

Gamuda Berhad
(Incorporated in Malaysia)

13. Land held for property development and property development costs

(a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At 31 July 2013				
Cost				
At 1 August 2012	154,485	267,792	158,577	580,854
Additions	40,031	-	10,825	50,856
Transfer from property development costs (Note 13(b))	24,950	139,827	88,354	253,131
Transfer from amount due from customers on contract (Note 25)	-	319,318	-	319,318
Transfer to property development costs (Note 13(b))	(36,091)	-	(65,366)	(101,457)
Exchange differences	-	(743)	(256)	(999)
At 31 July 2013	<u>183,375</u>	<u>726,194</u>	<u>192,134</u>	<u>1,101,703</u>
At 31 July 2012				
Cost				
At 1 August 2011	156,069	142,953	91,850	390,872
Additions	11,000	-	25,364	36,364
Transfer from property development costs (Note 13(b))	10,427	143,160	49,115	202,702
Reversal of land costs (i)	(1,577)	-	-	(1,577)
Transfer to property development costs (Note 13(b))	(21,434)	(18,321)	(7,752)	(47,507)
At 31 July 2012	<u>154,485</u>	<u>267,792</u>	<u>158,577</u>	<u>580,854</u>

(i) Reversal of land cost relates to discount received for the acquisition of the land.

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 July 2013				
Cumulative property development costs				
At 1 August 2012	320,188	898,491	1,165,483	2,384,162
Costs incurred during the year	107,734	7,247	750,779	865,760
Transfer to land held for property development (Note 13(a))	(24,950)	(139,827)	(88,354)	(253,131)
Transfer from land held for property development (Note 13(a))	36,091	-	65,366	101,457
Reversal of completed projects	(55,189)	-	(452,422)	(507,611)
Transfer to inventories	-	(1,921)	(12,489)	(14,410)
Transfer to property, plant and equipment (Note 12)	-	-	(6,132)	(6,132)
Exchange differences	-	(991)	(647)	(1,638)
At 31 July 2013	<u>383,874</u>	<u>762,999</u>	<u>1,421,584</u>	<u>2,568,457</u>

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 July 2013				
Cumulative costs recognised in profit or loss				
At 1 August 2012	(72,193)	(41,043)	(384,484)	(497,720)
Recognised during the year	(37,132)	(9,668)	(607,806)	(654,606)
Reversal of completed projects	55,189	-	452,422	507,611
Provision for foreseeable losses (Note 7)	-	-	(11,779)	(11,779)
Exchange differences	-	91	(45)	46
At 31 July 2013	<u>(54,136)</u>	<u>(50,620)</u>	<u>(551,692)</u>	<u>(656,448)</u>
Property development costs at 31 July 2013	<u>329,738</u>	<u>712,379</u>	<u>869,892</u>	<u>1,912,009</u>

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 July 2012				
Cumulative property development costs				
At 1 August 2011	366,832	519,391	949,089	1,835,312
Costs incurred during the year	1,896	169,219	846,767	1,017,882
Transfer from amount due from customers on contract (Note 25)	-	327,727	-	327,727
Transfer from property, plant and equipment (Note 12)	10,331	-	5,112	15,443
Transfer to land held for property development (Note 13(a))	(10,427)	(143,160)	(49,115)	(202,702)
Transfer from land held for property development (Note 13(a))	21,434	18,321	7,752	47,507
Reversal of completed projects	(66,207)	(1,385)	(554,656)	(622,248)
Transfer to inventories	(3,671)	(824)	(43,222)	(47,717)
Exchange differences	-	9,202	3,756	12,958
At 31 July 2012	<u>320,188</u>	<u>898,491</u>	<u>1,165,483</u>	<u>2,384,162</u>

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group (cont'd.)				
At 31 July 2012 (cont'd.)				
Cumulative costs recognised in profit or loss				
At 1 August 2011	(78,043)	(751)	(355,730)	(434,524)
Recognised during the year	(60,357)	(41,061)	(580,699)	(682,117)
Reversal of completed projects	66,207	1,385	554,656	622,248
Provision for foreseeable losses (Note 7)	-	-	(2,016)	(2,016)
Exchange differences	-	(616)	(695)	(1,311)
At 31 July 2012	<u>(72,193)</u>	<u>(41,043)</u>	<u>(384,484)</u>	<u>(497,720)</u>
Property development costs at 31 July 2012	<u>247,995</u>	<u>857,448</u>	<u>780,999</u>	<u>1,886,442</u>

Included in property development costs incurred during the year are:

	Group	
	2013	2012
	RM'000	RM'000
Finance costs (Note 8)	46,157	47,503
Depreciation (Note 12)	80	143
Staff costs (Note 5)	<u>25,975</u>	<u>21,030</u>

Included in leasehold land under land held for property development and property development costs are beneficial rights on land pursuant to investment certificates issued by the Government of Socialist Republic of Vietnam, with carrying value of RM553,412,000 (2012: RM124,632,000) and RM319,403,000 (2012: RM428,865,000) respectively. The Group plans to develop the leasehold land under land held for property development over the next 13 years.

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13. Land held for property development and property development costs (cont'd.)

Freehold land of the Group with a carrying value of RM139,508,000 (2012: RM139,883,000) has been pledged as securities for loan facility as set out in Note 34(b)(ii).

The leasehold land under development of the Group with a carrying value of RM315,217,000 (2012: RM400,111,000) has been pledged as a security for a term loan as disclosed in Note 34(b)(iii).

14. Investment properties

Group	Land RM'000	Buildings RM'000	Construction -in-progress RM'000	Total RM'000
At 31 July 2013				
Cost				
At 1 August 2012	9,971	30,700	7,740	48,411
Additions	-	7,500	12,105	19,605
At 31 July 2013	<u>9,971</u>	<u>38,200</u>	<u>19,845</u>	<u>68,016</u>
Accumulated depreciation				
At 1 August 2012	-	573	-	573
Charge for the year (Note 7)	-	621	-	621
At 31 July 2013	<u>-</u>	<u>1,194</u>	<u>-</u>	<u>1,194</u>
Net carrying amount				
At 31 July 2013	<u>9,971</u>	<u>37,006</u>	<u>19,845</u>	<u>66,822</u>
Fair value				
At 31 July 2013	<u>13,935</u>	<u>53,424</u>	<u>19,845</u>	<u>87,204</u>

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14. Investment properties (cont'd.)

Group	Land RM'000	Buildings RM'000	Construction -in-progress RM'000	Total RM'000
At 31 July 2012				
Cost				
At 1 August 2011	1,096	2,006	8,587	11,689
Additions	2,058	525	19,582	22,165
Transfer from property, plant and equipment (Note 12)	6,817	-	7,740	14,557
Reclassification	-	28,169	(28,169)	-
At 31 July 2012	<u>9,971</u>	<u>30,700</u>	<u>7,740</u>	<u>48,411</u>
Accumulated depreciation				
At 1 August 2011	-	532	-	532
Charge for the year (Note 7)	-	41	-	41
At 31 July 2012	<u>-</u>	<u>573</u>	<u>-</u>	<u>573</u>
Net carrying amount				
At 31 July 2012	<u>9,971</u>	<u>30,127</u>	<u>7,740</u>	<u>47,838</u>
Fair value				
At 31 July 2012	<u>13,912</u>	<u>35,298</u>	<u>7,740</u>	<u>56,950</u>

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14. Investment properties (cont'd.)

Company	Land RM'000	Buildings RM'000	Total RM'000
At 31 July 2013			
Cost			
At 1 August 2012/31 July 2013	5,697	7,560	13,257
Accumulated depreciation			
At 1 August 2012	-	2,248	2,248
Charge for the year (Note 7)	-	151	151
At 31 July 2013	-	2,399	2,399
Net carrying amount			
At 31 July 2013	5,697	5,161	10,858
Fair value			
At 31 July 2013	20,457	19,553	40,010
At 31 July 2012			
Cost			
At 1 August 2011/31 July 2012	5,697	7,560	13,257
Accumulated depreciation			
At 1 August 2011	-	2,097	2,097
Charge for the year (Note 7)	-	151	151
At 31 July 2012	-	2,248	2,248
Net carrying amount			
At 31 July 2012	5,697	5,312	11,009
Fair value			
At 31 July 2012	20,346	19,654	40,000

Fair value of investment properties was estimated by the directors based on internal appraisal of market values of comparable properties, instead of a valuation by an independent professional valuer.

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15. Prepaid land lease payments

	Group	
	2013	2012
	RM'000	RM'000
At beginning of year	4,447	4,872
Amortisation for the year (Note 7)	(427)	(425)
At end of year	<u>4,020</u>	<u>4,447</u>

16. Motorway development expenditure

	Group	
	2013	2012
	RM'000	RM'000
Cost		
At beginning/end of year	<u>327,856</u>	<u>327,856</u>
Accumulated amortisation		
At beginning of year	9,049	4,499
Amortisation for the year (Note 7)	2,367	4,550
At end of year	<u>11,416</u>	<u>9,049</u>
Net carrying amount		
At end of year	<u>316,440</u>	<u>318,807</u>

The motorway development expenditure is pledged as securities for borrowings (Note 34(b)(i)).

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17. Intangible assets

	Goodwill RM'000	Concession and quarry rights RM'000	Total RM'000
Group			
At 31 July 2013			
Cost			
At 1 August 2012/31 July 2013	41,396	95,048	136,444
Accumulated amortisation			
At 1 August 2012	-	38,596	38,596
Amortisation for the year (Note 7)	-	3,098	3,098
At 31 July 2013	-	41,694	41,694
Net carrying amount			
At 31 July 2013	41,396	53,354	94,750
At 31 July 2012			
Cost			
At 1 August 2011/31 July 2012	41,396	95,048	136,444
Accumulated amortisation			
At 1 August 2011	-	35,497	35,497
Amortisation for the year (Note 7)	-	3,099	3,099
At 31 July 2012	-	38,596	38,596
Net carrying amount			
At 31 July 2012	41,396	56,452	97,848

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17. Intangible assets (cont'd.)

(a) Goodwill

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to property segment for impairment testing as follows:

The recoverable amounts of the property segment have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 14% (2012: 16%).

The calculations of value in use for the property segment are most sensitive to the following assumptions:

i) Budgeted gross margin

Gross margins are based on average values achieved by property segment within the Group in the past adjusted for expected efficiency improvements, market and economic conditions, internal resource efficiency and the expected stages of completion of property development projects, where applicable.

ii) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to property segment.

(b) Concession and quarry rights

The concession and quarry rights are attributable to the acquisition of Gamuda Water Sdn. Bhd. and G.B. Kuari Sdn. Bhd. respectively, which have been granted the rights to operate and maintain the water treatment plants of Sungai Selangor Water Supply Scheme Phase 3 and the quarry for a period of 30 years ending Year 2031 and Year 2022 respectively.

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18. Investments in subsidiaries

	Company	
	2013	2012
	RM'000	RM'000
Redeemable unsecured loan stocks	400,000	-
Unquoted shares, at cost	2,273,317	2,266,846
Less: Accumulated impairment losses	(16,290)	(16,290)
	<u>2,657,027</u>	<u>2,250,556</u>

(a) Capitalisation of amount due from subsidiaries into ordinary shares

The Company has converted the amount due from Reka Strategi Sdn. Bhd. ("RSSB") amounting to RM249,998 for 249,998 ordinary shares of RM1.00 each in RSSB.

(b) Capitalisation of amount due from subsidiaries into redeemable preference shares

The Company has converted the amounts due from the following subsidiaries amounting to RM207,830,000 for 2,078,300 redeemable preference shares of RM1.00 each at premium of RM99.00 as follows:

	RM'000
Gamuda Engineering Sdn. Bhd.	143,260
Gamuda Land (HCMC) Sdn. Bhd.	27,320
Reka Strategi Sdn. Bhd.	30,050
Madge Mansions Sdn. Bhd.	7,200
	<u>207,830</u>

(c) Capital injection in subsidiaries

The Company has injected additional capital into the following subsidiaries during the year:

	RM'000
Gamuda Land Vietnam Limited Liability Company	137,542
Gamuda Land Sdn. Bhd.	13,625
Idaman Robertson Sdn. Bhd. (formerly known as Idaman Lantas Sdn. Bhd.)	250
	<u>151,417</u>

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18. Investments in subsidiaries (cont'd.)

(d) Subscription of redeemable unsecured loan stocks

The Company has subscribed for RM400,000,000, 4.7% redeemable unsecured loan stocks ("RULS") in a wholly owned subsidiary, Megah Capital Sdn. Bhd. The RULS is unsecured, non-transferable and redeemable at par on the maturity date in year 2018. The interest is 4.7% per annum, payable semi-annually.

(e) Redemption of redeemable preference shares ("RPS") in subsidiaries

During the year, wholly owned subsidiaries, Megah Capital Sdn. Bhd. and Harum Intisari Sdn. Bhd. have redeemed 3,530,260 RPS of RM1.00 each at premium of RM99.00 for cash consideration of RM157,100,000 and RM195,926,000 respectively.

Name of Company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Subsidiaries incorporated in Malaysia			
Gammau Construction Sdn. Bhd.	100	100	Property investment and holding
Gamuda Engineering Sdn. Bhd.	100	100	Civil engineering and construction
Ganaz Bina Sdn. Bhd.	100	100	Civil engineering and construction
G.B. Kuari Sdn. Bhd.	100	100	Operation of quarry, laying of road and manufacture of premix
Gamuda Land Sdn. Bhd.	100	100	Investment holding company

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18. Investments in subsidiaries (cont'd.)

Name of Company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Subsidiaries incorporated in Malaysia			
Gamuda Paper Industries Sdn. Bhd.	95	95	Rental of properties
GPI Trading Sdn. Bhd.	95	95	Dormant
Gamuda Trading Sdn. Bhd.	100	100	Trading of construction materials
Gamuda Water Sdn. Bhd.	80	80	Operation and maintenance of water treatment plants
GIT Services Sdn. Bhd.	100	100	Information technology services
Jade Homes Sdn. Bhd.	100	100	Property investment and development
Megah Landscape Sdn. Bhd.	100	100	Supply of landscaping materials and provision of landscaping services
Jade Homes Resort Berhad	100	100	Proprietor and operator of a clubhouse
Jade Homes Property Services Sdn. Bhd. *	100	100	Property maintenance services
Harum Intisari Sdn. Bhd.	100	100	Property investment and development
Bandar Botanic Resort Berhad	100	100	Proprietor and operator of a clubhouse
Botanic Property Services Sdn. Bhd.	100	100	Property maintenance services
GL (MM2H) Sdn. Bhd. *	100	100	Agent of "Malaysia My Second Home" Programme

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18. Investments in subsidiaries (cont'd.)

Name of Company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Subsidiaries incorporated in Malaysia			
Masterpave Sdn. Bhd.	100	100	Manufacture, supply and laying of road surfacing materials
Megah Capital Sdn. Bhd.	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	100	100	Insurance agency
Megah Sewa Sdn. Bhd.	100	100	Hire and rental of plant and machinery
Valencia Development Sdn. Bhd.	100	100	Property investment and development
Valencia Township Sdn. Bhd.	100	100	Management of township and golf club and related maintenance services
Rebung Property Services Sdn. Bhd. *	100	100	Property maintenance and management services
Madge Mansions Sdn. Bhd.	100	100	Property investment and development
Reka Strategi Sdn. Bhd. *	100	100	Property investment and development

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18. Investments in subsidiaries (cont'd.)

Name of Company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Subsidiaries incorporated in Malaysia			
Idaman Robertson Sdn. Bhd. * (formerly known as Idaman Lantas Sdn. Bhd.)	100	100	Property investment and development
Setara Hati Sdn. Bhd.	100	100	Property investment and development
Gamuda Land (HCMC) Sdn. Bhd.	100	100	Property investment and development
Temasek Eksklusif Sdn. Bhd.	100	-	Property investment and development
Subsidiary incorporated in British Virgin Islands			
Gamuda Overseas Investment Ltd.	100	100	Investment holding
Subsidiary incorporated in Mauritius			
Gamuda (Offshore) Private Limited *	100	100	Investment holding
Subsidiary incorporated in India			
Held by Gamuda (Offshore) Private Limited:			
Gamuda - WCT (India) Private Limited *	70	70	Civil engineering and construction

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18. Investments in subsidiaries (cont'd.)

Name of Company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Subsidiary incorporated in Saudi Arabia			
Gamuda Saudi Arabia L.L.C.	100	100	In the process of winding up
Subsidiaries incorporated in the Socialist Republic of Vietnam			
Gamuda-NamLong Development Limited Liability Company *	70	70	Construction of villas for sale and lease
Gamuda Land Vietnam Limited Liability Company *	100	100	Undertakes the Yen So Park, sewage treatment plant and Gamuda City Development in Hanoi, Socialist Republic of Vietnam
Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company # *	60	60	Undertakes development of Celadon City in Ho Chi Minh City, Socialist Republic of Vietnam
Unincorporated subsidiaries in Malaysia			
Gamuda Berhad - Kumpulan Darul Ehsan Berhad - The Sweet Water Alliance Sdn. Bhd. Joint Venture ("GKTJV")	70	70	Civil engineering and construction
Gamuda Berhad - Mujur Minat Sdn. Bhd. Joint Venture ("GMMJV")	70	70	Civil engineering and construction

Directly held by a wholly-owned subsidiary, Gamuda Land (HCMC) Sdn. Bhd.

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

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18. Investments in subsidiaries (cont'd.)

The details of the unincorporated subsidiaries are as follows:

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

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

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19. Interests in associated companies

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, in Malaysia:				
At cost:				
- Ordinary shares	142,185	142,185	142,185	142,185
- Redeemable preference shares	570,125	570,125	570,125	570,125
	<u>712,310</u>	<u>712,310</u>	<u>712,310</u>	<u>712,310</u>
Group's share of post-acquisition reserves net of dividends receivable	530,169	403,440	-	-
Less: Accumulated impairment losses	(28,235)	(28,235)	(69,885)	(69,885)
	<u>1,214,244</u>	<u>1,087,515</u>	<u>642,425</u>	<u>642,425</u>
Unquoted shares, outside Malaysia:				
At cost:				
- Ordinary shares	11	11	-	-
- Redeemable preference shares	93,452	113,017	-	-
	<u>93,463</u>	<u>113,028</u>	<u>-</u>	<u>-</u>
Group's share of post-acquisition reserves	101,299	90,470	-	-
	<u>194,762</u>	<u>203,498</u>	<u>-</u>	<u>-</u>
	<u>1,409,006</u>	<u>1,291,013</u>	<u>642,425</u>	<u>642,425</u>
Quoted shares, in Malaysia:				
At cost:				
- Ordinary shares	59,624	59,624	59,624	59,624
Group's share of post-acquisition capital reserves	111,947	103,730	-	-
Group's share of post-acquisition reserves, net of dividends receivable	222,624	205,970	-	-
	<u>394,195</u>	<u>369,324</u>	<u>59,624</u>	<u>59,624</u>
	<u>1,803,201</u>	<u>1,660,337</u>	<u>702,049</u>	<u>702,049</u>
Market value:				
Quoted shares, in Malaysia	1,012,250	966,241	1,012,250	966,241

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19. Interests in associated companies (cont'd.)

Redemption of redeemable preference shares in an associated company

During the year, Gamuda - WCT (Offshore) Private Limited redeemed its redeemable preference shares for a total cash consideration of RM19,565,000.

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

Name of company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Associated companies incorporated in Malaysia			
Syarikat Pengeluar Air Selangor Holdings Berhad	40	40	Investment holding and provision of management services; holding company to the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3
Hicom-Gamuda Development Sdn. Bhd.	50	50	Property development
Kesas Holdings Berhad	30	30	Investment holding; holding company to the concession holder of an expressway
Lingkaran Trans Kota Holdings Berhad [@] (Quoted shares in Malaysia)	45	46	Investment holding and provision of management services; holding company to the concession holder of an expressway
Madang Permai Sdn. Bhd. *	36	36	Dormant
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. [@]	52	53	Investment holding; holding company to the concession holder of an expressway

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19. Interests in associated companies (cont'd.)

The Group's interests in the associated companies are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2013 %	2012 %	
Associated companies incorporated in Mauritius			
Held by Gamuda			
(Offshore) Private Limited: Suria Holding (O) Pvt. Ltd. * #	50	50	Investment holding; holding company to the concession holder of an expressway
Gamuda - WCT (Offshore) Private Limited * #	50	50	Investment holding; holding company to the concession holder of an expressway

* Audited by firms other than Ernst & Young, Malaysia

Financial year end of 31 July

⊕ Dilution of interest pursuant to issuance of ESOS in Lingkaran Trans Kota Holdings Berhad

All associated companies have financial year end of 31 March, other than those marked with #. For the purpose of applying the equity method of accounting for associated companies with financial year end of 31 March, the last audited financial statements available and the management financial statements to the end of the accounting period of the associated companies have been used.

Pursuant to FRS 128: Investment in Associates, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT"), Hicom-Gamuda Development Sdn. Bhd., Suria Holding (O) Pvt. Ltd. and Gamuda - WCT (Offshore) Private Limited are deemed to be associates of Gamuda Berhad as the Company has significant influence in the financial and operating policy decisions of these associates but not control over those policies.

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19. Interests in associated companies (cont'd.)

The summarised financial information of the associated companies, adjusted for Group's share are as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	758,841	766,285
Non-current assets	4,213,079	4,023,283
Total assets	<u>4,971,920</u>	<u>4,789,568</u>
Current liabilities	(825,362)	(784,182)
Non-current liabilities	(2,343,357)	(2,345,049)
Total liabilities	<u>(3,168,719)</u>	<u>(3,129,231)</u>
Results		
Revenue	579,192	616,889
Profit for the year	<u>241,206</u>	<u>206,131</u>

20. Interests in jointly controlled entities

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	<u>254,476</u>	<u>254,476</u>

Subscription of shares by a subsidiary

During the year, Gamuda Land Sdn. Bhd., a wholly owned subsidiary of the Company, subscribed for:

- a) 125,000 ordinary shares of RM1.00 each, representing 50% of the total issued and paid-up share capital of jointly controlled entity, Gamuda GM Sdn. Bhd. (formerly known as Ambang Dedikasi Sdn. Bhd.), for a total cash consideration of RM125,000.
- b) 190,000 ordinary shares of RM1.00 each, representing 50% of the total issued and paid-up share capital of jointly controlled entity, Gamuda GM Klang Sdn. Bhd. (formerly known as Precinct Blossom Sdn. Bhd.), for a total cash consideration of RM190,000.

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20. interests in jointly controlled entities (cont'd.)

Details of the jointly controlled entities are as follows:

Name of jointly controlled entity	Proportion of ownership		Economic activity
	2013 %	2012 %	
Unincorporated in Malaysia			
Malaysia Mining Corporation Berhad - Gamuda Berhad Joint Venture ("MMC - Gamuda JV")	50	50	Undertake engineering, procurement and construction of an integrated Bypass Tunnel cum Motorway in Kuala Lumpur
Malaysia Mining Corporation Berhad - Gamuda Berhad Joint Venture Electrified Double Track Project ("MMC - Gamuda JV 2T")	50	50	Undertake engineering, procurement and construction of the Electrified Double-Tracking from Ipoh to Padang Besar Project
MMC - Gamuda KVMRT (T) Joint Venture	50	50	Undertake pre-qualifying and tendering of the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project
MMC Gamuda KVMRT (UGW) Joint Venture	50	50	Undertake the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project
Incorporated in Malaysia			
Projek Smart Holdings Sdn. Bhd.	50	50	Undertake, carry out and implement integrated Bypass Tunnel cum Motorway in Kuala Lumpur
MMC-Gamuda Joint Venture Sdn. Bhd.	50	50	Undertake, carry out and implement the Electrified Double-Tracking from Ipoh to Padang Besar Project

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20. Interests in jointly controlled entities (cont'd.)

Name of jointly controlled entity	Proportion of ownership		Economic activity
	2013 %	2012 %	
Incorporated in Malaysia (cont'd.)			
Horizon Hills Development Sdn. Bhd.	50	50	Undertake and carry out a mixed development mainly for residential purposes and a golf club in Johor Darul Takzim
MMC Gamuda KVMRT (PDP) Sdn. Bhd.	50	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for the Klang Valley Mass Rapid Transit Project
MMC Gamuda KVMRT (T) Sdn. Bhd.	50	50	Undertake the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project
Held by Gamuda Land Sdn. Bhd.; Gamuda GM Sdn. Bhd. (formerly known as Ambang Dedikasi Sdn. Bhd.)	50	-	Operating and building management of Tower 1 of Idaman Robertson Project, a 9-level commercial complex to be operated as a wholesale center
Gamuda GM Klang Sdn. Bhd. (formerly known as Precinct Blossom Sdn. Bhd.)	50	-	Developer and operator of a wholesale hub in Bandar Botanic, Klang
Unincorporated in Taiwan			
New Asia Construction & Development Corporation - Gamuda Berhad Joint Venture ("New Asia - Gamuda JV") *	50	50	Undertake civil engineering construction of the Orange Line Package CO4 of the Kaohsiung Metropolitan Mass Rapid Transit System in Kaohsiung, Taiwan, Republic of China

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20. Interests in jointly controlled entities (cont'd.)

Name of jointly controlled entity	Proportion of ownership		Economic activity
	2013 %	2012 %	
Unincorporated in Qatar			
Sinohydro Corporation - Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Sinohydro - Gamuda - WCT JV") ^	51	51	Design and construct the airfield facilities, tunnel and detention ponds of the New Doha International Airport in the State of Qatar
Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Gamuda - WCT JV") ^ #	51	51	Undertake civil engineering construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan industrial area in the State of Qatar
Gamuda Berhad - WCT Bahrain Berhad Joint Venture ("Gamuda - WCT Bahrain JV") ^	51	51	Supply materials for the construction of the New Doha International Airport in the State of Qatar

* Audited by firms other than Ernst & Young

^ Audited by member firms of Ernst & Young Global in the respective countries

The financial statements have been prepared on a going concern basis as the Joint Venture partners have agreed to provide adequate financial support

Pursuant to FRS 131: Interests in Jointly Ventures, Sinohydro-Gamuda-WCT JV, Gamuda-WCT JV and Gamuda-WCT Bahrain JV are deemed to be jointly controlled entities of Gamuda Berhad as the parties involved are undertaking economic activities that are subject to joint control.

The summarised financial information of the jointly controlled entities, adjusted for Group's share are as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	2,784,756	2,299,758
Non-current assets	567,059	483,358
Total assets	3,351,815	2,783,116
Current liabilities	(2,330,417)	(2,127,797)
Non-current liabilities	(513,910)	(310,903)
Total liabilities	(2,844,327)	(2,438,700)

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20. Interests in jointly controlled entities (cont'd.)

The summarised financial information of the jointly controlled entities, adjusted for Group's share are as follows: (cont'd.)

	2013	2012
	RM'000	RM'000
Results		
Revenue	2,815,753	1,607,953
Expenses, net	<u>2,514,255</u>	<u>1,540,368</u>

21. Other investments

	Group and Company	
	2013	2012
	RM'000	RM'000
At cost		
Unquoted shares, in Malaysia	50	50
Investment in transferable club memberships	683	683
	<u>733</u>	<u>733</u>

The fair value of other investments are disclosed in Note 43.

22. Inventories

	Group	
	2013	2012
	RM'000	RM'000
Cost:		
Raw materials	1,384	1,130
Crusher run and aggregates	5,801	3,847
Consumable stores and spares	3,109	3,422
Properties held for sale	84,934	54,729
	<u>95,228</u>	<u>63,128</u>
Net realisable value:		
Properties held for sale	546	3,231
Crusher run and aggregates	492	122
	<u>1,038</u>	<u>3,353</u>
	<u>96,266</u>	<u>66,481</u>

During the year, the amount of inventories recognised as an expense was RM43,674,335 (2012: RM31,157,000).

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23. Receivables

Receivables of the Group and of the Company are analysed as follows:

		Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(a) Current					
Trade					
Trade receivables	(i)	755,145	671,128	27,774	27,595
Associated companies		130,435	142,761	-	-
Joint venture partners		20,186	6,190	-	-
Retention sums		61,947	86,371	26,512	26,334
Accrued billings		101,087	102,374	-	-
Due from customers on contracts (Note 25)		732,648	536,056	-	-
		<u>1,801,448</u>	<u>1,544,880</u>	<u>54,286</u>	<u>53,929</u>
Less: Allowance for impairment		(166)	(2,463)	-	-
		<u>1,801,282</u>	<u>1,542,417</u>	<u>54,286</u>	<u>53,929</u>
Non-trade					
Associated companies	(ii)	144	169	126	52
Deposits		76,315	53,165	548	538
Prepayments		10,198	1,638	1,511	1,651
Sundry receivables	(iii)	28,047	40,326	829	1,597
		<u>114,704</u>	<u>95,298</u>	<u>3,014</u>	<u>3,838</u>
		<u>1,915,986</u>	<u>1,637,715</u>	<u>57,300</u>	<u>57,767</u>

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23. Receivables (cont'd.)

(a) Current (cont'd.)

(i) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2012: 14 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The Company's trade receivables are more than 121 days past due but not impaired. The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2013	2012
	RM'000	RM'000
Neither past due nor impaired	630,887	620,742
1 to 30 days past due not impaired	65,152	8,780
31 to 60 days past due not impaired	14,306	3,789
61 to 90 days past due not impaired	5,809	689
91 to 120 days past due not impaired	1,802	5,698
More than 121 days past due not impaired	37,023	28,967
	<u>124,092</u>	<u>47,923</u>
Impaired	166	2,463
	<u>755,145</u>	<u>671,128</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group's and Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM124,092,000 (2012: RM47,923,000) and RM27,774,000 (2012: RM27,595,000) respectively that are past due at the reporting date but not impaired are related to customers with on-going transactions and/or progressive payments.

The receivables that are past due but not impaired are unsecured in nature.

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23. Receivables (cont'd.)

(a) Current (cont'd.)

(i) Trade receivables (cont'd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2013	2012
	RM'000	RM'000
Trade receivables - nominal amounts	166	2,463
Less: allowance for impairment	<u>(166)</u>	<u>(2,463)</u>
	<u>-</u>	<u>-</u>
 Movement in allowance accounts:		
At 1 August	2,463	2,714
Reversal of impairment losses (Note 7)	-	(251)
Allowance for impairment written off	<u>(2,297)</u>	<u>-</u>
At 31 July	<u>166</u>	<u>2,463</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

Included in the trade receivables, is an amount due from the Government of Malaysia ("GOM") on construction contract on tunnel portion of the Stormwater Channel and Motorway Works as follows:

	Group	
	2013	2012
	RM'000	RM'000
Amount due from the Government on:		
- progress billings on construction contract	-	38,372
Interest receivable	73	6,487
Total amount due from the Government	<u>73</u>	<u>44,859</u>
(Offset with): - SMARTSB MTN	-	(36,727)
- Interest payable on SMARTSB MTN	<u>(73)</u>	<u>(6,487)</u>
	<u>-</u>	<u>1,645</u>

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23. Receivables (cont'd.)

(a) Current (cont'd.)

(i) Trade receivables (cont'd.)

The manner and time of payment of these costs shall be the same as the manner and the time for the repayment of the MTN by SMARTSB to the Principal Subscriber as may be certified by the GOM in the Facility Payment Certificate, as mentioned below.

To acknowledge its debts due, the GOM shall, from time to time, issue a Facility Payment Certificate ("FPC"), in which a jointly controlled entity, Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. ("SMARTSB") can sell, assign or transfer to another person (provided that the GOM has consented to such sale, assignment or transfer and received notice of the same). As part of the terms of the FPC, the GOM unconditionally and irrevocably agree and undertake to pay SMARTSB or, if the FPC has been sold, transferred or assigned to another person, to such person, the Net Amount Due as stated in the FPC. The Net Amount Due shall upon assignment, transfer or sale be conclusive evidence of a debt due and payable by the GOM to the assignee and payment of monies under the FPC shall be made without deduction, set-off or adjustments on any account.

On 4 August 2004, SMARTSB entered into an agreement with the Primary Subscriber to issue Medium Term Notes ("SMARTSB MTN") to finance the construction and land acquisition costs relating to the Stormwater Channel. The SMARTSB MTN is to be issued from time to time upon terms and conditions as agreed with the Primary Subscriber, and upon the assignment of all SMARTSB's rights, interests, title and benefits in and to each of the FPC mentioned above to the Primary Subscriber. The SMARTSB MTN is a zero coupon note and is to be issued at a discount by SMARTSB.

The details of security arrangement in connection with the SMARTSB MTN are as follows:

1. Fixed and floating charge over all the assets and property of SMARTSB in relation to the Stormwater Channel Project.
2. An assignment of SMARTSB's rights, interests, title and benefits in and to each FPC and acknowledgement of the GOM to such assignment of FPC linked to the issuance of SMARTSB MTN.

As at the reporting date, SMARTSB has issued SMARTSB MTN with a nominal amount of RMNil (2012: RM86,501,000). The net proceeds received from the issuance of SMARTSB MTN have been used to off set against the amount due from the GOM.

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23. Receivables (cont'd.)

(a) Current (cont'd.)

(i) Trade receivables (cont'd.)

The breakdown of SMARTSB MTN issued are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Principal amount:		
- Construction costs (offset against trade receivables)	-	36,727
Unearned interests	-	6,524
Nominal value	-	43,251
	<u>-</u>	<u>43,251</u>

(ii) Due from associated companies

The non-trade amounts due from associated companies are unsecured, interest free and repayable on demand.

(b) Non-current

	Group	
	2013	2012
	RM'000	RM'000
Retention sums receivable after one year	108,166	51,201
Amount due from an associated company (i)	150,700	107,462
Other receivable	1,178	1,357
	<u>260,044</u>	<u>160,020</u>

(i) Amount due from an associated company

The amount due from an associated company to a subsidiary of the Group is in respect of the supply of bulk quantity of treated water supplied to the associated company. The amount due from an associated company is unsecured and repayable on demand, other than an amount of RM9,284,000 (2012: RM12,919,000) which is receivable in 2 (2012: 3) annual instalments from December 2014 to December 2015 (2012: December 2013 to December 2015).

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

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23. Receivables (cont'd.)

Group	2013	2012
	RM'000	RM'000
Government of Malaysia	46,787	82,254
An associated company, SPLASH	243,415	206,010
A single debtor, Mass Rapid Transit Corporation	214,668	92,505

The following table analyses the financial assets of the Group and of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Group	Note	Held for trading/ Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
At 31 July 2013				
Investment securities	24	514,922	-	514,922
Current receivables	23(a)			
Trade receivables		-	755,145	755,145
Due from:				
Associated companies		-	130,579	130,579
Joint venture partners		-	20,186	20,186
Retention sums		-	61,947	61,947
Deposits		-	76,315	76,315
Sundry receivables		-	28,047	28,047
Non-current receivables	23(b)	-	260,044	260,044
Cash and bank balances	27	129,087	1,101,123	1,230,210
Total financial assets		644,009	2,433,386	3,077,395
At 31 July 2012				
Investment securities	24	279,104	-	279,104
Current receivables	23(a)			
Trade receivables		-	671,128	671,128
Due from:				
Associated companies		-	142,930	142,930
Joint venture partners		-	6,190	6,190
Retention sums		-	86,371	86,371
Deposits		-	53,165	53,165
Sundry receivables		-	40,326	40,326
Non-current receivables	23(b)	-	160,020	160,020
Cash and bank balances	27	441,154	896,201	1,337,355
Total financial assets		720,258	2,056,331	2,776,589

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23. Receivables (cont'd.)

Company	Note	Held for trading/ Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
At 31 July 2013				
Investment securities	24	113,146	-	113,146
Current receivables	23(a)			
Trade receivables		-	27,774	27,774
Retention sums		-	26,512	26,512
Amount due from associated companies		-	126	126
Deposits		-	548	548
Sundry receivables		-	829	829
Due from subsidiaries	26	-	912,486	912,486
Cash and bank balances	27	4,976	120,611	125,587
Total financial assets		118,122	1,088,886	1,207,008
At 31 July 2012				
Investment securities	24	1,474	-	1,474
Current receivables	23(a)			
Trade receivables		-	27,595	27,595
Retention sums		-	26,334	26,334
Amount due from associated companies		-	52	52
Deposits		-	538	538
Sundry receivables		-	1,597	1,597
Due from subsidiaries	26	-	871,255	871,255
Cash and bank balances	27	14,314	114,128	128,442
Total financial assets		15,788	1,041,499	1,057,287

Included in deposits of the Group is an earnest deposit of RM62,000,000 being 10% of the purchase consideration for a piece of land situated at Mukim Rawang, District of Gombak, Selangor Darul Ehsan paid to TPPT Sdn. Bhd..

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24. Investment securities

Group	2013 RM'000		2012 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Current				
Held for trading investment securities	514,922	514,922	279,104	279,104
Company				
Current				
Held for trading investment securities	113,146	113,146	1,474	1,474

Investment securities represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprise of money market funds, commercial papers, government bonds and fixed deposits.

25. Amount due from/(to) customers on contracts

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Construction contract costs incurred to date	12,048,635	9,258,448	1,524,490	1,523,715
Recognised profits less recognised losses	855,104	677,721	52,267	52,267
Progress billings received and receivable	(12,460,540)	(9,874,580)	(1,587,717)	(1,587,717)
	443,199	59,589	(10,960)	(11,735)

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25. Amount due from/(to) customers on contracts (cont'd.)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Represented by:				
Due from customers on contracts (Note 23(a))	732,648	536,056	-	-
Due to customers on contracts (Note 36)	(289,449)	(476,467)	(10,960)	(11,735)
	<u>443,199</u>	<u>59,589</u>	<u>(10,960)</u>	<u>(11,735)</u>

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Finance costs (Note 8)	2,748	3,198	-	-
Depreciation (Note 12)	12,296	11,458	27	80
Staff costs (Note 5)	145,433	147,905	-	460
Rental of premises	3,157	1,405	-	-
Hire of plant and equipment	599	2,741	-	-

Included in amount due from customers on contract is an amount due from the Government of Socialist Republic of Vietnam ("GOVT") to a subsidiary, Gamuda Land Vietnam Limited Liability Company ("GLVN") amounting to RM66,738,000 (2012: RM376,421,000) which is pending issuance of investment certificates for property development in Hanoi, Vietnam as consideration for the construction works by GLVN. During the year, an additional RM319,318,000 was transferred to leasehold land under land held for property development upon completion of construction works and finalisation of land use rights fee. In prior year, RM327,727,000 was transferred to leasehold land under property development costs upon issuance of the investment certificates by the GOVT.

The directors do not foresee any issue in obtaining the investment certificates and therefore are of the opinion that this amount is recoverable.

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26. Due from subsidiaries

	Company	
	2013 RM'000	2012 RM'000
Non-current		
Due from a subsidiary - non-trade	622,437	517,843
Current		
Due from subsidiaries		
- trade	12,290	13,902
- non-trade	277,759	339,510
	<u>290,049</u>	<u>353,412</u>

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2012: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand except for advances of RM633,563,000 (2012: RM702,570,000) given to subsidiaries which bear interest at 4.50% to 5.10% (2012: 4.55% to 5.00%) per annum.

27. Cash and bank balances

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand and at banks	78,080	61,412	4,394	9,284
Housing Development Accounts	495,578	439,361	-	-
Total cash on hand and at banks	573,658	500,773	4,394	9,284
Deposits with licensed banks	527,465	395,428	116,217	104,844
Investment in unit trusts	129,087	441,154	4,976	14,314
	<u>1,230,210</u>	<u>1,337,355</u>	<u>125,587</u>	<u>128,442</u>

Included in total cash on hand and at banks of the Group and of the Company are interest bearing balances amounting to RM537,930,000 (2012: RM486,709,000) and RM759,000 (2012: RM4,784,000) respectively.

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

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27. Cash and bank balances (cont'd.)

The investment in unit trusts is a scheme that invests in fixed deposit placements which allows prompt redemption at any time.

The weighted average effective interest rates of deposits as at reporting date was as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Licensed banks				
Malaysia - RM	2.90	2.88	2.91	3.01
- USD	0.22	0.58	0.28	0.58
Qatar	0.20	0.20	-	-
India	9.05	9.30	-	-
Vietnam	8.90	12.02	-	-

The range of maturities of deposits as at reporting date were as follows:

	Group		Company	
	2013 Days	2012 Days	2013 Days	2012 Days
Licensed banks	2 - 90	2 - 90	1 - 35	1 - 33

28. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised:				
At beginning/end of year	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid:				
At beginning of year	2,079,412	2,064,824	2,079,412	2,064,824
Exercise of ESOS	44,026	12,889	44,026	12,889
Conversion of warrants	153,206	1,699	153,206	1,699
At end of year	2,276,644	2,079,412	2,276,644	2,079,412

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28. Share capital (cont'd.)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM2,079,412,000 to RM2,276,644,000 by way of:
- (i) 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; and
 - (ii) Issuance of 153,206,000 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.
- (b) On 26 May 2010, the Company allotted and issued 252,306,013 new Warrants 2010/2015 at an issue price of RM0.10 each on the basis of 1 Warrant 2010/2015 for every 8 existing ordinary shares held in the Company on 30 April 2010. 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. Any Warrant 2010/2015 not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes.

The total number of warrants converted during the year is as follows:

	Warrants 2010/2015	
	2013	2012
	'000	'000
At beginning of year	247,554	249,253
Converted	(153,206)	(1,699)
At end of year	<u>94,348</u>	<u>247,554</u>

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

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28. Share capital (cont'd.)

(c) (cont'd.)

The principal features of the ESOS are as follows:

- (i) Eligible employees are full-time monthly paid employees and Executive Directors of the Group (including contract and non-Malaysian employees with a minimum three years of contract of service) whose employment has been confirmed. The selection of eligible employee for participation in the ESOS shall be at the discretion of the Options Committee.
- (ii) The ESOS shall be in force for a period of 5 years from 6 July 2006 subject however to any extension or renewal for a further period of not exceeding 5 years commencing from the day after the date of expiration of the original 5 years period as may be approved by all relevant parties.
- (iii) The total number of shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
- (iv) The subscription price under the ESOS shall be the weighted average market price of the shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of offer of the options subject to a discount of not more than 10%, or at par value of the share, whichever is higher.
- (v) The aggregate number of shares to be offered to an eligible employee in accordance with the ESOS shall be determined at the discretion of the Options Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service that the eligible employee has rendered and subject to the maximum allowable allotment of shares for each eligible employee.
- (vi) The number of shares under the ESOS which remained unexercised or the option price or both may be adjusted following any alteration in the capital structure of the Company during the option period, whether such alteration is by way of capitalisation of profits or reserves, right issues, consolidation of shares, sub-division of shares or reduction of capital or otherwise howsoever taking place, made by the Company.
- (vii) The options shall not carry any right to vote at any general meeting of the Company and a grantee shall not be entitled to any dividends, right or other entitlements on his unexercised options.

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28. Share capital (cont'd.)

(c) (cont'd.)

The principal features of the ESOS are as follows (cont'd.):

- (viii) The options granted under ESOS are not assignable.
- (ix) There is no restriction on the employee in exercising and selling their Gamuda Shares which were allotted and issued pursuant to the exercise of their options.

If the net proceeds from the disposal is less than the Exercise Value (being the Exercise Price multiplied by the number of Gamuda Shares sold), the entire net proceeds will be released to the employee.

However, if the net proceeds is more than the Exercise Value, an amount equivalent to the Exercise Value will be released to the employee. The balance proceeds not released to the employee will be placed in an interest bearing account for the benefit of the employee. The balance proceeds (being the net proceeds less Exercise Value) together with the attributable interest, if any, will be released to the employee over the period of the scheme in accordance with Gamuda's ESOS By-Law on each anniversary of the effective date of the scheme.

- (x) The new shares allotted upon any exercise of the option shall rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company except that the new shares so issued will not rank for any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the date of allotment of the new shares.
- (xi) The employees to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

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28. Share capital (cont'd.)

(c) (cont'd.)

The principal features of the ESOS are as follows (cont'd.):

(xii) Options to subscribe for ordinary shares of RM1.00 each under ESOS were granted in the following phases:

	Exercise price (before rights issue of warrants) RM	Exercise price (after rights issue of warrants) RM	Number of options '000	Exercise period
6 July 2006	1.73	1.54	63,436	6 July 2006 - 5 July 2014
15 January 2007	2.60	2.32	14,064	15 January 2007 - 5 July 2014
8 August 2007	3.63	3.24	34,856	8 August 2007 - 5 July 2014
24 March 2008	2.98	2.66	11,852	24 March 2008 - 5 July 2014
1 July 2008	2.29	2.04	7,239	1 July 2008 - 5 July 2014
15 January 2009	1.94	1.73	8,009	15 January 2009 - 5 July 2014
15 July 2009	2.72	2.42	4,111	15 July 2009 - 5 July 2014
17 March 2010	2.79	2.49	5,129	17 March 2010 - 5 July 2014
19 March 2010	2.79	2.49	51,542	19 March 2010 - 5 July 2014
8 August 2010	*	3.33	1,929	8 August 2010 - 5 July 2014
12 August 2011	*	3.26	693	12 August 2011 - 5 July 2014
6 June 2012	*	3.37	734	6 June 2012 - 5 July 2014
23 October 2012	*	3.46	15,678	23 October 2012 - 5 July 2014
2 January 2013	*	3.61	2,946	2 January 2013 - 5 July 2014

* Not applicable

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28. Share capital (cont'd.)

- (d) Breakdown of aggregate proceeds received from share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

	2013 RM'000	2012 RM'000
Ordinary shares	44,026	12,889
Share premium	78,890	19,326
Aggregate proceeds received on shares issued	<u>122,916</u>	<u>32,215</u>
Aggregate fair value of ordinary shares at exercise date	<u>193,205</u>	<u>46,412</u>

- (e) The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year are as follows:

ESOS exercise price	Number of share options Movement during the year			Outstanding and exercisable at 31 July 2013 '000
	Outstanding at 1 August 2012 '000	Granted '000	Exercised '000	
RM1.54	3,039	-	(388)	2,651
RM2.32	2,599	-	(1,203)	1,396
RM3.24	22,592	-	(10,175)	12,417
RM2.66	4,424	-	(2,160)	2,264
RM2.04	2,293	-	(1,040)	1,253
RM1.73	1,882	-	(955)	927
RM2.42	1,899	-	(917)	982
RM2.49	32,065	-	(19,784)	12,281
RM3.33	1,581	-	(623)	958
RM3.26	693	-	(413)	280
RM3.37	734	-	(197)	537
RM3.46	-	15,678	(5,352)	10,326
RM3.61	-	2,946	(819)	2,127
	<u>73,801</u>	<u>18,624</u>	<u>(44,026)</u>	<u>48,399</u>
WAEP	2.68	3.48	2.79	2.89

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28. Share capital (cont'd.)

- (e) The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year are as follows (cont'd.):

ESOS exercise price	Number of share options Movement during the year			Outstanding and exercisable at 31 July 2012 '000
	Outstanding at 1 August 2011 '000	Granted '000	Exercised '000	
RM1.54	3,179	-	(140)	3,039
RM2.32	3,023	-	(424)	2,599
RM3.24	23,958	-	(1,366)	22,592
RM2.66	5,672	-	(1,248)	4,424
RM2.04	2,968	-	(675)	2,293
RM1.73	2,705	-	(823)	1,882
RM2.42	2,367	-	(468)	1,899
RM2.49	39,748	-	(7,683)	32,065
RM3.33	1,643	-	(62)	1,581
RM3.26	-	693	-	693
RM3.37	-	734	-	734
	<u>85,263</u>	<u>1,427</u>	<u>(12,889)</u>	<u>73,801</u>
WAEP	2.65	3.32	2.50	2.68

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28. Share capital (cont'd.)

(f) Fair value of share options granted

The fair value of share options granted during the year was estimated by an external valuer using a binomial model, taking into account of the terms and conditions upon which the options were granted. In the previous year, the modifications made to the share options were as follows:

- (i) extension of Expiry Date to 5 July 2014, pursuant to By-law 17.3 of the ESOS effective on 22 December 2009.
- (ii) price adjustment, pursuant to the Rights Issue of Warrants effective on 3 May 2010.

The fair value of share options measured at the respective date and the assumptions are as follows:

ESOS

Option price, before rights issue of warrants (RM)	1.73	2.60	3.63	2.98	2.29	1.94	2.72	2.79	2.79	*	*	*	*	*
Option price, after rights issue of warrants (RM)	1.54	2.32	3.24	2.66	2.04	1.73	2.42	2.49	2.49	3.33	3.26	3.37	3.46	3.61

Fair value of share options,

at the following grant dates

and modification dates (RM):

- Grant date	0.23	-	-	-	-	-	-	-	-	-	-	-	-	-
- 22 December 2009	0.93	-	-	-	-	-	-	-	-	-	-	-	-	-
- 3 May 2010	1.39	-	-	-	-	-	-	-	-	-	-	-	-	-
- Grant date	-	0.29	-	-	-	-	-	-	-	-	-	-	-	-
- 22 December 2009	-	0.34	-	-	-	-	-	-	-	-	-	-	-	-
- 3 May 2010	-	0.61	-	-	-	-	-	-	-	-	-	-	-	-

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28. Share capital (cont'd.)

(f) Fair value of share options granted (cont'd.)

	ESOS (cont'd.)															
	Option price, before rights issue of warrants (RM)	1.73	2.60	3.63	2.98	2.29	1.94	2.72	2.79	2.79	2.79	3.33	3.26	3.37	3.46	3.61
	Option price, after rights issue of warrants (RM)	1.54	2.32	3.24	2.66	2.04	1.73	2.42	2.49	2.49	2.49	3.33	3.26	3.37	3.46	3.61
Fair value of share options, at the following grant dates and modification dates (RM):																
- Grant date	-	-	-	0.39	-	-	-	-	-	-	-	-	-	-	-	-
- 22 December 2009	-	-	0.16	-	-	-	-	-	-	-	-	-	-	-	-	-
- 3 May 2010	-	-	0.27	-	-	-	-	-	-	-	-	-	-	-	-	-
- Grant date	-	-	-	0.18	-	-	-	-	-	-	-	-	-	-	-	-
- 22 December 2009	-	-	-	0.29	-	-	-	-	-	-	-	-	-	-	-	-
- 3 May 2010	-	-	-	0.42	-	-	-	-	-	-	-	-	-	-	-	-
- Grant date	-	-	-	-	0.27	-	-	-	-	-	-	-	-	-	-	-
- 22 December 2009	-	-	-	-	0.37	-	-	-	-	-	-	-	-	-	-	-
- 3 May 2010	-	-	-	-	0.69	-	-	-	-	-	-	-	-	-	-	-
- Grant date	-	-	-	-	-	0.46	-	-	-	-	-	-	-	-	-	-
- 22 December 2009	-	-	-	-	-	0.72	-	-	-	-	-	-	-	-	-	-
- 3 May 2010	-	-	-	-	-	1.20	-	-	-	-	-	-	-	-	-	-
- Grant date	-	-	-	-	-	-	0.64	-	-	-	-	-	-	-	-	-
- 22 December 2009	-	-	-	-	-	-	0.32	-	-	-	-	-	-	-	-	-
- 3 May 2010	-	-	-	-	-	-	0.50	-	-	-	-	-	-	-	-	-

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28. Share capital (cont'd.)

(f) Fair value of share options granted (cont'd.)

	ESOS (cont'd.)													
Option price, before rights issue of warrants (RM)	1.73	2.60	3.63	2.98	2.29	1.94	2.72	2.79	2.79	*	*	*	*	*
Option price, after rights issue of warrants (RM)	1.54	2.32	3.24	2.66	2.04	1.73	2.42	2.49	2.49	3.33	3.26	3.37	3.46	3.61
Fair value of share options, at the following grant dates and modification dates (RM):														
- Grant date	-	-	-	-	-	-	-	0.38	-	-	-	-	-	-
- 3 May 2010	-	-	-	-	-	-	-	0.43	-	-	-	-	-	-
- Grant date	-	-	-	-	-	-	-	-	0.31	-	-	-	-	-
- 3 May 2010	-	-	-	-	-	-	-	-	0.43	-	-	-	-	-
- Grant date	-	-	-	-	-	-	-	-	-	0.39	-	-	-	-
- Grant date	-	-	-	-	-	-	-	-	-	-	0.29	-	-	-
- Grant date	-	-	-	-	-	-	-	-	-	-	-	0.29	-	-
- Grant date	-	-	-	-	-	-	-	-	-	-	-	-	0.26	-
- Grant date	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26

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28. Share capital (cont'd.)

(f) Fair value of share options granted (cont'd.)

	ESOS (cont'd.)													
Option price, before rights issue of warrants (RM)	1.73	2.60	3.63	2.98	2.29	1.94	2.72	2.79	2.79	*	*	*	*	*
Option price, after rights issue of warrants (RM)	1.54	2.32	3.24	2.66	2.04	1.73	2.42	2.49	2.49	3.33	3.26	3.37	3.46	3.61
Weighted average share price (RM)														
- Grant date	3.52 [^]	5.20 [^]	7.20 [^]	2.98	2.33	1.97	2.87	2.80	2.72	3.34	3.26	3.26	3.95	3.95
- 22 December 2009	2.66	2.66	2.66	2.66	2.66	2.66	2.66	*	*	*	*	*	*	*
- 3 May 2010	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	*	*	*	*	*
Expected volatility														
- Grant date	30.00%	30.00%	30.00%	40.00%	40.00%	45.00%	45.00%	45.00%	45.00%	40.00%	30.00%	30.00%	24.00%	24.00%
- 22 December 2009	30.00%	30.00%	30.00%	40.00%	40.00%	45.00%	45.00%	*	*	*	*	*	*	*
- 3 May 2010	30.00%	30.00%	30.00%	40.00%	40.00%	45.00%	45.00%	45.00%	45.00%	*	*	*	*	*
Risk free rate														
- Grant date	4.22%	3.56%	3.43%	3.38%	3.79%	2.76%	2.01%	2.66%	2.67%	2.91%	2.91%	3.00%	2.97%	2.91%
- 22 December 2009	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	*	*	*	*	*	*	*
- 3 May 2010	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	*	*	*	*	*
Expected dividend yield [#]	3.20%	3.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%

The expected volatility is based on historical data and is not necessarily indicative of exercise patterns that may occur.

* Share options are granted after modification on extension of Expiry Date.

Expected dividend yield is assumed to be the same for all dates.

^ Before bonus issue on 25 October 2007.

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29. Other reserves (non-distributable)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Capital reserve				
At beginning of year	103,730	97,313	-	-
Movement in capital reserve in an associated company	8,217	6,417	-	-
At end of year	111,947	103,730	-	-
Foreign exchange reserve				
At beginning of year	(91,596)	(110,342)	11,176	15,263
Foreign currency translation	31,192	38,864	(592)	(4,087)
Share of other comprehensive loss of associated companies	(26,154)	(18,306)	-	-
Less: Non-controlling interests	1,455	(1,812)	-	-
At end of year	(85,103)	(91,596)	10,584	11,176
Warrants reserve				
At beginning of year	24,757	24,926	24,757	24,926
Conversion of warrants	(15,321)	(169)	(15,321)	(169)
At end of year	9,436	24,757	9,436	24,757
Hedging reserve*				
At beginning of year	(6,848)	(5,377)	(6,848)	(5,377)
Fair value loss on cash flow hedge	2,448	(1,471)	2,448	(1,471)
At end of year	(4,400)	(6,848)	(4,400)	(6,848)
Total other reserves	31,880	30,043	15,620	29,085

* **Hedging reserve**

Hedging reserve represents the effective portion of the gain or loss on hedging instruments in the Company's cash flow hedge.

30. Retained profits

The Company may distribute dividends out of its entire retained earnings under the single tier system.

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31. Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of services on attainment of the retirement age of 55 to 60.

The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Present value of unfunded defined benefit obligations	16,783	13,441	1,545	2,164
Actuarial gain, net	(3,017)	(1,353)	(262)	(619)
Net liability	<u>13,766</u>	<u>12,088</u>	<u>1,283</u>	<u>1,545</u>
Analysed as:				
Current (Note 36)	<u>272</u>	<u>1,081</u>	<u>-</u>	<u>312</u>
Non-current:				
Later than 1 year but not later than 2 years	51	708	-	82
Later than 2 years but not later than 5 years	264	3,038	-	172
Later than 5 years	<u>13,179</u>	<u>7,261</u>	<u>1,283</u>	<u>979</u>
Amount included in payables (Note 32 (a))	<u>13,494</u>	<u>11,007</u>	<u>1,283</u>	<u>1,233</u>
	<u>13,766</u>	<u>12,088</u>	<u>1,283</u>	<u>1,545</u>

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current service cost	2,181	2,052	186	184
Interest cost	668	822	(491)	240
Actuarial (gain)/loss recognised in the year	<u>(634)</u>	<u>22</u>	<u>43</u>	<u>45</u>
Total, included in staff costs and directors' remuneration (Notes 5 and 6)	<u>2,195</u>	<u>2,896</u>	<u>(262)</u>	<u>469</u>

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31. Retirement benefit obligations (cont'd.)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of year	12,088	14,374	1,545	2,164
Recognised in profit or loss	2,195	2,896	(262)	469
Contributions paid	(517)	(5,182)	-	(1,088)
At end of year	<u>13,766</u>	<u>12,088</u>	<u>1,283</u>	<u>1,545</u>

Principal actuarial assumptions used:

	2013 %	2012 %
Discount rate	5.3	6.1
Expected rate of salary increases		
- Up to age 29	10.0	10.0
- Up to age 30 - 39	8.0	8.0
- Age 40 and above	6.0	6.0
Price inflation	<u>3.5</u>	<u>3.5</u>

32. Payables and derivatives

(a) Payables

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Advance membership fees	16,765	11,347	-	-
Retirement benefit obligations (Note 31)	13,494	11,007	1,283	1,233
Retention sums payable after one year	334,634	101,254	-	-
Amount due to a third party	49,389	42,729	-	-
	<u>414,282</u>	<u>166,337</u>	<u>1,283</u>	<u>1,233</u>

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32. Payables and derivatives (cont'd.)

(a) Payables (cont'd.)

Advance membership fees received are in connection with the provision of services by way of golfing, sporting and other recreational facilities. The advance membership fees are recognised as income over the tenure of the membership period which expires in 2058 to 2070. The current portion is disclosed in Note 36.

Amount due to a third party represents the present value of amount payable to a non-controlling interest of a subsidiary for land cost and services provided by the non-controlling interest. The amount is repayable in equal annual instalments commencing from 1 January 2016 to 31 December 2019.

(b) Derivatives

Derivatives represent effective hedges of interest rate swaps. The interest rate swaps are interest rate arrangements entered into to partially hedge a loan obtained by the Company. The contract amount of loan being hedged as at 31 July 2013 was USD45,000,000, equivalent to RM145,584,000 (2012: USD45,000,000, equivalent to RM143,222,000). The loan was drawdown in November 2009 and is subjected to floating interest rate. The Company had, in November 2009, entered into interest rate swaps agreement which entitled the Company to pay fixed interest rates ranging from 1.845% to 2.495% (2012: 1.845% to 2.495%) per annum until the maturity of the loan.

33. Deferred tax (assets)/liabilities

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of year	61,153	67,027	(5,551)	(5,235)
Recognised in profit or loss (Note 9)	(28,106)	(5,725)	(17,916)	(308)
Exchange differences	327	(149)	(3)	(8)
At end of year	<u>33,374</u>	<u>61,153</u>	<u>(23,470)</u>	<u>(5,551)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(49,854)	(23,473)	(23,470)	(5,551)
Deferred tax liabilities	83,228	84,626	-	-
	<u>33,374</u>	<u>61,153</u>	<u>(23,470)</u>	<u>(5,551)</u>

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33. Deferred tax (assets)/liabilities (cont'd.)

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

Deferred tax liabilities of the Group:

	Receivables	Accelerated capital allowances	Land	Total
	RM'000	RM'000	RM'000	RM'000
At 1 August 2012	(3,090)	21,896	64,719	83,525
Recognised in profit or loss	(3,077)	(1,745)	(340)	(5,162)
Exchange differences	-	327	-	327
At 31 July 2013	<u>(6,167)</u>	<u>20,478</u>	<u>64,379</u>	<u>78,690</u>
At 1 August 2011	(252)	21,250	68,993	89,991
Recognised in profit or loss	(2,838)	646	(4,274)	(6,466)
At 31 July 2012	<u>(3,090)</u>	<u>21,896</u>	<u>64,719</u>	<u>83,525</u>

Deferred tax assets of the Group:

	Retirement benefit obligations	Provisions and accruals	Property development costs	Total
	RM'000	RM'000	RM'000	RM'000
At 1 August 2012	(2,741)	(19,573)	(58)	(22,372)
Recognised in profit or loss	(419)	(22,553)	28	(22,944)
At 31 July 2013	<u>(3,160)</u>	<u>(42,126)</u>	<u>(30)</u>	<u>(45,316)</u>
At 1 August 2011	(3,083)	(19,680)	(201)	(22,964)
Recognised in profit or loss	342	256	143	741
Exchange differences	-	(149)	-	(149)
At 31 July 2012	<u>(2,741)</u>	<u>(19,573)</u>	<u>(58)</u>	<u>(22,372)</u>

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33. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 August 2012	798
Recognised in profit or loss	1,994
Exchange differences	(3)
At 31 July 2013	<u>2,789</u>
At 1 August 2011	744
Recognised in profit or loss	62
Exchange differences	(8)
At 31 July 2012	<u>798</u>

Deferred tax assets of the Company:

	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2012	(386)	(5,963)	(6,349)
Recognised in profit or loss	66	(19,976)	(19,910)
At 31 July 2013	<u>(320)</u>	<u>(25,939)</u>	<u>(26,259)</u>
At 1 August 2011	(1,128)	(4,851)	(5,979)
Recognised in profit or loss	742	(1,112)	(370)
At 31 July 2012	<u>(386)</u>	<u>(5,963)</u>	<u>(6,349)</u>

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

	Group	
	2013 RM'000	2012 RM'000
Unused tax losses	49,760	51,097
Unabsorbed capital allowances	12,470	14,908
Unutilised reinvestment allowances	1,457	1,457
Other deductible temporary differences	1,296	1,460
	<u>64,983</u>	<u>68,922</u>

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the Group and guidelines issued by the tax authority.

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34. Long term borrowings

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Murabahah medium term notes ("MTN") (a)	769,965	394,771	720,000	320,000
Term loans				
- secured (b)	498,686	460,602	-	-
- unsecured (c)	448,614	181,505	448,614	181,505
	<u>1,717,265</u>	<u>1,036,878</u>	<u>1,168,614</u>	<u>501,505</u>

(a) Murabahah medium term notes ("MTN")

The MTNs are drawdown by the following entities:

		Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gamuda Berhad	(i)	720,000	320,000	720,000	320,000
Horizon Hills Development Sdn. Bhd. ("HHDSB")	(ii)	49,965	74,771	-	-
		<u>769,965</u>	<u>394,771</u>	<u>720,000</u>	<u>320,000</u>

(i) The amount drawdown, maturity date and yield as at issuance dates of the MTN are as follows:

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Non-current				
Issue No. 3	320,000	01.4.2010	01.4.2015	5.25
Issue No. 4	400,000	21.3.2013	21.3.2018	4.17
	<u>720,000</u>			

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34. Long term borrowings (cont'd.)

(a) Murabahah medium term notes ("MTN") (cont'd.)

(ii) This represents the Group's share of the MTN drawdown by HHDSB.

	Group	
	2013	2012
	RM'000	RM'000
Non-current		
Murabahah medium term notes ("MTN")	50,000	75,000
Unamortised discounts and transaction costs	(35)	(229)
	49,965	74,771
Current (Note 35(b))		
Murabahah medium term notes ("MTN")	25,000	25,000
Unamortised discounts and transaction costs	(57)	(72)
	24,943	24,928

The amount drawdown, maturity date and yield as at issuance dates of the Group's share of the MTN are as follows:

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Current				
Issue No. 6	15,000	12.12.2008	12.12.2013	4.30
Issue No. 7	10,000	8.7.2011	8.7.2014	3.90
	25,000			
Non-current				
Issue No. 8	15,000	12.8.2011	12.8.2016	4.00
Issue No. 9	25,000	12.6.2012	12.6.2015	3.68
Issue No. 10	10,000	12.6.2012	14.6.2016	3.78
	50,000			

The MTN and Commercial Papers of HHDSB as disclosed in Note 34(a) and Note 35(a) respectively are secured by an unconditional and irrevocable undertaking from the Company to provide equity contributions (in the form of redeemable preference shares and/or ordinary shares) substantially in the form and substance acceptable to the Lead Arranger and the Security Trustee to meet:

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34. Long term borrowings (cont'd.)

(a) Murabahah medium term notes ("MTN") (cont'd.)

1. any financial obligation of HHDSB under the Programme and the Kafalah Facility (inclusive of principal and profit payments and fees and expenses) of up to RM280 million in the event that HHDSB does not have sufficient funds to meet such obligations; and/or
2. any cash flow deficit of the Project and the Financial Covenants of up to RM30 million in a manner proportionate to the Company's shareholding percentage in HHDSB.

(b) Term loans - secured

The term loans are drawdown by the following entities:

		Group	
		2013	2012
		RM'000	RM'000
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. ("SMARTSB")	(i)	154,233	158,270
Jade Homes Sdn. Bhd.	(ii)	70,425	111,754
Tan Thang Company	(iii)	274,028	190,578
		<u>498,686</u>	<u>460,602</u>

- (i) The term loan was drawdown by a jointly controlled entity, Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. ("SMARTSB") in relation to the motorway development of the Stormwater Channel and Motorway Works ("Project").

The term loan shall be repaid over 28 semi-annual instalments commencing from 2011 over 14 years with yields ranging from 5.55% to 5.76% at issuance dates.

The loan is secured by the following:

1. debentures to create a fixed and floating charge over all present and future assets of SMARTSB and Projek Smart Holdings Sdn. Bhd. ("PSHSB");
2. assignment of Principal Contracts whereby SMARTSB has awarded Gamuda Berhad to undertake a specified scope of work in respect of the Project;

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34. Long term borrowings (cont'd.)

(b) Term loans - secured (cont'd.)

(i) (cont'd.)

3. assignment of Toll Revenue and Designated Accounts by SMARTSB including all its rights, interests, titles and benefits;
4. Deed of Subordination whereby PSHSB has subordinated or agreed to subordinate all loan stocks held; and
5. an undertaking from PSHSB and an undertaking from the shareholders of PSHSB to promptly provide funding for the Project as and when required to meet cost overruns during the construction and cash flow deficits during the operations.

The term loan was obtained on a non-recourse basis to the Group.

Term loan is repayable as follows:

	Group	
	2013	2012
	RM'000	RM'000
Within one year (Note 35(c))	4,037	2,423
Between two to five years	35,530	39,567
More than five years	118,703	118,703
	<u>154,233</u>	<u>158,270</u>
Total	<u>158,270</u>	<u>160,693</u>

- (ii) The term loan was drawdown by a subsidiary, Jade Homes Sdn. Bhd. for the purpose of repayment of shareholders' advances for cost incurred in relation to land costs, infrastructure, earth works and land conversion premium on the Jade Hills project. The facility is secured by a charge over freehold land under development as disclosed in Note 13.

Term loan is repayable as follows:

	Group	
	2013	2012
	RM'000	RM'000
Within one year (Note 35(c))	44,520	44,520
Between two to five years	70,425	111,754
	<u>114,945</u>	<u>156,274</u>

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34. Long term borrowings (cont'd.)

(b) Term loans - secured (cont'd.)

- (iii) The term loan is drawdown by a subsidiary, Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company ("Tan Thang Company") from the facility obtained from Sacombank in Vietnam. The term loan is secured by leasehold land under development as disclosed in Note 13 and bore interest rate ranging from 12.4% to 15.0% (2012: 17.4%) per annum.

Term loan is repayable as follows:

	Group	
	2013	2012
	RM'000	RM'000
Within one year (Note 35(c))	-	38,355
Between two to five years	274,028	190,578
	<u>274,028</u>	<u>228,933</u>

(c) Term loans - unsecured

The term loans were drawdown by Gamuda Berhad to finance present and future investments for the furtherance of the Group's businesses, investment in Redeemable Preference Shares & other type of shares in subsidiaries, the Group's working capital and capital expenditure requirements, and to refinance other existing credit facilities of the Group. The term loans mature five years from the date of first loan drawdown. The interests of the term loans range from 1.92% to 2.06% (2012: 2.22%) per annum.

Term loan is repayable as follows:

	Group and Company	
	2013	2012
	RM'000	RM'000
Within one year (Note 35(c))	54,465	-
Between two to five years	448,614	181,505
	<u>448,614</u>	<u>181,505</u>

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35. Short term borrowings

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Secured:				
Revolving credits	242,750	-	-	-
Commercial papers (a)	10,000	25,000	-	-
MTN (b)	24,943	504,928	-	480,000
Term loan (c)	48,557	85,298	-	-
Unsecured:				
Term loan (c)	54,465	-	54,465	-
Revolving credits	360,720	530,237	360,720	528,237
	<u>741,435</u>	<u>1,145,463</u>	<u>415,185</u>	<u>1,008,237</u>

(a) Commercial papers

The commercial papers represents the Group's share drawdown by HHDSB. The commercial papers is secured by the terms as disclosed in Note 34(a)(ii).

(b) MTN

The MTNs are drawdown by the following entities:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gamuda Berhad (Note 34(a)(i))	-	480,000	-	480,000
HHDSB (Note 34(a)(ii))	24,943	24,928	-	-
	<u>24,943</u>	<u>504,928</u>	<u>-</u>	<u>480,000</u>

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35. Short term borrowings (cont'd.)

(c) Term loans

The term loans are drawdown by the following entities:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gamuda Berhad (Note 34(c))	54,465	-	54,465	-
Jade Homes Sdn. Bhd. (Note 34(b)(ii))	44,520	44,520	-	-
SMARTSB (Note 34(b)(i))	4,037	2,423	-	-
Tan Thang Company (Note 34(b)(iii))	-	38,355	-	-
	<u>103,022</u>	<u>85,298</u>	<u>54,465</u>	<u>-</u>

The weighted average effective interest rates for long term and short term borrowings (per annum) as at reporting date are as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Murabahah medium term notes	4.52	4.94	4.65	5.07
Revolving credits, denominated in				
- US Dollar	1.45	1.57	1.45	1.57
- Ringgit Malaysia	3.88	3.88	-	-
Commercial papers	3.15	3.23	-	-
Term loan				
- US Dollar	1.97	1.99	1.97	1.99
- Vietnam Dong	14.87	18.46	-	-
- Ringgit Malaysia	5.14	4.91	-	-

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36. Payables

Payables of the Group and of the Company are analysed as follows:

Current

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade				
Trade payables	1,031,678	878,044	6,757	6,735
Due to joint venture partners	32,998	14,430	-	-
Retention sums	142,942	163,893	3,163	5,057
Progress billings	1,715	375	-	-
Due to customers on contracts (Note 25)	289,449	476,467	10,960	11,735
	<u>1,498,782</u>	<u>1,533,209</u>	<u>20,880</u>	<u>23,527</u>
Non-trade				
Retirement benefit obligations (Note 31)	272	1,081	-	312
Sundry payables	95,755	20,504	9,402	5,020
Accruals	62,463	171,915	32,144	27,653
Advance membership fees	-	297	-	-
Due to associated companies	66	28	-	-
	<u>158,556</u>	<u>193,825</u>	<u>41,546</u>	<u>32,985</u>
	<u>1,657,338</u>	<u>1,727,034</u>	<u>62,426</u>	<u>56,512</u>

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2012: 30 to 90 days).

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

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36. Payables (cont'd.)

The following table analyses the financial liabilities of the Group and of the Company in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

		Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial liabilities at amortised costs					
Current payables	36				
Trade payables		1,031,678	878,044	6,757	6,735
Due to:					
Associated companies		66	28	-	-
Joint venture partners		32,998	14,430	-	-
Retention sums		142,942	163,893	3,163	5,057
Sundry payables		95,755	20,504	9,402	5,020
Accruals		62,463	171,915	32,144	27,653
Non-current payables	32(a)				
Retention sums		334,634	101,254	-	-
Amount due to a third party		49,389	42,729	-	-
Long term borrowings	34	1,717,265	1,036,878	1,168,614	501,505
Short term borrowings	35	741,435	1,145,463	415,185	1,008,237
Due to subsidiaries	37	-	-	207,268	168,304
		<u>4,208,625</u>	<u>3,575,138</u>	<u>1,842,533</u>	<u>1,722,511</u>

37. Due to subsidiaries

	Company	
	2013 RM'000	2012 RM'000
Due to subsidiaries		
- trade	25,216	60,742
- non-trade	182,052	107,562
	<u>207,268</u>	<u>168,304</u>

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37. Due to subsidiaries (cont'd.)

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2012: 30 to 90 days).

The non-trade amounts due to subsidiaries are unsecured, interest free and repayable on demand.

38. Provision for liabilities

Provision for liabilities of the Group is analysed as follows:

	2013	2012
	RM'000	RM'000
Current	44,078	21,177
Non-current	5,028	12,931
	<u>49,106</u>	<u>34,108</u>

Group	Provision for development costs	Provision for club membership	Total
	Note (a)	Note (b)	
	RM'000	RM'000	RM'000
At 1 August 2012	24,210	9,898	34,108
Provision during the year	12,337	10,505	22,842
Utilisation during the year	(1,626)	(5,189)	(6,815)
Unused amounts reversed	(1,029)	-	(1,029)
At 31 July 2013	<u>33,892</u>	<u>15,214</u>	<u>49,106</u>
At 1 August 2011	9,330	1,520	10,850
Provision during the year	19,984	10,602	30,586
Utilisation during the year	(1,149)	(2,224)	(3,373)
Unused amounts reversed	(3,955)	-	(3,955)
At 31 July 2012	<u>24,210</u>	<u>9,898</u>	<u>34,108</u>

(a) Provision for development costs

Provision for development costs is in respect of development projects undertaken by its subsidiaries and a jointly controlled entity as they had a present obligation as a result of a past event and it was probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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38. Provision for liabilities (cont'd.)

(a) Provision for development costs (cont'd.)

During the financial year, based on the earlier estimation and development experience, management concluded that the provision for development costs exceeded the amount necessary to cover the development costs. Accordingly, RM1,029,000 (2012: RM3,955,000) of the provision for development costs has been reversed.

(b) Provision for club memberships

Certain subsidiaries of the Group are obliged to offer club membership via incentive schemes offered.

39. Commitments

Capital commitments

	Group	
	2013	2012
	RM'000	RM'000
Approved and contracted for:		
Land for property development	684,291	184,233
Property, plant and equipment	93,451	170,436
Investment property	53,900	-
Others	211	105

40. Material litigations

- (i) On 23 January 2006, a jointly controlled entity, MMC-Gamuda JV ("the JV") had terminated Wayss & Freytag (Malaysia) Sdn. Bhd. ("W&F") as the sub-contractor for the North Tunnel of the Stormwater Management and Road Tunnel Project due to a breach of contract in accordance with the sub-contract dated 16 April 2003 ("Sub-Contract").

On 31 October 2008, W&F had served a Writ of Summons and a Statement of Claim ("the Court Action") against the JV claiming for, amongst others, a court declaration that the JV had breached the Sub-Contract by failing to make payment of RM102,367,000 awarded by the Dispute Adjudication Board ("DAB") to W&F in respect of various claims arising out of the Sub-Contract.

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40. Material litigations (cont'd.)

(i) (cont'd.)

On 15 May 2009, the Court heard the JV's application for stay of proceedings of the Court Action pending arbitration between the parties and on 1 June 2009, unconditionally stayed the Court Action initiated by W&F. On the same day, 1 June 2009, W&F filed an appeal against the Court's decision to stay the proceedings. On 30 October 2009, the Court dismissed W&F's appeal against the Court's decision to stay the Court Action.

The arbitral award in respect of the arbitration between W&F and the JV ("the parties") was issued on 16 April 2013 ("the Award"). As a result, during the Case Management of the Court Action on 2 May 2013, W&F withdrew the Court Action. On 10 May 2013, the parties further recorded (by consent), the terms on costs of the withdrawal of the Court Action by W&F.

In the Award, the Arbitral Tribunal ("Tribunal") determined that the W&F's claims against the JV succeeded in substantial part and dismissed the JV's claims against W&F. The Tribunal thus awarded the following reliefs to W&F:

1. That the JV pays to W&F the sum of RM96,297,000;
2. That the JV pays to W&F interest at a simple rate of 4% per annum on the sum of RM96,297,000 from date of termination (23 January 2006) to date of the Award (amounting to RM28,247,000);
3. That JV pays to W&F interest at the simple rate of 5% per annum on the sum of RM96,297,000 from the date of the Award until payment in full; and
4. That the JV pays to W&F costs of RM9,000,000.

On 26 April 2013, W&F wrote to the Tribunal requesting some clerical corrections be made to the Award. Subsequently, on 15 May 2013, the JV also wrote to the Tribunal requesting additional clerical corrections be made to the Award. Pursuant to the afore-said requests, the Tribunal issued a corrective award on 30 May 2013 (the "Corrective Award"). As a result of the Corrective Award, the following changes were made to the reliefs awarded to W&F:

1. The amount awarded to W&F has increased to RM97,574,000;
2. The amount of interest payable from the date of termination to date of the Award amounting to RM28,230,000;
3. The post award interest at the simple rate of 5% per annum from the date of the Award until payment in full is to be imposed on the sum of RM97,574,000; and
4. That the JV pays to W&F costs of RM9,000,000.

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40. Material litigations (cont'd.)

(i) (cont'd.)

Arising from the award rendered by the Tribunal in favour of W&F, costs incurred by the JV to complete the works that is not recovered amounting to RM50,319,000 has also been fully expensed off. The Group's share of the Award and non-recoverable project cost was RM92,562,000.

On 23 May 2013, the JV filed an application for a reference to the High Court in Kuala Lumpur on questions of law arising out of the Award and on determination of the said questions, for the Award to be set aside (JV's Section 42 Application). The JV's Section 42 application was registered as Kuala Lumpur High Court Originating Summons No. 24C(ARB)-2-05/2013.

On 14 June 2013, a copy of W&F's application for, inter alia, recognition and enforcement of the Award under Section 38 of the Arbitration Act 2005 (W&F's Enforcement Application) was served on the JV. W&F's Enforcement Application was registered as Kuala Lumpur High Court Originating Summons No. 24NCC(ARB)-26-06/2013.

In addition to the application made on 23 May 2013, on 4 July 2013, the JV filed another application to set aside the Award under Section 37 of the Arbitration Act 2005 whereby Mr. Yusof Holmes was named as the 2nd Defendant (JV's Section 37 Application). The JV's Section 37 Application was registered as Kuala Lumpur High Court Originating Summons No. 24C(ARB)-3-07/2013. This application was made on the basis that there has been, inter alia, a breach of Mr. Holmes' statutory duty under Arbitration Act 2005 and that the Award is in conflict with the public policy in Malaysia. On 21 August 2013, Mr. Holmes filed a notice of application to stay the JV's Section 37 Application (Holmes' Stay Application) pending the final disposal or conclusion of the following criminal proceedings against Mr. Holmes:

1. Penang Sessions Court (1) Case No: 62(R)-141-6/2013; and
2. Kuala Lumpur Sessions Court Case No: 62R-005-07-2013

(The JV's Section 42 Application, W&F's Enforcement Application and JV's Section 37 Application collectively referred to as "the 3 Applications").

On 6 September 2013, W&F filed an application under Order 15 rule 5(1) of the Rules of Court 2012 to have the JV's Section 37 Application heard separately against W&F and against Mr. Holmes (W&F's Order 15 Application). W&F's Order 15 Application was fixed for hearing on 30 September 2013.

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40. Material litigations (cont'd.)

(i) (cont'd.)

During the case management of the 3 Applications on 1 August 2013, the Judge fixed Holmes' Stay Application for hearing on 30 September 2013 together with further case management for the 3 Applications. In the event the Court has to hear the 3 Applications after the disposal of Holmes' Stay Application, the hearing is tentatively fixed on 14 October 2013.

At the hearing of Holmes' Stay Application and W&F's Order 15 Application on 30 September 2013, the Judge directed that the JV's Section 42 Application be heard first and in the event this application is dismissed, the Court will hear the JV's Section 37 Application next. When dealing with the JV's Section 37 Application, the Court would first deal with the interlocutory applications therein i.e. Holmes' Stay Application and W&F's Order 15 Application. The hearing of the JV's Section 42 Application has been fixed on 7 November 2013.

In view of the foregoing, the hearing date initially fixed for the hearing of the 3 Applications on 14 October 2013 was vacated.

- (ii) Bahrain Asphalt Establishment B.S.C (Closed) ("BAE") had on 4 March 2010 served a Request For Arbitration against Gamuda Berhad ("Company") (as the 1st Respondent), WCT Berhad (as the 2nd Respondent) and Gamuda-WCT Joint Venture, Qatar ("the JV") (as the 3rd Respondent), to refer certain alleged disputes to arbitration in Qatar. The Company's and WCT Berhad's interests in the JV are in the proportions of 51% and 49% respectively.

BAE was appointed as the sub-contractor for the works known as the granular sub-base and flexible pavement works ("Sub-contract Works") for the JV's project known as "Dukhan Highway From Shahaniya to Zekreet" which involves the construction of a 43km new highway from Shahaniya to Zekreet in Qatar.

On 15 April 2013, a Final Award was issued by the Arbitral Tribunal, in the sum of QAR45,721,000 (RM38,129,000), plus costs of QAR17,105,000 (RM14,264,000) and USD412,000 (RM1,250,000), for which the 1st and 2nd Respondents are liable.

On 30 April 2013, the Respondents made an application to the International Chamber of Commerce ("ICC") pursuant to Article 29 or 35 of the ICC Rules 1998 or 2012 respectively, on the grounds of computational errors. On 28 May 2013, the BAE provided comments agreeing with the Respondents that some aspects of the Final Award contained computational errors.

Following the settlement discussions between the parties and a settlement payment of QAR40,000,000 (RM35,565,000) made by the Respondents, the Respondents agreed to a withdrawal of the application to the ICC pursuant to Article 29 or 35 of the ICC Rules 1998 or 2012 respectively, on 1 September 2013. The Group's 51% share of the arbitral award is RM18,138,000 and the amount has been recognised in profit or loss during the year.

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41. Significant related party transactions

- (a) In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Professional services rendered by Raja Eleena, Siew Ang & Associates firm in which a director, YTM Raja Dato' Seri Eleena binti Sultan Azlan Shah, has interest	610	1,202	-	-
Contract services rendered by GLC Architect, a company in which a person connected with a director, Y Bhg Dato' Goon Heng Wah, has interest	1,024	843	-	-
Sales of land to jointly controlled entities	(28,344)	-	-	-
Contract services rendered to an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	(100,634)	(101,126)	-	-
Contract services rendered to a jointly controlled entity, MMC-Gamuda JV 2T	(36,729)	(37,853)	-	-
Sale of land to a subsidiary	-	-	-	(30,000)
Rental received from subsidiaries	-	-	(3,605)	(1,347)
Interest receivable from subsidiaries	-	-	(46,444)	(25,032)

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41. Significant related party transactions (cont'd.)

(a) (cont'd.)

In prior year, the Company and its joint venture partner, MMC Corporation Berhad ("MMC") issued parent company guarantees to guarantee the due performance and obligations of MMC Gamuda KVMRT (T) Sdn Bhd ("Tunnel JV") in the underground works package of the Klang Valley Mass Rapid Transit Project. Tunnel JV is equally owned by MMC and the Company.

Work on this package has commenced. The parent company guarantees have not been called because Tunnel JV has performed and met its obligations in compliance with the terms of the contract.

The directors are of the opinion that the transactions above have been entered into in the normal course of business.

(b) Compensation of key management personnel ("KMP"):

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel during the year was as follows:

Total KMPs' remuneration

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total	12,168	8,311	7,681	5,785

For the details of Board of Directors' remuneration, please refer to Note 6.

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42. Significant events

- (i) On 14 December 2012, the Board of Directors of the Company has approved the renewal of the Company's Group Managing Director, Y Bhg Dato' Lin Yun Ling's contract of service for another 5 years from 1 July 2013 to 30 June 2018.
- (ii) On 20 February 2013, the Company received an offer from Kumpulan Darul Ehsan Berhad ("KDEB"), an entity wholly-owned by the Selangor State Government, to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad ("Splash Holdings"). The Company has a 40% equity interest in Splash Holdings which is the holding company of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"). SPLASH is the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. The offer was part of the Selangor State Government's effort to consolidate the various entities involved in the treatment, supply and distribution of water in the state of Selangor.

On 6 March 2013, the Company had written to KDEB to seek further discussions and negotiations and to obtain clarification on the indicative terms and conditions set out in KDEB's offer and for all parties involved to reach mutually agreeable terms and conditions. Subject to all matters being satisfactory concluded and agreed upon, the Company has informed KDEB that it is willing to pursue an agreement with KDEB.

The Company is still awaiting KDEB's clarification on the said indicative terms and conditions.

- (iii) On 13 June 2013, the Company acquired leasehold lands in Mukim of Rawang, District of Gombak, Selangor Darul Ehsan of approximately 724 acres for a purchase consideration of RM620,000,000. The location of the land is adjacent to the Rawang South Interchange of the North-South Expressway where the Guthrie Corridor Expressway and LATAR Highway are connected on.

The land will be developed into a comprehensive integrated township comprising residential and commercial properties.

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43. Fair value of financial instruments

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
At 31 July 2013					
Financial assets:					
Unquoted investment in subsidiaries	18	-	-	2,657,027	*
Unquoted interests in associated companies	19	1,409,006	*	642,425	*
Quoted investment in an associated company	19	394,195	1,021,252	59,624	1,021,252
Unquoted interests in jointly controlled entities	20	-	-	254,476	*
Other investments:	21				
- Unquoted		50	*	50	*
- Investment in transferable club memberships		683	1,000	683	1,000
Retention sums receivable after one year	23(b)	108,166	92,035	-	-
Amount due from an associated company	23(b)	150,700	150,700	-	-
Financial liabilities:					
Retention sums payable after one year	32(a)	334,634	331,575	-	-
Murabahah medium term notes	34	769,965	765,255	720,000	721,070
Term loan	34	947,300	914,042	448,614	447,631

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43. Fair value of financial instruments (cont'd.)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.)

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
At 31 July 2012					
Financial assets:					
Unquoted investments in subsidiaries	18	-	-	2,250,556	*
Unquoted interests in associated companies	19	1,291,013	*	642,425	*
Quoted investment in an associated company	19	369,324	966,241	59,624	966,241
Unquoted interests in jointly controlled entities	20	-	-	254,476	*
Other investments:	21				
- Unquoted		50	*	50	*
- Investment in transferable club memberships		683	1,000	683	1,000
Retention sums receivable after one year	23(b)	51,201	49,665	-	-
Amount due from an associated company	23(b)	107,462	107,539	-	-
Financial liabilities:					
Retention sums payable after one year	32(a)	101,254	88,589	-	-
Murabahah medium term notes	34	394,771	406,091	320,000	331,320
Term loan	34	642,107	609,989	181,505	155,497

43. Fair value of financial instruments (cont'd.)

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

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

(i) Quoted investment in an associated company and short term investments

Fair value is determined directly by reference to their published market bid price at the reporting date.

(ii) Non-current receivables and non-current borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements as the reporting date.

(iii) Receivables, cash and bank balances and current payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(iv) Current borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

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43. Fair value of financial instruments (cont'd.)

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statement of financial position as at 31 July 2013 are as follows:

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000
At 31 July 2013	
Group	
Assets	
Financial assets at fair value through profit or loss:	
Investment securities (Note 24)	<u>514,922</u>
Company	
Assets	
Financial assets at fair value through profit or loss:	
Investment securities (Note 24)	<u>113,146</u>

There were no material transfers between Level 1, Level 2 and Level 3 during the current financial year.

The Group and the Company do not have any financial instruments classified as Level 2 and Level 3 as at 31 July 2013.

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44. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market risk and foreign currency risk.

The Group operates within clearly defined guidelines that are approved by the Board.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 23.

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44. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2013	%	2012	%
	RM'000	of total	RM'000	of total
By country:				
Malaysia	841,732	93%	717,943	88%
Middle East	7,789	1%	53,637	6%
Vietnam	18,557	2%	7,953	1%
India	37,688	4%	40,546	5%
	<u>905,766</u>	<u>100%</u>	<u>820,079</u>	<u>100%</u>
By industry sectors:				
Engineering and construction	635,900	70%	586,780	72%
Property development and club operations	177,027	20%	133,121	16%
Water and expressway concessions	92,839	10%	100,178	12%
	<u>905,766</u>	<u>100%</u>	<u>820,079</u>	<u>100%</u>

For the purpose of the above analysis, the following are included:

	Group	
	2013	2012
	RM'000	RM'000
Trade receivables	755,145	671,128
Amount due from associated companies - trade	130,435	142,761
Amount due from joint venture partners - trade	20,186	6,190
	<u>905,766</u>	<u>820,079</u>

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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44. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by bank borrowings.

At the reporting date, approximately 30% (2012: 61%) of the Group's loans and borrowings (Note 35) will mature in less than one year based on the carrying amount reflected in the financial statements. 26% (2012: 67%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	----- 2013 -----			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Group				
Financial liabilities:				
Trade and other payables	1,365,902	192,674	-	1,558,576
Loans and borrowings				
- Principal	727,179	1,589,069	105,783	2,422,031
- Interest	87,987	180,608	26,050	294,645
Derivatives - settled net	2,645	1,755	-	4,400
Total undiscounted financial liabilities	<u>2,183,713</u>	<u>1,964,106</u>	<u>131,833</u>	<u>4,279,652</u>

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44. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

	----- 2012 -----			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	1,248,814	132,462	53,358	1,434,634
Loans and borrowings				
- Principal	1,327,040	736,899	118,703	2,182,642
- Interest	93,486	96,689	43,037	233,212
Derivatives - settled net	2,567	4,281	-	6,848
Total undiscounted financial liabilities	2,671,907	970,331	215,098	3,857,336
	----- 2013 -----			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities:				
Trade and other payables	51,466	-	-	51,466
Amount due to subsidiaries	207,268	-	-	207,268
Loans and borrowings				
- Principal	401,122	1,146,103	-	1,547,225
- Interest	47,724	90,450	-	138,174
Derivatives - settled net	2,645	1,755	-	4,400
Total undiscounted financial liabilities	710,225	1,238,308	-	1,948,533

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44. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Company	2012			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Financial liabilities:				
Trade and other payables	56,200	-	-	56,200
Amount due to subsidiaries	168,304	-	-	168,304
Loans and borrowings				
- Principal	1,008,237	501,505	-	1,509,742
- Interest	42,010	30,266	-	72,276
Derivatives - settled net	2,567	4,281	-	6,848
Total undiscounted financial liabilities	1,277,318	536,052	-	1,813,370

Hedging activities

The Group and the Company entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate on certain USD denominated borrowings. The interest rate swaps with contract value of USD45,000,000, equivalent to RM145,584,000 (2012: USD45,000,000, equivalent to RM143,222,000) are settled every quarterly.

The following table indicates the periods in which the cash flows are expected to occur for cash flow hedges:

	Contractual cash flows RM'000	Within 1 year RM'000	1 - 3 years RM'000
Net cash outflows	4,400	2,645	1,755

The Group's hedging activities on the interest rate swaps are tested to be effective and during the year a net gain of RM2,448,000 (2012: loss of RM1,471,000) was recognised in equity.

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44. Financial risk management objectives and policies (cont'd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps. At the reporting date, after taking into account the effect of an interest rate swap, approximately 50% (2012: 63%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM3,621,000 (2012: RM3,623,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Market price risk

Market price risk is the risk that the fair value or the future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in management fund. These instruments are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

As at reporting date, the Group does not have significant market price exposure.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Transactions in foreign operation are mainly denominated in the functional currency of the country it operates, and other foreign currency transactions are kept to an acceptable level. The Group's revenue that are denominated in foreign currencies are as disclosed in Note 46.

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44. Financial risk management objectives and policies (cont'd.)

(e) Foreign currency risk (cont'd.)

Included in the following statements of financial position captions of the Group and of the Company as at the reporting date are balances denominated in the following major foreign currencies:

Group	Vietnam Dong RM'000	Indian Rupee RM'000	New Taiwan Dollar RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Total RM'000
At 31 July 2013:							
Cash, deposits and bank balances	31,798	4,344	682	2	10,078	135	47,037
Receivables	9,838	40,105	87	595	93,153	54,237	198,015
Payables	333,053	2,041	6,587	707	77,807	15,132	435,327
Borrowings	274,026	-	-	863,779	-	-	1,137,805
At 31 July 2012:							
Cash, deposits and bank balances	67,726	4,976	790	3	10,631	714	84,840
Receivables	648,308	43,069	4,198	43,541	184,927	27,540	951,583
Payables	356,884	2,328	881	22	135,721	6,102	501,938
Borrowings	228,933	-	-	709,742	-	-	938,675
Company							
At 31 July 2013:							
Cash, deposits and bank balances	-	-	484	-	198	135	817
Receivables	-	-	87	-	9	54,237	54,333
Payables	-	-	6,389	-	814	15,132	22,335
Borrowings	-	-	-	863,799	-	-	863,799
At 31 July 2012:							
Cash, deposits and bank balances	-	-	598	-	3,890	714	5,202
Receivables	-	-	85	-	24	27,540	27,649
Payables	-	-	81	-	647	6,102	6,830
Borrowings	-	-	-	709,742	-	-	709,742

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including India, Qatar, Bahrain and Vietnam. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the business is located.

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44. Financial risk management objectives and policies (cont'd.)

(e) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the VND, USD, BHD, NTD, QR and INR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Profit for the year			
		Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
VND/RM	strengthened 5% (2012: 5%)	23,586	43,276	-	-
	weakened 5% (2012: 5%)	(23,586)	(43,276)	-	-
USD/RM	strengthened 5% (2012: 5%)	(43,195)	(33,311)	(43,190)	(35,487)
	weakened 5% (2012: 5%)	43,195	33,311	43,190	35,487
BHD/RM	strengthened 5% (2012: 5%)	1,962	1,108	1,962	1,108
	weakened 5% (2012: 5%)	(1,962)	(1,108)	(1,962)	(1,108)
NTD/RM	strengthened 5% (2012: 5%)	(291)	205	(291)	30
	weakened 5% (2012: 5%)	291	(205)	291	(30)
QR/RM	strengthened 5% (2012: 5%)	1,271	2,992	(30)	163
	weakened 5% (2012: 5%)	(1,271)	(2,992)	30	(163)
INR/RM	strengthened 5% (2012: 5%)	2,120	2,286	-	-
	weakened 5% (2012: 5%)	(2,120)	(2,286)	-	-

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45. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The capital management approaches remain unchanged for the current and previous years.

The Group monitors and maintains a prudent level of net gearing ratio, which is net debt divided by total capital, to optimise shareholders value and to ensure compliance under debt covenants.

The Group includes within net debt, loans and borrowings less cash and bank balances and investment securities. Capital includes equity attributable to the owners of the parent and non controlling interests.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loans and borrowings	2,458,700	2,182,341	1,583,799	1,509,742
Less: Cash and bank balances	(1,230,210)	(1,337,355)	(125,587)	(128,442)
Investment securities	(514,922)	(279,104)	(113,146)	(1,474)
Net debt	713,568	565,882	1,345,066	1,379,826
Equity attributable to the owners of the Company	4,880,761	4,048,032	3,144,789	2,697,810
Non-controlling interests	226,087	220,839	-	-
Total capital	5,106,848	4,268,871	3,144,789	2,697,810
Net gearing ratio	14%	13%	43%	51%

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46. Segment information

The Group reporting is organised and managed in three major business units. The segments are organised and managed to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Engineering and construction - the construction of highways and bridges, airfield facilities, railway, tunnel, water treatment plants, dams, general and trading services related to construction activities;
- (ii) Property development and club operations - the development of residential and commercial properties and club operations; and
- (iii) Water and expressway concessions - the management of water supply and the management and tolling of highway operations.

The Group's chief operating decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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46. Segment information (cont'd.)

2013	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
Revenue						
External sales	2,749,325	1,015,335	118,460	-		3,883,120
Inter-segment sales	10,824	-	-	(10,824)	A	-
Total revenue	2,760,149	1,015,335	118,460	(10,824)		3,883,120
Result						
Profit from operations	170,668	280,892	60,627	-		512,187
Finance costs	(7,964)	(24,924)	(27,880)	-		(60,768)
Share of results of associated companies	-	2,515	238,691	-		241,206
Profit before taxation	162,704	258,483	271,438	-		692,625
Taxation	-	-	-	-		(142,566)
Profit for the year						550,059

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46. Segment information (cont'd.)

2013	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
Assets and liabilities						
Segment assets excluding interest in associate companies	2,888,440	4,514,887	602,637	-		8,005,964
Interests in associated companies	-	59,772	1,743,429	-		1,803,201
						<u>9,809,165</u>
Segment liabilities	3,464,155	1,047,218	190,944	-		<u>4,702,317</u>
Other information						
Depreciation and amortisation	13,990	6,537	5,960	-		26,487
Additions to non-current assets	42,009	81,375	945	-	B	124,329
Non-cash items other than depreciation and amortisation	12,282	34,474	89	-	C	46,845

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46. Segment information (cont'd.)

2012	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
Revenue						
External sales	1,898,163	1,066,933	121,907	-		3,087,003
Inter-segment sales	7,837	-	-	(7,837)	A	-
Total revenue	<u>1,906,000</u>	<u>1,066,933</u>	<u>121,907</u>	<u>(7,837)</u>		<u>3,087,003</u>
Result						
Profit from operations	236,377	294,064	56,055	(2,027)		584,469
Finance costs	(14,384)	(20,583)	(29,450)	2,027		(62,390)
Share of results of associated companies	-	12,683	193,448	-		206,131
Profit before taxation	<u>221,993</u>	<u>286,164</u>	<u>220,053</u>	<u>-</u>		<u>728,210</u>
Taxation						(162,219)
Profit for the year						<u>565,991</u>

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46. Segment information (cont'd.)

2012	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
Assets and liabilities						
Segment assets excluding interest in associate companies	2,391,346	3,896,567	550,678	-		6,838,591
Interests in associated companies	-	79,757	1,580,580	-		1,660,337
						<u>8,498,928</u>
Segment liabilities	2,924,925	1,082,900	222,232	-		<u>4,230,057</u>
Other information						
Depreciation and amortisation	11,860	3,950	7,893	-		23,703
Additions to non-current assets	100,698	40,204	579	-	B	141,481
Non-cash items other than depreciation and amortisation	10,880	(1,015)	66	-	C	9,931

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46. Segment information (cont'd.)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

	Note	2013 RM'000	2012 RM'000
Property, plant and equipment	12	53,868	82,952
Investment properties	14	19,605	22,165
Land held for property development	13(a)	50,856	36,364
		<u>124,329</u>	<u>141,481</u>

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2013 RM'000	2012 RM'000
Property, plant and equipment written off	7	283	1,404
Reversal of impairment loss on land	7	-	(20,896)
Unrealised loss/(gain) on foreign exchange		10,531	(2,174)
Provisions		36,031	31,597
		<u>46,845</u>	<u>9,931</u>

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46. Segment information (cont'd.)

Geographical information

	Revenues		Non-current assets	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,738,290	2,809,625	1,232,653	1,250,272
Outside Malaysia				
Qatar	103,327	38,776	41,077	42,229
Bahrain	-	3,153	-	-
Vietnam	41,503	235,449	870,148	194,853
	<u>144,830</u>	<u>277,378</u>	<u>911,225</u>	<u>237,082</u>
Consolidated	<u>3,883,120</u>	<u>3,087,003</u>	<u>2,144,078</u>	<u>1,487,354</u>

Included in Group's total revenue is the revenue from the following parties:

	2013	2012
	RM'000	RM'000
Government of Malaysia	833,861	1,074,000
Government of State of Qatar	103,327	38,776
Mass Rapid Transit Corporation	<u>1,571,396</u>	<u>331,535</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2013	2012
	RM'000	RM'000
Property, plant and equipment	395,050	375,388
Land held for property development	1,101,703	580,854
Investment properties	66,822	47,838
Prepaid land lease payments	4,020	4,447
Motorway development expenditure	316,440	318,807
Receivables	260,044	160,020
	<u>2,144,079</u>	<u>1,487,354</u>

Gamuda Berhad
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47. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 July 2013 and 31 July 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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.

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries				
Realised	1,336,760	1,355,893	311,503	439,536
Unrealised	(38,521)	(107,194)	6,106	(30,970)
	<u>1,298,239</u>	<u>1,248,699</u>	<u>317,609</u>	<u>408,566</u>
Total share of accumulated profits from jointly controlled entities				
Realised	221,591	69,433	-	-
Unrealised	12,338	(12,086)	-	-
	<u>233,929</u>	<u>57,347</u>	<u>-</u>	<u>-</u>
Total share of retained profits from associated companies				
Realised	1,306,995	1,067,987	-	-
Unrealised	(377,129)	(324,548)	-	-
	<u>929,866</u>	<u>743,439</u>	<u>-</u>	<u>-</u>
Add: Consolidation adjustments	(424,713)	(291,655)	-	-
Retained profits as per financial statements	<u>2,037,321</u>	<u>1,757,830</u>	<u>317,609</u>	<u>408,566</u>