



Building a better  
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**GAMUDA BERHAD**  
**(29579-T)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial**  
**Statements**  
**31 July 2013**

**Gamuda Berhad**  
**(Incorporated in Malaysia)**

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**Gamuda Berhad**  
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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 2013.

**Principal activities**

The principal activities of the Company are that of investment holding and civil engineering construction.

The principal activities of the subsidiaries, associated companies and jointly controlled entities are described in Notes 18, 19 and 20 to the financial statements respectively.

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

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	<u>550,059</u>	<u>170,951</u>
Attributable to:		
Owners of the Company	541,399	170,951
Non-controlling interests	8,660	-
	<u>550,059</u>	<u>170,951</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the arbitral awards and other costs of RM110,700,000 as further disclosed in Notes 7 and 40.

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**Dividends**

The amount of dividends declared and paid by the Company since 31 July 2012 were as follows:

<b>In respect of the financial year ended 31 July 2013:</b>	<b>RM'000</b>
First interim single tier dividend of 6 sen per share declared on 13 December 2012 and paid on 23 January 2013	125,337
Second interim single tier dividend of 6 sen per share declared on 27 June 2013 and paid on 31 July 2013	136,571
	<u>261,908</u>

The directors do not recommend the payment of any final dividend in respect of the current financial year.

**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:

YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
 Y Bhg Dato' Lin Yun Ling  
 Y Bhg Dato' Ir. Ha Tiing Tai  
 Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi  
 Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain  
 YTM Raja Dato' Seri Eleena binti Sultan Azlan Shah  
 Y Bhg Dato' Seri Ir. Kamarul Zaman bin Mohd Ali  
 Y Bhg Dato' Haji Azmi bin Mat Nor  
 Y Bhg Dato' Goon Heng Wah  
 Y Bhg Dato' Ng Kee Leen  
 YM Tunku Afwida binti Tunku A.Malek  
 Saw Wah Theng  
 Ir. Chow Chee Wah (alternate to Y Bhg Dato' Lin Yun Ling)  
 Ir. Adrian Brian Lam (alternate to Y Bhg Dato' Ir. Ha Tiing Tai) (appointed on 8 March 2013)  
 Ir. Chan Kong Wah (alternate to Y Bhg Dato' Goon Heng Wah) (appointed on 8 March 2013)  
 Soo Kok Wong (alternate to Saw Wah Theng) (appointed on 8 March 2013)

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**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 41 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 over shares 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 2012/At appointment date	Exercise of ESOS/ Conversion of warrants/ Bought/ Transferred in	Sold/ Transferred out	31 July 2013
<b>Gamuda Berhad</b>				
<b>Direct holding</b>				
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	80,000	-	(80,000)	-
Y Bhg Dato' Lin Yun Ling ^	-	67,632,636	-	67,632,636
Y Bhg Dato' Ir. Ha Tling Tai	18,015,876	-	-	18,015,876
Y Bhg Tan Sri Dato' Mohd Ramli bin Kushairi	22,600	40,000	(20,000)	42,600
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	100,000	20,000	-	120,000
YTM Raja Dato' Seri Eleena binti Sultan Azlan Shah	200,000	-	-	200,000

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**Directors' interests (cont'd.)**

	<----- Number of ordinary shares of RM1 each ----->			
	1 August 2012/At appointment date	Exercise of ESOS/ Conversion of warrants/ Bought/ Transferred in	Sold/ Transferred out	31 July 2013
<b>Gamuda Berhad</b>				
<b>Direct holding (cont'd.)</b>				
Y Bhg Dato' Seri Ir. Kamarul Zaman bin Mohd Ali	413,000	108,000	(350,000)	171,000
Y Bhg Dato' Haji Azmi bin Mat Nor	320,000	480,000	(320,000)	480,000
Y Bhg Dato' Goon Heng Wah	13,620,000	360,000	-	13,980,000
Y Bhg Dato' Ng Kee Leen	32,024,898	4,871,500	(28,500,000)	8,396,398
Saw Wah Theng	325,000	700,000	(467,600)	557,400
Ir. Chow Chee Wah	108,000	650,000	(158,000)	600,000
Ir. Adrian Brian Lam	-	300,000	-	300,000
Ir. Chan Kong Wah	490,000	110,000	(40,000)	560,000
Soo Kok Wong	70,000	-	-	70,000
<b>Indirect holding</b>				
Y Bhg Dato' Lin Yun Ling ^	34,697,636	-	(34,697,636)	-
Y Bhg Dato' Ir. Ha Tiing Tai #	14,200	-	-	14,200
YTM Raja Dato' Seri Eleena binti Sultan Azlan Shah *	131,200,000	-	(5,200,000)	126,000,000
Y Bhg Dato' Seri Ir. Kamarul Zaman bin Mohd Ali *	2,407,630	-	-	2,407,630
Y Bhg Dato' Goon Heng Wah #	5,104,032	-	-	5,104,032
Y Bhg Dato' Ng Kee Leen #	522,472	197,100	(522,000)	197,572

^ On 5 October 2012, Y Bhg Dato' Lin Yun Ling transferred 34,697,636 ordinary shares in the Company from HSBC (Malaysia) Trustee Berhad to his own name.

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

# Deemed interest through spouse

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**Directors' interests (cont'd.)**

**Employees' share option scheme ("ESOS")**

	Option price RM	<----- Number of options ----->			
		1 August 2012/At appointment date	Allotted	Exercised	31 July 2013
Y Bhg Dato' Lin Yun Ling	2.49	1,500,000	-	-	1,500,000
Y Bhg Dato' Ir. Ha Tiing Tai	2.49	900,000	-	-	900,000
	3.46	-	360,000	-	360,000
Y Bhg Dato' Seri Ir. Kamarul Zaman bin Mohd Ali	2.49	432,000	-	(108,000)	324,000
	3.24	270,000	-	-	270,000
Y Bhg Dato' Haji Azmi bin Mat Nor	2.49	480,000	-	(480,000)	-
Y Bhg Dato' Goon Heng Wah	2.49	360,000	-	(360,000)	-
Y Bhg Dato' Ng Kee Leen	2.49	900,000	-	(900,000)	-
Saw Wah Theng	2.49	900,000	-	(700,000)	200,000
Ir. Chow Chee Wah	1.73	35,000	-	(35,000)	-
	2.49	800,000	-	(615,000)	185,000
Ir. Adrian Brian Lam	2.32	230,000	-	-	230,000
	2.49	650,000	-	(300,000)	350,000
	3.24	130,000	-	-	130,000
	3.46	39,000	-	-	39,000
Ir. Chan Kong Wah	2.49	100,000	-	(100,000)	-
	3.61	10,000	-	(10,000)	-
Soo Kok Wong	3.46	21,000	-	-	21,000

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**Directors' interests (cont'd.)**

**Warrants 2010/2015**

	<----- Number of warrants ----->			
	1 August 2012/At appointment date	Bought/ Transferred in	Converted/ Sold/ Transferred out	31 July 2013
<b>Direct holding</b>				
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	10,100	-	(10,100)	-
Y Bhg Dato' Lin Yun Ling ^	-	4,403,100	-	4,403,100
Y Bhg Dato' Ir. Ha Tiing Tai	2,278,400	-	-	2,278,400
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	-	20,000	(20,000)	-
YTM Raja Dato' Seri Eleena binti Sultan Azlan Shah	25,000	-	-	25,000
Y Bhg Dato' Haji Azmi bin Mat Nor	36,600	-	-	36,600
Y Bhg Dato' Goon Heng Wah	1,648,300	-	-	1,648,300
Y Bhg Dato' Ng Kee Leen	4,016,500	-	(3,971,500)	45,000
Saw Wah Theng	47,375	-	-	47,375
Ir. Chow Chee Wah	20,200	-	-	20,200
Ir. Chan Kong Wah	640,000	-	(160,000)	480,000
Soo Kok Wong	224,800	-	-	224,800
<b>Indirect holding</b>				
Y Bhg Dato' Lin Yun Ling ^	4,403,100	-	(4,403,100)	-
Y Bhg Dato' Ir. Ha Tiing Tai #	1,800	-	-	1,800
YTM Raja Dato' Seri Eleena binti Sultan Azlan Shah *	1,400,000	-	-	1,400,000
Y Bhg Dato' Goon Heng Wah #	651,400	-	-	651,400
Y Bhg Dato' Ng Kee Leen #	197,100	-	(197,100)	-

^ On 5 October 2012, Y Bhg Dato' Lin Yun Ling transferred 4,403,100 warrants in the Company from HSBC (Malaysia) Trustee Berhad to his own name.

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

# Deemed interest through spouse

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares, options over shares or warrants of the Company or its related corporations during the financial year.



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**Issue of shares**

During the financial year, the Company increased its issued and paid up capital from RM2,079,412,066 to RM2,276,644,253 by way of:

- (a) The issuance of 44,026,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's ESOS at the option prices as disclosed in Note 28(e) to the financial statements; and
- (b) The issuance of 153,206,187 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants 2010/2015 at the exercise price of RM2.66 per warrant in accordance with the Deed Poll dated 15 April 2010 as disclosed in Note 28(b) to the financial statements.

The ordinary shares issued from the exercise of options and Warrants 2010/2015 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

**Employees' share option scheme**

The Gamuda Berhad Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting held on 5 July 2006 and is effective for 5 years from 6 July 2006 to 5 July 2011 ("Expiry Date"). On 22 December 2009, the Expiry Date was subsequently extended to 5 July 2014, pursuant to By-law 17.3 of the ESOS.

The principal features of the ESOS, details of share options exercised during the financial year and outstanding at the end of the financial year are disclosed in Note 28(c) and Note 28(e).

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of options, other than directors, who have been granted options to subscribe for less than 70,000 or more ordinary shares of RM1.00 each. The names of the option holders granted options to subscribe for 70,000 or more ordinary shares of RM1.00 each during the financial year are as follows:

<b>Name</b>	<b>Expiry date</b>	<b>Number of options</b>
Yap Chin Hua	5 July 2014	140,000
Goh Khir Chaye	5 July 2014	138,000
Ubull A/L Dinom	5 July 2014	115,000
Foo Chew Sam	5 July 2014	100,000
Tan Kim Whatt	5 July 2014	100,000
Yong Ay Lu	5 July 2014	75,000
Lau Boon San	5 July 2014	70,000

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

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**Warrants 2010/2015**

Each Warrant 2010/2015 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 26 May 2010 to 25 May 2015, at an exercise price of RM2.66 in accordance with the Deed Poll dated 15 April 2010. Any Warrant 2010/2015 not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 94,347,868 Warrants 2010/2015 remained unexercised.

The ordinary shares issued from the exercise of Warrants 2010/2015 shall rank *pari passu* in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants 2010/2015.

**Other statutory information**

- (a) Before the income statements, statements of comprehensive income and statements of financial position 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 all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values 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) the amount written off for 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.

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**Other statutory information (cont'd.)**

- (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.
- (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.
- (g) The Company has been granted exemption by the Companies Commission of Malaysia for its three subsidiaries, Gamuda-Nam Long Development Limited Liability Company and Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company with December financial year end and Gamuda Land Vietnam Limited Liability Company with June financial year end from having to comply with Section 168(1)(b) of the Companies Act, 1965 to adopt a financial year end which coincides with that of its holding company for the financial year ended 31 July 2013.

**Significant events**

Significant events are as disclosed in Note 42 to the financial statements.

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**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 dated 8 October 2013.



YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
Chairman



Saw Wah Theng  
Finance Director

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**Statement by Directors  
Pursuant to Section 169(15) of the Companies Act, 1965**

We, YM Raja Dato' Seri Abdul Aziz bin Raja Salim 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 15 to 178 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 47 to the financial statements on page 179 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2013.

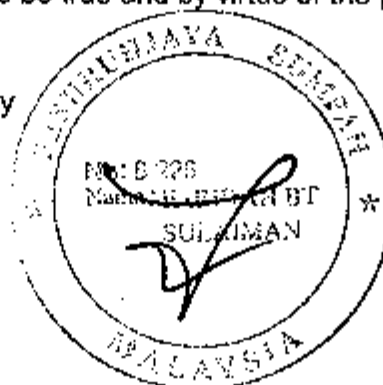
YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
Chairman

Saw Wah Theng  
Finance Director

**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 15 to 179 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Saw Wah Theng  
at Petaling Jaya in Selangor Darul  
Ehsan on 8 October 2013



Saw Wah Theng

Before me,

No. 42C (3rd floor)  
Jalan SS 22/21, Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan

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**Independent auditors' report to the members of  
Gamuda Berhad  
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**Report on the financial statements**

We have audited the financial statements of Gamuda Berhad, which comprise the statements of financial position as at 31 July 2013 of the Group and of the Company, and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 178.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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**Independent auditors' report to the members of  
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*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) 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.
- (d) 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.



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**Independent auditors' report to the members of  
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**Other matters**

The supplementary information set out in Note 47 on page 179 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Abraham Verghese A/L T.V. Abraham  
No. 1664/10/14(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
8 October 2013



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**Consolidated income statement**  
**For the year ended 31 July 2013**

	Note	2013 RM'000	2012 RM'000
Revenue	4	3,863,120	3,087,003
Other income		64,479	45,671
Construction contract costs recognised as contract expenses		(2,271,570)	(1,508,123)
Land and development costs		(648,866)	(688,653)
Changes in inventory of finished goods and work in progress		1,572	2,348
Purchases - raw materials		(37,885)	(46,022)
- trading materials		(108,896)	(108,013)
Production overheads		(42,572)	(41,220)
Staff costs	5	(103,706)	(70,332)
Depreciation and amortisation		(26,487)	(23,703)
Arbitral awards and other costs	7	(110,700)	-
Other operating expenses		(86,302)	(64,487)
Profit from operations	7	512,187	584,469
Finance costs	8	(60,768)	(62,390)
Share of profits of associated companies		241,206	206,131
Profit before taxation		692,625	728,210
Taxation	9	(142,566)	(162,219)
Profit for the year		550,059	565,991
Profit attributable to:			
Owners of the Company		541,399	547,305
Non-controlling interests		8,660	18,686
		550,059	565,991
Earnings per share (sen)			
Basic	10	25.37	26.42
Diluted	10	24.86	25.56
Net dividends per ordinary share (sen)	11	12.0	12.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Consolidated statement of comprehensive income**  
**For the year ended 31 July 2013**

	2013 RM'000	2012 RM'000
Profit for the year	550,059	565,991
Other comprehensive income:		
Fair value gain/(loss) on cash flow hedges	2,448	(1,471)
Foreign currency translation	31,192	38,864
Share of other comprehensive loss of associated companies	(26,154)	(18,306)
Net asset accretion in an associated company arising from capital contribution	8,217	6,417
Other comprehensive income for the year, net of tax	15,703	25,504
Total comprehensive income for the year	<u>565,762</u>	<u>591,495</u>
Total comprehensive income attributable to:		
Owners of the Company	558,557	570,997
Non-controlling interests	7,205	20,498
	<u>565,762</u>	<u>591,495</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Gamuda Berhad**  
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**Consolidated statement of financial position**  
**As at 31 July 2013**

	Note	2013 RM'000	2012 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	395,050	375,388
Land held for property development	13(a)	1,101,703	580,854
Investment properties	14	66,822	47,838
Prepaid land lease payments	15	4,020	4,447
Motorway development expenditure	16	318,440	318,807
Intangible assets	17	94,750	97,848
Interests in associated companies	19	1,803,201	1,660,337
Other investments	21	733	733
Deferred tax assets	33	49,854	23,473
Receivables	23(b)	260,044	160,020
		<u>4,092,617</u>	<u>3,269,745</u>
<b>Current assets</b>			
Property development costs	13(b)	1,912,009	1,886,442
Inventories	22	96,266	66,481
Receivables	23(a)	1,915,986	1,637,715
Tax recoverable		47,155	22,086
Investment securities	24	514,922	279,104
Cash and bank balances	27	1,230,210	1,337,355
		<u>5,716,548</u>	<u>5,229,183</u>
<b>Total assets</b>		<u><b>9,809,165</b></u>	<u><b>8,498,928</b></u>

**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**Consolidated statement of financial position**  
**As at 31 July 2013 (cont'd.)**

	Note	2013 RM'000	2012 RM'000
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	28	2,276,644	2,079,412
Reserves		2,604,117	1,968,620
<b>Owners' equity</b>		<u>4,880,761</u>	<u>4,048,032</u>
<b>Non-controlling interests</b>		226,087	220,839
<b>Total equity</b>		<u>5,106,848</u>	<u>4,268,871</u>
<b>Non-current liabilities</b>			
Payables	32(a)	414,282	166,337
Provision for liabilities	38	5,028	12,931
Deferred tax liabilities	33	83,228	84,626
Long term borrowings	34	1,717,265	1,036,878
Derivatives	32(b)	1,755	4,281
		<u>2,221,558</u>	<u>1,305,053</u>
<b>Current liabilities</b>			
Short term borrowings	35	741,435	1,145,463
Payables	36	1,657,338	1,727,034
Provision for liabilities	38	44,078	21,177
Tax payable		35,263	28,763
Derivatives	32(b)	2,645	2,567
		<u>2,480,759</u>	<u>2,925,004</u>
<b>Total liabilities</b>		<u>4,702,317</u>	<u>4,230,057</u>
<b>Total equity and liabilities</b>		<u>9,809,165</u>	<u>8,498,928</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Gamuda Berhad**  
(Incorporated in Malaysia)

**Consolidated statement of changes in equity**  
**For the year ended 31 July 2013**

Group	Share capital		Share premium		Option reserves		Other reserves (Note 29)		Retained profits		Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 August 2011</b>	2,064,824	126,227	29,647	6,520	1,459,347	3,686,565	200,341	3,886,906			
<b>Total comprehensive income</b>	-	-	-	23,692	547,305	570,997	20,498	591,495			

**Transactions with owners:**

Issue of ordinary shares pursuant to:

Exercise of ESOS (Note 28)

Conversion of Warrants (Note 28)

Share options granted under ESOS

Share options exercised under ESOS

Dividends (Note 11)

Total transactions with owners

**At 31 July 2012**

	Attributable to owners of the Company		Attributable to owners of the Company		Total equity
	Non-distributable	Distributable	Non-controlling interests	Total equity	
12,889	19,326	-	-	32,215	32,215
1,699	2,993	-	(169)	4,523	4,523
-	-	3,345	-	3,345	3,345
-	4,682	(5,473)	-	(791)	(791)
-	-	-	(248,822)	(248,822)	(248,822)
14,588	27,001	(2,128)	(169)	(209,530)	(209,530)
<b>2,079,412</b>	<b>153,228</b>	<b>27,519</b>	<b>30,043</b>	<b>4,048,032</b>	<b>4,268,871</b>

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**Gamuda Berhad**  
(Incorporated in Malaysia)

**Consolidated statement of changes in equity**  
**For the year ended 31 July 2013 (cont'd.)**

Group	Attributable to owners of the Company							Total equity RM'000
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 29) RM'000	Retained profits RM'000	Non-controlling interests RM'000	Total RM'000	
At 1 August 2012	2,079,412	153,228	27,519	30,043	1,757,830	220,839	4,048,032	4,268,871
Total comprehensive income	-	-	-	17,158	541,399	7,205	558,557	565,762
<b>Transactions with owners:</b>								
Issue of ordinary shares pursuant to:								
Exercise of ESOS (Note 28)	44,026	78,890	-	-	-	-	122,916	122,916
Conversion of Warrants (Note 28)	153,206	269,643	-	(15,321)	-	-	407,528	407,528
Share options granted under ESOS	-	-	6,144	-	-	-	6,144	6,144
Share options exercised under ESOS	-	15,710	(16,218)	-	-	-	(508)	(508)
Dividends (Note 11)	-	-	-	-	(261,908)	-	(261,908)	(261,908)
Dividend paid to non-controlling interests	-	-	-	-	-	(1,957)	-	(1,957)
Total transactions with owners	197,232	364,243	(10,074)	(15,321)	(261,908)	(1,957)	274,172	272,215
At 31 July 2013	2,276,644	517,471	17,445	31,880	2,037,321	226,087	4,880,761	5,106,848

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Gamuda Berhad**  
(Incorporated in Malaysia)

**Consolidated statement of cash flows**  
**For the year ended 31 July 2013**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	692,625	728,210
Adjustments for:		
Amortisation of concession and quarry rights	3,098	3,099
Amortisation of prepaid land lease payments	427	425
Amortisation of motorway development expenditure	2,367	4,550
Depreciation		
- Property, plant and equipment	19,974	15,588
- Investment properties	621	41
Property, plant and equipment written off	283	1,404
Reversal of impairment loss on trade receivables	-	(251)
Net provision for liabilities	21,813	26,631
Provision for retirement benefits	2,195	2,896
Provision for short term		
accumulating compensated absences	244	305
Provision for foreseeable losses	11,779	2,016
Net gain on disposal of property, plant and equipment	(3,627)	(4,247)
Share of profits from associated companies	(241,206)	(206,131)
Share based payments	6,144	3,345
Unrealised loss/(gain) on foreign exchange	10,531	(2,174)
Distribution from investment securities	(17,980)	(1,055)
Reversal of impairment loss on land	-	(20,896)
Interest income	(37,520)	(35,495)
Interest expense	60,768	62,390
Operating profit before working capital changes	532,536	580,651
Increase in development properties	(433,592)	(640,979)
Increase in inventories	(15,375)	(32,376)
(Increase)/decrease in receivables	(461,984)	174,883
Increase in payables	163,621	329,517
Cash (used in)/generated from operations	(214,794)	411,696
Income taxes paid	(164,544)	(153,252)
Interest paid	(109,673)	(113,091)
Retirement benefits paid	(517)	(5,182)
Net cash (used in)/generated from operating activities	(489,528)	140,171

**Gamuda Berhad**  
(Incorporated in Malaysia)

**Consolidated statement of cash flows**  
**For the year ended 31 July 2013 (cont'd.)**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(53,868)	(82,952)
Purchase of investment properties	(19,605)	(22,165)
Proceeds from disposal of property, plant and equipment	11,706	22,149
Net (purchase)/proceeds from disposal of investment securities	(235,818)	57,519
Capital repayment from an associated company	19,565	56,870
Distribution received from investment securities	17,980	1,055
Dividend received from associated companies	77,609	96,665
Interest received	37,520	35,495
Net cash (used in)/generated from investing activities	<u>(144,911)</u>	<u>164,636</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(902,938)	(220,806)
Drawdown of borrowings	1,162,978	404,727
Net proceeds from exercise of ESOS	122,915	32,215
Net proceeds from conversion of warrants	407,528	4,523
Dividend paid to shareholders	(261,908)	(248,822)
Dividend paid to non-controlling interests	(1,957)	-
Net cash generated from/(used in) financing activities	<u>526,618</u>	<u>(28,163)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(107,821)</b>	<b>276,644</b>
<b>Effects of exchange rate changes</b>	<b>676</b>	<b>11,743</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,337,355</b>	<b>1,048,968</b>
<b>Cash and cash equivalents at end of year (Note 27)</b>	<b><u>1,230,210</u></b>	<b><u>1,337,355</u></b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**Income statement**  
**For the year ended 31 July 2013**

	Note	2013 RM'000	2012 RM'000
Revenue	4	258,900	453,674
Other income		60,156	48,323
Construction contract costs recognised as contract expenses		-	(3,114)
Staff costs	5	(31,501)	(20,601)
Depreciation		(7,446)	(5,238)
Other operating expenses		(33,426)	(40,079)
Profit from operations	7	<u>246,683</u>	<u>432,965</u>
Finance costs	8	(54,344)	(52,020)
Profit before taxation		192,339	380,945
Taxation	9	(21,388)	(75,188)
Profit for the year		<u>170,951</u>	<u>305,757</u>
Net dividends per ordinary share (sen)	11	<u>12.0</u>	<u>12.0</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**Statement of comprehensive income**  
**For the year ended 31 July 2013**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	170,951	305,757
Other comprehensive income:		
Fair value gain/(loss) on cash flow hedges	2,448	(1,471)
Foreign currency translation	(592)	(4,087)
Other comprehensive income/(loss) for the year, net of tax	1,856	(5,558)
<b>Total comprehensive income for the year</b>	<b>172,807</b>	<b>300,199</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**Statement of financial position**  
**As at 31 July 2013**

	Note	2013 RM'000	2012 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	163,545	162,207
Investment properties	14	10,858	11,009
Investments in subsidiaries	18	2,657,027	2,250,556
Interests in associated companies	19	702,049	702,049
Interests in jointly controlled entities	20	254,476	254,476
Other investments	21	733	733
Deferred tax assets	33	23,470	5,551
Due from a subsidiary	26	622,437	517,843
		<u>4,434,595</u>	<u>3,904,424</u>
<b>Current assets</b>			
Receivables	23(a)	57,300	57,767
Due from subsidiaries	26	290,049	353,412
Investment securities	24	113,146	1,474
Cash and bank balances	27	125,587	128,442
		<u>586,082</u>	<u>541,095</u>
<b>Total assets</b>		<u>5,020,677</u>	<u>4,445,519</u>

**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**Statement of financial position**  
**As at 31 July 2013 (cont'd.)**

	Note	2013 RM'000	2012 RM'000
<b>Equity and liabilities</b>			
Share capital	28	2,276,644	2,079,412
Reserves		868,145	618,398
<b>Owners' equity</b>		<u>3,144,789</u>	<u>2,697,810</u>
<b>Non-current liabilities</b>			
Payables	32(a)	1,283	1,233
Long term borrowings	34	1,168,614	501,505
Derivatives	32(b)	1,755	4,281
		<u>1,171,652</u>	<u>507,019</u>
<b>Current liabilities</b>			
Short term borrowings	35	415,185	1,008,237
Payables	36	62,426	56,512
Due to subsidiaries	37	207,268	168,304
Tax payable		16,712	5,070
Derivatives	32(b)	2,645	2,567
		<u>704,236</u>	<u>1,240,690</u>
<b>Total liabilities</b>		<u>1,875,888</u>	<u>1,747,709</u>
<b>Total equity and liabilities</b>		<u>5,020,677</u>	<u>4,445,519</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Gamuda Berhad**  
(Incorporated in Malaysia)

**Statement of changes in equity**  
**For the year ended 31 July 2013**

Company	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 29) RM'000	Retained profits (Note 30) RM'000		
<b>At 1 August 2011</b>	2,064,824	126,227	29,647	34,812	351,631	2,607,141	
<b>Total comprehensive income</b>	-	-	-	(5,558)	305,757	300,199	

**Transactions with owners:**

Issue of ordinary shares pursuant to:

Exercise of ESOS (Note 28)

Conversion of Warrants (Note 28)

Share options granted under ESOS

Share options exercised under ESOS

Dividends (Note 11)

Total transactions with owners

**At 31 July 2012**

12,889	19,326	-	-	-	-	32,215
1,699	2,993	-	(169)	-	-	4,523
-	-	3,345	-	-	-	3,345
-	4,682	(5,473)	-	-	-	(791)
-	-	-	-	-	(248,822)	(248,822)
14,588	27,001	(2,128)	(169)	(248,822)	(248,822)	(209,530)
<b>2,079,412</b>	<b>153,228</b>	<b>27,519</b>	<b>29,085</b>	<b>408,566</b>	<b>2,697,810</b>	

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**Gamuda Berhad**  
(Incorporated in Malaysia)

**Statement of changes in equity**  
**For the year ended 31 July 2013 (cont'd.)**

Company	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 29) RM'000	Retained profits (Note 30) RM'000		
<b>At 1 August 2012</b>	2,079,412	153,228	27,519	29,085	408,566		2,697,810
Total comprehensive income	-	-	-	1,856	170,951		172,807

**Transactions with owners:**

Issue of ordinary shares pursuant to:

Exercise of ESOS (Note 28)

Conversion of Warrants (Note 28)

Share options granted under ESOS

Share options exercised under ESOS

Dividends (Note 11)

Total transactions with owners

**At 31 July 2013**

44,026	78,890	-	-	-	-	-	122,916
153,206	269,643	-	(15,321)	-	-	-	407,528
-	-	6,144	-	-	-	-	6,144
-	15,710	(16,218)	-	-	-	-	(508)
-	-	-	-	-	-	(261,908)	(261,908)
197,232	364,243	(10,074)	(15,321)	(261,908)			274,172
<b>2,276,644</b>	<b>517,471</b>	<b>17,445</b>	<b>15,620</b>	<b>317,609</b>			<b>3,144,789</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Gamuda Berhad**  
(Incorporated in Malaysia)

**Statement of cash flows**  
**For the year ended 31 July 2013**

	2013 RM'000	2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	192,339	380,945
Adjustments for:		
Appropriation of profits from jointly controlled entities	(37,067)	(63,306)
Depreciation	7,446	5,238
Provision for retirement benefits	(262)	469
Provision/(reversal) of short term accumulating absences	159	(68)
Net (gain)/loss on disposal of property, plant and equipment	(202)	175
Property, plant and equipment written off	3	34
Unrealised loss on foreign exchange	19,812	35,125
Share based payments	6,144	3,345
Dividend income	(221,833)	(387,216)
Distribution from investment securities	(3,033)	(1,015)
Reversal of impairment loss on land	-	(20,896)
Interest income	(48,391)	(27,600)
Interest expense	54,344	52,020
Operating loss before working capital changes	(30,541)	(22,750)
Decrease/(increase) in due from subsidiaries	66,032	(113,336)
(Decrease)/increase in due to subsidiaries	(31,231)	17,021
Increase in receivables	(15)	(3,302)
(Decrease)/increase in payables	1,901	790
Cash used in operations	6,146	(121,577)
Dividend received	207,532	325,586
Income taxes paid	(13,363)	(15,955)
Interest paid	(54,344)	(52,020)
Retirement benefits paid	-	(1,088)
Net cash generated from operating activities	145,971	134,946
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,665)	(60,634)
Proceeds from disposal of property, plant and equipment	205	3,261
Purchase of investment securities	(111,672)	(45)
Net investment in subsidiaries	(406,471)	(600)
Interests in jointly controlled entities	-	(9,875)
Distribution received from investment securities	3,033	1,015
Interest received	48,391	27,600
Net cash used in investing activities	(475,179)	(39,278)

**Gamuda Berhad**  
**(incorporated in Malaysia)**

**Statement of cash flows**  
**For the year ended 31 July 2013 (cont'd.)**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	685,001	234,054
Repayment of borrowings	(627,263)	(59,084)
Net proceeds from exercise of ESOS	122,915	32,215
Net proceeds from conversion of warrants	407,528	4,523
Dividend paid to shareholders	(261,908)	(248,822)
Net cash generated from/(used in) financing activities	<u>326,273</u>	<u>(37,114)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,935)	58,554
<b>Effects of exchange rate changes</b>	80	(1,818)
<b>Cash and cash equivalents at beginning of year</b>	<u>128,442</u>	<u>71,706</u>
<b>Cash and cash equivalents at end of year (Note 27)</b>	<u><u>125,587</u></u>	<u><u>128,442</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**Notes to the financial statements - 31 July 2013**

**1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Menara Gamuda, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and civil engineering construction. The principal activities of the subsidiaries, associated companies and jointly controlled entities are described in Notes 18, 19 and 20 respectively. There were no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2013.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 August 2012, the Group and the Company adopted the following amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012 and 1 July 2012.

**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies**

**Effective for annual periods beginning on or after 1 January 2012:**

FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Disclosures - Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets

**Effective for annual periods beginning on or after 1 July 2012:**

FRS 101	Presentation of Items of Other Comprehensive Income
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The adoption of the standards and interpretations above did not have any significant impact on the financial statements of the Group and of the Company.

**2.3 Standards issued but not yet effective**

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

**Effective for annual periods beginning on or after 1 January 2013:**

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits

**Gamuda Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective (cont'd.)**

**Effective for annual periods beginning on or after 1 January 2013 (cont'd.):**

FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
IC Interpretation 20	Stripping costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRSs	'Improvements to FRSs (2012)'
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Financial Statement (Improvements to FRSs (2012))
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to IC Interpretation 2	Member's shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))

**Effective for annual periods beginning on or after 1 January 2014:**

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
FRS 136	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to FRS 136)
FRS 139	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to FRS 139)
IC Interpretation 21	Levies

**Gamuda Berhad**  
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**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective (cont'd.)**

**Effective for annual periods beginning on or after 1 January 2015:**

**FRS 9**                                 **Financial Instruments**

The directors expect that the adoption of the standards and interpretations above will have no significant impact on the financial statements in the period of initial application, except as disclosed below:

**FRS 9: Financial Instruments – Classification and Measurement**

FRS 9 addresses the classification and measurement of financial instruments. FRS 9 defines criteria for financial assets that can be measured at amortised costs subsequent to its initial recognition and also requires changes of fair value attributable to credit risk change for financial liabilities to be presented in statement of other comprehensive income.

**FRS 10 Consolidated financial statements**

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

**FRS 11 Joint Arrangements**

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

A joint arrangement can be either a joint venture or a joint operation.

FRS 11 requires a joint operator to recognise and measure the assets and liabilities (and recognise the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant FRSs applicable to particular assets, liabilities, revenues and expenses.

FRS 11 requires a joint venturer to recognise an investment and to account for that investment using the equity method in accordance with FRS 128 Investments in Associates and Joint Ventures, unless the entity is exempted from applying the equity method as specified in that standard.

**Gamuda Berhad**  
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**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective (cont'd.)**

**FRS 12 Disclosure of Interests in Other Entities**

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

**FRS 13 Fair Value Measurement**

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

**FRS 119 Employee Benefits**

FRS 119 requires to recognise the changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

**FRS 127 Separate Financial Statements**

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

**FRS 128 Investment in Associates and Joint Ventures**

The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11.

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**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective (cont'd.)**

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). This is in line with the need for convergence with International Financial Reporting Standards (IFRS) in 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for three years and adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2016. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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**2. Summary of significant accounting policies (cont'd.)**

**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. When the reporting dates of the parent and of the subsidiary are different, the subsidiary prepares additional financial statements as of the same date as that of the parent for consolidation purposes. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Intragroup losses that indicate an impairment may require recognition in the consolidated financial statements

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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**2. Summary of significant accounting policies (cont'd.)**

**2.5 Transactions with non-controlling interest**

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

**2.6 Subsidiaries**

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses.

**2.7 Associated companies**

Associated companies are entities, not being a subsidiary or a joint venture, in which the Group has significant influence. An associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. Goodwill relating to associated company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss for the period in which the investment is acquired.



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**2. Summary of significant accounting policies (cont'd.)**

**2.7 Associated companies (cont'd.)**

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated companies. The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated companies are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**2.8 Joint venture**

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. When the reporting dates of the Company and a joint venture are different, the joint venture prepares additional financial statements as of the same date as that of the Company for consolidation purposes. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

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## **2. Summary of significant accounting policies (cont'd.)**

### **2.8 Joint venture (cont'd.)**

In the Company's separate financial statements, its interests in jointly controlled entities are stated at cost less impairment losses.

On disposal of such interests, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### **2.9 Intangible assets**

#### **(a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.22.

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**2. Summary of significant accounting policies (cont'd.)**

**2.9 Intangible assets (cont'd.)**

**(b) Motorway development expenditure**

Motorway development expenditure ("MDE") is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.15. MDE comprises construction and attributable expenditure (including interest free and fee charges relating to the financing of the construction and development of the motorway) incurred by the Group in connection with the concession. Upon completion of the construction works of the motorway and commencement of tolling operations, at each statement of financial position date, the cumulative actual expenditure incurred is amortised to the income statement based on the following formula:

$$\left( \begin{array}{l} \text{Cumulative Actual Toll Revenue to date} \\ \text{.....} \\ \text{(Cumulative Actual Toll Revenue to date +} \\ \quad \text{Projected Total Toll Revenue for the} \\ \quad \text{remaining concession period)} \end{array} \right) \times \text{Cumulative Actual MDE} \left. \vphantom{\begin{array}{l} \text{Cumulative Actual Toll Revenue to date} \\ \text{.....} \\ \text{(Cumulative Actual Toll Revenue to date +} \\ \quad \text{Projected Total Toll Revenue for the} \\ \quad \text{remaining concession period)} \end{array}} \right\} \text{Less Accumulated amortisation at beginning of the financial year}$$

The projected total toll revenue of the concession for the remaining concession period is based on the traffic volumes projected by an independent professional firm of the traffic consultants in a latest available projection study commissioned by the Group, taking into account the toll rates as provided in the concession agreement.

The effects of changes in the estimates are included in the amortisation for the year.

**(c) Other intangible assets**

Other intangible assets of the Group comprise concession and quarry rights.

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, other intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

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**2. Summary of significant accounting policies (cont'd.)**

**2.9 Intangible assets (cont'd.)**

**(c) Other intangible assets (cont'd.)**

Other intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**2.10 Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. 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:

Buildings	2%
Plant, machinery and golf, gym and club house equipment	12% - 33%
Office equipment, furniture and fittings	10% - 33%
Motor vehicles	12% - 25%

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**2. Summary of significant accounting policies (cont'd.)**

**2.10 Property, plant and equipment and depreciation (cont'd.)**

Certain land and buildings 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 FRS116<sub>2004</sub>: Property, Plant and Equipment, these assets continue to be stated at their 1991 valuation less accumulated depreciation and impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.15.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

**2.11 Investment properties**

Investment properties consist of land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. The depreciation policy for investment properties is consistent with that for depreciable property, plant and equipment as described in Note 2.10. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.15.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. When an entity uses the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

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**2. Summary of significant accounting policies (cont'd.)**

**2.12 Service concession arrangements**

The Group recognises revenue from the construction and upgrading of the infrastructure in accordance with its accounting policy for construction contracts set out in Note 2.14. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.23.

The Group recognises the consideration receivable as an intangible asset to the extent that it receives a right to charge users of the public service. Intangible assets are accounted for in accordance with the accounting policy set out in Note 2.9.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 2.10. When the Group has contractual obligations that it must fulfill as a condition of its license to: a) maintain the infrastructure to a specified standard or, b) to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 2.18. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

**2.13 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 2.15.

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.

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**2. Summary of significant accounting policies (cont'd.)**

**2.13 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 profit or loss 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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

**2.14 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 estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to 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.

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**2. Summary of significant accounting policies (cont'd.)**

**2.14 Construction contracts (cont'd.)**

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

**2.15 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than construction contract assets, property development costs, deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.



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## **2. Summary of significant accounting policies (cont'd.)**

### **2.15 Impairment of non-financial assets (cont'd.)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### **2.16 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. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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.

### **2.17 Leases**

#### **(a) As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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**2. Summary of significant accounting policies (cont'd.)**

**2.17 Leases (cont'd.)**

**(a) As lessee (cont'd.)**

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**(b) As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21.

**2.18 Provisions**

Provisions for liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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**2. Summary of significant accounting policies (cont'd.)**

**2.19 Income taxes**

**(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred tax is provided for using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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**2. Summary of significant accounting policies (cont'd.)**

**2.19 Income taxes (cont'd.)**

**(b) Deferred tax (cont'd.)**

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.20 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.

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**2. Summary of significant accounting policies (cont'd.)**

**2.20 Employee benefits (cont'd.)**

**(ii) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(iii) Defined benefit plans**

The Group operates an unfunded Retirement Benefit Scheme ("the Scheme") for its eligible employees. The costs of providing benefits under defined benefit plans are determined using the projected unit credit actuarial valuation method. Actuarial gains or losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the defined benefit obligation at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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**2. Summary of significant accounting policies (cont'd.)**

**2.20 Employee benefits (cont'd.)**

**(iv) Share based compensation**

The Gamuda Berhad Employees' Share Option Scheme ("ESOS"), an equity-settled, share based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

**2.21 Revenue recognition**

Revenue and other income are recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

**(a) Revenue**

**(i) Engineering and construction contracts**

Revenue from engineering and construction contracts is accounted for by the stage of completion method as described in Note 2.14.

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**2. Summary of significant accounting policies (cont'd.)**

**2.21 Revenue recognition (cont'd.)**

**(a) Revenue (cont'd.)**

**(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. Sale of goods and services of the Group includes trading of construction materials and sales of manufactured products.

**(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) Dividend income**

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

**(b) Other income**

**(i) Interest income**

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

**(ii) Rental income**

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

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**2. Summary of significant accounting policies (cont'd.)**

**2.22 Foreign currencies**

**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

**(ii) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.



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**2. Summary of significant accounting policies (cont'd.)**

**2.22 Foreign currencies (cont'd.)**

**(iii) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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

	2013 RM	2012 RM
United States Dollar	3.235	3.183
Indian Rupee	0.054	0.058
New Taiwan Dollar	0.108	0.106
Qatari Riyal	0.889	0.875
Bahraini Dinar	8.630	8.574
100 Vietnam Dong	0.015	0.015

**2.23 Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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**2. Summary of significant accounting policies (cont'd.)**

**2.23 Financial assets (cont'd.)**

**(a) Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

**(b) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**2.23 Financial assets (cont'd.)**

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

**2.24 Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**2.25 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**2.26 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.27 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

## **2. Summary of significant accounting policies (cont'd.)**

### **2.27 Financial liabilities (cont'd.)**

#### **(b) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### **2.28 Derivative financial instruments and hedge accounting**

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**2.28 Derivative financial instruments and hedge accounting (cont'd.)**

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has entered into cash flow hedges and met the strict criteria for hedge accounting. The hedges are accounted for as follows:

**Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability.

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**2. Summary of significant accounting policies (cont'd.)**

**2.28 Derivative financial instruments and hedge accounting (cont'd.)**

**Cash flow hedges (cont'd.)**

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

To manage its risks, particularly interest rate risks, the Group has entered into a few interest rate swap arrangements.

The Group did not enter into any fair value hedge or net investment hedge as at the end of this financial year.

Derivative instruments that are not a designated and effective hedging instrument are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances.

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

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## **2. Summary of significant accounting policies (cont'd.)**

### **2.29 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

## **3. Significant accounting estimates and judgements**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **(a) Depreciation and impairment of property, plant and equipment**

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescences and legal or other limits on the use of the relevant assets.



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**3. Significant accounting estimates and judgements (cont'd.)**

**(a) Depreciation and impairment of property, plant and equipment (cont'd.)**

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimate of useful lives and residual values of property, plant and equipment brought about by changes in factors mentioned above. The Group also performs annual review of the assumptions made on useful lives and residual values to ensure that they continue to be valid.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately RM11,165,000 (2012: RM11,000,000) variance in the Group's profit for the year.

The Group also carried out impairment test, which required the estimation of the value-in-use of certain property, plant and equipment.

**(b) Amortisation of motorway development expenditure ("MDE")**

The cost of MDE is amortised over the concession period by applying the formula as disclosed in Note 2.9(b).

The denominator of the formula includes projected total toll revenue for subsequent years and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the toll rates in accordance with the concession agreement. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

The carrying amount of the Group's motorway development expenditure at the reporting date is disclosed in Note 16. A 5% difference in the projected total toll revenue for the remaining concession from management's estimates would result in approximately RM571,000 (2012: RM452,000) variance in the Group's profit for the year.

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**3. Significant accounting estimates and judgements (cont'd.)**

**(c) Amount due from/(to) customers for construction contracts and property development**

The Group and the Company recognise contract or property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract or property development costs incurred for work performed to date compared to the estimated total contract or property development costs.

Significant judgement is involved in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 13(b). A 5% difference in the estimated total property development cost would increase/decrease the Group's profit for the year by RM27,543,000 (2012: RM28,983,000).

**(d) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company are as disclosed in Note 33.

**(e) Impairment of investments**

At reporting date, management determines whether the carrying amounts of its investments are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

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**3. Significant accounting estimates and judgements (cont'd.)**

**(e) Impairment of investments (cont'd.)**

In performing discounted cash flow analysis, discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The growth rates used to forecast the projected cash flow for the following year approximate the performances of the respective investments based on the latest available management accounts.

Based on management's review, no further impairment is required for the investments of the Group and the Company during the current financial year.

**(f) Share-based payments to employees**

The cost of providing share-based payments to employees and directors is charged to profit or loss over the vesting period of the related share options. The cost is based on the fair value of the options and the number of options expected to vest. The fair value of each option is determined using the binomial model valued by an independent valuer.

The valuation of these share based payments requires judgements to be made in respect of the fair value of the options and the number of options to be vested. Details of assumptions made in respect of the share based payment scheme are disclosed in Note 28(f).

**(g) Defined benefit pension plans**

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates-of return of assets, future salary increases, mortality rates and future pension increases. The net employee liability of the Group and the Company as at 31 July 2013 is RM13,766,000 (2012: RM12,088,000) and RM1,283,000 (2012: RM1,545,000) respectively as further disclosed in Note 31.

**(h) Provision for development cost**

The Group recognises a provision for development cost in respect of development projects undertaken by its subsidiaries. In determining the provision, the Group has made assumptions in relation to the development cost incurred on the completed phases. As at 31 July 2013, the carrying amount of provision for development cost was RM33,892,000 (2012: RM24,210,000). Further details are provided in Note 38.

If the actual claims differ by 10% from management's estimates, the Group's profit for the year will increase/decrease by RM3,389,200 (2012: RM2,421,000).

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**3. Significant accounting estimates and judgements (cont'd.)**

**(i) Interests in associated companies**

At reporting date, included in the carrying amount of interests in associated companies, is the Group's share of receivables due from Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") which are outstanding amounting to RM734,229,000 (2012: RM569,278,000).

The slower recovery of receivables by SPLASH from SYABAS is primarily due to partial payments received from SYABAS. The directors of SPLASH are of the opinion that the amount will be fully settled by SYABAS within two years.

**(j) Timing of settlement of trade receivables**

Included in trade receivables is an amount due from an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") to a subsidiary, Gamuda Water Sdn. Bhd. ("Gamuda Water") amounting to RM243,415,000 (2012: RM193,091,000) for the supply of treated water.

Pursuant to the agreement with SPLASH, Gamuda Water's agreed trade credit term is 7 days from the date SPLASH receives its payment from Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS"). The slower recovery of debt by the Gamuda Water from SPLASH is primarily due to partial payments received by SPLASH from SYABAS.

The directors are of the opinion that this amount will be fully settled within two years.

**4. Revenue**

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Engineering and construction contracts	2,563,114	1,688,755	-	3,152
Sales of development properties	1,003,619	1,056,506	-	-
Quarry sales	35,225	43,447	-	-
Trading of construction materials	120,122	130,939	-	-
Sales of manufactured products	12,286	22,639	-	-
Supply of water and related services	100,634	101,126	-	-
Dividend income	-	-	221,833	387,216
Appropriation of profits from jointly controlled entities	-	-	37,067	63,306
Others	48,120	43,591	-	-
	<u>3,883,120</u>	<u>3,087,003</u>	<u>258,900</u>	<u>453,674</u>

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**5. Staff costs**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	165,695	151,278	9,397	8,897
Bonus	31,306	26,262	2,641	1,749
Directors' salaries and emoluments (Note 6)	11,952	8,131	7,589	5,682
Short term accumulating compensated absences	244	305	159	(68)
Pension costs-defined contribution plans	17,123	15,574	1,520	1,081
Pension costs-defined benefit plans	2,130	2,807	(262)	433
Share options granted under ESOS	5,965	3,011	5,987	3,208
Social security costs	881	1,452	61	50
Other staff related expenses	39,818	30,447	4,409	29
	<u>275,114</u>	<u>239,267</u>	<u>31,501</u>	<u>21,061</u>
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	(25,975)	(21,030)	-	-
Costs of construction contracts (Note 25)	<u>(145,433)</u>	<u>(147,905)</u>	<u>-</u>	<u>(460)</u>
	<u>103,706</u>	<u>70,332</u>	<u>31,501</u>	<u>20,601</u>

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**6. Directors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors</b>				
<b>Executive:</b>				
Salaries and other emoluments	7,133	5,670	4,413	4,075
Bonus	3,199	1,413	2,194	1,006
Pension costs-defined contribution plans	1,376	625	825	428
Pension costs-defined benefit plans	65	89	-	36
Share options granted under ESOS	179	334	157	137
Benefits-in-kind	216	180	92	103
	<u>12,168</u>	<u>8,311</u>	<u>7,681</u>	<u>5,785</u>
<b>Non-executive:</b>				
Fees	470	392	470	392
Benefits-in-kind	60	74	60	74
	<u>530</u>	<u>466</u>	<u>530</u>	<u>466</u>
<b>Total</b>	<u>12,698</u>	<u>8,777</u>	<u>8,211</u>	<u>6,251</u>
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	11,952	8,131	7,589	5,682
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	470	392	470	392
<b>Total directors' remuneration excluding benefits-in-kind</b>	<u>12,422</u>	<u>8,523</u>	<u>8,059</u>	<u>6,074</u>

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**6. Directors' remuneration (cont'd.)**

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	
	2013	2012
Executive directors:		
RM400,001 – RM450,000	-	1
RM450,001 – RM500,000	2	-
RM750,001 – RM800,000	1	-
RM850,001 – RM900,000	1	2
RM950,001 – RM1,000,000	1	1
RM1,000,001 – RM1,050,000	1	1
RM1,100,001 – RM1,150,000	1	-
RM1,200,001 – RM1,250,000	1	-
RM1,400,001 – RM1,450,000	-	1
RM1,450,001 – RM1,500,000	-	1
RM1,500,001 – RM1,550,000	1	-
RM1,800,001 – RM1,850,000	-	1
RM2,350,001 – RM2,400,000	1	-
	<u>10</u>	<u>8</u>
Non-executive directors:		
RM1 – RM50,000	1	2
RM50,001 – RM100,000	4	3
RM150,001 – RM200,000	1	-
RM200,001 – RM250,000	-	1
	<u>6</u>	<u>6</u>
Total	<u>16</u>	<u>14</u>

- a) On 1 January 2013, an executive director resigned and was reappointed as a non-executive director.
- b) On 8 March 2013, there were three alternate directors being appointed (2012: One non-executive director retired and one non-executive director appointed).

**7. Profit from operations**

The following items have been included in arriving at profit from operations:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of prepaid land lease payments (Note 15)	427	425	-	-

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**7. Profit from operations (cont'd.)**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of motorway development expenditure (Note 16)	2,367	4,550	-	-
Amortisation of concession and quarry rights (Note 17)	3,098	3,099	-	-
Auditors' remuneration				
- Statutory audits				
- Group's auditors	530	520	100	90
- Other auditors	118	96	-	-
- Other services	80	115	35	69
Depreciation				
- Property, plant and equipment (Note 12)	19,974	15,588	7,295	5,087
- Investment properties (Note 14)	621	41	151	151
Non-executive directors' fees (Note 6)	470	392	470	392
Property, plant and equipment written off (Note 12)	283	1,404	3	34
Net (gain)/loss on disposal of property, plant and equipment	(3,627)	(4,247)	(202)	175
Net provision for liabilities (Note 38)	21,813	26,631	-	-
Provision for foreseeable losses (Note 13(b))	11,779	2,016	-	-
Reversal of impairment loss on land (Note 12)	-	(20,896)	-	(20,896)
Reversal of impairment loss on trade receivables (Note 23(a)(i))	-	(251)	-	-
Rental expense of land	670	621	-	-
Rental expense of premises	1,263	1,315	214	487
Net foreign exchange losses/(gains)	8,151	(146)	20,165	38,896
Professional fees	5,201	13,329	1,343	11,766
Interest expense (Note 8)	60,768	62,390	54,344	52,020



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**7. Profit from operations (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Distribution from investment securities	(17,980)	(1,055)	(3,033)	(1,015)
Interest income	(37,520)	(35,495)	(48,391)	(27,600)
Rental income				
- Subsidiaries	-	-	(3,605)	(1,347)
- Others	(3,599)	(1,021)	(928)	(861)
	<u>(45,109)</u>	<u>(37,571)</u>	<u>(56,557)</u>	<u>(30,623)</u>

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Arbitral awards and other costs include:		
Stormwater Management and Road Tunnel		
- Arbitral award including cost incurred to complete the works not recovered and expensed off (Note 40)	92,562	-
Dukhan Highway		
- Arbitral award (Note 40)	18,138	-
	<u>110,700</u>	<u>-</u>

**8. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expense on:				
<b>Murabahah medium term notes</b>	39,858	40,542	39,858	40,542
Revolving credits	14,355	15,897	5,975	7,327
Term loan	54,712	52,326	8,507	4,140
Others	748	4,326	4	11
	<u>109,673</u>	<u>113,091</u>	<u>54,344</u>	<u>52,020</u>
Less:				
Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	(46,157)	(47,503)	-	-
Costs of construction contracts (Note 25)	(2,748)	(3,198)	-	-
	<u>(48,905)</u>	<u>(50,701)</u>	<u>-</u>	<u>-</u>
	<u>60,768</u>	<u>62,390</u>	<u>54,344</u>	<u>52,020</u>

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**9. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax:				
Malaysian income tax	159,384	143,109	33,249	68,161
Foreign income tax	1,489	16,878	-	-
Under provision in prior years	9,799	7,957	6,055	7,335
	<u>170,672</u>	<u>167,944</u>	<u>39,304</u>	<u>75,496</u>
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	(30,626)	(5,631)	(20,882)	(27)
Under/(over) provision in prior years	2,520	(94)	2,966	(281)
	<u>(28,106)</u>	<u>(5,725)</u>	<u>(17,916)</u>	<u>(308)</u>
	<u>142,566</u>	<u>162,219</u>	<u>21,388</u>	<u>75,188</u>

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

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**9. Taxation (cont'd.)**

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:

	2013 RM'000	2012 RM'000
<b>Group</b>		
Profit before taxation	692,625	728,210
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	173,156	182,053
Effect of different tax rates in other countries	(1,572)	3,865
Income not subject to tax	(5,158)	(5,374)
Expenses not deductible for tax purposes	25,108	24,460
Effects of share of profits of associated companies	(60,302)	(51,533)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,317)	(71)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	332	956
Under/(over) provision of deferred tax in prior years	2,520	(94)
Under provision of income tax in prior years	9,799	7,957
Tax expense for the year	<u>142,566</u>	<u>162,219</u>
<b>Company</b>		
Profit before taxation	192,339	380,945
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	48,085	95,236
Income not subject to tax	(48,930)	(44,606)
Expenses not deductible for tax purposes	13,212	17,504
Under/(over) provision of deferred tax in prior years	2,966	(281)
Under provision of income tax in prior years	6,055	7,335
Tax expense for the year	<u>21,388</u>	<u>75,188</u>

Tax savings during the financial year arising from:

	Group	
	2013 RM'000	2012 RM'000
Utilisation of previously unrecognised tax losses	1,285	41
Utilisation of previously unabsorbed capital allowances	<u>32</u>	<u>30</u>

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**10. Earnings per share**

**(a) Basic**

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>2013</b>	<b>2012</b>
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	541,399	547,305
Weighted average number of ordinary shares in issue ('000)	2,133,795	2,071,705
Basic earnings per share (sen)	<u>25.37</u>	<u>26.42</u>

**(b) Diluted**

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of 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.

	<b>2013</b>	<b>2012</b>
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	<u>541,399</u>	<u>547,305</u>
Weighted average number of ordinary shares in issue ('000)	2,133,795	2,071,705
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)*	12,953	15,553
Assumed shares issued from the conversion of Warrants 2010/2015 ('000)*	<u>30,812</u>	<u>54,243</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>2,177,560</u>	<u>2,141,501</u>
Fully diluted earnings per share (sen)	<u>24.86</u>	<u>25.56</u>

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**10. Earnings per share (cont'd.)**

**(b) Diluted (cont'd.)**

\* Assume a portion of shares issued from exercise of ESOS and Warrants when average market price exceeds the exercise price.

Since the end of the financial year, employees have exercised the options to acquire 3,816,000 ordinary shares and warrant holders converted the warrants to acquire 743,300 ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of the financial statements.

**11. Dividends**

	Amount		Group and Company Net dividends per ordinary share	
	2013 RM'000	2012 RM'000	2013 sen	2012 sen
<b>Dividends paid in respect of:-</b>				
<b>Financial year ended 31 July 2013:-</b>				
- First interim single tier dividend of 6% per share	125,337	-	6.0	-
- Second interim single tier dividend of 6% per share	136,571	-	6.0	-
<b>Financial year ended 31 July 2012:-</b>				
- First interim single tier dividend of 6% per share	-	124,102	-	6.0
- Second interim single tier dividend of 6% per share	-	124,720	-	6.0
	<u>261,908</u>	<u>248,822</u>	<u>12.0</u>	<u>12.0</u>

The directors do not recommend the payment of any final dividend in respect of the current financial year.

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**12. Property, plant and equipment**

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2013</b>			
<b>Valuation/Cost</b>			
At 1 August 2012	302,549	290,468	593,017
Additions	6,413	47,455	53,868
Transfer from property development costs (Note 13(b))	6,132	-	6,132
Disposals	-	(31,658)	(31,658)
Write-offs	-	(3,143)	(3,143)
Exchange differences	437	(296)	141
At 31 July 2013	<u>315,531</u>	<u>302,826</u>	<u>618,357</u>
Representing:			
At cost	311,169	302,826	613,995
At valuation	4,362	-	4,362
	<u>315,531</u>	<u>302,826</u>	<u>618,357</u>
<b>Accumulated depreciation and impairment loss</b>			
At 1 August 2012	13,481	204,148	217,629
Charge for the year:			
Recognised in profit or loss (Note 7)	7,148	12,826	19,974
Capitalised in property development costs (Note 13(b))	-	80	80
Capitalised in construction costs (Note 25)	62	12,234	12,296
Disposals	-	(23,579)	(23,579)
Write-offs	-	(2,860)	(2,860)
Exchange differences	42	(275)	(233)
At 31 July 2013	<u>20,733</u>	<u>202,574</u>	<u>223,307</u>
<b>Net carrying amount</b>			
At 31 July 2013			
At cost	291,672	100,252	391,924
At valuation	3,126	-	3,126
	<u>294,798</u>	<u>100,252</u>	<u>395,050</u>

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**12. Property, plant and equipment (cont'd.)**

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2012</b>			
<b>Valuation/Cost</b>			
At 1 August 2011	281,498	323,752	605,250
Additions	50,990	31,962	82,952
Transfer to property development costs (Note 13(b))	(15,443)	-	(15,443)
Transfer to investment properties (Note 14)	(14,557)	-	(14,557)
Disposals	-	(63,530)	(63,530)
Write-offs	-	(6,579)	(6,579)
Exchange differences	61	4,863	4,924
At 31 July 2012	<u>302,549</u>	<u>290,468</u>	<u>593,017</u>
Representing:			
At cost	298,187	290,468	588,655
At valuation	4,362	-	4,362
	<u>302,549</u>	<u>290,468</u>	<u>593,017</u>
<b>Accumulated depreciation and impairment loss</b>			
At 1 August 2011	29,448	230,084	259,532
Charge for the year:			
Recognised in profit or loss (Note 7)	4,764	10,824	15,588
Capitalised in property development costs (Note 13(b))	-	143	143
Capitalised in construction costs (Note 25)	160	11,298	11,458
Disposals	-	(45,628)	(45,628)
Write-offs	-	(5,175)	(5,175)
Reversal of impairment loss (Note 7)	(20,896)	-	(20,896)
Exchange differences	5	2,602	2,607
At 31 July 2012	<u>13,481</u>	<u>204,148</u>	<u>217,629</u>
<b>Net carrying amount</b>			
At 31 July 2012			
At cost	285,885	86,320	372,205
At valuation	3,183	-	3,183
	<u>289,068</u>	<u>86,320</u>	<u>375,388</u>

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**12. Property, plant and equipment (cont'd.)**

**\* Land and buildings**

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2013</b>				
<b>Valuation/Cost</b>				
At 1 August 2012	40,033	5,756	256,760	302,549
Additions	397	-	6,016	6,413
Transfer from property development costs	-	-	6,132	6,132
Exchange differences	-	-	437	437
At 31 July 2013	<u>40,430</u>	<u>5,756</u>	<u>269,345</u>	<u>315,531</u>
<b>Representing:</b>				
At cost	39,093	4,552	267,524	311,169
At valuation	1,337	1,204	1,821	4,362
	<u>40,430</u>	<u>5,756</u>	<u>269,345</u>	<u>315,531</u>
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2012	-	533	12,948	13,481
Charge for the year:				
Recognised in profit or loss	-	495	6,653	7,148
Capitalised in construction costs	-	-	62	62
Exchange differences	-	-	42	42
At 31 July 2013	<u>-</u>	<u>1,028</u>	<u>19,705</u>	<u>20,733</u>
<b>Net carrying amount</b>				
<b>At 31 July 2013</b>				
At cost	39,093	3,974	248,605	291,672
At valuation	1,337	754	1,035	3,126
	<u>40,430</u>	<u>4,728</u>	<u>249,640</u>	<u>294,798</u>



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**12. Property, plant and equipment (cont'd.)**

**\* Land and buildings (cont'd.)**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Long term leasehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>At 31 July 2012</b>				
<b>Valuation/Cost</b>				
At 1 August 2011	70,033	1,349	210,116	281,498
Additions	-	4,407	46,583	50,990
Transfer to property development costs	(15,443)	-	-	(15,443)
Transfer to investment properties	(14,557)	-	-	(14,557)
Exchange differences	-	-	61	61
<b>At 31 July 2012</b>	<b>40,033</b>	<b>5,756</b>	<b>256,760</b>	<b>302,549</b>
<b>Representing:</b>				
At cost	38,696	4,552	254,939	298,187
At valuation	1,337	1,204	1,821	4,362
	<b>40,033</b>	<b>5,756</b>	<b>256,760</b>	<b>302,549</b>
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2011	20,896	463	8,089	29,448
Charge for the year:				
Recognised in profit or loss	-	70	4,694	4,764
Capitalised in construction costs	-	-	160	160
Reversal of impairment loss	(20,896)	-	-	(20,896)
Exchange differences	-	-	5	5
<b>At 31 July 2012</b>	<b>-</b>	<b>533</b>	<b>12,948</b>	<b>13,481</b>
<b>Net carrying amount</b>				
At 31 July 2012				
At cost	38,696	4,449	242,740	285,885
At valuation	1,337	774	1,072	3,183
	<b>40,033</b>	<b>5,223</b>	<b>243,812</b>	<b>289,068</b>

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**12. Property, plant and equipment (cont'd.)**

**\*\* Other property, plant and equipment**

<b>Group</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Total RM'000</b>
<b>At 31 July 2013</b>				
<b>Cost</b>				
At 1 August 2012	41,425	50,334	198,709	290,468
Additions	7,406	17,393	22,656	47,455
Disposals	(3,697)	(704)	(27,257)	(31,658)
Write-offs	(152)	(884)	(2,107)	(3,143)
Exchange differences	38	484	(818)	(296)
At 31 July 2013	<u>45,020</u>	<u>66,623</u>	<u>191,183</u>	<u>302,826</u>
<b>Accumulated depreciation</b>				
At 1 August 2012	28,629	33,999	141,520	204,148
Charge for the year:				
Recognised in profit or loss	538	6,511	5,777	12,826
Capitalised in property development costs	72	7	1	80
Capitalised in construction costs	2,453	2,440	7,341	12,234
Disposals	(2,843)	(519)	(20,217)	(23,579)
Write-offs	(136)	(862)	(1,862)	(2,860)
Exchange differences	980	(26)	(1,229)	(275)
At 31 July 2013	<u>29,693</u>	<u>41,550</u>	<u>131,331</u>	<u>202,574</u>
<b>Net carrying amount</b>				
At 31 July 2013	<u>15,327</u>	<u>25,073</u>	<u>59,852</u>	<u>100,252</u>

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**12. Property, plant and equipment (cont'd.)**

**\*\* Other property, plant and equipment (cont'd.)**

<b>Group</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Total RM'000</b>
<b>At 31 July 2012</b>				
<b>Cost</b>				
At 1 August 2011	42,667	42,248	238,837	323,752
Additions	6,043	14,736	11,183	31,962
Disposals	(7,309)	(2,425)	(53,796)	(63,530)
Write-offs	(316)	(4,273)	(1,990)	(6,579)
Exchange differences	340	48	4,475	4,863
At 31 July 2012	<u>41,425</u>	<u>50,334</u>	<u>198,709</u>	<u>290,468</u>
<b>Accumulated depreciation</b>				
At 1 August 2011	31,584	33,713	164,807	230,084
Charge for the year:				
Recognised in profit or loss	629	3,292	6,903	10,824
Capitalised in property development costs	135	7	1	143
Capitalised in construction costs	963	2,198	8,137	11,298
Disposals	(4,663)	(1,604)	(39,361)	(45,628)
Write-offs	(268)	(3,736)	(1,171)	(5,175)
Exchange differences	269	129	2,204	2,602
At 31 July 2012	<u>28,629</u>	<u>33,999</u>	<u>141,520</u>	<u>204,148</u>
<b>Net carrying amount</b>				
At 31 July 2012	<u>12,796</u>	<u>16,335</u>	<u>57,189</u>	<u>86,320</u>

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**12. Property, plant and equipment (cont'd.)**

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2013</b>			
<b>Valuation/Cost</b>			
At 1 August 2012	157,078	26,712	183,790
Additions	2,763	5,902	8,665
Disposals	-	(698)	(698)
Write-offs	-	(265)	(265)
Exchange difference	-	8	8
At 31 July 2013	<u>159,841</u>	<u>31,659</u>	<u>191,500</u>
<b>Representing:</b>			
At cost	156,439	31,659	188,098
At valuation	3,402	-	3,402
	<u>159,841</u>	<u>31,659</u>	<u>191,500</u>
<b>Accumulated depreciation and impairment loss</b>			
At 1 August 2012	4,624	16,959	21,583
Charge for the year:			
Recognised in profit or loss (Note 7)	3,131	4,164	7,295
Capitalised in construction costs (Note 25)	-	27	27
Disposals	-	(695)	(695)
Write-offs	-	(262)	(262)
Exchange difference	-	7	7
At 31 July 2013	<u>7,755</u>	<u>20,200</u>	<u>27,955</u>
<b>Net carrying amount</b>			
At 31 July 2013			
At cost	149,741	11,459	161,200
At valuation	2,345	-	2,345
	<u>152,086</u>	<u>11,459</u>	<u>163,545</u>

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**12. Property, plant and equipment (cont'd.)**

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2012</b>			
<b>Valuation/Cost</b>			
At 1 August 2011	136,274	29,148	165,422
Additions	50,804	9,830	60,634
Disposals	(30,000)	(10,043)	(40,043)
Write-offs	-	(3,188)	(3,188)
Exchange difference	-	965	965
At 31 July 2012	<u>157,078</u>	<u>26,712</u>	<u>183,790</u>
Representing:			
At cost	153,676	26,712	180,388
At valuation	3,402	-	3,402
	<u>157,078</u>	<u>26,712</u>	<u>183,790</u>
<b>Accumulated depreciation and impairment loss</b>			
At 1 August 2011	22,521	23,876	46,397
Charge for the year:			
Recognised in profit or loss (Note 7)	2,999	2,088	5,087
Capitalised in construction costs (Note 25)	-	80	80
Disposals	-	(6,607)	(6,607)
Write-offs	-	(3,154)	(3,154)
Reversal of impairment loss loss (Note 7)	(20,896)	-	(20,896)
Exchange difference	-	676	676
At 31 July 2012	<u>4,624</u>	<u>16,959</u>	<u>21,583</u>
<b>Net carrying amount</b>			
At 31 July 2012			
At cost	150,061	9,753	159,814
At valuation	2,393	-	2,393
	<u>152,454</u>	<u>9,753</u>	<u>162,207</u>

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## 12. Property, plant and equipment (cont'd.)

## \* Land and buildings

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2013</b>				
<b>Valuation/Cost</b>				
At 1 August 2012	780	5,611	150,687	157,078
Additions	-	-	2,763	2,763
At 31 July 2013	780	5,611	153,450	159,841
Representing:				
At cost	-	4,407	152,032	156,439
At valuation	780	1,204	1,418	3,402
	780	5,611	153,450	159,841
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2012	-	477	4,147	4,624
Charge for the year	-	68	3,063	3,131
At 31 July 2013	-	545	7,210	7,755
<b>Net carrying amount</b>				
At 31 July 2013				
At cost	-	4,312	145,429	149,741
At valuation	780	754	811	2,345
	780	5,066	146,240	152,086

**Gamuda Berhad**  
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**12. Property, plant and equipment (cont'd.)**

**\* Land and buildings (cont'd.)**

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2012</b>				
<b>Valuation/Cost</b>				
At 1 August 2011	30,780	1,202	104,292	136,274
Additions	-	4,409	46,395	50,804
Disposals	(30,000)	-	-	(30,000)
At 31 July 2012	<u>780</u>	<u>5,611</u>	<u>150,687</u>	<u>157,078</u>
Representing:				
At cost	-	4,407	149,269	153,676
At valuation	780	1,204	1,418	3,402
	<u>780</u>	<u>5,611</u>	<u>150,687</u>	<u>157,078</u>
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2011	20,896	413	1,212	22,521
Charge for the year	-	64	2,935	2,999
Reversal of impairment loss	(20,896)	-	-	(20,896)
At 31 July 2012	<u>-</u>	<u>477</u>	<u>4,147</u>	<u>4,624</u>
<b>Net carrying amount</b>				
At 31 July 2012				
At cost	-	4,360	145,701	150,061
At valuation	780	774	839	2,393
	<u>780</u>	<u>5,134</u>	<u>146,540</u>	<u>152,454</u>

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**12. Property, plant and equipment (cont'd.)**

**\*\* Other property, plant and equipment**

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
<b>At 31 July 2013</b>				
<b>Cost</b>				
At 1 August 2012	2,949	18,877	4,886	26,712
Additions	35	5,856	11	5,902
Disposals	(621)	(77)	-	(698)
Write-offs	(7)	(5)	(253)	(265)
Exchange difference	-	5	3	8
At 31 July 2013	<u>2,356</u>	<u>24,656</u>	<u>4,647</u>	<u>31,659</u>
<b>Accumulated depreciation</b>				
At 1 August 2012	2,788	10,823	3,348	16,959
Charge for the year:				
Recognised in profit or loss	58	3,794	312	4,164
Capitalised in construction costs	-	26	1	27
Disposals	(621)	(74)	-	(695)
Write-offs	(7)	(2)	(253)	(262)
Exchange difference	-	5	2	7
At 31 July 2013	<u>2,218</u>	<u>14,572</u>	<u>3,410</u>	<u>20,200</u>
<b>Net carrying amount</b>				
At 31 July 2013	<u>138</u>	<u>10,084</u>	<u>1,237</u>	<u>11,459</u>



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**12. Property, plant and equipment (cont'd.)**

**\*\* Other property, plant and equipment (cont'd.)**

<b>Company</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Total RM'000</b>
<b>At 31 July 2012</b>				
<b>Cost</b>				
At 1 August 2011	3,315	14,382	11,451	29,148
Additions	-	8,271	1,559	9,830
Disposals	(460)	(781)	(8,802)	(10,043)
Write-offs	(58)	(3,130)	-	(3,188)
Exchange difference	152	135	678	965
At 31 July 2012	<u>2,949</u>	<u>18,877</u>	<u>4,886</u>	<u>26,712</u>
<b>Accumulated depreciation</b>				
At 1 August 2011	2,902	12,753	8,221	23,876
Charge for the year:				
Recognised in profit or loss	101	1,664	323	2,088
Capitalised in construction costs	-	75	5	80
Disposals	(295)	(692)	(5,620)	(6,607)
Write-offs	(58)	(3,096)	-	(3,154)
Exchange difference	138	119	419	676
At 31 July 2012	<u>2,788</u>	<u>10,823</u>	<u>3,348</u>	<u>16,959</u>
<b>Net carrying amount</b>				
At 31 July 2012	<u>161</u>	<u>8,054</u>	<u>1,538</u>	<u>9,753</u>

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**12. Property, plant and equipment (cont'd.)**

- (i) Certain land and buildings 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 FRS116<sub>2004</sub>: Property, Plant and Equipment, these assets continue to be stated at their 1991 valuation less accumulated depreciation and impairment losses.

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Land and buildings	2,017	2,098	1,290	1,344

- (ii) The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 34(b)(i)) is RM1,406,000 (2012: RM1,034,000).
- (iii) In the prior financial year, the Company disposed freehold land with a carrying amount of RM9,104,000 to a subsidiary based on its current market value of RM30,000,000. Accordingly, impairment loss of RM20,896,000 which was recognised in prior years was reversed before the transfer. The impairment loss relates to sub-structure cost for building under construction which was discontinued. The Group decided to construct a building using the existing sub-structure and hence the write back of those impaired costs as the sub-structure is still usable.