Portal in progress in Semantan for the Klang Valley Mass Rapid Transit (Sungai Buloh – Kajang Line) (KVMRT, SBK Line). Tunnel Boring Machines will be launched here for the 9.5km underground twin tunnel alignment

\* All pictures of the KVMRT, SBK Line project shown in this section were taken during the production period of this Annual Report

**“Together with our 50% partner MMC Corporation Berhad, the MMC-Gamuda JV won, through a keenly competed international open tender, the underground works package for RM8.28 billion.”**

The division delivered an outstanding performance in FY2012 for the second consecutive year. Revenues stayed relatively flat at RM1.9 billion as several projects were completed during the year. Pre-tax profit, however, surged 55% to RM222 million as significant margin improvements were achieved on the Electrified Double Track Project (EDTP). As a result of this strong performance, the division increased its share of group profits to 31% from 26% last year.

FY2012 also saw the division secure two major roles in the country’s single largest infrastructure project, the Klang Valley Mass Rapid Transit (KVMRT). This multi-billion Ringgit, three-line metro network, broke ground in July 2011, and has since commenced construction of the first of its three lines, the Sungai Buloh - Kajang Line (SBK Line). Together with our 50% partner MMC Corporation Berhad, the MMC-Gamuda JV won, through a keenly competed international open tender, the underground works package for RM8.28 billion. In addition, a separate JV was also appointed the Project Delivery Partner (PDP) for the SBK Line.

With these achievements, the division closed FY2012 with an unbilled construction order book of RM5.2 billion. This will keep the division busy over the next five years.

Prospects for securing more projects in the coming years remain bright as the Government has outlined plans to spend up to RM160 billion on various rail-related projects up to 2020. Planning works on the next two KVMRT lines for instance, are at an advanced stage and it is envisaged that contract awards for these lines could commence by end 2013. In addition to the domestic market, the division continues to seek out opportunities in new overseas markets such as Indonesia, Vietnam, and more recently, Myanmar.



*Demolition works at the Pasar Seni KVMRT station site was completed in September 2012. This future underground station will be integrated with the existing Pasar Seni LRT station*



### DOMESTIC PROJECTS

The KVMRT, SBK Line will be 51km in length, serving the North-West to South-East corridor of the Klang Valley. The elevated sections will run through highly densely populated neighbourhoods such as Kota Damansara, Bandar Utama, Taman Tun Dr Ismail, Sections 16 and 17 of Petaling Jaya and Pusat Bandar Damansara before going underground at Semantan. The underground section will cover a distance of 9.5km and will have seven stations located at KL Sentral, Pasar Seni, Merdeka, Bukit Bintang Sentral, Pasar Rakyat, Cochrane and Maluri before it emerges from underground to head on to Cheras and Balakong before terminating in Kajang. The entire SBK Line will have a total of 31 stations (inclusive of seven underground stations), of which 16 will enjoy Park and Ride facilities.

From a total of 85 works packages, 47 works packages worth around RM20 billion have been awarded to various contractors as at 18 October 2012, for advanced works, depots, elevated guideways and stations, and underground works. Meanwhile, tenders for system works such as telecommunications and track works are ongoing. The awards of the remaining packages are expected to be completed by end 2012.



*Construction for the KVMRT viaduct guideway and other associated works in progress, located next to the Malaysia Civil Service Golf Club (commonly known as Kelab Golf Perkhidmatan Awam, KGPA) alongside the Western Kuala Lumpur Traffic Dispersion Scheme (SPRINT) Highway*



*The Segmental Box Girder (SBG) Casting Yard in Sepang will be able to produce a total of 17,000 SBGs for the construction of the KVMRT's twin track. Each of these 11metres-wide SBGs weighs about 45 tonnes. The first delivery of SBGs is expected in January 2013, to be used for the V5 KVMRT package (from Taman Bukit Ria to Plaza Phoenix, Cheras)*

Construction works for KVMRT have commenced, with significant activities at V1 (Sungai Buloh – Kota Damansara), V4 (Seksyen 16 – Semantan), V5 (Taman Bukit Ria – Plaza Phoenix), V6 (Taman Suntex – Bandar Tun Hussein Onn) and V7 (Balakong - Saujana Impian). Site preparation and utility relocation works are advancing fast at these sites, with pier construction works in progress at V4, V5 and V6. The Centralised Labour Quarters at Sungai Buloh and Plaza Phoenix are being completed expeditiously, in time to house more than 7,000 KVMRT workers by Q2, 2013.

Works for the KVMRT underground package covering seven underground stations and two portals are proceeding fast. The redevelopment of Klang Bus Station that includes the demolition of Klang Bus Stand, Plaza Warisan and UO Superstore is in progress for the construction of Pasar Seni KVMRT station. Underground stations such as KL Sentral, Merdeka, Pasar Rakyat, Cochrane and Maluri have advanced into diaphragm wall construction for the station box. In preparation for the 9.5km tunnel drive in Q2, 2013, 10 tunnel boring machines have been procured.





Upon completion, the underground Merdeka KVMRT station will link to Malaysia's tallest building – the Warisan 100



Construction works in progress in preparation for the Cochrane KVMRT station box, which will be integrated with the major redevelopment of Cochrane

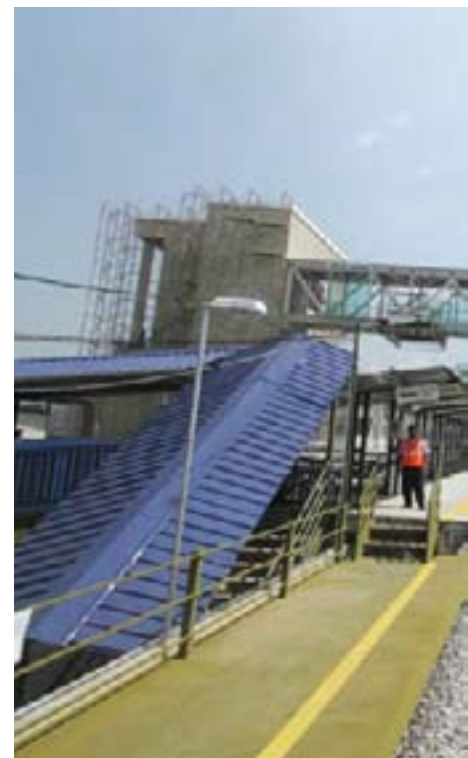


Diaphragm wall construction equipment have been installed and ready to commence works at the KL Sentral KVMRT station site



The division's other major ongoing project, the EDTP, made further progress during the year, achieving 86% completion. Civil and structural works on this project have been substantially completed with track works and systems such as signalling and electrification well underway. Following the Government's approval of Extension of Time (EOT), the scheduled completion date for the main section of the works from Padang Besar to Ipoh (Spine line) is now June 2014, whereas the section of works from Bukit Mertajam to Butterworth (Spur line) is scheduled for completion in November 2014. We do not anticipate any difficulty in meeting these scheduled completion deadlines.

The twin-bore Berapit Tunnel, situated between Taiping and Padang Rengas in Perak, is 96.4% completed as at 25<sup>th</sup> September 2012. It is also known as the longest twin-bore tunnel in South-East Asia



KTM cargo trains are currently traversing on selected portions of the completed double track alignment, while awaiting full migration to the entire 329km stretch by end-2014. The picture depicts a cargo train running past the soon-to-be-completed Tasek KTMB station





Each of the nine cross passages built along the 3.3km twin-bore Berapit Tunnel is equipped with telecommunication, safety and maintenance facilities to cater for emergencies and future upkeep



All new KTMB stations along the new double track are designed with a modern exterior and will be equipped with the latest station amenities for commuters' convenience. The picture shows the Bagan Serai KTMB station that has achieved substantial completion



All infrastructure and track works, as well as Overhead Catenary System mast installation along the tracks leading to the Bagan Serai KTMB station have been completed

All Overhead Catenary System masts that would carry the high-tension cables to power the railway tracks have been installed along the 3.5km Bukit Merah Marine Viaduct in Perak



A total of nine feeder stations will transform raw 132kv electricity tapped from the local TNB power grid into 25kv to power the trains' movements. The first completed and energised feeder station is pictured here at Lahat, Perak



Signaling and Control systems are currently being installed at the Bukit Mertajam Centralised Traffic Control (CTC) facility, which will oversee and manage all railway operations within the Ipoh - Padang Besar double track project area, whilst communicating and synchronising train movements with the existing CTC at KL Sentral



“In addition to the domestic market, the division continues to seek out opportunities in new overseas markets such as Indonesia, Vietnam, and more recently, Myanmar.”

## OVERSEAS PROJECTS

### QATAR

At the time of writing, the New Doha International Airport project in Qatar has now achieved substantial completion and the works are being handed over progressively to the client. The airport is scheduled for opening on 12 December 2012.

### VIETNAM

The Yen So Sewage Treatment Plant project in Hanoi has also achieved substantial completion. The project is expected to be handed over to the client by the end of 2012. The construction team there has demobilised and has been redeployed for our other ongoing projects.



The Yen So Sewage Treatment Plant in Hanoi, which is currently in the final stages of handover, sits on a 23-acre piece of land, 7km south of the city





*The grit chamber at the Yen So Sewage Treatment Plant (STP) removes grit carried in by the influent.*



*Sludge settled out from the Sequence Batch Reactor (SBR) tanks are sent for thickening and then to the anaerobic digester tanks (picture above) to be digested at a temperature of about 36°C for 20 days.*





From the grit chamber, wastewater in the STP enters the Main Inlet Pump Station to be sent for preliminary treatment works



Gas holding tanks in the STP, each of 2,500 cubic metres capacity store desulphurised methane gas derived from the sludge digestion process



Part of the UV-treated water is channelled to undergo Membrane Filtration to further improve its clarity to render it suitable for recycling within the STP for non-potable use









## PROPERTY DEVELOPMENT

Kota Kemuning residents enjoy shopping at the brand new Central Lake shops. Modern conveniences and public amenities such as retail shops, offices, neighbourhood schools and parks are key features master planned into all Gamuda Land townships intended to enhance the quality of life for the community

“The improved profit performance was primarily due to higher contributions from Bandar Botanic in Klang, and Horizon Hills in Iskandar, Johor.”

*Placing great emphasis on environmental architecture to meet the needs of a healthy community, much of the Horizon Hills township is dedicated to preserving the natural environment such as lushly landscaped parks and verdant green fields*



The division achieved yet another record-breaking performance for the third consecutive year. Buoyed by maiden sales from Vietnam, the division achieved total new sales of RM1.5 billion, up 15% from last year. Unbilled sales stood at RM1.2 billion at the end of FY2012.

Pre-tax profit for the division rose to a record RM286 million, an increase of 91% over last year. Similarly, revenue also rose 51% to RM1,067 million as higher billings were progressively booked from previous years' sales. Pre-tax margins also improved from 21% in FY2011 to 27% in FY2012.

The improved profit performance was primarily due to higher contributions from Bandar Botanic in Klang, and Horizon Hills in Iskandar, Johor. Likewise, higher new property sales were underpinned by strong demand at Bandar Botanic and Horizon Hills in Malaysia as well as maiden sales at Gamuda City and Celadon City in Vietnam. For FY2012, new property sales from Malaysia and Vietnam accounted for 75% and 25% of total sales respectively.



**MALAYSIA**

The domestic market started on a relatively strong note in the first half of FY2012 but weakened in the second half of financial year as several measures introduced by the Central Bank to cool down the market took effect. Among these new measures were a 70% cap on the Loan-to-Value ratio for a buyer's third property mortgage onwards, and the Responsible Finance Guidelines where the loan eligibility evaluation is computed based on a buyer's net income compared to gross income previously. These measures resulted in a pronounced slowdown in the higher-end segment of the market. However, demand for the mid and upper mid-range properties remains relatively resilient.

Notwithstanding this, the property market in Iskandar, Johor appears to be more resilient than the Klang Valley. The growing maturity of the Iskandar development, as well as improved accessibility following the recent opening of the Coastal Highway helped sustain strong interest from Singapore buyers. This is reflected in the record levels of sales being consistently achieved at Horizon Hills.

Land bank replenishment has always been a priority for the division. Given the sharp escalation in land prices in recent years, coupled with the unveiling of the Klang Valley Mass Rapid Transit (KVMRT) master plan, identifying and sourcing good land parcels have become even more challenging. In this respect, the division has recently acquired a small piece of freehold commercial land in Kelana Jaya. This 4.86 acre parcel costing RM95 million is planned to be developed into a mixed commercial development. Located in the matured neighbourhood of Kelana Jaya, this development is expected to generate a GDV of about RM630 million over 5 years starting in 2015. This development will also be the division's third niche development after Madge Mansions (a low-density luxury condominium) and The Robertson (city-centre mixed commercial/residential development).

In the meantime, the division continues to scout around for new township land to replenish the soon-to-be completed Valencia and Kota Kemuning projects. Given the several ongoing and upcoming developments, the division is in no particular hurry to add to its existing land bank and will patiently wait for the right opportunity, tagged at an attractive entry price before committing to any new developments.

## VIETNAM

In Hanoi, there has been good demand for Gamuda City's landed homes following its launch in December 2011. This 453-acre flagship development is envisaged to progressively transform southern Hanoi's property landscape in the coming years as it endeavours to create a brand new business district with office, commercial, retail and hotel components, complemented by a self-contained lifestyle residential township. Initial launches of Gamuda City's residential units were fully taken up within weeks, demonstrating the market's confidence in its vision and master plan.

Other elements of this urban redevelopment consist of the cleaning up of five lakes and the redevelopment of a public park. Both have now been largely completed, and once the newly-completed Sewage Treatment Plant is commissioned by year end, the lakes will be completely free of contaminated water and sludge. The multi-thematic and award-winning park surrounding the lakes is expected to be a national tourist attraction in the coming years. Gamuda is extremely proud to have been part of this environmental rejuvenation effort.

Our Celadon City development took a major step forward when it sold a piece of land for the development of a retail mall to AEON, one of Japan's leading retail mall operators. The sale, which resulted in a significant gain for the division, will see AEON developing their largest flagship retail mall in our township. When completed, this retail mall is expected to generate significant retail traffic to our township, and boost its market position substantially.

Sales of residential units at Ruby Precinct in Celadon City continue to be slow amidst a sluggish market. However, we remain highly confident in the prospects of this development as we sense that buyers will emerge once the township starts taking greater shape. As such, we have adopted a 'build then sell' strategy, and remain committed to the construction of two residential tower blocks, the club house, parks and other common facilities.

The property market outlook in Vietnam in the coming year remains mixed. At the macro level, economic fundamentals have improved significantly with inflation falling to the 6% level from 18% a year ago. This has allowed the Central Bank to start easing up on monetary policy, resulting in three interest rates cuts over the last year. The Dong has also stabilised at the current levels. However, property buyers have remained generally cautious, choosing to be extremely selective in their purchases. Landed properties have always been the preference among home buyers and this partly explains why Gamuda City has seen an encouraging response. Given these trends, we expect Gamuda City to sustain its brisk sales in the coming year.

At the end of FY2012, the division has a combined undeveloped land bank for Malaysia and Vietnam totalling 1,700 acres with a Gross Development Value (GDV) of RM22 billion over the next 15 years.

Consideration for safety and security is an important design aspect in all townships developed by Gamuda Land. Streets where drive-through traffic is minimised, allow children to safely learn how to ride a bicycle, as seen here at one of the cul-de-sac neighbourhoods in Ambang 2



### **BANDAR BOTANIC, KLANG**

This 1,200-acre wholly-owned development is now fully matured and maintains its position as one of the most sought-after premium property locations in Klang. With its signature Central Lake and landscaped parks totalling some 200 acres, its 'home in a garden' lifestyle concept continues to attract strong interest. Due to overwhelming response, the Botanic West and Ambang 2 launches are largely sold out and units are seeing rapid price appreciation as construction progresses. The opening of both phases of the highly-successful GM Klang (a comprehensive one-stop wholesale city), and a dedicated interchange providing direct access from the Shah Alam Expressway (SAE) have been instrumental in building the township's appeal as a shoppers' destination.

Bandar Botanic has a remaining Gross Development Value of RM750 million over the next 3 years.

### **HORIZON HILLS, JOHOR**

This 1,200-acre, seven-year-old freehold development, located at the heart of Iskandar Malaysia is being undertaken via a 50:50 joint venture with the UEM group. A low-density residential township, its features include a championship 18-hole designer golf course with a signature club house. Highly popular among neighbouring Singaporeans, key attractions include its easy accessibility, close proximity to Singapore, breathtaking landscapes, advanced security system and attractive pricing. The opening of both the Johor Premium Outlets in Kulajaya in December last year and Legoland in September this year, combined with two consecutive years of hosting the Iskandar Johor Open Golf Tournament at the Horizon Hills Golf & Country Club has captured tremendous interest among avid golfers as well as seasoned property investors to the Iskandar region, particularly in Horizon Hills.

Horizon Hills has a remaining Gross Development Value of RM4.9 billion over the next 15 years.

*Homeowners of the Golf Precinct have uninterrupted views of fairways 4 and 5. An ideal way to spend a relaxing weekend, residents of Horizon Hills often enjoy a healthy round of golf with friends on the sprawling 200-acre award-winning golf course*



*The newly-opened Oriental-themed clubhouse at Jade Hills is a favourite hangout at the township. Designed to host a variety of leisure and sporting activities, this modern amenity promotes a holistic lifestyle among health-conscious residents*



#### **JADE HILLS, KAJANG**

This 338-acre, wholly-owned freehold development is now in its fifth year of development and almost half-way through its development cycle. With ever-increasing annual sales since its launch, this development is shaping up to be another resounding township success story.

Key success factors include its unique Oriental-theme, organic master plan, lush greenery, wide product range, a host of green initiatives such as roof gardens and eco-friendly fittings. The recent inclusion of shop offices and service apartments, and the anticipated enhanced accessibility upon the completion of the KVMRT, SBK Line will transform Jade Hills into a truly complete township.

Jade Hills has a remaining Gross Development Value of RM1.2 billion over the next 6 years.

*The latest lifestyle shops by the lakeside in Kota Kemuning, is a hive of activity especially during weekends, where residents enjoy alfresco dining, while spending quality time with their families*



#### **KOTA KEMUNING, SHAH ALAM**

This 1,800-acre project is now in its 16<sup>th</sup> year of development. It is widely acknowledged to be one of the most successful self-contained developments in the Group. Highly matured with its award-winning golf course, properties within the township have consistently enjoyed superior price appreciation throughout the years. Latest addition to this thriving township is the recently-launched Biz Suites, set to be its new low density commercial landmark. These lifestyle offices cum retail suites are targeted at young professionals, entrepreneurs and small families.

Kota Kemuning has a remaining Gross Development Value of RM290 million over the next 7 years.



*The lakeside park adjacent to the new urban villa neighbourhood in Valencia's Garden Precinct is becoming a popular place for tai-chi and other recreation activities such as jogging, yoga and early morning strolls*



*Sitting on the fringe of the golden triangle, The Robertson's latest sales gallery and show unit is attracting a lot of attention from property investors and young professionals looking to secure an affordable property strategically located in the heart of Kuala Lumpur*



### **VALENCIA, SUNGAI BULOH**

This wholly-owned 280-acre development is a highly-regarded gated and guarded township that is well sought after by both the local and expatriate communities. Barely a year after its launch, the fully sold-out Mod Homes phase, which comprises three-storey link houses, were completed in early 2012. Mod Homes was the final phase for landed residential homes in Valencia. New phases will comprise affordable apartments, which are located outside the gated and guarded compound and are due to be launched in the coming year.

Valencia has a remaining Gross Development Value of RM60 million over the next 1 year.

### **MADGE MANSIONS, KUALA LUMPUR**

This wholly-owned development will offer the ultimate in super-condominium city living catering to the needs of discerning professionals and top executives. Located in the city's exclusive and prestigious Embassy District, construction work is now at an advanced stage. A Sales Gallery, complete with on-site Show Unit will be ready soon. Offering only 52 palatial units, sales and marketing efforts will be focused on a select and privileged segment of buyers.

Madge Mansions has a remaining Gross Development Value of RM250 million over the next 2 years.

### **THE ROBERTSON, KUALA LUMPUR**

This wholly-owned development is the division's first foray into a high-rise mixed commercial development in central Kuala Lumpur. Sandwiched between the bustling neighbourhoods of Bukit Bintang and Chinatown, this development will feature magazine-styled studio homes and numerous urban conveniences. Targeted at young professionals and small families, The Robertson will offer an affordable chic lifestyle in the heart of the city. The modern Sales Gallery that comes with a fully-furnished Show Unit is located at Jalan Pudu and will be ready for viewing in early 2013.

The Robertson has a Gross Development Value of RM670 million over the next 4 years.



*The Floating Pavilion is a key design feature in the impressive Traditional Park – one of the themed gardens in Yen So Park. This visual spectacle re-used much of the mature trees salvaged from the old park prior to its restoration. Soon to be opened, it will serve as a much-needed green lung for the surrounding community and residents of Gamuda City*

### GAMUDA CITY, HANOI

This wholly-owned flagship development had its maiden launch for the Gamuda Garden precinct in late 2011. Spanning 453 acres, this mixed development will comprise bustling business districts, commercial hubs, large retail complexes and a self-contained residential township, with an adjoining world-class urban recreation park. The park and the adjacent waste water treatment plant were completed prior to the launch.

The market's response to the initial launch has been good. Sales continue to be encouraging despite the prevailing uncertainties in the property market. An ambitious urban redevelopment project, Gamuda City is poised to achieve a strong market position in the coming years.

The project is easily accessible by the national trunk road or the city's ring road. To further enhance the land quality of the development with a strong and solid foundation, much effort in land surcharge and piled raft foundation works have been carried out.

Gamuda City has a remaining Gross Development Value of RM8.6 billion over the next 9 years.



*Indigenous terracotta bricks, elegantly curved eaves and a rich use of motifs and ornamentation distinguish the identity of the newly-completed Traditional Village, which serves as an architectural archetype of Vietnam's unique cultural past*





*A serene, yet visually arresting lakefront view of Central Park in Celadon City*



*Multi-functional exercise stations distributed throughout Celadon Park promotes a healthy lifestyle among the residents*



*Billowing trees and the breezy air make for an enjoyable walk along the neatly softscaped walkways of Yen So Park*

### **CELADON CITY, HO CHI MINH CITY**

This 60%-owned development had its maiden launch in early 2011 amidst a weak market. Initial sales have been sluggish as buyers adopted a wait-and-see approach to the development. A total of three show units for Block A of the Ruby Precinct have been completed. The entry by AEON of Japan into the township has significantly lifted the visibility of the development among the locals. It is envisaged that once AEON's largest flagship retail mall is completed, sales will improve significantly.

A key feature of this 200-acre development is its Central Park, a 40-acre green lung complete with fully landscaped gardens, serene lakes and jogging and cycling tracks. Set to be the largest green park in the city, Central Park is destined to be a vibrant centre of activity. Other components include small office buildings, sports complex, international schools, a medical centre and a cultural and entertainment centre.

Celadon City has a remaining Gross Development Value of RM4.7 billion over the next 8 years.









## INFRASTRUCTURE CONCESSIONS

Aerial view of the enhanced and widened Damansara - Puchong Highway (LDP) from the Bandar Utama Interchange (background) leading towards Damansara Perdana (foreground) and the Penchala Toll Plaza, interconnecting with Penchala Link of the Western Kuala Lumpur Traffic Dispersal Scheme (SPRINT) Highway

## WATER SUPPLY

Regrettably, during the year, very little progress was made in consolidating Selangor's water industry despite several years of protracted negotiations. Although the Federal Government indicated several months ago that a fresh offer would be made to acquire our water assets, no such offer was forthcoming during the year.

It remains unclear when and how, this stalemate can be resolved. In the meantime, treated water continues to be produced by our 40% - associate company Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH) and three other players - Puncak Niaga Sdn Bhd, Konsortium ABASS Sdn Bhd and Konsortium Air Selangor Bhd. The treated water is in turn purchased by Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS), Selangor's sole distribution concessionaire, and distributed to consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. The dispute between the Selangor State Government and SYABAS revolves around the implementation of a scheduled consumer tariff increase which has been frozen since 2008. The State Government has rejected the tariff hike claiming that SYABAS had failed to meet its obligations under its concession agreement.

The delay in implementing the scheduled tariff hike has resulted in SYABAS being unable to fully pay the water producers for the treated water supplied. This had impacted the cash flows of the water producers and raised the risk ratings of some of the outstanding water bonds of these producers. To stave off the risk of potential bond defaults, the Federal Government, through Acqua SPV (a special purpose vehicle) successfully acquired all of Selangor water industry bonds in exchange for new Federal bonds.

At the time of writing, the stalemate has escalated further. The State Government, in response to SYABAS' request for approval to commence water rationing, exercised its right to step-in to take over the management and operations of SYABAS. The Federal Government, however, has yet to approve the State's takeover of SYABAS.



“All these upgrades, improvements and enhancements are aimed at allowing motorists to cut travel times and enjoy smoother journeys by removing congested traffic lights intersections, and segregating mainline and local traffic streams.”



One of the three packages for the LDP 5 major upgrading initiative – Package B – involves upgrading works for Kepong-bound traffic on the Damansara - Puchong Highway (LDP) between Persiaran Surian and the Penchala Toll Plaza





### TOLLED HIGHWAYS

Our highways division performed within our expectations, registering steady traffic growth and generating significant cash flows for the group. Average weekday tollable traffic at the Damansara - Puchong Highway (LDP) increased 1.3% over the year to 481,000 vehicles. We are pleased to note that the initial drop in traffic due to the opening of the Section 1B of the South Klang Valley Expressway in mid-2010 has been fully regained. Likewise, the average weekday tollable traffic on the Western Kuala Lumpur Traffic Dispersal Scheme (SPRINT) increased 5.6% during the year to 227,000 vehicles. This is despite tollable traffic on Jalan Damansara remaining flat throughout the year. SPRINT's overall traffic growth was therefore driven by higher traffic volumes on its Kerinchi and Penchala Links. Our other two highways, Shah Alam Expressway (SAE) and Stormwater Management and Road Tunnel (SMART) also chalked up modest traffic volume growths.

On the LDP, the RM133 million upgrading works at the Taman Tun Dr Ismail (TTDI) Interchange was completed in mid-2012. At about the same time, the TTDI Interchange underpass was also opened to traffic in April 2012. With these improvements, motorists travelling on SPRINT from Kuala Lumpur towards Bandar Utama, Kota Damansara and Kepong can now travel uninterrupted instead of being held back by a traffic light intersection before.

In addition, another major enhancement initiative comprising three separate packages collectively known as LDP 5 is now in the final stages of completion. Package B of this initiative involves the upgrading and improvement works for north-bound traffic on the LDP between Persiaran Surian and the Penchala Toll Plaza. A new two-lane viaduct from Bandar Utama to Penchala Toll Plaza has now been completed and opened to traffic. Package A, involving the construction of a new ramp towards Putrajaya and enhancement works in the vicinity of Puchong Intan and Puchong Perdana Interchanges, were completed and opened to traffic in December 2011. The final Package C, which is expected to complete in the third quarter of 2012, involves upgrading and improvement works between Petaling Jaya Toll Plaza to Puchong Jaya.

All these upgrades, improvements and enhancements are aimed at allowing motorists to cut travel times and enjoy smoother journeys by removing congested traffic lights intersections, and segregating mainline and local traffic streams. With the completion of these works, the LDP is now well equipped to handle even higher traffic volumes that will emanate from the completion of major developments such as Icon City in SS8 Petaling Jaya, Empire Damansara at Damansara Perdana and Paradigm Mall at Kelana Jaya.

In the next few years, motorists using LDP and SPRINT will also face some inconveniences as construction works for the KVMRT, SBK Line and the Light Rail Transit (LRT) extension projects go into full swing. We apologise in advance for these inconveniences and assure motorists that we will spare no efforts and take all steps necessary to minimise traffic disruption.

*Part of the RM133 million Taman Tun Dr Ismail Interchange upgrade, the new two-lane underpass leading towards Bandar Utama and Kepong was completed and opened to traffic in April 2012*

