PROPERTY DEVELOPMENT

Making Good Sustainable Towns

As a town maker, Gamuda Land creates places that people will call home, want to be a part of, grow up and grow old in.

An important part of town making is listening to what the land tells us. Our land has blessed us with many resources – rolling terrain, hills, wetlands – so we are able to work with nature, preserving what was there before us and finding innovative ways to incorporate them into our masterplan. We bring the water that runs off the land and flow it into natural ravines to create lakes. We preserve the hills in our towns so we are able to have hilltop homes just as we have lakeside homes. The trees, we preserve and transplant only when required. As such, the essence of the place remains unchanged, only enhanced.

To make a town work, we need to get the places right. So we think of not only the home place but also the work place, play place, park place, shopping place, learning place. These need to be mindfully planned and thoughtfully put together. They need to be organised around a town square, often by a waterfront and having a promenade, to give the town a sense of place. Providing people with the means to connect with one another, with nature and with themselves.

The common ground for everyone is the community – where people know one another, live together and look out for each other. As a town maker, we are creating a place for everyone, from growing families, retirees to young married couples and singles.

Our planning principles, from the masterplan to architectural design, promotes connectivity to others and the community, as well as indoor and outdoor liveability.

Town making is not just about construction. To do it right, we have to think through the connectivity. There has to be an infrastructure masterplan that ensures easy connectivity, right from your home to the highway and all the neighbourhood stops in between. To virtually connect people to one another is just as important so the masterplan has to have the right technology and solutions.

A town must stand the test of time so in town making, we not only think of what was there before us. We also think about what is yet to come. It is about harmoniously bringing together elements that matter – the gathering places, the architecture and streetscapes, the parks and lakes that open up to each neighbourhood and the town square that draws everything and everyone together.

It is about using smart design principles that respect nature and better construction methods (IBS), to try to do things better and faster.

This is how we look at the details and how we plan for tomorrow to make the town work for the people who call it home.

Committed to Delivering Quality

Gamuda Land is ISO 9001:2008 certified and is working towards achieving ISO 9001:2015. The value that we deliver to our customers through better quality of life and capital growth year after year is proven by The Edge-PEPS Value Creation Excellence Award, which we have won for five consecutive years. We are the only developer in the country to have done so.

Design Innovation

The primary premise for every township is the community. Our planning principles – from master planning to architectural design – always nurture connectivity. The result of our holistic approach to town making continues to deliver value to our customers for a more wholesome quality of life and capital appreciation year-on-year.

Our developments incorporate:

- Distinctive environmental architecture: We provide beyond the green ratio required for community and green areas in our living spaces, including vertical developments. Two of our township developments – Kota Kemuning and Gamuda Gardens – allocate an exceptional 45% and 51% allocation of land space for landscaping, lakes, parks and infrastructure.
- Community and amenities: Recreational facilities and leisure amenities such as clubhouses are provided to encourage community sharing and wellness. We also offer shuttle services to nearby transportation hubs. Our streets are designed with safety in mind, and shared by motorists, cyclists and pedestrians. Our towns feature walking and biking lanes.
- Flood prevention measures – Our towns are equipped with detention ponds, which conform to the Department of Irrigation and Drainage Malaysia's Urban Storm Water Management's (MSMA) design of 100 years Average Recurrence Interval (ARI).

Gamuda Land received the highest CONQUAS scores in Malaysia in the high-rise and low-rise development categories (82.8 for Jadite Suites at Jade Hills and 91.4 for Ambang Botanic 2 at Bandar Botanic), respectively.

Best-In-Class Delivery Standards

Process Stage	
Conceptualisation/Tender Submission	MyCESMM
Design	BIM*
Construction/Production	CONQUAS QLASSIC IBS*
Handover to Customer	SnagR Residence Management Application

* IBS and BIM described on page 75 and 77 respectively.

Gamuda is a Committee Member of the **Malaysian Civil Engineering Standard Method of Measurement (MyCESMM)**, which is a standardised measurement system that handles project tender submissions and budgets.

Construction Quality Assessment System (CONQUAS) by the Building and Construction Authority (BCA) (Singapore) is a widely accepted international benchmarking tool to assess the overall quality of a building's workmanship during the various stages of construction.

** *Effective June 2017, BCA International Pte Ltd no longer provides the CONQUAS Assessment service to projects outside of Singapore. Gamuda Land's last project to be assessed by CONQUAS is The Robertson, Tower 1, which was assessed in May 2017 and was certified on 14 July 2017.*

Quality Assessment System in Construction (QLASSIC) is a system adopted by CIDB to evaluate the workmanship quality of a building's construction based on the Construction Industry Standard (CIS 7:2006). This year, we attained a QLASSIC score of 85% for Phase 1 of The Robertson, awarded to Idaman Robertson Sdn. Bhd., and a QLASSIC score of 86% for our Gamuda IBS show unit.

SnagR, a Web and Mobile site inspection and defects management system, will allow our employees to manage workmanship during construction and defects during the defects liability period. With this system in place, laborious and error-prone paperwork can be eliminated, and communication of information between relevant parties will be more effective and efficient.

Residence Management Application

To be rolled out to all townships, this app will be used to seamlessly manage township amenities and community living.

Sustainability Statement

Affordable Housing

Our affordable housing projects benefit from the use of Gamuda IBS. A shorter construction timeline translates to cost savings. Gamuda Land plans to build 8,072 affordable housing units, 714 of which will be at Jade Hills, which is part of Rumah Selangorku, an initiative by Lembaga Perumahan & Hartanah Selangor.

Together with our existing portfolio of 4,928 affordable units spread across our current developments, we aim to have a total of 13,000 units of affordable housing by 2028.

Responsible Marketing

Gamuda ensures timely and accurate information is disseminated in the markets that it operates within. This is particularly important in our residential developments where marketing collaterals and "show unit" presentations are built as accurately as possible to avoid misleading potential homebuyers.

Gamuda Land's Marketing and Sales, Sales and Administration, Township Management and Construction Management teams adhere to our Sustainable Service Standard – a set of customer-centric procedures that focuses on the continuous improvement of service delivery at every level.

Our sales force undergoes annual training to improve competencies and customer service quality. This includes quality assessments on marketplace knowledge as well as thorough briefings on product features, price, facilities, masterplan and surrounding amenities on all our projects.

INFRASTRUCTURE CONCESSIONS

The network of highways and expressways has opened up growth corridors along Petaling Jaya, Puchong, Shah Alam and Klang, and has helped create many new townships along these routes such as Bandar Botanic and Kota Kemuning.

Total Customer Satisfaction and Road Safety

We are constantly looking at ways to improve the highways and to enhance motorists' travelling experience. Among them are:

- Traffic updates on Traffic Management Plan (including lane management).
- LDP electronic toll collection by November 2017.

For more details on the sustainability-related information of our Infrastructure Concessions, please refer to the Lingkaran Trans Kota Holdings Berhad (LITRAK) Sustainability Statement in the Annual Report 2017, page 24.

RESPONSIBLE SUPPLY CHAIN PRACTICES

We are committed to transparency, and have in place an effective and fair business policy for our supply chain. For this purpose, Gamuda Trading, our independent trading entity, also acts as a third party to introduce potential vendors and suppliers for our projects and business partners.

Gamuda Trading ensures there is stringent compliance with specified contractual standards. It also facilitates the pre-selection of qualified vendors to be proposed to the Material Review Board (MRB) of Gamuda Land. We also source raw materials for our large infrastructure projects from rural areas, boosting the economy of rural communities. We assist and monitor suppliers' compliance through multiple channels including training, mentoring, workshops, regular Safety, Health and Environment (SHE) inspection and an online SHE Reporting System (Safetrack). These efforts are supported by an independent monthly audit regime. For the KVMRT Line 2, a higher weightage for SHE during the pre-qualification and tendering stage was enforced.

Gamuda Trading's supplier performance assessment ensures each supplier is appraised based on environmental management and life cycle perspectives. This helps us ascertain our vendors and suppliers follow ISO 14001 requirements.

Project Delivery Partner (PDP)

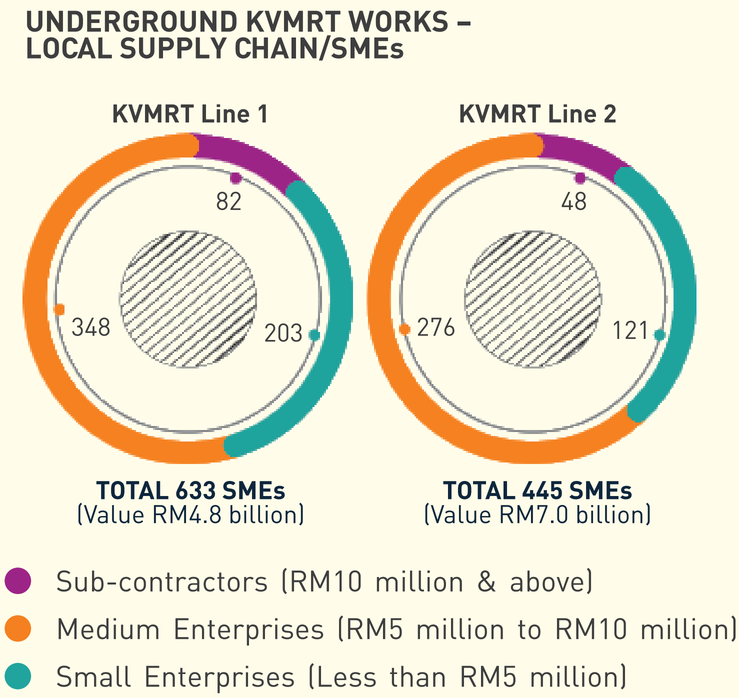
The PDP's main function is to take on all project risks and act as the single point of accountability to ensure timely and on-budget delivery of large scale projects. The success of the PDP model has enabled us to fully deliver the KVMRT Line 1 on time and within budget in July 2017.

Building Local SMEs

Gamuda believes in nurturing a robust SME ecosystem for the construction industry. The involvement of SMEs in KVMRT ensures the continuity of local participation in infrastructure projects. This enables SMEs to invest in upskilling, multi-skilling, and improving technology, equipment and automation. This commitment is in tandem with the Ministry of Works' CITP to enhance productivity under the P6 Initiative, which aims to heighten the capacity and capability of Bumiputera SMEs.

Around 98% of the tunnelling works in KVMRT were carried out by SMEs, while other specialised works – such as the manufacture of the Tunnel Boring Machine (TBM), TBM support systems and consultancy work – was assigned to foreign corporations. More than 900 skilled underground workers are required on the KVMRT Line 2 by the end of 2017.

SMEs awarded KVMRT work packages



Enabling SMEs to Expand and Grow

Participating in public transportation projects such as the KVMRT has brought much innovation and progress for many SMEs like Worktime Engineering Sdn. Bhd.

"Being involved in the relocation works of power supply cables for the stations at Muzium Negara, Pasar Seni, Merdeka, Bukit Bintang (in KVMRT Line 1), and Hospital Kuala Lumpur and Kampung Baru North (in KVMRT Line 2) have presented us with the unique opportunity to be part of a national project. We are able to improve our technology and knowledge that directly moves us ahead of the competition in the long run."

Affendy Arifin
Director, Worktime Engineering Sdn. Bhd.

In addition to our partnerships with SMEs, we have also started working with start-ups to tap into their innovation and creativity to help us capitalise on the digital economy and enhance data security for our organisation. This is part of our commitment to the Malaysian Digital Economy Corporation (MDEC) Value Innovation Platform (VIP) programme. We believe start-ups steer digital innovation, not just within the industry but across the board. Therefore, we choose to engage with them to collaboratively develop new digital solutions.

We are exploring the idea of creating Smart City Hubs with Gamuda Land. We want to attract more start-ups in the area of smart city solutions to set up their office in Malaysia so we can better harness their ideas. We are already seeing some tangible results through a new asset management system at Gamuda Walk.

BUILDING OUR COMMON DATA PLATFORM

We want to be data driven. The availability of data will allow us to track and monitor the progress of our key indicators against targets, and enhance our disclosure and business performance. We can retain intellectual capital and refine business processes through time, making us more competitive. We are already working on enhancing our Common Data Platform, and standardising processes and practices to achieve improved coordination amongst subsidiaries and business units in the supply chain process.

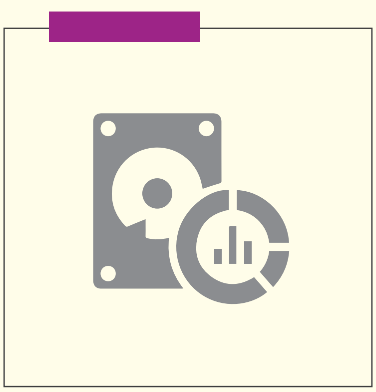
We are institutionalising lessons learned; whether it is best practices, evaluation of risks, feedback or case studies. A digital catalogue enables us to continuously improve our business processes.

The Common Data Platform will be able to translate into tangible outcomes where we can be highly consistent in our methodology, faster in decision-making, and ultimately provide excellent service and experience for our customers and business partners. To accelerate the digital adoption rate and effect a mindset change, we have become a signatory to MDEC's VIP programme, which offers engagement with start-ups to help us identify our pain points, strengths and opportunities for growth.

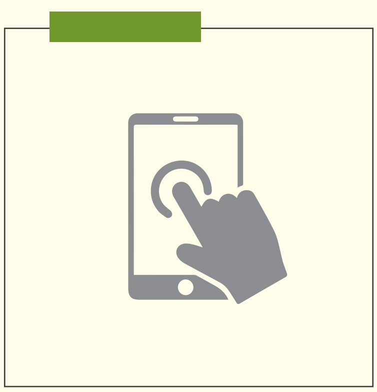
The programme is also designed to assist organisations such as ours to create a suitable ecosystem and structured approach to increase awareness and capabilities to spur innovation and inspire creativity through the use of IT in our digital transformation roadmap.

Under the VIP programme, the Township Management Department of Gamuda Land recently completed a pilot project with a start-up company, focusing on asset management and solutions. The project saw a reduction of inspection man-hours by more than 60% through process digitisation and deployment of sensors in Gamuda Walk.

Supporting our 3C's strategy



Capacity



Capability

Competitiveness

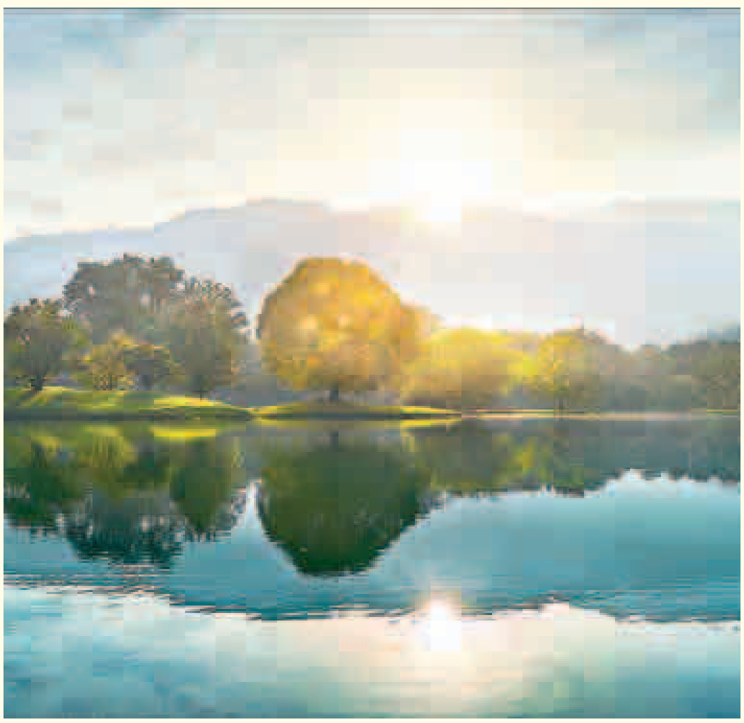
ENVIRONMENTAL MANAGEMENT

To keep pace with change and implement solutions that address environmental and related social challenges, we have identified opportunities to manage our property portfolio with a "green mindset". This incorporates mitigating climate change risks in all projects, right from material choices to low-carbon engineering solutions.

In all our operations, we adhere to environmental compliance procedures governed by the Quality, Safety, Health and Environment (QSHE) policy as well as the ISO 14001 Environmental Management System, which has been implemented for almost 10 years. This is reinforced via our QSHE policy, training and ongoing programmes and campaigns.

GREEN DEVELOPMENT

As a town maker, we aim to create a sense of place, where people and nature can come together and share a common ground to call home.



It's about mindful planning and being able to work with nature. Like how we try not to change the terrain and preserve the natural drainage. And how we allow the land to return to its natural state to encourage the spread of flora and fauna. When we work with the land in this way, there is respect for what was there before us, and a sense of balance between the natural things and those that we build.

Certifications

Certification for green developments and incorporation of sustainable products and practices have become efficiency markers in building standards. They serve as benchmarking tools that translate to business profitability, operational cost savings, and environmental responsibility.

Recent audits and certifications:

- Gamuda Berhad and Gamuda Engineering have obtained revised certification on ISO 9001:2008 and ISO 14001:2004 to ISO 9001:2015 and ISO 14001:2015.
- Gamuda Berhad Singapore branch office obtained the latest ISO 9001:2015 certification from TÜV Rheinland Singapore on 6 March 2017. This compliance allows us to apply for all MRT job tenders from the Land and Transport Authority (LTA) Singapore.
- Gamuda Berhad Singapore branch office has also successfully secured the Green and Gracious Builder Certificate from Singapore's BCA on 30 March 2017. The BCA Green and Gracious Builder Scheme (GGBS), launched in 2014, encourages small and medium construction (SMC) firms to work in a smart and responsible manner. GGBS for SMC firms focuses on applying gracious (50%) and green (40%) practices, as well as innovative and exemplary practices (10%) to work smart and in a responsible manner to minimise the carbon footprint and address community concerns.

Green Building Index (GBI) – Beyond Certification

Gamuda Land has adopted eco-friendly principles in all its developments with the GBI Rating System. Our aim is to excel beyond the minimum certification requirements. The GBI is a national green building rating tool localised to our tropical climate and adapted to the current social, infrastructure and economic development status in Malaysia. It focuses on increasing resource efficiency and reducing the impact on human health and the environment during the building's life cycle.

In total, we have four GBI ratings for our Gamuda Land developments; three Gold ratings (provisional) awarded to The Robertson, HighPark Suites and Gamuda Cove Core Business District, and a Silver rating (provisional) for Gamuda Gardens.

Under the GBI Index, we excelled in the category of innovation, with all four developments attaining maximum scores. A few examples of our exclusive features are the community food and herb gardens, green education, soil bioengineering, water sensitive urban design, charging points for electric cars and the use of regenerative drive elevators, an energy-efficient lift system.

Landscape Architecture

Kundang Estates (89 acres, located in Sungai Buloh) received the Landscape Masterplan Awards (Honour Awards) in the Developer & GLC Category at the Malaysia Landscape Architecture Award, presented by the Institute of Landscape Architects Malaysia (ILAM). The award recognises large-scale landscape planning that contributes to the expansion of landscape architecture knowledge and values while benefiting the local community.

This development also received the Family-Friendly Award (Honours) at the StarProperty.my Awards 2017.

PIONEERING ENGINEERING SOLUTIONS

Gamuda has a strong reputation as a regional pioneer and leader in tunnel boring, which is an aspect of green engineering that utilises underground spaces for infrastructure development.

After the success of our Tunnel Boring Machines (TBM) for the Stormwater Management and Road Tunnel (SMART) project in 2002, we have maintained our leadership in the field by utilising TBMs for the KVMRT projects.

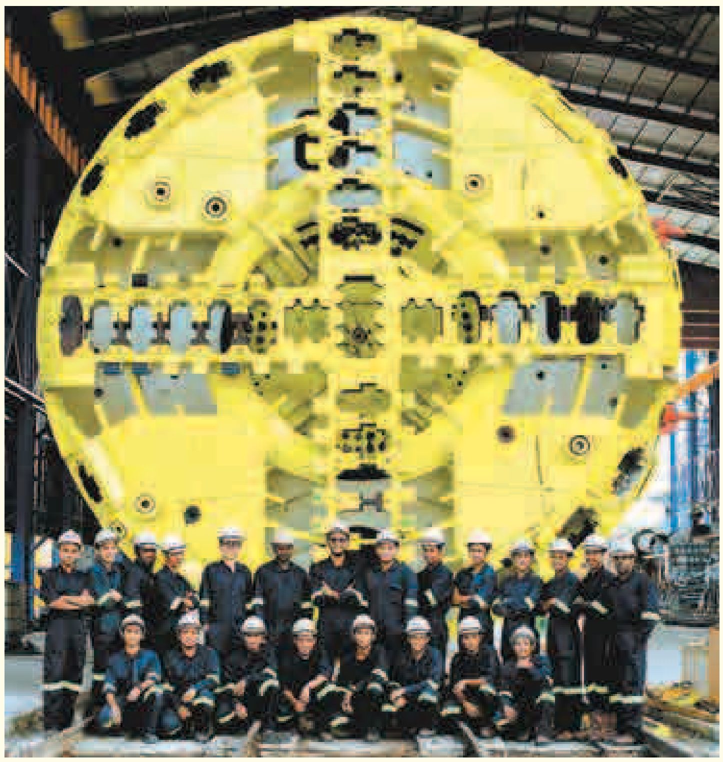
We continuously evaluate and improve our tunnelling processes and have also set up a TBM refurbishment plant as part of the MRT Project Offset Programme. This involves collaborating and cooperating with foreign contractors and suppliers to develop high technology solutions in Malaysia. Tunnelling standards and equipment are controlled using the BS 6164:2011 Code of Practice. Compliance with this code ensures we meet the requirements of the International Tunnelling Insurance Group (ITIG) Risk Management Code of Practice.

The risks with TBM in karstic limestone formations are potential sinkholes, public injury, building damage and environmental disturbance. To mitigate these risks, we use the world's first Variable Density TBM, jointly designed by MMC Gamuda and world renowned TBM manufacturer Herrenknecht AG of Germany.

Environmental Efficiency and Eliminating Waste through TBM Refurbishment

The TBM refurbishment plant was set up by MMC Gamuda in Perak in 2014. Refurbished TBMs offer savings in raw material and shipping costs as they reduce the need to buy new machines. 12 TBMs will be used to construct tunnels in KVMRT Line 2, eight of which are refurbished TBMs from KVMRT Line 1.

The eight refurbished TBMs achieved an estimated total cost savings of RM200 million (RM40 million per Variable Density TBM and RM28 million per Earth Pressure Balance TBM). This is equal to a savings of over 6,500 tonnes of steel and a reduction of over 12,000 tonnes of CO_2 emissions from the steel production alone.



WASTE MANAGEMENT

At our project sites, we ensure that construction waste is managed in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Towards this end, we ensure that all scheduled waste generated from our project sites is transported to approved treatment facilities or designated disposal sites by appointed licensed contractors.

Project-based Waste Management

For the KVMRT Line 1 construction works, we had in place green goals and objectives to monitor concrete, rebar and waste generation as part of our efforts to achieve GGBS certification. Some on-site waste reduction practices for the construction of Line 1 included:

- Rejected precast tunnel rings were returned to the plant for crushing and reuse.
- Reduced paper usage with our online registration and examination software.
- Reuse of excavated materials to provide backfill for old mine mixing ponds, and low-lying areas.
- Reuse of demolition materials for site hard-core, temporary roads and backfill.
- Conducting trials on polycarbonate wall formwork to increase usage from 5 to 100 pours (temporary work structures).
- Use of recycled water for wheel wash facilities.
- Recycled steel for various uses around the site.

Reduction of Construction and Material Waste with IBS

There is less wastage with the implementation of IBS in our construction and building projects. As IBS uses dry construction, the amount of water used at construction sites is much reduced. The timber formwork (temporary structures) that is used in conventional construction methods, and discarded after construction, is also reduced as IBS construction uses steel moulds that can be reused.

ENERGY AND WATER MANAGEMENT

Construction-related activities are water and electricity intensive, resulting in environmental impact. We practise energy and water management for optimum usage and minimum consumption and wastage. In line with this, we will have energy-saving lights and solar-powered traffic warnings implemented during the construction phase in KVMRT Line 2.

From FY2016 to FY2017, there has been a decrease of 7% in average water and electricity consumption respectively at our headquarters, Menara Gamuda. This indicates that while our resource target was for an allowance of up to a 5% increase in our yearly average consumption of water and electricity, we have managed to effectively reduce our average consumption.

As part of our conservation efforts, waste water is used for watering plants and selected cleaning purposes.

One energy-saving initiative implemented this year at Menara Gamuda was the installation of LED lighting across two floors of our basement carpark which effectively reduced the energy consumption by 52.5% over the course of seven months.

Financial Year	FY2017	FY2016	% difference
Water (m^3)	**1,466**	1,571*	**-6.68%**
Electricity (kWh)	**239,108**	255,858*	**-6.55%**

* Restatement of FY2016 data as a result of improved internal tracking

NOISE MANAGEMENT

The noise and vibration mitigation measures implemented at KVMRT Line 1 will be replicated for KVMRT Line 2. We also implement noise mitigation measures for our highways.

We mitigate noise pollution at all our construction and operational sites through various initiatives to comply with the Department of Environment (DOE) noise control requirements. Noise reduction strategies implemented for KVMRT include the construction of noise barrier walls and planting of shrubs to lessen the noise transmitted from our project to the surrounding communities. Noise reduction practices by our crew are guided by our internal procedures, night work permits and legal requirements set within the Detailed Environmental Impact Assessments (DEIA) approval requirements for the project.

For the assessment and analysis of noise and vibration for KVMRT Line 1, MMC Gamuda appointed Universiti Teknologi Malaysia (UTM) Institute of Noise and Vibration as our Noise and Vibration Consultant. The institute conducted a detailed analysis of the noise levels along the entire line, and provided design recommendations for noise and vibration mitigation measures in the form of noise barriers, enclosures and track isolation systems. The noise barriers were also constructed from environmentally-friendly materials. KVMRT Line 1 had the largest and most technically-challenging noise barrier contract in the ASEAN region.

REDUCING OFFICE WASTE

In our daily operations, we reduce our environmental footprint through concerted efforts to elevate energy efficiency, reduce wastage and recycle materials on a regular basis:

- All departments at our headquarters implement the "3R" Programme (Reduce, Reuse and Recycle) to manage and conserve resources at the workplace.
- Employees are encouraged to reduce the wastage of paper by re-using paper for non-crucial printouts. We sold 34.1% more recycled paper this financial year compared to last year.
- Employees are also encouraged to use their own food containers at the cafeteria to reduce and hopefully eliminate the use of disposable boxes.
- We encourage employees to uphold the Company's commitment to waste management not just in the workplace, but also at home by raising awareness on the importance of waste separation for recyclable and non-recyclable waste.

Nurturing Nature

Our annual Gamuda Environment Day was celebrated at Zoo Negara in November 2016 with the theme "Nurture the Nature, For a Better Future". The event was conducted in collaboration with Zoo Negara, which coordinated the site preparation and planned the activities. The day centred around three types of activities: Grow, Glow and Green.

Grow	Assisted zoo personnel with horticulture and landscaping.
Glow	Assisted zoo personnel with exhibit modifications and upgrading the perimeter.
Green	Assisted zoo-keepers in caring for animals.

Our goal is to make Environment Day an annual event to enhance our commitment to environmental conservation.

SOCIAL CONTRIBUTION

We are committed to building talent for the Group and for the nation. We provide a conducive workplace for our employees, and we offer pragmatic support for the communities that we live and work with. Beyond building a business, we believe in building relationships and strengthening bonds with stakeholders.

The synergy created from matching the needs of the business with that of our workforce is premised on five core values of the Group – **Take Personal Ownership**; **Walk the Talk**; **Adopt Open**, **Honest Communication**; **Demonstrate Real Teamwork**; and **Develop our People**. This culture has proven to be a winning formula in our employee retention and satisfaction.

Today, we are proud to have a sizeable pool of long-serving talents. We attribute this to our active employee engagement and strong employer brand that delivers. We aim to meet the ambitions and aspirations of our employees by providing them access to the tools needed to achieve their personal and career development goals. This, coupled with an open, communicative and collaborative relationship with the organisation, has resulted in productive and rewarding careers for our people.

WORKPLACE

Our workplace sustainability approach is two-fold. Firstly, we maintain stringent health and safety standards for our workforce and sub-contractors as the nature of our business operations necessitates. Secondly, we support future business needs through our 4R talent management philosophy – Recruit, Retain, Replenish and Renew.

Quality, Safety, Health and Environment (QSHE)

To greatly improve the construction industry's safety record, the government, through CIDB, implemented the CITP 2016-2020. The 11th Malaysia Plan also aspires to raise the overall standards in the industry and halve worksite fatalities and injuries by 2020.

In line with that, a Memorandum of Understanding (MOU) was signed in 2015 between MRT Corp, MMC Gamuda KVMRT PDP SSP Sdn. Bhd., CIDB Holdings Sdn. Bhd., and the National Institute of Occupational Safety and Health (NIOSH), setting the stage for research and development of standards and policies for occupational health and safety (OSH).

The Role of a Specialist (Safety) Instructor for KVMRT Line 1

"As a specialist safety instructor, it is my job to train all site employees working underground on the KVMRT Line 1. Employees are coached in flashover firefighting and tunnel firefighting. The training focuses on providing realistic firefighting environments in addition to experiencing the signs, symptoms and backdraft phenomenon.

We often also provide these training programmes to higher education students and other professional bodies, including the Fire & Rescue Department, in the hope that the collaboration can be mutually beneficial. This training is very important for all employees as it teaches us how to study and understand the behaviour of smoke, prevent fires and prepare ourselves in the event of an emergency."

Arziah Mohd Ahsim
Specialist (Safety) Instructor, MMC Gamuda

Key Safety and Health Initiatives at Gamuda:

- Gamuda Wellness Campaign
- SHE Reward Programme
- On-site and HQ training campaigns
- QSHE Knowledge Sharing
- Building Safety Certification Scheme
- HQ QSHE inspections on project sites
- Setting and reviewing QSHE Key Performance Indicators (KPIs) on a monthly basis
- Safety taskforce at project sites
- Development of training centres (with CIDB and NIOSH)
- Emergency Preparedness Training
- Basic First Aid, cardiopulmonary resuscitation (CPR) and Automated External Defibrillators (AED) training at the workplace
- Awareness Briefing by CIDB on the Regulation of Construction Materials (CIDB Act 520)
- Introduction to TBM Operations at the Tunnelling Training Academy (TTA)

One of our earliest missions was to put in place a robust safety and health framework, which led to Gamuda's successful award of OHSAS 18001 and MS 1722 certifications by SIRIM in January 2008. Since then, we have continued improving our QSHE management system to ensure that we maintain the highest standards in the industry and this is reflected in our various international and national certifications.

Our QSHE Policy Statement, which was revised in January 2017, is available on our website. Our QSHE performance is reviewed annually by the headquarters (HQ) to ensure that all matters comply with our standards. It is reviewed bi-monthly for projects under Gamuda Engineering, and annually for KVMRT tunnelling and PDP.

KVMRT Line 2: 9 million Lost Time Injury (LTI) free-hours

The KVMRT Line 2 uses the SHE Enhancement Model with a focus on revamping the SHE model from enforcement to self-regulation. This encourages leadership and ownership, motivating employees to make safety and environment their personal priority, and not just the company's responsibility.

The SHE Enhancement Model's features are:

- Pain & Gain approach

  -KPI & measurement criteria *(In the event of any Class 1 (fatality) or Class 2 (permanent disability) incident, the total SHE KPI score becomes zero)*

- SHE performance score
- A monthly KPI evaluation
- Entitlement for monthly payment & incentive based on monthly KPI evaluation result
- Achievement measured monthly and linked to payment/fee

Target:

- Zero fatality
- Form a Steering Committee between the Department of Occupational Safety and Health (DOSH), DOE, MRT Corp and LRT 2 to share experiences and knowledge, and update news from enforcement bodies

KVMRT Safety and Health Initiatives

Safety Passport Scheme

In order to work on site, construction workers are required to possess valid construction personnel registration cards, also known as Green Cards. To enhance security on the KVMRT project sites, workers who enter our sites need to carry a Safety Passport, with the most basic being a Blue Card. To be eligible for a Safety Passport, workers must have a valid Green Card. The Blue Card system bypasses the problem of undocumented or illegal workers. During inspections, those with safety passports are easily identified with a QR code, which can be conveniently read using a mobile phone. Those without valid safety passports can also be identified immediately and refused entry.

An estimated 20,580 KVMRT Line 2 workers are targeted for this scheme. These workers undergo continuous safety training to prevent or reduce fatalities and accidents.

As the underground works contractor, we have our own ambulances, which are part of the Emergency Response Team (ERT). These ambulances cover the entire KVMRT Line 1 and Line 2 projects. Therefore, any emergency situation can be handled by our Paramedics and Medical Assistants.

Communication of QSHE Policy

The QSHE Policy is communicated through a one-day awareness course followed by a formal examination two weeks later. All parties working on our projects are subject to the Construction Skills Certification Scheme with tests for different job roles (including operatives, specialists, managers and professionals) and multiple categories (legal and management, health and welfare, general safety, high-risk activities and environment). To ensure better understanding and compliance, these tests are available in six languages.

4R Talent Management

Recruit

Talent acquisition is the first step to securing the right skills and knowledge to meet the requirements of the company's various business divisions. While sourcing for experienced talent is important for the advancement of our company, recruiting and grooming young talent is equally imperative. Our candidates are sourced through various channels including online job boards and social networking sites.

Gamuda has various avenues and programmes to ensure we enlist the best talents and develop the most promising leaders:

Gamuda Graduate Programme (GGP)
Every year, we take in an average of 30 graduates. They undergo an intensive three-year programme of on-the-job training in various functions.

Gamuda Scholarship
We aid outstanding young Malaysians to pursue their tertiary education in subjects relevant to our businesses at the best local and foreign universities.

Collaboration Programmes with Institut Kemahiran Belia Negara (IKBN), Akademi Binaan Malaysia (ABM) and Kolej Komuniti (KK)
Interns from local and foreign universities are provided with exposure to a dynamic work environment in preparation for employment upon graduation.

TalentCorp
We have employed scholars from the Public Service Department (JPA), providing an avenue for them to fulfil their government bond in the private sector.

Skim Latihan 1Malaysia (SL1M)
We participate in this national talent development programme to improve the employability and marketability of Malaysian graduates by re-skilling and up-skilling them in areas relevant to the industry.

Internship
Interns from local and foreign universities are provided with exposure to work experience in preparation for employment upon graduation.

Programme	2017	2016
Gamuda Graduate Programme (GGP) **(143 graduates to date hired and 92 in service with the Group)**		
Number of participants	**39**	30
Gamuda Scholarship **(Over 311 have been sponsored by Gamuda as of July 2017)**		
Number of scholars	**43**	32
Amount of scholarships disbursed	**RM5.6 million**	RM4.7 million
Number of scholars working in the Group	**106**	104
IKBN, ABM and KK		
Number of recruits trained	**127**	58
Number of recruits hired (not from training programme)	**112**	NA
SL1M-Gamuda **(Since 2012, we have trained 336 graduates and hired 92 for executive roles)**		
Number of participants	**56**	43

The Gamuda Scholarship offers mentoring during the course of study and a career opportunity to participate in nation building. It serves to build talent and create more Malaysian professionals working with Gamuda on public infrastructure and property development projects.

Scholarships are offered to those pursuing Engineering, Quantity Surveying, Township & Urban Planning, Architecture, Property & Real Estate Management, Accounting, Business IT, Human Resources and Psychology.

In 2017, we received over 1,600 applications and offered 34 scholarships amounting to RM5.2 million. Additionally, in collaboration with the Ministry of Higher Education, we provided grants worth RM421,000 to 9 polytechnic graduates to complete their degree programme. Since 1996, 345 scholarships valued at RM39.6 million have been awarded.

Retain

Recognising the needs and concerns of our employees, we constantly engage our people to promote a sense of belonging to the company and motivate them to take ownership of their roles and responsibilities while respecting the need for work-life balance.

The annual overall attrition rate has been on the decline since 2012; the Group attrition rate was approximately 8% in FY2017, significantly lower than the industry average of 15%. Over the last three years, the attrition rate has been consistently below 10% due to our efforts in improving policies that support work-life balance and the creation of a harmonious work environment. The policies, based on feedback from our Employee Engagement Surveys, have kept many staunchly loyal to the Group.

We believe that our commitment to developing our people through training and learning programmes has also contributed to the low turnover. Recently, we relocated the Gamuda Learning Centre (GLC) from our business headquarters in Menara Gamuda to a new building in Damansara Jaya.

The RM5 million standalone centre, which was opened in July 2017, houses the Enabling Academy, Construction Training Centre, BIM Training Academy and English Language Unit.

GLC is the in-house training arm of the Group and it provides staff access to a variety of courses for personal and professional development. The courses include in-house and external programmes covering Management and Leadership; Personal Development; Business Communication; Contract Administration; Finance; Information Technology Applications; and Quality, Safety, Health and Environment.

One of the highlights is the Gamuda Graduate Programme (GGP), which is a 3-year development course where Gamuda Scholars, former SL1M trainees and direct hires undergo an induction curriculum covering soft skills, computing proficiency, teamwork, decision-making and communication.

In addition, graduates who are recruited as Trainee Supervisors can attend the Construction Management Programme (CMP) courses accredited by the Construction Industry Development Board (CIDB) for Civil and Structural or Building and Architectural Works.

- Employee Engagement

  We embarked on our Employee Engagement Survey last year and received our highest employee satisfaction rate of 85% this year, 1% higher than the global construction and engineering sector rate. We believe this is the culmination of our constant engagement over the last few years, which has allowed us to adjust our policies and approaches to suit the needs of our workforce based on the feedback from our employees.

  A total of 987 out of 1,623 invited employees took part in the first survey, which was one of many measures taken to achieve open, honest and transparent communications within the Group.

- Competitive Remuneration and Attractive Benefits

  Gamuda offers some of the best remuneration and compensation packages in the country. Employees in top or specialised roles receive top quartile remuneration while fresh graduates, as well as those who provide general and support skills, are paid very competitive salaries benchmarked within the industry.

  Employees are also provided with wide ranging pro-health, relevant, flexible and innovative benefit schemes that cater to different needs. Available to all Gamuda employees, the benefits framework promotes a sense of equality amongst the ranks in the workplace. Our Sports Club encourages healthy living with sporting activities, annual trips and social activities at subsidised rates.

- Work-life Integration

  Our flexi-wellness benefits for all employees include medical entitlements and an array of health-promoting activities. The scheme is updated annually to ensure our benefits are well received by a greater proportion of our workforce.

- Parental Leave

Year	2017	2016
Paternity leave	**52**	24
Maternity leave	**40**	28
Childcare leave	**60**	45

- Flexible-Retirement Plans

  Flexible Retirement Plans are also offered where employees can opt for early retirement at ages 50 and 55 (against the national official retirement age of 60) and retiring employees are offered retirement benefits based on the number of years served. This year, three employees chose to opt for this plan.

- Gamuda Long Service Awards

  As a gesture of appreciation, loyal employees who have been with us for at least a decade are recognised at the annual Awards Night. It continues to inspire employees to stay motivated and grow with the company.

Gamuda Long Service Awards

Year	2017	2016
Total awards presented	**237**	219

- Living the Values Award

  We truly believe that our core values are critical to achieving our long-term goals towards building a sustainable business. Thus, we introduced our Living the Values Award in 2014 as an annual event to celebrate employees who exemplify these values. To date, we have recognised 61 employees who have consistently integrated these principles into their work.

- Talent Week

  Introduced in 2016, Talent Week is an engagement programme for employees to seek advice, guidance and support from peers and leaders on their personal and career development. Various activities were planned during Talent Week held in May last year, including talks and forums by reputable speakers from within and outside the organisation.

- Centralised Labour Quarters (CLQ)

  We also care for the welfare of our contractors' employees. Our CLQ's are equipped with adequate living, food and medical facilities to accommodate up to 18,000 foreign workers, hired to work on the construction of the KVMRT.

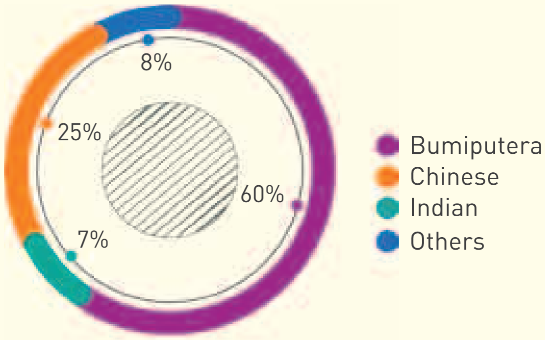
  Similar CLQ standards are applied in our other major infrastructure works such as the Pan Borneo Highway in Sarawak.

Sustainability Statement

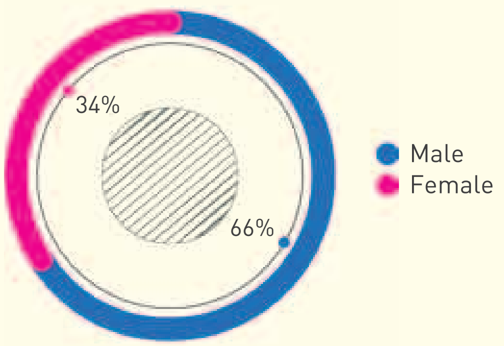
Replenish

Gamuda's inclusivity policy cuts across race, gender, religion, age, socio-economic status and neuro diversity. We have a young and enthusiastic team with half our employees aged below 35.

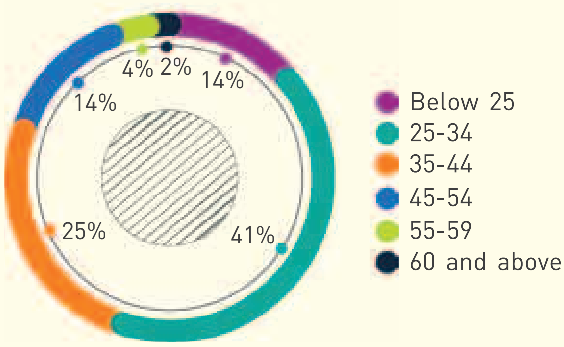
Employee composition by race
Year 2017



Employee composition by gender
Year 2017



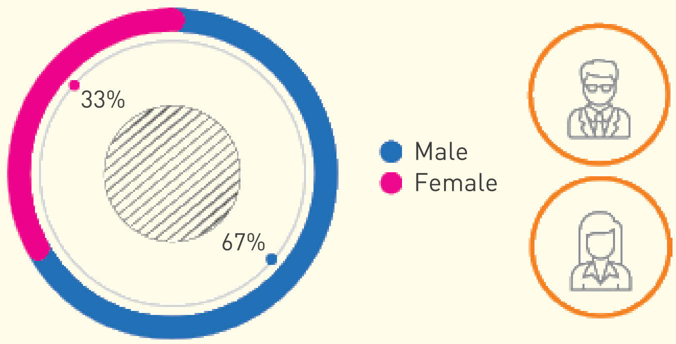
Employee composition by age group
Year 2017



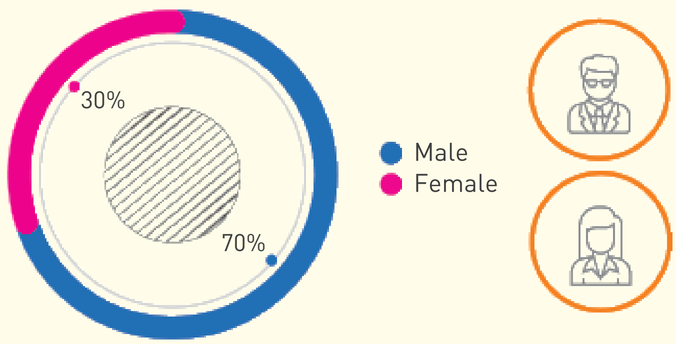
- Women@Work

  Our talent strategy encourages and supports the participation of women in the workforce in line with the national initiative to triple the percentage of women on companies' boards to 30% by 2016 ("The Malaysian 30% Club"). While we aim to increase female participation in our workforce, equal effort is placed in providing a supportive environment for them to reach their full potential in their career and their life at home. Various benefit packages are available for our female employees such as childcare subsidies; childcare leave; extended maternity leave; support and care facilities in the workplace as well as additional pre and post-natal support and guidance.

Board of Directors' diversity rates
Year 2017



Year 2016



Women Empowerment in Engineering

Not only did Noor Affida fulfil her dream to become an engineer, she also became one of the youngest engineers to manage part of the KVMRT. She has been serving as KLCC East underground station section head since last year.

"There is nothing a male or female staff does that requires different qualities or achievements. I set very high goals for myself and my focus is to achieve my targets. This drives me to go beyond my comfort zone. How often do you get to tell your friends that you were part of a mega project, which is set to change the course of public transportation in the country? It still feels very surreal to me. I feel very humbled by this experience and I sometimes still ask myself, was I really a part of this?"

Noor Affida
Section Underground Head for KVMRT Project, MMC Gamuda

Renew

Our employees are given skill-enhancing opportunities in order to remain industry relevant and dynamic. We train our frontline staff so that they are capable of performing more than one job function at any one time. Taking on multiple job functions and roles gives them a competitive edge to better their career development and personal progression. Succession planning is in place for top management and also for senior site supervisory positions.

We continue to drive our organisational culture and values to be responsive to the changing business environment and growing needs of our people, communities and country.

Our career development blueprint consists of a three-pronged strategy: 70% on-the-job training; 20% mentoring and guided learning; and 10% formal training.

We provide training for different career levels and job streams. Skills-based work training is conducted at project sites while supervisory and management training is conducted at the Gamuda Learning Centre. Gamuda's Infrastructure Consessions' implementation of Electronic Toll Collection (ETC) reduced the need for manned toll booths. These employees will be re-trained and re-deployed.

Career Level	Skilled Workers	Supervisors	Management
Entry Level	TTA and BIM Training Academy are open to college graduates. Deployed to Underground Works (UGW) & Gamuda IBS (GIBS) factories for roles as: – Factory Operation Technicians – Electricians – Mechanics – Specialised Tunnel Personnel	College graduates recruited as Trainee Supervisors can attend CMP courses accredited by CIDB for Civil and Structural or Building and Architectural Works.	The Gamuda Graduate Programme (GGP) is a 3-year development programme. Gamuda Scholars, former SL1M trainees and direct hires (all new recruits in the management stream) undergo an induction programme covering soft skills; computing skills; teamwork; decision making; communication, and other skills.

Career Level	Skilled Workers	Supervisors	Management
In-Career Training	N/A	Management and Leadership courses to develop various skills such as communication and software usage (IT/Digital Literacy Programme). By the end of 2019 we will complete the Digital Literacy Programme for all knowledge workers. English Language Unit to enhance the language proficiency of identified employees. Career Development Unit will provide support to employees in taking ownership of their careers in their current and future roles.	Technical and Management courses are provided, which includes soft skills and professional training. Selected employees are sponsored on special professional courses while study loans are available for post graduate programmes.
Others (non-Gamuda employees)	Gamuda Plant Operator School (GPOS) is the largest and only one-stop centre for crane and plant operation and competency training assessed by DOSH and CIDB. KVMRT Training Centre provides an opportunity for every contractor and worker involved in the KVMRT project to develop the required skills to deliver the project efficiently, with a strong focus on workers' safety and health standards. Construction Training Centre is a non-profit initiative that facilitates the training of skilled labour, and equips sub-contractors and industry players with internationally-benchmarked construction skills.		

Year	2017	Cumulative up to 2016
Tunnelling Training Academy (TTA)		
Number of workers trained	**Over 200**	Over 800
KVMRT Training Centre		
Number of workers trained	**9,097**	6,111
Gamuda Plant Operator School (GPOS)		
Number of people trained	**957**	38,728
Construction Training Centre (CTC)		
Number of people trained	**111**	109
BIM Training Academy		
Number of BIM trainees	**352**	N/A*

* BIM Training Academy was established in 2017

Tunnelling Training Academy (TTA)

The TTA is the world's first academy that provides training in tunnel-related work using TBM technology. It was set up in December 2011 to equip the Malaysian workforce with highly-specialised technical skills and knowledge in order to develop a sustainable pool of specialists, technicians and skilled labour for the tunnelling industry in Malaysia.

Outstanding trainees have been promoted to positions of electrician, mechanic, operator and supervisor. On 16 May 2017, 100 students received their certificates and employment letters to join the 1,000 employees needed for tunnelling works on the KVMRT Line 2. This is in addition to the 1,000 employees, who were trained since 2011, and have worked on the underground alignment of KVMRT Line 1.

Role of TTA:

- Develop a highly-skilled workforce in Malaysia for future infrastructure projects.
- Produce a talented and exportable Malaysian workforce.
- Reduce dependence on foreign labour.
- Fulfil the need for more TBM specialists/experts who are able to manage and supervise tunnel boring activities.

Case Study of a TTA student:

"When I first learned about TTA from friends, I was attracted to the idea of working in the tunnelling industry as it was new to me. Today, I am proud to be part of the workforce behind the KVMRT project. Thanks to the quality and relevance of the training provided at TTA, I'm able to upgrade my knowledge, skills and performance to bolster my career prospects in the local construction industry. I truly appreciate the opportunity, knowing that demand for specialised skills is on the rise."

Zul Fazreen Azhar

TTA Graduate and Trainee, MMC Gamuda KVMRT (T) Sdn. Bhd.

COMMUNITY DEVELOPMENT

We believe in uplifting the lives of families and communities, as well as bridging the divide between marginalised and mainstream societies.

We want to transform corporate giving efforts into strategies for community empowerment.

Yayasan Gamuda was set up in 2016 to house the charitable programmes of the Group. The Foundation focuses primarily on aid for education, and community improvement.

Guiding Principles:

Transformative	Able to uplift our beneficiaries with real, effective change that would otherwise not have been possible.
Sustainable	Activities that are sustainable in itself as well as promote self-sustainability in the lives of the beneficiaries for the longer term.
Empowering	Beneficiaries are able to become independent and empowered to take control of their own destiny.
Inclusive	Activities to promote inclusivity in the community.
Focus	Target activities where we have the knowledge and commitment to make a meaningful difference.
Partnership	Being co-participants with the beneficiaries in the change process will encourage and promote mutual ownership.

Our initiatives include hosting festive celebrations annually, sponsoring Teach For Malaysia (TFM) and TFM fellows during their training programme to prepare them for their prospective teaching placements, and sponsoring operating costs for DiB (Deaf in Business) Coffees of Hawaii Café in Menara Gamuda.

Enabling Academy

In 2013, Project Differently-Abled (Project DA) was launched at Gamuda Berhad. To-date, Gamuda has employed 20 employees with autism via Project DA. To tap the potential of people with autism and to train them to be gainfully and sustainably employed, we scaled up our Project DA by establishing the Enabling Academy.

The Enabling Academy collaborates with Partner Companies that share a similar vision: enabling and empowering people with autism to have meaningful careers and personal independence. Partner Companies contribute by offering appropriate employment to graduates of the Enabling Academy, helping create a more inclusive society.

Two key objectives of the Enabling Academy are:

1

To provide pre-employment training and a transition programme to enable people with autism to achieve sustainable white collar positions such as administrative assistant, data entry officer, document controller, researcher, IT assistant, IT programmer, accounts assistant and other roles.

2

To collaborate with Partner Companies to create gainful and sustainable employment for more people with autism nationwide by training and developing an organic circle of support in respective Partner Companies.

"We are proud to be a corporate partner of Yayasan Gamuda in this project as it supports CIMB's belief in an inclusive economy, in which everyone has the opportunity and access to an enabling framework to realise their true potential and participate in the nation's wealth-building initiatives. The CIMB Group strongly believes that to live up to our corporate-with-a-heart mantra, we need to truly embrace various core values including "Enabling People" and "Strength in Diversity", which are also aptly reflected in Yayasan Gamuda's Enabling Academy for people with autism."

Dato' Hamidah Naziadin
Group Chief People Officer, CIMB Group

"I believe the Enabling Academy underscores the fact that hiring people with autism no longer falls under the CSR [corporate social responsibility] initiative. I know many companies are starting to realise that having a diverse workforce can give them a competitive edge, but they do not have the resources or know-how to train differently-abled persons. We are happy to take this significant step in creating a more diverse workforce at GM Klang by hiring two Enabling Academy trainees for our HR and Leasing & Marketing Department."

Datuk Lim Seng Kok
Managing Director, GM Klang Wholesale City

School Outreach Programme

We believe in the importance of Science, Technology, Engineering and Mathematics (STEM) education as it offers knowledge and skills to gain a competitive advantage. Through high-quality STEM education initiatives, students are exposed to fast-growing fields like computers and I.C.T to help them integrate knowledge across subjects and encourage them to think in a more logical and holistic way.

We reached out to eight schools this year, namely:

- SBP Integrasi Gombak, Kuala Lumpur
- SMK Damansara Jaya
- SMK Jalan Empat Bangi
- Sekolah Sultan Alam Shah, Putrajaya
- SMK (P) Sri Aman, Petaling Jaya
- SMJK Chong Hwa, Kuala Lumpur
- SMK Dato' Usman Awang, Johor
- SMK Medini Iskandar Puteri, Nusajaya, Johor

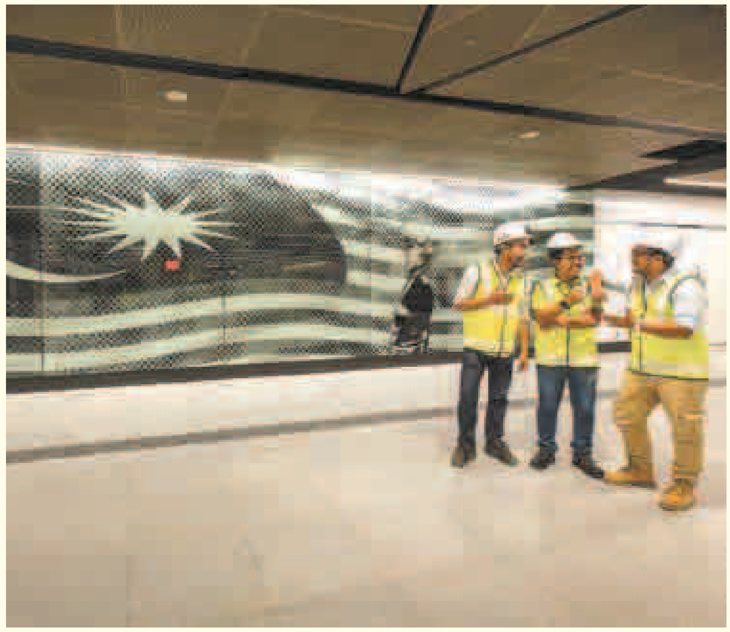
QSHE@School Programme

This programme was initiated after the success of our SHE initiatives, conducted in the workplace since 2012 (the SHE Reward Programme includes SHE Inspections, SHE Corner, SHE Trainings & Events). The goal of this programme is to increase students' health and safety knowledge and to create positive attitudes toward their own well-being as well as to promote healthy and safe behaviour to avoid accidents and injuries.

The one-day interactive workshop comprises the following activities:

1. QSHE Awareness Talk – Representatives from our QSHE Departments conduct talks on QSHE tailored to the school's environment and school activities.
2. Demonstration on basic personal protective equipment (PPE).
3. Hazard and Quality Hunt – Interactive walk-about on school grounds to identify hazards or quality issues and to discuss possible solutions or control measures to be implemented to mitigate risks.

This year, we carried out the programme at Sekolah Kebangsaan Sungai Serai (April 2017) and Sekolah Kebangsaan Bukit Cheeding (September 2017).



Embracing Malaysian Designs

Seven of the KVMRT Line 1 underground stations have incorporated murals and designs that symbolise Malaysia's diversity of cultures.

Entrances to stations at Muzium Negara, Pasar Seni, Merdeka, Bukit Bintang, Tun Razak Exchange, Cochrane and Maluri all incorporate the multi-faceted quartz form in various ways through transparent, reflective and angular structures.

Greenhouse Project

In November, we designed and constructed greenhouses for the Orang Asli community in Ulu Gumum, Pahang, in partnership with Yayasan Kajian dan Pembangunan Masyarakat (YKPM).

The project, one of our many community initiatives, had employees from different professional backgrounds participate in DIY construction projects around Malaysia. A total of 27 volunteers constructed two greenhouses to help boost planting on the farm.

We plan to further support this project to include livestock and aquaculture while also developing a teaching farm for other rural farming projects.

Hari Alam Sekitar

Project teams from KVMRT initiated an Environment Day, which included an art competition and gotong-royong activity, for primary schools and resident associations along the alignment. Held in October, it was aimed at increasing the understanding on the need to protect the environment, including sustainable practices to help avoid damaging or harming the ecosystem.

Sustainability continues to be a top priority. It is a business imperative and an opportunity to develop stronger capabilities and resilience for the future.

Corporate Governance Statement

COMMITMENT FROM THE BOARD

The Board of Directors ("Board") of Gamuda Berhad ("Gamuda" or "Company") recognises the importance of maintaining a high standard of corporate governance practices within Gamuda and its subsidiary companies ("Group") and devotes considerable effort to identify and formalise best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the best practices in so far as they are relevant to the Group, bearing in mind the nature of the Group's businesses and the size of its business operations.

COMPLIANCE

Comprehensive guidelines, policies and procedures have been formulated by the Board in support of the Group's corporate governance framework including the "Directors' Handbook", "Directors' Code of Conduct", "Corporate Disclosure Policy", "Whistleblowing Policy", Diversity and Inclusion Policy and the terms of reference for various board committees. These documents are reviewed regularly by the Board and the relevant board committees and are updated in line with the amendments of applicable legislations and rules as well as the current market practices.

The Board has adopted an External Auditor Policy on 28 September 2017 which delegates the responsibility to assess the suitability, objectivity and independence of the external auditor to the Audit Committee.

The Board noted that the Securities Commission Malaysia has released a new Malaysian Code on Corporate Governance 2017 ("New Code") on 26 April 2017. The New Code introduces substantial changes and recommendations with a view of raising the standards of corporate governance of companies in Malaysia. The New Code now employs the CARE approach (abbreviated from the term 'Comprehend, Apply and Report') by shifting from the 'comply or explain' method in the present Malaysian Code on Corporate Governance 2012 ("Code") to a 'apply or explain an alternative' method. This is believed to allow greater flexibility in the application of the best practices. The first set of companies required to report on conformance with the new Code in their annual reports are companies with financial years ending 31 December 2017.

As the financial year of the Company ends on 31 July 2017, this statement relates to the Malaysian Code on Corporate Governance 2012 ("Code"). The Board is pleased to disclose how the Group has applied the principles set out in the Code to its particular circumstances, having regard to the recommendations stated under each principle and governance standards prescribed and the provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the extent to which it has complied with the principles and recommendations under the Code for the financial year ended 31 July 2017, identifies any of the recommendations under the Code which were not followed and provides reasons.

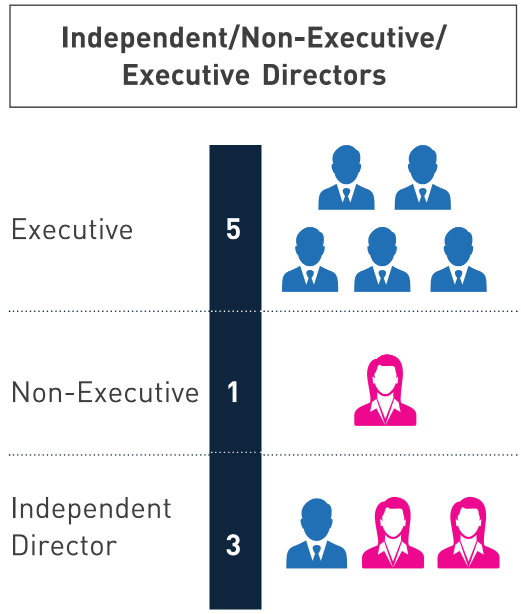
The Code can be found at www.sc.com.my and this statement in Gamuda corporate website at www.gamuda.com.my.

LEADERSHIP

The Role of the Board

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

A framework of delegated authority is in place consistent with the structure of delegation below the Board level. The Board reserves to itself certain key matters to approve, including the Group's strategic plans, major capital expenditure, corporate governance issues, dividend policy and external financial reporting. The Board delegates responsibility for the day-to-day operation of the business to the Executive Directors and recognises its responsibility for ensuring that the Company operates within a framework of prudent and effective controls.



Board Composition and Balance

As of the date of this Statement, the Board comprises one (1) Group Managing Director, one (1) Deputy Group Managing Director, three (3) Executive Directors and a significant presence of four (4) Non-Executive Directors of whom three (3) are Independent Directors. The biographical details of the Directors are set out in the Directors' Profile section of this annual report. An updated list of directors of the Company and their respective role and function has been maintained on the website of the Company together with the updated biographical details of each Director.

Hence, the Company has fully complied with the provisions of the Listing Requirements of Bursa Securities for independent non-executive directors to make up at least one third (1/3rd) of the Board membership and for a director who is qualified under Paragraph 15.09 (1) (c) of the Listing Requirements of Bursa Securities to sit on the Audit Committee.

The Board is satisfied that the current composition, with a balance mix of executive and non-executive members does fairly represent the investment of the majority and minority shareholders in the Company. The current Board brings with it a broad range of business, financial, technical and public service background. This balance enables the Board to provide clear and effective leadership to the Group and bring informed and independent judgement to many aspects of the Group's strategy and performance. Furthermore, the current number of Board members is conducive for efficient deliberations at Board Meetings and effective conduct of Board decision making.

Corporate Governance Statement

Roles of the Chairman and Group Managing Director

There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power, as the roles of the Chairman and the Group Managing Director are distinct and separate.

The Chairman of the Company is an independent non-executive Director, which provides effective oversight over Management and reflects the Company's commitment to uphold corporate governance. The division of responsibilities between the Chairman and the Group Managing Director is clearly established and agreed by the Board which can be summarised as follows:-

Chairman (YBhg Dato' Mohammed Hussein):-

- leadership of the Board and in ensuring its effectiveness on all aspects of its role as well as governance of the Board.
- the orderly conduct of meetings and that adequate time is available for discussion of all agenda items, in particular strategic issues as well as facilitates matters between the Board and its investors.
- promotes a culture of openness and debate by facilitating the effective contribution of Independent Directors, in particular ensuring constructive relationships between Executive, Non-Executive and Independent Directors.
- ensuring that the Directors receive accurate, timely and clear information.

Group Managing Director (YBhg Dato' Lin Yun Ling):-

- manages the day-to-day business operations of the Group and ensures that the appropriate standards of corporate governance permeate throughout the organisation.
- a central part includes recommending key strategies/policies and implementing those agreed/approved by the Board, planning the future direction of the Group and allocating decision making and responsibilities accordingly.
- acts as the Group's official spokesperson and manages communication with shareholders and employees.
- takes a leading role in the relationship with all external agencies and in promoting Gamuda Group.

Senior Independent Director

The Group has complied throughout the financial year with the best practices of the Code except for the identification of a Senior Independent Non-Executive Director. Given the current composition of the Board which separates the roles of the Chairman and the Group Managing Director, the Board does not consider it necessary at this juncture to identify a Senior Independent Director as the Board Chairman promotes an open environment for deliberation and ensure that Board meetings are conducted in a manner that allows Non-Executive Directors to participate in meaningful and active discussion. Furthermore, any concerns from the Company shareholders can be easily brought to the attention of the Board via the Company Secretaries.

Independence of Board

The Independent Non-Executive Directors play a crucial role of bringing objectivity to the decisions made by the Board. They provide independent judgement, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all stakeholders are taken into account and that the relevant issues are subjected to objective and impartial consideration by the Board.

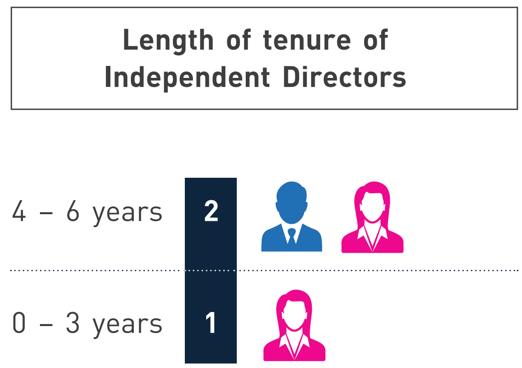
The balance and independence of the Board is kept under review by the Nomination Committee of the Company.

The Code recommends that the length of tenure is a factor to consider when determining independence. The Board is mindful of the recommendation of the Code on limiting the tenure of independent directors to nine (9) years of service irrespective of whether it's a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals. The table shows the length of tenure of each of its Independent Director and none of the Independent Directors' tenure has exceeded a cumulative term of nine (9) years.

The Board assesses the independence of its Independent Directors through a Self-Assessment of Independence of Independent Directors under the annual Board evaluation process.

The assessment of independence is based on the criteria prescribed under the Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia Berhad.

During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The Board was satisfied with the level of independence demonstrated by all Independent Directors.



Board Diversity

The Board acknowledges the importance of diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board.

The Board also supports the recommendation of the Code and the Malaysian Government to have at least 30% women as decision makers in corporate sector as promulgated by the Cabinet in 2011. This has then been highlighted again in the Corporate Governance Blueprint 2011 – Towards Excellence in Corporate Governance issued by the Securities Commission, Malaysia which stipulates a goal for women participation on boards to reach 30% by 2016.

Recognising the benefits of diversity in its broad spectrum, the Board has adopted a Diversity and Inclusion Policy on 28 September 2016 and fulfilled the requirement for 30% women participation on its Board. The Board believes that with women members on Board will serve to bring value to Board discussions since women Board members can bring new perspectives, approaches and ideas to help the Group succeed.

The Company Directors are professionals in the fields of construction & engineering, finance, accounting, legal and toll infrastructure and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.

In evaluating candidates for appointment to the Board, the Nomination Committee and the Board will always evaluate and match the criteria of the candidate based on experience, skills, competencies, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).

The current board composition in terms of each of the Director's industry and/or background experience, age and ethnic composition is as follows:-

	Industry/ Background Experience					Age Composition		Ethnic Composition		Gender	
Directors	Construction & Engineering	Public Services	Banking	Accounting/ Finance	Legal	50 to 59 years	60 to 69 years	Bumiputera	Non-bumiputera	Male	Female
YBhg Dato' Mohammed Hussein			✓				✓	✓		✓	
YBhg Dato' Lin Yun Ling	✓						✓		✓	✓	
YBhg Dato' Ir Ha Tiing Tai	✓						✓		✓	✓	
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah					✓	✓		✓			✓
YBhg Dato' Haji Azmi bin Mat Nor	✓	✓				✓		✓		✓	
YBhg Dato' Goon Heng Wah	✓						✓		✓	✓	
Mr. Saw Wah Theng				✓			✓		✓	✓	
YM Tunku Afwida binti Tunku A.Malek			✓	✓		✓		✓			✓
Puan Nazli binti Mohd Khir Johari	✓			✓			✓	✓			✓

The profile of the Board members are set out on pages 10 to 22 of this Annual Report.

EFFECTIVENESS

Board Charter

The Board articulates its roles and responsibilities in its Directors' Handbook, and describes those areas reserved for the Board's determination. The Board had adopted the Directors' Manual in 2002.

The Directors' Handbook specifies how Gamuda and the Group are governed so as to promote Gamuda and protect the interests of shareholders, including Board roles and responsibilities, membership and operations, and decision-making structures.

The Board believes that the Directors' Handbook, which sets out the roles, duties and responsibilities of the Company Directors and the broader issues of directors' ethics, amongst others, collectively with the various policies, procedures and practices that have been in place for a long time, the Constitution of the Company and statutory and regulatory requirements, have effectively encapsulated the essence of the suggested contents of a Board Charter.

Board Appointments

The Board, through the Nomination Committee, will review the suitability of an individual to be appointed on the Board taking into account the skills, expertise, background, experience and boardroom diversity (including gender, ethnicity and age). The decision as to who shall be nominated remains the responsibility of the full Board after considering the recommendations of the Nomination Committee.

Following the appointment, new Director(s) will be duly briefed on the Company and Group's businesses, operations and management level to facilitate better understanding overall.

The Company Secretaries will then ensure that all appointments are properly made, all the necessary information is obtained as well as all legal and regulatory obligations are met.

Re-election of Directors

The Constitution of the Company provides for all Directors to retire from office at least once every three (3) years at each annual general meeting in line with the Listing Requirements of Bursa Securities. Each retiring Director is eligible for re-election. In addition, one third (1/3rd) of the Board, including the Group Managing Director, shall retire by rotation and shall be eligible for re-election at each annual general meeting of the Company. This provides an opportunity for the Company's shareholders to renew their mandate. The said Constitution also provide that a Director appointed by the Board during the financial year shall be subjected to re-election at the annual general meeting following his/her appointment.

Retiring Directors who are seeking re-election are subject to Directors' assessment overseen by the Nomination Committee. The Board, on the recommendation of the Nomination Committee, makes a determination as to whether it will endorse a retiring Director for re-election.

Upon the recommendation of the Nomination Committee, the Board has confirmed that the following Directors who are retiring pursuant to Clause 95 of the Constitution of the Company and standing for re-election at this year's 41st AGM continue to perform effectively and demonstrate commitment to their roles:-

a. YBhg Dato' Mohammed Hussein;

b. YBhg Dato' Haji Azmi bin Mat Nor; and

c. YBhg Dato' Goon Heng Wah.

As a policy, the Board itself would also assess, evaluate and determine the independence of an Independent Director when he is due for retirement and/or re-appointment at the annual general meeting of the Company.

The Board has established a policy that the mandatory retirement age of Directors shall be 75 years.

Board Meetings and Supply of Information

Board Meetings are scheduled to be held regularly, at least four (4) times in a financial year with sufficient notice given for all Board Meetings of issues to be discussed. Additional Board Meetings may be called as and when significant issues arise and which require the Board's decision.

The dates for Board Meetings for the ensuing financial year are scheduled well in advance and the Board has formal schedule of matters specifically reserved for the Board's discussion and/or approval. The schedule ensures that the direction and control of the Group are in the hands of the Board.

During the financial year ended 31 July 2017, the Board had met four (4) times whereby all Directors have complied with the requirements in respect of Board Meeting attendance which are as follows:-

	Number of Board Meetings	
Name of Director	Held (during tenure)	Attended
YBhg Dato' Mohammed Hussein	4	4
YBhg Dato' Lin Yun Ling	4	4
YBhg Dato' Ir Ha Tiing Tai	4	3
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	4	3
YBhg Dato' Haji Azmi bin Mat Nor	4	4
YBhg Dato' Goon Heng Wah	4	4
Mr. Saw Wah Theng	4	4
YM Tunku Afwida binti Tunku A.Malek	4	4
Puan Nazli binti Mohd Khir Johari	4	4

All issues discussed and all decisions made during the Board Meetings will be properly recorded by the Company Secretaries and reviewed by the Board for completeness and accuracy. The minutes of Board Meetings are circulated to all Directors for their perusal prior to confirmation of the minutes by the Chairman of the meetings to be done at the commencement of the following Board Meetings. Senior Management staff usually attends Board Meetings for purposes of briefing the Board on various matters submitted for their consideration.

In between Board Meetings, approvals on matters requiring the sanction of the Board are sought by way of written resolutions enclosing all relevant information to enable the Board to make informed decisions. All written resolutions approved by the Board will be tabled for notation and confirmation at the next Board Meeting.

Notices of meetings setting out the agenda, and the relevant Board papers in particular, financial information are promptly provided to all Directors for their review in a timely manner prior to meetings. Management presentations are given by the Management to facilitate proper consideration and debate of matters brought before the Board.

Progress on key initiative is reported regularly and documented together with routine matters such as financial performance and current progress of project and operation in each of the Group's business activities. This enables the Board to make informed decisions on corporate and business issues under consideration. When Directors are unable to attend a meeting, they are advised to make their views known, if any, to the Chairman prior to the meeting.

More details affecting business units, ground operations, strategies and performances are usually presented and discussed at the Board Meetings including specific matters that are reserved for the full Board's decision such as key corporate strategies and plan involving acquisitions and disposals of material assets, major investment decisions affecting the Group's direction and policies and approvals of all financial results and announcements.

The Board is also encourage to visit the major business units to meet the senior management teams in order to better understand the key issues facing the business or operations. These sessions are in addition to the written briefings presented at each Board meeting.

The Chairman of the Audit Committee would inform the Directors at the Board Meetings, of any salient matters raised at the Audit Committee Meetings and which requires the Board's notice or direction.

The Board has unrestricted and constant access to and interaction with the Senior Management of the Company and also full access to all information within the Company whether as a full Board or in their individual capacities, in furtherance of their duties.

Where necessary, the Directors may, whether collectively as a Board or in their individual capacities, seek external and independent professional advice from experts on any matter in furtherance of their duties as they may deem necessary and appropriate at the Company's expense.

The Board is supported by suitably qualified and competent Company Secretaries who are members of the relevant professional body. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. The Constitution of the Company permits the removal of Company Secretaries by the Board. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.

The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group.

Board Commitment

Recognising the substantial time commitment required of Directors, it is expected that Directors will serve on the boards of other companies only to the extent that such services do not detract from the Directors' ability to devote the necessary time and attention to the Company. All Directors have complied with the Listing Requirements of Bursa Securities on the limit of five directorships in public listed companies.

From the Board attendances (as illustrated on page 114 of this Annual Report), the Board is thus, satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities.

The Company believes that training for Directors is an on-going process as the Directors need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the financial and business landscape both domestically and internationally.

During the financial year, all Directors have attended various in-house and external training programmes, workshops, seminars, briefings and/or conferences. The trainings attended by the Directors were related to corporate governance, finance, industry knowledge, sustainability and legislations.

The Company Secretaries facilitate Directors' attendances at external seminars and programmes and keep a complete record of the training received or attended by the Directors.

The list of training programmes attended by the Board during the financial year ended 31 July 2017 is set out on pages 126 to 127 of this Annual Report.

The Board views the aforementioned training programmes attended and/or participated by the Directors, and the updates provided to the Directors from time to time as sufficient to meet the skills and knowledge required to carry out their duties as Directors.

Board Evaluation

The effectiveness of the Board is vital to the success of the Group and the Company undertakes a formal evaluation each year in order to assess the effectiveness of the Board and the Audit Committee.

During the financial year 2017, an annual evaluation of the effectiveness of the Board as a whole and the Audit Committee were conducted. The evaluation process is led by the Nomination Committee's Chairman and supported by the Company Secretaries. The evaluation results are considered by the Nomination Committee, which then make recommendations to the Board and are aimed at helping the Board to discharge its duties and responsibilities. The evaluation is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

The 2016/2017 Evaluations of the Board's performance and the 2016/2017 Audit Committee Self-Assessment have been structured to ensure a balanced and objective review by the Directors and the Audit Committee, respectively for the above key areas.

Following the two (2) evaluations, the Board concluded that the Board as a whole and its Board Committees had performed well, were effective and had all the necessary skills, experiences and qualities to lead the Company.

The Board has also undertaken an annual assessment of the independence of its Independent Directors. The criteria for assessing the independence of an Independent Director were developed by the Nomination Committee with the support of the Company Secretaries which include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

As mentioned, an assessment of the Directors who are due to retire by rotation at the forthcoming 41st AGM in accordance with the provisions of the Constitution of the Company was also conducted.

Board Committees

The Board has also delegated specific responsibilities to Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within defined terms of reference. All these Board Committees do not have executive power but report to the Board on all matters they have considered and recommended thereon.

The Board Committees exercise transparency and full disclosure in their proceedings when necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

A summary of the various Board Committees at Gamuda and their compositions are as follows:-

Name of Director	Audit Committee *(Note 1)*	Remuneration Committee *(Note 2)*	Nomination Committee *(Note 3)*	Risk Management Committee
YBhg Dato' Mohammed Hussein	Chairman	Chairman	Chairman	–
YBhg Dato' Lin Yun Ling	–	Member	–	Chairman
YBhg Dato' Ir Ha Tiing Tai	–	–	–	Member
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	Member	–	–
YBhg Dato' Haji Azmi bin Mat Nor	–	–	–	Member
YBhg Dato' Goon Heng Wah	–	–	–	Member
Mr. Saw Wah Theng	–	–	–	Member
YM Tunku Afwida binti Tunku A.Malek	Member	–	Member	Member
Puan Nazli binti Mohd Khir Johari	Member	–	Member	–
YBhg Dato' Ir Chow Chee Wah	–	–	–	Member
Ir Chan Kong Wah	–	–	–	Member
YBhg Dato' Ubull Din Om	–	–	–	Member

Note 1:-
The Audit Committee is comprised entirely Independent Directors
(compliance with Paragraph 15.09 of the Listing Requirements of Bursa Securities)

Note 2:-
The Remuneration Committee is comprised a majority of Non-Executive Directors
(as recommended in the Code)

Note 3:-
The Nomination Committee is comprised entirely Independent Directors
(compliance with Paragraph 15.08A of the Listing Requirements of Bursa Securities)

Audit Committee

The Audit Committee takes on the role of assisting the Board in the discharge of its fiduciary duties, the responsibility of overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements.

A full Audit Committee Report enumerating its composition and its activities and the Internal Audit Function and activities during the financial year under review are set out on page 133 of this Annual Report.

Nomination Committee

The Nomination Committee of the Company was established by the Board on 1 February 2002 comprising entirely Independent Directors to assist the Board in carrying out the following duties:

a. To review, from time to time, the Policy Framework on the nomination and recommendation of candidates to be members of the Board. In making its recommendations, the Nomination Committee shall take into consideration candidates proposed by the Group Managing Director and, within the bounds of practicability, by any other director or shareholder. The Nomination Committee shall evaluate the candidates on the aspect of their:-
   - skills, knowledge, expertise and experiences;
   - professionalism;
   - integrity; and
   - for position of independent non-executive director, the candidates' abilities to discharge such responsibilities/functions independently as expected from the independent non-executive director;
b. To review annually the Board's required mix of skills, experience and other qualities including the core competencies which non-executive directors should bring to the Board;
c. To assess annually the effectiveness of the Board as a whole and the Audit Committee;
d. To identify suitable training programmes for the Directors for each financial year end.

The terms of reference of the Nomination Committee is available at the Company's website at www.gamuda.com.my.

In line with the Code, the Nomination Committee carries out annual evaluations on the effectiveness of the Board as a whole and the Audit Committee to review the effectiveness of the Board's and the Audit Committee's decision making process.

All assessments and evaluations carried out by the Nomination Committee are properly documented.

The Nomination Committee in assessing the performances of the Board as a whole on an annual basis also consider the succession planning for the Principal Officers of the Company. The Group Managing Director, the Deputy Group Managing Director and the Executive Directors, have all identified and appointed their Alternate Directors. The Alternate Directors appointed are trusted personnel of the Company who will act in the stead of their appointed Directors in the event that they are unable to do so. Across the Group, the Management had planned for succession planning for key posts.

A summary of the activities undertaken by the Nomination Committee in the discharge of its duty for the financial year ended 31 July 2017 are as follows:-

a. Re-election and retirement by rotation of Directors at the 41st AGM;
b. Annual Board Assessment;
c. Annual Audit Committee Self-Assessment; and
d. Annual Independent Directors Assessment.

The Nomination Committee met twice during the financial year ended 31 July 2017 with full attendance from its members.

Remuneration Committee

The Remuneration Committee was established by the Board on 1 February 2002 and comprises mainly Non-Executive Directors.

The Remuneration Committee's main responsibility is to review and recommend to the Board the framework of Executive Directors' remuneration, in particular, the remuneration packages for the Executive Directors in all its forms, drawing from outside advice, where necessary and fees payable to the Non-Executive Directors. The Remuneration Committee aims to ensure that Directors' remuneration is competitive, motivates good performance and loyalty, and supports growth in shareholder value.

Each Executive Director's remuneration package currently consists of basic salary, annual performance related bonus, contribution to the national pension fund and benefits-in-kind such as private medical care, car allowance and fuel, and Group's club membership. On top of the contribution to the national pension fund of 12%, the Group operates an unfunded, defined Retirement Benefit Scheme for all its employees, including Executive Directors. Under the said scheme, eligible employees are entitled to retirement benefits of 2.5% of the last drawn monthly basic salary for each completed months of service on attainment of the retirement age of 60.

The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors' and senior management's remuneration depend on the performance of the Group during the financial year, which is determined based on the individual Key Performance Indicator (KPI) and aligned to the Division level performances. The KPIs comprise quantitative and qualitative targets. The quantitative targets included annual revenue, profit before tax, and EBITDA, and the qualitative targets included stakeholders' engagement, leveraging on technology and human capital development.

The Group rewards its employees and the Executive Directors with options under the Employees Share Option Scheme ("ESOS"). The Non-Executive Directors do not participate in the ESOS in order to maintain appropriate checks and balances as well as their independence. The details of the awards and/or vesting of share options under the ESOS are set out in Note 27(e) of the Financial Statements section in this Annual Report.

The Remuneration Committee, whilst establishing the appropriate levels of the Directors' remuneration package for the financial year 2017, has considered the information in the salary survey of comparator listed companies provided from external sources and information from sources within the Company, taking into account external market data, conditions within the business and performance of the Group.

The remuneration of the Non-executive Directors takes the form primarily of fees, which is approved by the Company shareholders. The remuneration philosophy of Non-Executive Directors is to establish a remuneration structure that commensurate with the contribution and level of responsibilities undertaken by a particular Non-Executive Director.

A review of the remuneration for the Non-Executive Directors was undertaken for the financial year to ensure that the remuneration is fair and reasonable compared to other companies of a similar nature, size and complexity. The Board as a whole determines the remuneration package of Non-Executive Directors. The respective Directors shall abstain from deliberations in respect of their own remuneration packages.

The Remuneration Committee met twice during the financial year ended 31 July 2017 with full attendance of its members.

Detailed information on the Directors' remuneration are disclosed under Note 6 of the Financial Statements section in this Annual Report.

Risk Management Committee

In addition to the regular monthly and quarterly management reviews of project and business operations, an Independent Director and Executive Directors, together with the divisional managing directors and certain other Group functional heads meet at least once a year as the Risk Management Committee under the chairmanship of the Group Managing Director.

The Risk Management Committee's focus is on the Group's key risks or policy issues that could have an impact on the Group's viability and sustainability. The work of this committee forms an important part of the Group's control function and as such, this Committee works closely with the Audit Committee.

ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal control

The Board is responsible for all aspects of the Group's internal controls. The system of internal control, which is fully embedded into the operations of the Group, has been in place throughout the year, up to the date of this Annual Report. It includes financial, operating and compliance controls and risk management procedures. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives. In pursuing these objectives, internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

Significant risks faced by the business are identified and evaluated based on the likelihood and potential impact of each risk and where necessary, actions to mitigate the risks were also identified. The Board also takes into consideration advice from the Audit Committee and the Risk Management Committee, reports received from the external auditors and any other related matters which have come to its attention.

The Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal control within the Group, is set out on pages 128 to 130 of this Annual Report.

Financial Reporting

The Group has a comprehensive business planning and budgeting system and a structured system for reporting financial results to the Board.

Each business unit maintains financial controls and prepares monthly results with a comparison against budget. There are clearly defined guidelines for the review and approval of capital expenditure projects. These include annual budgets, periodic reviews and designated levels of authority. The Group's centralised internal audit function reviews the systems and procedures in all business units and reports regularly to the Audit Committee which in turn, reports to the Board.

The Board is responsible for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements, quarterly reports and the annual reports to the shareholders of the Company, the Board takes appropriate steps to present a clear and balanced assessment of the Group's position and prospects. This also applies to other price-sensitive public announcements and reports to the regulatory authorities.

The Group's financial statements and quarterly announcements, prepared using appropriate accounting policies, consistently and supported by reasonable and prudent judgements and estimates, will be reviewed and deliberated by the Audit Committee in the presence of the external auditors, internal auditors of the Company and the Finance Director prior to recommending them for adoption by the Board. The Audit Committee ensures that the information to be disclosed are accurate, adequate and in compliance with the various disclosure requirements imposed by the relevant authorities.

The Board discusses and reviews the recommendations proposed by the Audit Committee prior to its adoption. The Board also ensures accurate and timely release of the Group's quarterly and annual financial results to Bursa Securities.

The Board is thus satisfied that it has met its obligations in presenting a balanced and clear assessment of the Group's position and prospects.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 ("Act") to cause Management to prepare the financial statements for each financial year in accordance with the provisions of the Act and the Financial Reporting Standards to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In the preparation of the financial statements, the Directors ensure that Management have:

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

The Directors have responsibility for ensuring that the Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group, which enable them to ensure that financial statements comply with the provisions of the Act. The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Relationship with External Auditors

A formal mechanism has been established by the Audit Committee of the Company to ensure that there is frank, transparent and candid dialogue with the external auditors.

Appointment and rotation of auditor

The external auditor of the Company is Ernst & Young. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit Committee. The lead audit partner is required to rotate after a maximum of five years. If it becomes necessary to replace the external auditor for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditor has been delegated to the Audit Committee by the Board pursuant to the External Auditor Policy.

Independence declaration

Ernst & Young had provided the required confirmation of their independence to the Audit Committee for the financial year ended 31 July 2017 that they are and have been independent throughout the conduct of the audit engagement during the financial year ended 31 July 2017 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The Board, on the recommendation of the Audit Committee, is of the view that the declaration of independence, integrity and objectivity made by Ernst & Young in their audit report for the financial year under review would suffice to serve as a written assurance from Ernst & Young on their independence and integrity throughout the conduct of the audit engagement in accordance with the MIA By-Laws.

The Audit Committee has on 25 September 2017, reviewed the suitability and independence of Ernst & Young and recommended their re-appointment for the financial year ended 31 July 2017.

Attendance at Audit Committee meetings

During the financial year, Ernst & Young has attended two (2) out of the four (4) Audit Committee Meetings of the Company held to discuss their audit plan, audit findings and the financial statements. Ernst & Young will highlight to the Board through the Audit Committee matters that require the Audit Committee's or the Board's attention together with the recommended corrective actions thereof. The Management of the Company is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.

The Audit Committee also meets Ernst & Young without the presence of the Executive Directors and Management as this allows for free and honest exchange of views and opinions on matters related to external auditors' audit and their findings. For this purpose, the Audit Committee and the external auditors met twice (September 2016 and June 2017) during the financial year under review.

Attendance at annual general meetings

The lead audit partner of Ernst & Young attends the Company's annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance of non-audit services

The Audit Committee has considered the provision of non-audit services by Ernst & Young during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity as the amount of the fees paid for these services were not significant when compared to the total fees paid to the external auditors of RM1,123,020 (2016: RM984,530). The non-audit fees incurred for services rendered to the Group by the external auditors and its affiliates for the financial year ended 31 July 2017 was RM374,723 (2016: RM290,124).

Related Party Transactions

Significant related party transactions of the Group for the financial year are disclosed in Note 40 of the Financial Statements section in this Annual Report. Except for those disclosed in the Financial Statements, there were no material contracts of the Group involving Directors' and major shareholders' interest during the period.

The Audit Committee had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair and reasonable, not detrimental to the minority shareholders and were in the best interests of the Company.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Communications with Shareholders and Investors

The Company strives to maintain an open transparent channel of communication with its shareholders, institutional investors, analysts and the public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible. Communication with shareholders and investors is of considerable importance to the Company.

As part of its corporate governance initiatives, the Board has set up a full-time Investor Relations ("IR") unit which primary role is to implement effective IR policies and programmes.
A comprehensive Investor Relations report enumerating its policy, practices and programmes, during the financial year under review are as set out on pages 59 to 61 of this Annual Report.

ETHICS

Directors' Code of Conduct

The Board has adopted a Directors' Code of Conduct on 28 September 2016. In addition to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Directors' Code of Conduct is the Board's commitment towards establishing a corporate culture which engenders ethical conduct that permeates throughout the Company and ensuring the implementation of appropriate internal systems to support, promote and ensure its compliance.

The Directors' Code of Conduct is available for reference on Gamuda's corporate website at www.gamuda.com.my.

Corporate Governance Statement

Code of Practice

The Board is committed to ensuring that all its business activities operate with the highest standards of business ethics and integrity as summarised in the Company's written code on business practices, which are applicable Group-wide including Group operations overseas.

Employment contracts and policies specify acceptable business practices and the Group's position on ethical issues.

Corporate Disclosure Policy

The Board recognises the importance of prompt and timely dissemination of accurate and sufficient information concerning the Company and its Group to shareholders, investors and other stakeholders to enable them to make an informed decision.

A Corporate Disclosure Policy for the Group was adopted on 28 September 2016 to set out the policies and procedures on disclosure of material information of the Group is being addressed, following emphasis by Bursa Securities as outlined in Bursa Securities' Corporate Disclosure Guide.

Accordingly, the Group Managing Director and/or the Finance Director evaluate(s) the release of all major communications to investors or Bursa Securities.

Whistleblowing Policy

There is a Whistleblowing reporting procedure which encourages transparency and accountability within the Group.

The Whistleblowing Policy of the Company was adopted in August 2011 following the introduction of the Whistleblower Protection Act 2010 to enhance the coverage and protection to whistleblowers, which encompasses report of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The aim of this policy is to encourage the reporting of such matters, in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

The Whistleblowing Policy is posted on Gamuda corporate website at www.gamuda.com.my for ease of access for reporting by employees and associates of the Group.

Diversity and Inclusion Policy

The Board firmly believes in instituting social equity and gender balance in the composition of its Board and workforce.

At Board level, the Board recognises that Board diversity enhances decision making capability and quality of the Board's performance.

At workforce level, special attention are given to increase the participation of women and bumiputera employees. Efforts are taken from all aspects of recruitment and identification of talent for career development at every level.

In addition, our diversity approach in talent management for Board and workforce cuts across visible traits such as gender, race, physical abilities and age, as well as invisible traits such as religion, socio-economic status, education and family background.

The Diversity and Inclusion Policy was adopted on 28 September 2016 and is applicable to all the employees and Directors of the Group. The details of the policy are available for reference at www.gamuda.com.my.

External Auditor Policy

The Board has approved an External Auditor Policy on 28 September 2017 that addresses the provision of services by the external auditor, including non-audit services.

The Audit Committee monitors services provided by the external auditor during the financial year to confirm that the external auditor continues to be independent and to confirm compliance with the policy. The Audit Committee also monitors the rotation requirements for the lead partner of the external auditor under the MIA By-laws every five financial years.

One of the Audit Committee's key responsibilities is to assess the performance of the external auditor and, as appropriate, make recommendations to the Board on the appointment, re-appointment or replacement of the external auditor.

The details of the policy are available for reference at www.gamuda.com.my.

Sustainability of Business

The Board is cognisant of the importance of business sustainability and, in conducting the Group's businesses, the impact of the Group's businesses on the environmental, social and governance ("ESG") aspects are taken into consideration.

The Sustainability Statement, which provides an overview of sustainability framework, practices and activities, are set out on pages 66 to 107 of this Annual Report.

This Corporate Governance Statement has been approved by the Board of Gamuda on 28 September 2017.

Training Programmes Attended by Directors

DIRECTORS' TRAINING

For the financial year ended 31 July 2017, all Directors have attended the following training programmes:-

Director	Topic
YBhg Dato' Mohammed Hussein	• BNM Financial Series Blueprint – Future Finance Conference • FIDE FORUM – Strategy to Leverage Technology for Business Solution • 2nd Annual Speaking Engagement: "The Boardroom Agenda" • Audit Committee Seminar 2017 • The 1st International Colloquium on Islamic Banking and Islamic Finance • Bank Negara Malaysia's Compliance Conference 2017 • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment • FIDE FORUM – 2nd Distinguished Board Leadership Series • Fintech: Opportunities for the Financial Services Industry in Malaysia
YBhg Dato' Lin Yun Ling	• Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YBhg Dato' Ir Ha Tiing Tai	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YBhg Dato' Haji Azmi bin Mat Nor	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YBhg Dato' Goon Heng Wah	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment

Director	Topic
Mr. Saw Wah Theng	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YM Tunku Afwida binti Tunku A.Malek	• 12th World Islamic Economic Forum • FIDE Elective – Internal Capital Adequacy Assessment Process (ICAAP) Banks – ICLIF • FIDE Elective – Understanding Liquidity Risk Management in Banking – ICLIF • Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment • Advanced Bank Analysis
Puan Nazli binti Mohd Khir Johari	• Regulatory Updates on Audit Committees Seminar 2016 • Raising the Bar in Board's Performance and Effectiveness • Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YBhg Dato' Ir Chow Chee Wah *(Alternate to YBhg Dato' Lin Yun Ling)*	• Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
YBhg Dato' Ubull Din Om *(Alternate to YBhg Dato' Ir Ha Tiing Tai)*	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
Ir Chan Kong Wah *(Alternate to YBhg Dato' Goon Heng Wah)*	• Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience • Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment
Mr. Soo Kok Wong *(Alternate to Mr. Saw Wah Theng)*	• Reshaping the Board's Expectations in Evaluating Opportunities when Executing Overseas Investment

Statement on Risk Management and Internal Control

BOARD'S RESPONSIBILITY

The Board of Gamuda Berhad (the Group and the Company) affirms the overall responsibility for maintaining a sound system of risk management and internal control so as to safeguard shareholders' interests and the Group's assets. The system of risk management and internal control is designed to manage, but may not totally eliminate the risk of failure to achieve business objectives. Accordingly, such systems can only provide reasonable and not absolute assurance against material error, misstatement or losses.

The Board confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group that has been in place for the year and up to the date of approval of this Statement for inclusion in Annual Report. The process is regularly reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers (SRMICG) and the Group's Risk Management Policies and Procedures.

RISK MANAGEMENT

The risk management framework, which is embedded in the management systems of the Group, clearly defines the authority and accountability in implementing the risk management process and internal control system. The Management assists the Board in implementing the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The business development team is responsible for assessing and evaluating the feasibility and risk impact that prospective investments would have on the Group. For ongoing business operations, risk assessment and evaluation is an integral part of the annual business planning and budgeting process.

The Management of each business unit, in establishing its business objectives, is required to identify and document all possible risks that can affect their achievement, taking into consideration the effectiveness of controls that are capable of mitigating such risks.

Operational Managers or Heads of Departments are responsible for identifying risks that may have impact in meeting their unit's business objectives. Risks identified are evaluated in accordance with the likelihood of occurrence and significance. Thereafter, risks are ranked according to the impact on the Business Unit, and control measures are formulated to mitigate these risks. Identified risks and control measures are reviewed by the Head of the respective Business Unit. Each business unit's identified risks, and the controls and processes for managing them are tabulated in a risk assessment report.

During the year, the significant risks of business units were presented to the Risk Management Committee for their deliberation.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

The Group's risk management and internal control systems comprise of the following key processes:

- Clearly defined operating structure, lines of responsibilities and delegated authority. Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are:
  - Audit Committee
  - Risk Management Committee
  - Nomination Committee
  - Remuneration Committee
  - Budget Committee
  - ESOS Committee
- Feasibility study, risk impact and assessment on new investments/projects is evaluated by the business development team for the Board's deliberation.
- Internal control activities have been established in all business units with clearly defined lines of responsibilities, authority limits for major capital expenditure, contract awards and other significant transactions, segregation of duties, performance monitoring and safeguarding of assets.
- Systematically documented Policies, Procedures and Standard Operating Procedures are in place to guide employees in their day-to-day work. These policies and procedures are reviewed regularly and updated when necessary.
- An annual budgetary process that requires business units to prepare budgets, business plans and control measures is in place to mitigate identified risks for the forthcoming year. These budgets are deliberated by the Budget Committee before being presented to the Directors for approval.
- A comprehensive information system comprising budgets, key business indicators and performance results on operations are reported to the Management and the Directors. The regular and comprehensive flow of information allows the Management and the Directors to review business unit's performance against budgets and performance indicators on monthly basis.
- An Integrated Management System, incorporating ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and MS 1722: Part 1: 2011 requirements has been established and implemented to continuously provide high quality, cost effective, reliable, safe and environmental friendly products and services.
- A performance management system with clearly defined business objectives and targets are set for relevant employees. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectations.
- An adequately resourced Internal Audit Department, which reports directly to the Audit Committee, conducts regular reviews on integrity and effectiveness of the Group's system of internal controls.
- Executive Directors and Senior Management conduct regular site visits and communicate with employees of different levels to have first-hand knowledge of significant operational matters and risks.

- The Board of our associated companies include our representatives. Information on the financial performance of these associated companies is provided regularly to the Management and Board of the Company via regular management reports and presentations at Board meetings.

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

The Group Managing Director and the Finance Director have provided the Board with assurance that the Group risk management and internal control system is operating adequately and effectively. All internal control weaknesses identified during the period under review have been or are being addressed. There were no major internal control weaknesses that require disclosure in the Annual Report. The Management continues to review and take measures to strengthen the risk management and control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on the Statement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000, 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and Recommended Practice Guide 5 (Revised), 'Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report'. They have reported to the Board that nothing has come to their attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of SRMICG, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 28 September 2017.

Risk Management Committee Report

MEMBERSHIP

The Risk Management Committee (RMC) is chaired by the Group Managing Director and comprise of not less than five members. The members of RMC are Executive Directors, Managing Directors of Business Divisions and an Independent Director.

TERMS OF REFERENCE

The RMC shall meet at least once a year, or at any time deemed appropriate by the RMC Chairman to discharge its duties. The quorum for any meeting of the RMC shall not be less than half of its composition.

The principal duties and responsibilities of the RMC are as follows:

- Identify current and potential business and operational risks that have a major impact on the Group's projects and businesses, which prevent it from achieving its goals and objectives.
- Advise the Board on risk related issues and recommend strategies to mitigate critical risks.
- Provide oversight, direction and guidance on the Group's risk management structure, process and support system.
- Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks.

MANAGING OPERATIONAL RISK

Risk Management Framework

Risk Management activities are guided by the Group's Risk Management Policies and Procedures. The risk universe covers a span of activities to determine the risk profile inherent from the nature of the business which would compromise the business objectives if it is not properly addressed.

Risk factors of Business Units and Projects are attached to the environment faced and the Management's operating style. Risk factors can be broadly classified into two main categories as follow:

- External Risk.
- Internal Risk.

Risk Identification, Evaluation and Ranking

The Management of each Business Unit and Project, in establishing its business objectives, is required to identify and document all possible risks that can affect their achievement taking into consideration of the effectiveness of controls that are capable of mitigating such risks.

Operational Managers or Heads of Departments are responsible to identify risks that may have impact in meeting their unit's business objectives.

Risk identification process shall also take into consideration of:

- Risk specific to the achievement of business objectives.
- Risk that have the potential impact on the success and continuity of the business.

Thereafter, identified risks are evaluated as follow:

- Probability or likelihood of occurrence.
- Significance of the risk.

Risk Management Committee Report

RISK MITIGATION MEASURES

Risk mitigation measures are formulated to manage risks. Among the risk mitigation measures are:

Engineering & Construction Division:

- Robust procurement management system.
- Close monitoring of construction work progress.
- Stringent quality and safety standards.
- Engage competent and experienced personnel.
- In touch with relevant government agencies on statutory requirements.
- Sustaining good client relationship.
- Adequate insurance coverage.
- Adequate security measures.
- Responsive Public Relations units.
- Effective emergency response teams.

Property Division:

- In touch with economic and market conditions.
- Effective strategies on product, pricing and promotions.
- Robust procurement management system.
- Close monitoring of construction work progress.
- Stringent quality and safety standards.
- Engage competent and experienced personnel.
- In touch with relevant government agencies on statutory requirements.
- Adequate insurance coverage.
- Adequate security measures.
- Responsive Customer Service units.

Infrastructure Concessions Division:

- Stringent quality and safety standards.
- Engage competent and experienced personnel.
- In touch with relevant government agencies on statutory requirements.
- Adequate insurance coverage.
- Adequate security measures.
- Responsive Public Relations units.
- Effective emergency response teams.

Identified risks and risk mitigation measures are reviewed and endorsed by Heads of Business Units and Projects before reporting to the RMC and the Board.

RISK REPORTING AND MONITORING

Each Business Unit's and Project's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of Business Units and Projects are presented to the RMC for their deliberation.

Risk monitoring is an ongoing process, the RMC and the Board are monitoring the Group's business risks as part of their annual assessment for proper disclosure in the Annual Report.

Audit Committee Report

MEMBERSHIP

The current composition of the Audit Committee is as follows:

1. **YBhg Dato' Mohammed Hussein**
   Chairman/Independent Non-Executive Director
2. **YM Tunku Afwida binti Tunku A.Malek**
   Member/Independent Non-Executive Director
3. **Puan Nazli binti Mohd Khir Johari**
   Member/Independent Non-Executive Director

ATTENDANCE OF MEETINGS

During the financial year ended 31 July 2017, the Audit Committee met four times. The attendance of the Committee members is as follows:

Name of Directors	Attendance
YBhg Dato' Mohammed Hussein	4/4
YM Tunku Afwida binti Tunku A.Malek	4/4
Puan Nazli binti Mohd Khir Johari	3/4

TERMS OF REFERENCE

The information on the terms of reference of the Audit Committee is available on the Company's website.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the financial year, the Audit Committee met four times. Activities carried out by the Audit Committee included the deliberation and review of:

i. the Group's quarterly and year-end financial results prior to submission to the Board for consideration and approval, focusing particularly on matters relating to changes in major accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirements;

ii. the audit planning memorandum of the External Auditors in a meeting to discuss their audit strategy, audit focus and resources prior to commencement of their annual audit;

iii. matters arising from the audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group;

iv. the performance of the External Auditors and the recommendations to the Board on their reappointment and remuneration;

v. the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;

vi. the Statement of Corporate Governance, Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;

vii. the risk-based annual audit plan and resource requirement proposed by the Internal Auditors for the Group;

viii. the audit reports presented by the Internal Auditors on major findings, recommendations and Management's responses thereto;

x. the results of follow-up audits conducted by the Internal Auditors on the Management's implementation of audit recommendations;

x. related party transactions as required under the Listing Requirements to ascertain that the transactions are conducted at arm's length prior to submission for the Board's consideration and, where appropriate, shareholders' approval; and

xi. share option allocations pursuant to the ESOS of the Company during the financial year under review that was verified by the Internal Auditors. The Audit Committee was satisfied that the allocation of share options pursuant to the ESOS during the financial year ended 31 July 2017 was in compliance with the criteria set out in the ESOS by-laws and by the ESOS Committee.

Statement on Internal Audit

The Internal Audit function of the Company is performed by in-house Internal Audit Department (IAD). IAD reports directly to the Audit Committee and maintains its impartiality, proficiency and due professional care. The Internal Audit Charter defines the authority, duties and responsibilities of IAD.

The principal roles of IAD are to evaluate and improve the effectiveness of internal control, governance and risk management processes. Furthermore, IAD provides independent and objective assurance to the Board and Management on the adequacy and integrity of the company's internal control systems.

IAD adopts a risk-based audit approach when preparing its annual audit plan. Main factors to be taken into consideration are Risk Assessment, Budget and Business Plan, Senior Management's input and results of previous audits. The annual audit plan covers the business units and projects of the Group and is approved by the Audit Committee.

PRACTICES AND FRAMEWORK

IAD is guided by the internal policies and procedures as well as the Professional Practices Framework and the Internal Control Framework of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) in assessing and reporting on the adequacy and effectiveness of the internal control, governance and risk management processes.

SCOPE AND COVERAGE

During the year, IAD has undertaken independent audit assignments on business units and projects of the Group in accordance with the approved annual audit plan. Among the scope of coverage are:

i. Marketing and Sales;
ii. Collection and Credit Control;
iii. Customer Service;
iv. Public Relations and Communications;
v. Contracts Management;
vi. Procurement Management;
vii. Project Management;
viii. Human Resource Management;
ix. Office Administration;
x. Management of Assets;
xi. Statutory Compliance.

The relevant audit reports were presented to the Audit Committee for deliberation and forwarded to the Management for the necessary corrective actions to be taken.

The Internal Audit activities during the financial period is summarised below:

i. prepared annual audit plan for deliberation and approval by the Audit Committee;
ii. performed operational audits on business units and projects of the Group to ascertain the adequacy and integrity of their system of internal controls, governance and risk management;
iii. performed statutory compliance audits including related party transactions and ESOS allocations;
iv. made recommendations for improvement where weaknesses and/or non-compliances were found;
v. conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations and provided updates on their status to the Audit Committee.

RESOURCES AND CONTINUOUS DEVELOPMENT

There are 18 internal auditors in the Group. The total cost incurred during the year was RM1,784,510 (This includes 10 auditors based at business units and projects. Cost incurred: RM499,290).

A majority of the staff have relevant qualifications and all staff are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional courses, seminars, training courses and on-the-job training.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised from any corporate proposal.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Group by the external auditors, or a firm or corporation affiliated to the external auditors' firm companies for the financial year ended 31 July 2017 were RM1,123,000 and RM375,000 respectively.

As such, the non-audit fees incurred was not significant as it only accounted for 25% of the total fees payable.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS'/CHIEF EXECUTIVES'/MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed under Note 40 of the Financial Statements in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries involving the interest of its Directors, Chief Executive who is not a Director or major shareholders still subsisting at the end of the financial year ended 31 July 2017.

4. EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme (2015/2020) of the Company ("ESOS") was implemented on 10 April 2015 and shall be in force for an initial period of five (5) years from 10 April 2015. The tenure of the ESOS may be extended for up to another five (5) years immediately from the expiry of the initial five (5) years provided the duration of the ESOS shall not be more than ten (10) years from the effective date of the ESOS.

The total number of options granted, exercised and outstanding (as adjusted) under the ESOS, are set out in the table below:-

	Number of Options (Since commencement of ESOS to 31 July 2017)	
Description	**Grand Total**	**Directors**
(a) Granted	202,635,000	11,220,000
(b) Exercised	1,440,000	60,000
(c) Outstanding	201,195,000	11,160,000

Percentages of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the financial year 2017	Since commencement up to 31 July 2017
(a) Aggregate maximum allocation	50%	50%
(b) Actual granted	0.03%	10%

Media Highlights


Building Malaysia's first MRT underground stations
Star
READY FOR MORE RAIL
Seven hidden gems of the MRT
EVER EXPANDING EXPERTISE
Transforming the country's public transportation
TECHNICAL UPSKILLING FOR LOCAL YOUTHS
SUSTAINABILITY REIGNS
A PLACE WITH PERSONALITY
Contractors reap MRT job benefits
HARTANAH
Gamuda Land bangun Celadon City di Ho Chi Minh
Malaysia's very own MRT line
Setting the right path for undergraduates
MRT SBK TUNNELLING CHURNS RM4.8B CONTRACTS FOR SMES

Awards and Achievements

GAMUDA

- Best Project Award (Infrastructure), Malaysian Construction Industry Excellence Awards (MCIEA) 2017
- The Edge-Billion Ringgit Club Awards 2017 – The Highest Return on Equity Over Three Years (Construction)
- Builder of the Year Award, Malaysian Construction Industry Excellence Awards (MCIEA) 2016
- Best Corporate Responsibility (CR), Initiatives Award in the Big Cap Companies category at The Edge, Billion Ringgit Club (BRC) Corporate Awards 2016
- The Edge Billion Ringgit Club Awards 2015 – Most Profitable company (Highest Return on Equity Over Three Years) and Best Performing Stock (Highest Returns to Shareholders Over Three Years)
- International Achievement Award, Yen So Sewage Treatment Plant, Malaysian Construction Industry Excellence Awards (MCIEA) 2015
- 5-Star SCORE Rating, SCORE Programme 2014, Construction Industry Development Board Malaysia

- Highest Profit Growth Company (Construction), The Edge Billion Ringgit Club Awards 2013 and 2014
- MBAM Honorary Builder – Master Builders Association Malaysia Awards 2014
- Overall Best Managed Company in Malaysia – Mid Cap, Asia Money Awards 2013
- Best Performing Stock (Construction), The Edge Billion Ringgit Club Awards 2013
- Property and Construction Sector, Malaysia's 100 Leading Graduate Employers 2012
- Asia's Best Managed Companies, Euromoney
- Best Under a Billion 200 Companies, Forbes Global
- Best Managed Company and Strongest Commitment to Enhancing Shareholder Value, FinanceAsia
- Kaohsiung MRT, Air Quality Protection Model Award, The Environmental Bureau of Kaohsiung Country Government, Republic of China

GAMUDA LAND

- The ZEN Residence at Gamuda Gardens Precinct, Gamuda City Vietnam – Best Universal Design Development Award, Vietnam Property Award 2017
- The ZEN Residence at Gamuda Gardens Precinct, Gamuda City Vietnam – Best Mid End Condo (Hanoi) Award, Vietnam Property Award 2017
- Gem Residences – Winner of Asia Property Awards Architecture & Development (Residential High-Rise) Category 2017 – 2018, International Property Awards
- Gamuda Land – All-Star Top Ranked Developers of the Year Award, StarProperty.my Awards 2017
- Valencia – Gold Award for Non-Strata Residential, Malaysia's Best Managed Property Award 2017

Awards and Achievements

- Kota Permai Golf and Country Club – Malaysia's Best Maintained Golf Course, Malaysian Golf Awards 2017
- Gamuda Land – The Edge Top Property Developers Award 2016, The Edge Malaysia Property Excellence Awards 2016
- Dato' Chow Chee Wah – The Edge Malaysia Outstanding Property CEO Award 2016, The Edge Malaysia Property Excellence Awards 2016
- Bandar Botanic – The Edge-PEPS Value Creation Excellence Award 2016 (Residential Category), The Edge Malaysia Property Excellence Awards 2016
- Gamuda Walk/Gamuda Biz Suites – The Edge-PEPS Value Creation Excellence Award 2016 (Non-Residential Category), The Edge Malaysia Property Excellence Awards 2016
- Kundang Estates – Landscape Masterplan Honours Award (Developer & GLC Category), Malaysia Landscape Architecture Award (MLAA) 2016
- Horizon Hills Golf and Country Club – Winner of HAPA Golf Course of the Year, Hospitalilty Asia Platinum Awards (HAPA) Regional Series Awards 2016-2018
- Kota Permai Golf and Country Club – Excellence Award For Best Golf Experience, Expatriate Lifestyle Awards 2016
- Kota Permai Golf and Country Club – Malaysia's Best Golf Course, World Golf Awards 2016
- Kota Permai Golf and Country Club – Winner of HAPA Golf Course of the Year, Hospitality Asia Platinum Awards (HAPA) Regional Series Awards 2016 – 2018
- Kota Permai Golf and Country Club – Best Golf Course In Malaysia, Golf Magazine Awards 2016

MMC GAMUDA JOINT VENTURE

- Innovation Award for Variable Density in Tunnelling Technique, Malaysian Construction Industry Excellence Awards (MCIEA) 2017
- Young Tunneller of the Year Award International Tunnelling Awards 2016
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Winner for Technical Innovation of the Year Category for the Variable Density Tunnel Boring Machine (VD TBM), International Tunnelling and Underground Space Awards 2014
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Winner of the International Safety Award 2015 (with Distinction) from the British Safety Council
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Honorary Certification for Safety and Health 2015 during construction at TRX Station by Department of Occupational Safety and Health (DOSH)
- Electrified Double Track Project (EDTP) (Ipoh-Padang Besar), Best Major Infrastructure Project (Special Mention) Malaysian Construction Industry Excellence Awards (MCIEA) 2015
- Electrified Double Track Project (EDTP) (Ipoh-Padang Besar), Construction Category, National Occupational Safety and Health (OSH) Excellence Award 2012
- SMART, United Nations Scroll of Honour Award, World Habitat Day

- SMART, Specialised Project (Purpose Built) Category, Runner Up, FIABCI Prix d'Excellence Awards, International Real Estate Federation (FIABCI)
- SMART, Best International Project, British Construction Industry Award
- SMART, Design and Construction Excellence Award, Institution of Engineers Malaysia
- SMART, Special Award for National Contribution, Malaysia Property Award, International Real Estate Federation (FIABCI), Malaysian Chapter
- SMART, Best Contractor Award, CIDB Malaysian Construction Industry Excellence Award
- SMART, Special Award for Innovation, CIDB Malaysian Construction Industry Excellence Award
- SMART, Special Award for Environment, CIDB Malaysian Construction Industry Excellence Award

Financial Statements

Directors' Report

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries, associated companies and joint arrangements are described in Notes 17, 18 and 19 to the financial statements respectively.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	656,225	223,574
Attributable to:		
Owners of the Company	602,093	223,574
Non-controlling interests	54,132	–
	656,225	223,574

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

DIVIDENDS

The amount of dividends declared and paid by the Company since 31 July 2016 were as follows:

In respect of the financial year ended 31 July 2017:

	RM'000
First interim single tier dividend of 6 sen per ordinary share declared on 16 December 2016 and paid on 25 January 2017	145,461
Second interim single tier dividend of 6 sen per ordinary share declared on 23 June 2017 and paid on 28 July 2017	146,975
	292,436

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

DIRECTORS OF THE COMPANY

The names of the directors of the Company in office since the beginning of the financial year and at the date of this report are:

Y Bhg Dato' Mohammed bin Haji Che Hussein
Y Bhg Dato' Lin Yun Ling*
Y Bhg Dato' Ir. Ha Tiing Tai*
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah
Y Bhg Dato' Goon Heng Wah*
Y Bhg Dato' Haji Azmi bin Mat Nor*
YM Tunku Afwida binti Tunku A.Malek
Mr Saw Wah Theng*
Puan Nazli binti Mohd Khir Johari
Y Bhg Dato' Ubull a/l Din Om* (alternate to Y Bhg Dato' Ir. Ha Tiing Tai)
Y Bhg Dato' Ir. Chow Chee Wah* (alternate to Y Bhg Dato' Lin Yun Ling)
Ir. Chan Kong Wah* (alternate to Y Bhg Dato' Goon Heng Wah)
Mr Soo Kok Wong* (alternate to Mr Saw Wah Theng)

* Directors of the Company and its subsidiary(ies)

DIRECTORS OF THE SUBSIDIARIES

The names of the directors of the Company's subsidiary(ies) since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Adil Putra bin Ahmad
Alvin Goh Gin Leng
Chua Chong Num
Dato' Haji Abdul Sahak bin Safi
Dato' Ir. Kamarul Zaman bin Mohd Ali
Dato' Noordin bin Alaudin
Datuk Hasmi bin Hasnan
Datuk Ooi Kee Liang
Goh Khir Chaye
Khoo Kay Chong
Khor Thiam Chay
Liang Kai Chong
Low Kim Teik
Mohamed Reza bin Abdul Rahim
Mohd Roslan bin Sarip
Ng Hau Wei
Ng Kit Cheong
Ngan Chee Meng
Richard Lim Kim Ong
Yap Yen Fung
Sazally bin Saidi
Sivakumar a/l Ramasamy
Stephen Goh Chin Seng
Szeto Wai Loong
Tan Ek Khai
Wong Mun Keong
Wong Ping Eng
Wong Tsien Loong
Yap Peng Loong
Yeoh Hin Kok
Tung May Keen (Resigned on 9 May 2017)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

DIRECTORS' INDEMNITY

The Company maintained a Directors' Liability Insurance for purpose of Section 289 of the Companies Act 2016, throughout of year, which provide appropriate insurance cover for the directors of the Company. The amount of insurance premium effected for any director of the Company during the financial year was RM37,776. The directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors of the Company at the end of the financial year in shares, options over shares and warrants in the Company and its related corporations during the financial year were as follows:

	← Number of ordinary shares →			
	1 August 2016	Bought/ exercise of ESOS	Sold	31 July 2017
Gamuda Berhad				
Direct holding				
Y Bhg Dato' Lin Yun Ling	73,535,736	–	–	73,535,736
Y Bhg Dato' Ir. Ha Tiing Tai	21,554,276	–	–	21,554,276
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	–	–	225,000
Y Bhg Dato' Goon Heng Wah	15,628,300	–	–	15,628,300
Y Bhg Dato' Haji Azmi bin Mat Nor	316,600	–	–	316,600
Mr Saw Wah Theng	804,775	–	–	804,775
Y Bhg Dato' Ir. Chow Chee Wah	435,000	–	–	435,000
Ir. Chan Kong Wah	400,000	60,000	–	460,000
Mr Soo Kok Wong	315,800	–	–	315,800
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai#	16,000	–	–	16,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah*	118,000,000	–	–	118,000,000
Y Bhg Dato' Goon Heng Wah#	5,755,432	–	–	5,755,432

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

DIRECTORS' INTERESTS (CONT'D.)

Employees' Share Option Scheme

	Exercise price RM	Number of options			
		1 August 2016	Granted	Exercised	31 July 2017
Y Bhg Dato' Lin Yun Ling	4.46	1,500,000	–	–	1,500,000
	3.84	1,500,000	–	–	1,500,000
Y Bhg Dato' Ir. Ha Tiing Tai	4.46	800,000	–	–	800,000
	3.84	800,000	–	–	800,000
Y Bhg Dato' Goon Heng Wah	4.46	600,000	–	–	600,000
	3.84	600,000	–	–	600,000
Y Bhg Dato' Haji Azmi bin Mat Nor	4.46	500,000	–	–	500,000
	3.84	500,000	–	–	500,000
Mr Saw Wah Theng	4.46	600,000	–	–	600,000
	3.84	600,000	–	–	600,000
Y Bhg Dato' Ubull a/l Din Om	4.46	325,000	–	–	325,000
	3.84	325,000	–	–	325,000
	4.78	65,000	–	–	65,000
Y Bhg Dato' Ir. Chow Chee Wah	4.46	500,000	–	–	500,000
	3.84	500,000	–	–	500,000
Ir. Chan Kong Wah	4.46	500,000	–	–	500,000
	3.84	500,000	–	(60,000)	440,000
Mr Soo Kok Wong	4.46	253,000	–	–	253,000
	3.84	252,000	–	–	252,000

DIRECTORS' INTERESTS (CONT'D.)

Warrants 2016/2021

	Number of warrants			
	1 August 2016	Subscribed	Converted/ Sold	31 July 2017
Direct holding				
Y Bhg Dato' Lin Yun Ling	12,883,600	–	–	12,883,600
Y Bhg Dato' Ir. Ha Tiing Tai	3,782,000	–	–	3,782,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	–	–	40,300
Y Bhg Dato' Goon Heng Wah	2,741,600	–	–	2,741,600
Y Bhg Dato' Haji Azmi bin Mat Nor	58,200	–	–	58,200
Mr Saw Wah Theng	143,500	–	–	143,500
Y Bhg Dato' Ir. Chow Chee Wah	78,000	–	–	78,000
Ir. Chan Kong Wah	71,900	–	–	71,900
Mr Soo Kok Wong	57,000	–	–	57,000
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai#	2,800	–	–	2,800
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah*	21,528,600	–	(2,865,600)	18,663,000
Y Bhg Dato' Goon Heng Wah#	1,000,000	–	–	1,000,000

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

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM2,418,993,129 to RM2,450,745,143 by way of:

(a) issuance of 30,454,000 new ordinary shares for cash arising from the exercise of options under the Company's ESOS as disclosed in Note 27(f) to the financial statements.

(b) issuance of 1,298,014 new ordinary shares for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016 as disclosed in Note 27(d) to the financial statements.

The ordinary shares issued from the exercise of ESOS and Warrants 2016/2021 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of ESOS and Warrants 2016/2021.

EMPLOYEES' SHARE OPTION SCHEME

The Gamuda Berhad Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting held on 4 December 2014 and is effective for 5 years from 10 April 2015 to 9 April 2020.

The principal features of the ESOS, details of share options exercised during the financial year and outstanding at the end of the financial year are disclosed in Note 27(e) and Note 27(g) to the financial statements.

WARRANTS 2016/2021

On 7 March 2016, the Company allotted and issued 400,984,509 new Warrants 2016/2021 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in the Company ("Rights Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 6 March 2021. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll dated 22 January 2016. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 392,948,421 Warrants remained unexercised.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Group and the Company might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

OTHER STATUTORY INFORMATION (CONT'D.)

(g) The Company has been granted exemption by the Companies Commission of Malaysia for its three subsidiaries from having to comply with Section 247(3) of the Companies Act 2016 to adopt a financial year end which coincides with that of its holding company for the financial year ended 31 July 2017 as follows:

(i) Gamuda Land Vietnam Limited Liability Company and Gamuda Land (HCMC) Joint Stock Company with June financial year end; and

(ii) Gamuda-WCT (India) Private Limited with March financial year end.

SIGNIFICANT EVENTS

Significant events are as disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 46 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 7 in financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group and the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2017.

Y Bhg Dato' Mohammed bin Haji Che Hussein
Chairman

Saw Wah Theng
Finance Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Y Bhg Dato' Mohammed bin Haji Che Hussein and Saw Wah Theng, being two of the directors of Gamuda Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 164 to 340 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 47 to the financial statements on page 341 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2017.

Y Bhg Dato' Mohammed bin Haji Che Hussein
Chairman

Saw Wah Theng
Finance Director

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Saw Wah Theng, being the director primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 164 to 341 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Saw Wah Theng
at Petaling Jaya in Selangor Darul Ehsan
on 20 October 2017

Saw Wah Theng

Before me,
Chin Chia Man (No. B449)
Commissioner for Oaths

Independent Auditors’ Report

To the members of Gamuda Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gamuda Berhad, which comprise the statements of financial position as at 31 July 2017 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 164 to 340.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis For Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors’ responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

1. Investment in an associate – Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")

   The carrying amount of the Group's investment in SPLASH as at 31 July 2017 accounted for approximately 64.9% and 8.3% of the Group's total investments in associates and the Group's total assets respectively. The share of profit of SPLASH for the year ended 31 July 2017 accounted for approximately 14.8% of the Group's total profit for the year.

   Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH SB") a wholly-owned subsidiary of SPLASH is the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. As part of the National Water Services Industry Restructuring Initiatives, the State Government of Selangor had in previous financial years made several offers to the Group to purchase the equity interest in SPLASH. Those offers to purchase did not materialise as the parties involved could not agree on the purchase price.

   On 8 January 2014, the State Government of Selangor made an announcement that it was agreeable for the Federal Government of Malaysia to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006 ("WASIA") to assume control of the property, business and affairs of SPLASH SB and to carry on SPLASH SB's business and affairs. As at the date of this report, the Federal Government of Malaysia ("Federal Government") has not invoked its rights and powers under Section 114 of WASIA.

   As at the date of this report, discussions between the State Government of Selangor and the shareholders of SPLASH on the purchase price is on-going.

   Due to the significance of the investment in SPLASH and the effects of the impending water restructuring initiatives to the financial statements of the Group, we have identified the following to be areas of audit focus:

   (a) Share of profit of SPLASH for the year ended 31 July 2017

   Included in the total assets of SPLASH as at 31 July 2017 was an amount owing from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") of RM2,124,854,000, of which RM1,874,813,000 is past due. The delay in the recoverability of amount due from SYABAS was primarily due to the delay in the finalisation of the water restructuring initiatives as mentioned above. The settlement of such indebtedness is expected to take place only after the State Government of Selangor has completed the consolidation of all water assets.

   The outcome of the water industry restructuring initiatives can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The restructuring initiatives may develop in ways not initially expected. Therefore, SPLASH continues to assess the development of the water restructuring initiatives to determine the amount and timing of receipts of the amount due from SYABAS. Such assessment involves significant judgement and estimates which are highly subjective and will have a significant impact on the share of SPLASH's profit recognised by the Group should the outcome be different from what was initially expected.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

1. Investment in an associate – Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH") (cont'd.)

   (a) Share of profit of SPLASH for the year ended 31 July 2017 (cont'd.)

   In addressing this area of concern:

   i. We discussed the status of the water restructuring initiatives with the management of SPLASH;

   ii. We obtained an understanding of the relevant internal controls of SPLASH over estimating the recoverable amount due from SYABAS; and

   iii. We evaluated the assumptions applied in the determination of the timing of receipts from SYABAS in light of the latest development of the water restructuring initiatives.

   (b) Carrying amount of investment in SPLASH as at 31 July 2017

   Following the announcement by the State Government of Selangor that it was agreeable for the Federal Government to exercise its rights and powers under Section 114 of the WASIA, the Group engaged an independent legal advisor to comment on the legal implications of Section 114 of WASIA on the recoverability of the carrying amount of investment in SPLASH.

   The Directors, in consultation with its independent legal advisor, are of the view that should Section 114 of WASIA be invoked, the Federal Government, would not take ownership of the property, plant and equipment, financial assets and financial liabilities of SPLASH SB. Accordingly, the Directors believe that the recoverable amount of the Group's investment in SPLASH will not be lower than its carrying amount as at 31 July 2017 for reasons explained in Note 18 to the financial statements. The Directors have also assessed that the recoverability of the carrying amount of investment in SPLASH will not be lower than its carrying amount as at 31 July 2017 based on the terms and conditions provided in the water supply concession agreement in the event of expropriation of assets by the Federal Government.

   The above mentioned assessments are highly judgemental and is dependent on the successful negotiation of purchase price with the State Government of Selangor.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

1. Investment in an associate – Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH") (cont'd.)

   (b) Carrying amount of investment in SPLASH as at 31 July 2017 (cont'd.)

   In addressing this area of concern:

   i. We considered the objectivity, independence and expertise of the independent legal advisor engaged by the Group;

   ii. We reviewed the Group's correspondences with its legal advisors;

   iii. We evaluated the basis adopted by the legal advisor in arriving at their opinion on the legal implications of Section 114 of WASIA; and

   iv. We evaluated the Directors' estimates of the recoverable amount of investment in SPLASH in the event of expropriation of assets by the Federal Government, based on the terms and conditions provided in the water supply concession agreement and enforcement of WASIA by Federal Government.

   The Group's disclosure on investment in an associate, SPLASH is included in note 3(n) and 18 to the financial statements.

2. Revenue and cost of sales from construction contracts

   A significant proportion of the Group's revenues and profits are derived from construction contracts which span more than one accounting period. For the financial year ended 31 July 2017, revenue of RM1,072,704,000 and contract costs of RM811,568,000 in respect of the construction contracts accounted for approximately 33% and 37% of the Group's total revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for the construction contracts.

   We identified construction contract revenue and cost of sales as areas requiring special audit consideration as these areas involved significant management's judgement and estimates. In particular, we focused on the following areas:

   i. Judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue; and

   ii. Estimates made in respect of the total estimated contract costs (which forms part of the computation of percentage-of-completion for the construction contracts).

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

2. Revenue and cost of sales from construction contracts (cont'd.)

   In addressing this area of focus, we performed, amongst others, the following procedures:

   i. Read the contract to obtain an understanding of the specific terms and conditions;

   ii. Obtained an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by the management in estimating variation orders, claims, total contract costs, profit margin and percentage-of-completion of the contract;

   iii. Observed the progress of the constructions by performing site visit and examined physical progress reports. We have also discussed the status of on-going constructions with management, finance personnel and project officials;

   iv. Agreed the amounts to approved variation order forms with respect to variations in contract works and claims for costs not included in the contract price;

   v. Evaluated the assumptions applied in the determination of percentage-of-completion in light of supporting evidence such as letters of award, approved purchase orders, sub-contractors' claims and invoices; and

   vi. Reviewed management's workings on the computation of percentage-of-completion.

   The Group's disclosure on amount due from/to customer on contracts is included in Note 24 to the financial statements.

3. Revenue and cost of sales from property development activities

   A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 July 2017, property development revenue of RM1,468,157,000 and cost of sales of RM1,139,409,000 accounted for approximately 46% and 53% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

   The amount of revenue and profit recognised from property development activities are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage-of-completion; the actual number of units sold and the estimated total revenue for each of the respective projects.

   We identified revenue and cost of sales from property development activities as areas requiring audit focus as significant management's judgement and estimates are involved in estimating the total property development costs which include the common infrastructure costs (which is used to determine gross profit margin of property development activities undertaken by the Group).

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

3. Revenue and cost of sales from property development activities (cont'd.)

In addressing this area of focus, we performed, amongst others, the following procedures:

i. Obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost including the provisions and allocations of low cost housing and common infrastructure costs over the life of township development, profit margin and percentage-of-completion of property development activities;

ii. Performed detailed procedures, for individually significant projects, on the contractual terms and conditions and their relationship to revenue and costs incurred. These procedures include, perusing the terms and conditions stipulated in the sales and purchase agreements entered into with customers and construction agreements including letters of award entered into with main and sub-contractors. We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;

iii. Observed the progress of the property development phases by performing site visit and examined physical progress reports. We have also discussed the status of on-going property development phases with management, finance personnel and project officials;

iv. Challenged the estimates used for budgeted gross development value for significant ongoing projects by comparing the selling price of the similar projects in the market;

v. Evaluated the assumptions applied in estimating the total property development costs for each property development phase by examining documentary evidence such as letters of award issued to contractors to support the budgeted gross development cost. We also considered the historical accuracy of management's forecasts for the similar property development projects within the Group in evaluating the estimated total property development costs; and

vi. We reviewed management's workings on the computation of percentage-of-completion.

The Group's disclosure on property development costs recognised is included in Note 13(b) to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

4. Impairment of interest in a joint venture – Projek SMART Holdings Sdn. Bhd

   As at 31 July 2017, the carrying amount of the Group's interest in a joint venture, Projek SMART Holdings Sdn. Bhd. ("PSHSB") was RM50,430,000. The Group's share of PSHSB's losses for the current year amounted to RM104,389,000 which was mainly attributed to the continued decline in traffic volume of the expressway managed by PSHSB. This indicated that the carrying amount of the Group's investment in PSHSB may be impaired. Accordingly, the Group performed an impairment test of the investment in joint venture by estimating the recoverable amount using value-in-use ("VIU") with the involvement of an independent traffic consultant. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating units, and discounting them at an appropriate rate.

   This impairment review was based on assumptions that are highly judgemental, in particular, the assumptions on the expected traffic volume and discount rate. Accordingly, we identify this area as a matter requiring audit focus.

   In addressing this area of audit focus, we evaluated the management's assumptions on the expected traffic volume and discount rate by performing the following:

   i. Obtained an understanding of the relevant internal controls over estimating the recoverable amount of the expressway development expenditure in PSHSB;

   ii. We considered the objectivity, independence, expertise and experience of the independent traffic consultant engaged by the Group;

   iii. Obtained an understanding of the methodology adopted by management in estimating the recoverable amount and assessed whether such methodologies are consistent with those used in the industry;

   iv. Assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

   The Group's disclosure on interests in joint ventures is included in Note 19 to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Information Other than the Financial Statements and Auditor's Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 47 on page 341 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries, associated companies and joint arrangements of which we have not acted as auditors, are disclosed in notes 17, 18 and 19 respectively to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Tan Shium Jye
No. 2991/05/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
20 October 2017

Consolidated Income Statement

For the financial year ended 31 July 2017

	Note	2017 RM'000	2016 RM'000
Revenue	4	**3,211,403**	2,121,899
Other income		**152,167**	108,974
Construction contract costs recognised as contract expenses		**(811,568)**	(557,859)
Land and development costs		**(1,139,409)**	(548,471)
Highway maintenance and toll operations		**(32,584)**	(48,160)
Changes in inventory of finished goods and work in progress		**(6,941)**	(7,655)
Purchases – raw materials		**(50,523)**	(51,225)
– trading materials		**(57,520)**	(49,361)
Production overheads		**(71,166)**	(54,926)
Staff costs	5	**(206,567)**	(165,677)
Depreciation and amortisation		**(147,884)**	(121,531)
Other operating expenses		**(157,158)**	(131,870)
Profit from operations	7	**682,250**	494,138
Finance costs	8	**(104,321)**	(126,024)
Share of profits of associated companies		**208,713**	210,719
Share of profits of joint ventures*		**39,360**	201,825
Profit before tax		**826,002**	780,658
Income tax expense	9	**(169,777)**	(111,918)
Profit for the year		**656,225**	668,740
Profit attributable to:			
Owners of the Company		**602,093**	626,133
Non-controlling interests		**54,132**	42,607
		656,225	668,740
Earnings per share attributable to owners of the Company (sen)			
Basic	10(a)	**24.78**	25.99
Diluted	10(b)	**23.82**	25.25
Net dividends per ordinary share (sen)	11	**12.0**	12.0

* Included in share of profits of joint ventures is an impairment loss on expressway development expenditure amounting to RM98,452,000.

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 July 2017

	2017 RM'000	2016 RM'000
Profit for the year	**656,225**	668,740
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation	**102,514**	25,698
Share of associated companies' foreign currency translation	**8,612**	(608)
Net asset accretion in an associated company arising from capital contribution	**14,859**	3,136
Other comprehensive income for the year, net of tax	**125,985**	28,226
Total comprehensive income for the year	**782,210**	696,966
Total comprehensive income attributable to:		
Owners of the Company	**726,763**	653,958
Non-controlling interests	**55,447**	43,008
	782,210	696,966

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

Consolidated Statement of Financial Position

As at 31 July 2017

	Note	2017 RM'000	2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	**617,250**	419,648
Land held for property development	13(a)	**2,907,537**	3,044,676
Investment properties	14	**309,599**	253,737
Land use rights	15	**2,320**	2,745
Expressway development expenditure	16	**1,545,042**	1,623,342
Interests in associated companies	18	**2,018,336**	1,871,087
Interests in joint arrangements	19	**895,877**	1,010,045
Other investments	20	**812**	890
Deferred tax assets	32	**74,369**	46,190
Receivables	22(b)	**964,511**	749,713
		9,335,653	9,022,073
Current assets			
Property development costs	13(b)	**2,305,261**	1,841,555
Inventories	21	**228,163**	117,091
Receivables	22(a)	**2,845,496**	1,697,122
Tax recoverable		**13,475**	17,970
Investment securities	23	**462,400**	644,187
Cash and bank balances	26	**579,728**	828,726
		6,434,523	5,146,651
Total assets		**15,770,176**	14,168,724

	Note	2017 RM'000	2016 RM'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	27	**3,372,368**	2,418,993
Reserves		**4,103,622**	4,459,184
Owners' equity		**7,475,990**	6,878,177
Non-controlling interests		**369,130**	336,027
Total equity		**7,845,120**	7,214,204
Non-current liabilities			
Payables	31(a)	**194,545**	170,343
Provision for liabilities	37	**130,097**	14,351
Deferred tax liabilities	32	**419,181**	432,500
Long term borrowings	33	**4,614,646**	4,168,658
		5,358,469	4,785,852
Current liabilities			
Short term borrowings	34	**628,647**	639,659
Payables	31(b)	**1,814,292**	1,443,502
Provision for liabilities	37	**56,809**	44,919
Tax payable		**66,839**	40,588
		2,566,587	2,168,668
Total liabilities		**7,925,056**	6,954,520
Total equity and liabilities		**15,770,176**	14,168,724

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 July 2017

Group	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 29) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company							
	Non-distributable				Distributable			
At 1 August 2015	2,405,905	771,612	4,365	274,875	2,880,437	6,337,194	356,019	6,693,213
Total comprehensive income	–	–	–	27,825	626,133	653,958	43,008	696,966
Transactions with owners:								
Issuance of ordinary shares pursuant to:								
Exercise of ESOS (Note 27(f))	6,350	18,382	–	–	–	24,732	–	24,732
Conversion of Warrants (Notes 27(d) and 28)	6,738	22,236	–	(1,685)	–	27,289	–	27,289
Share options granted under ESOS	–	–	24,217	–	–	24,217	–	24,217
Share options exercised under ESOS	–	1,135	(1,135)	–	–	–	–	–
Issuance of Warrants (Note 28)	–	–	–	100,246	–	100,246	–	100,246
Dividends paid by a subsidiary to non-controlling interests	–	–	–	–	–	–	(63,000)	(63,000)
Dividends (Note 11)	–	–	–	–	(289,459)	(289,459)	–	(289,459)
Total transactions with owners At 31 July 2016	13,088	41,753	23,082	98,561	(289,459)	(112,975)	(63,000)	(175,975)
At 31 July 2016	2,418,993	813,365	27,447	401,261	3,217,111	6,878,177	336,027	7,214,204

Group	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 29) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company							
	Non-distributable				Distributable			
At 1 August 2016	2,418,993	813,365	27,447	401,261	3,217,111	6,878,177	336,027	7,214,204
Total comprehensive income	–	–	–	124,670	602,093	726,763	55,447	782,210
Transactions with owners:								
Issuance of ordinary shares pursuant to:								
Exercise of ESOS (Note 27(f))	30,454	92,789	–	–	–	123,243	–	123,243
Conversion of Warrants (Notes 27(d) and 28)	1,298	4,283	–	(325)	–	5,256	–	5,256
Share options granted under ESOS	–	–	28,533	–	–	28,533	–	28,533
Share options exercised under ESOS	–	11,186	(11,186)	–	–	–	–	–
Dissolution of subsidiaries	–	–	–	–	6,454	6,454	(4,694)	1,760
Issuance of shares by a subsidiary to non-controlling interests	–	–	–	–	–	–	350	350
Dividends paid by a subsidiary to non-controlling interests	–	–	–	–	–	–	(18,000)	(18,000)
Dividends (Note 11)	–	–	–	–	(292,436)	(292,436)	–	(292,436)
Effect of implementation of Companies Act 2016 (Note 27(b))	921,623	(921,623)	–	–	–	–	–	–
Total transactions with owners At 31 July 2017	953,375	(813,365)	17,347	(325)	(285,982)	(128,950)	(22,344)	(151,294)
At 31 July 2017	3,372,368	–	44,794	525,606	3,533,222	7,475,990	369,130	7,845,120

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

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2017

	2017 RM'000	2016 RM'000
Cash flows from operating activities		
Profit before tax	**826,002**	780,658
Adjustments for:		
Amortisation of land use rights	**425**	425
Amortisation of expressway development expenditure	**109,263**	97,114
Depreciation		
– Property, plant and equipment	**31,253**	21,292
– Investment properties	**6,943**	2,700
Property, plant and equipment written off	**14**	31
Inventories written down	**4,221**	–
Provision for liabilities	**5,060**	24,403
Provision for retirement benefits	**4,800**	4,455
Provision for short term accumulating compensated absences	**1,181**	372
Net gain on disposal of property, plant and equipment	**(3,030)**	(708)
Net gain on disposal of investment properties	**(3,817)**	–
Share of profits from associated companies	**(208,713)**	(210,719)
Share of profits from joint ventures	**(39,360)**	(201,825)
Share options granted under ESOS	**28,533**	24,217
Unrealised loss on foreign exchange	**21,612**	26,763
Impairment loss on trade receivables	**26,628**	446
Fair value gains on derivatives	**(17,591)**	(17,272)
Distribution from investment securities	**(20,439)**	(24,669)
Net unwinding of discount	**(30,514)**	28,995
Interest income	**(23,504)**	(21,707)
Interest expense	**77,815**	76,269
Operating profit before working capital changes	**796,782**	611,240
Increase in development properties	**(337,440)**	(65,057)
(Increase)/decrease in inventories	**(29,438)**	80,914
Increase in receivables	**(1,035,195)**	(302,924)
Increase in payables	**499,632**	31,225
Cash (used in)/generated from operations	**(105,659)**	355,398
Income taxes paid	**(180,561)**	(124,398)
Interest paid	**(222,678)**	(159,024)
Retirement benefits paid	**(444)**	(16)
Net cash (used in)/generated from operating activities	**(509,342)**	71,960

	2017 RM'000	2016 RM'000
Cash flows from investing activities		
Purchase of land held for property development	**(208,719)**	(564,368)
Purchase of property, plant and equipment	**(233,615)**	(98,870)
Purchase of investment properties	**(24,214)**	(66,738)
Proceeds from disposal of property, plant and equipment	**5,890**	1,276
Proceeds from disposal of investment properties	**4,851**	–
Additions to expressway development expenditures	**(30,963)**	(27,619)
Net disposal/(purchase) of investment securities	**181,787**	(134,544)
Capital repayment from associated companies	**14,764**	30,940
Dissolution of subsidiaries	**1,760**	–
Acquisition of additional interest in a joint venture	**(850)**	(55,770)
Placement of deposits with tenure more than 3 months	**(7,610)**	(51,134)
Distribution received from investment securities	**20,439**	24,669
Acquisition of interest in an associated company	**(3,000)**	–
Dividend received from associated companies	**80,366**	68,968
Dividend received from a joint venture	**158,500**	120,000
Interest received	**23,504**	21,707
Net cash used in investing activities	**(17,110)**	(731,483)
Cash flows from financing activities		
Repayment of borrowings	**(589,159)**	(1,034,465)
Drawdown of borrowings	**1,042,367**	1,749,136
Proceeds from exercise of ESOS	**123,243**	24,732
Proceeds from conversion of warrants	**5,256**	27,289
Proceeds from issuance of warrants	**–**	100,246
Dividends paid to shareholders	**(292,436)**	(289,459)
Dividends paid to non-controlling interests	**(18,000)**	(63,000)
Issuance of shares by subsidiaries to non-controlling interest	**350**	–
Net cash generated from financing activities	**271,621**	514,479
Net decrease in cash and cash equivalents	**(254,831)**	(145,044)
Effects of exchange rate changes	**(1,777)**	(5,423)
Cash and cash equivalents at beginning of year	**756,085**	906,552
Cash and cash equivalents at end of year (Note 26)	**499,477**	756,085

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

Income Statement

For the financial year ended 31 July 2017

	Note	2017 RM'000	2016 RM'000
Revenue	4	**1,170,904**	1,024,728
Other income		**182,989**	187,933
Construction contract costs recognised as contract expenses		**(751,080)**	(476,684)
Staff costs	5	**(70,987)**	(64,512)
Depreciation		**(6,014)**	(6,022)
Other operating expenses*		**(136,168)**	(15,449)
Profit from operations	7	**389,644**	649,994
Finance costs	8	**(98,184)**	(98,047)
Profit before tax		**291,460**	551,947
Income tax expense	9	**(67,886)**	(28,071)
Profit for the year		**223,574**	523,876
Net dividends per ordinary share (sen)	11	**12.0**	12.0

* Included in other operating expenses is an impairment loss on interest in a joint venture amounting to RM112,000,000.

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

Statement of Comprehensive Income

For the financial year ended 31 July 2017

	2017 RM'000	2016 RM'000
Profit for the year	**223,574**	523,876
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation	**5,404**	(3,772)
Other comprehensive income/(loss) for the year, net of tax	**5,404**	(3,772)
Total comprehensive income for the year	**228,978**	520,104

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

Statement of Financial Position

As at 31 July 2017

	Note	2017 RM'000	2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	**179,102**	154,813
Investment properties	14	**10,272**	10,424
Investments in subsidiaries	17	**4,078,297**	3,835,012
Interests in associated companies	18	**445,864**	450,364
Interests in joint arrangements	19	**147,477**	259,477
Other investments	20	**733**	733
Deferred tax assets	32	**16,423**	3,693
Receivables	22(b)	**21,536**	–
Due from subsidiaries	25	**618,091**	685,816
		5,517,795	5,400,332
Current assets			
Inventories	21	**14,509**	8
Receivables	22(a)	**987,016**	812,490
Due from subsidiaries	25	**961,847**	1,208,443
Investment securities	23	**19,072**	111,435
Cash and bank balances	26	**28,136**	144,413
		2,010,580	2,276,789
Total assets		**7,528,375**	7,677,121

	Note	2017 RM'000	2016 RM'000
Equity and liabilities			
Share capital	27	**3,372,368**	2,418,993
Reserves		**1,468,294**	2,319,663
Owners' equity		**4,840,662**	4,738,656
Non-current liabilities			
Payables	31(a)	**38,439**	29,994
Long term borrowings	33	**1,400,000**	1,800,000
		1,438,439	1,829,994
Current liabilities			
Short term borrowings	34	**455,647**	547,370
Payables	31(b)	**711,233**	521,270
Due to subsidiaries	36	**55,991**	20,524
Tax payable		**26,403**	19,307
		1,249,274	1,108,471
Total liabilities		**2,687,713**	2,938,465
Total equity and liabilities		**7,528,375**	7,677,121

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

Statement of Changes in Equity

For the financial year ended 31 July 2017

	Non-distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 29) RM'000	Total RM'000
Company						
At 1 August 2015	2,405,905	771,612	4,365	11,160	1,138,485	4,331,527
Total comprehensive income	–	–	–	(3,772)	523,876	520,104
Transactions with owners:						
Issue of ordinary shares pursuant to:						
Exercise of ESOS (Note 27(f))	6,350	18,382	–	–	–	24,732
Conversion of Warrants (Notes 27(d) and 28)	6,738	22,236	–	(1,685)	–	27,289
Share options granted under ESOS	–	–	24,217	–	–	24,217
Share options exercised under ESOS	–	1,135	(1,135)	–	–	–
Issuance of Warrants (Note 28)	–	–	–	100,246	–	100,246
Dividends (Note 11)	–	–	–	–	(289,459)	(289,459)
Total transactions with owners	13,088	41,753	23,082	98,561	(289,459)	(112,975)
At 31 July 2016	2,418,993	813,365	27,447	105,949	1,372,902	4,738,656
Company						
At 1 August 2016	2,418,993	813,365	27,447	105,949	1,372,902	4,738,656
Total comprehensive income	–	–	–	5,404	223,574	228,978
Transactions with owners:						
Issue of ordinary shares pursuant to:						
Exercise of ESOS (Note 27(f))	30,454	92,789	–	–	–	123,243
Conversion of Warrants (Notes 27(d) and 28)	1,298	4,283	–	(325)	–	5,256
Share options granted under ESOS	–	–	28,533	–	–	28,533
Share options exercised under ESOS	–	11,186	(11,186)	–	–	–
Dissolution of a branch	–	–	–	–	8,432	8,432
Dividends (Note 11)	–	–	–	–	(292,436)	(292,436)
Effect of implementation of Companies Act 2016 Act 2016 (Note 27(b))	921,623	(921,623)	–	–	–	–
Total transactions with owners	953,375	(813,365)	17,347	(325)	(284,004)	(126,972)
At 31 July 2017	3,372,368	–	44,794	111,028	1,312,472	4,840,662

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

Statement of Cash Flows

For the financial year ended 31 July 2017

	2017 RM'000	2016 RM'000
Cash flows from operating activities		
Profit before tax	**291,460**	551,947
Adjustments for:		
Depreciation		
– Property, plant and equipment	**5,862**	5,869
– Investment properties	**152**	152
Provision for retirement benefits	**481**	410
Provision of short term accumulating absences	**104**	124
Net loss on disposal of property, plant and equipment	**134**	92
Property, plant and equipment written off	**3**	5
Unrealised gain on foreign exchange	**(45,516)**	(48,199)
Impairment losses on trade receivables	**26,525**	–
Impairment losses on investment	**112,000**	–
Share options granted under ESOS	**28,533**	24,217
Dividend income	**(271,584)**	(422,389)
Distribution from investment securities	**(4,835)**	(8,762)
Net unwinding of discount	**12,018**	1,831
Interest income	**(121,011)**	(117,295)
Interest expense	**84,465**	89,354
Operating profits before working capital changes	**118,791**	77,356
Decrease/(increase) in due from subsidiaries	**419,831**	(17,843)
Increase/(decrease) in due to subsidiaries	**35,467**	(24,430)
Increase in inventories	**(14,501)**	(5)
Increase in receivables	**(222,587)**	(145,509)
Increase/(decrease) in payables	**188,894**	(367)
Cash generated from/(used in) operations	**525,895**	(110,798)
Dividend received	**271,584**	422,389
Income taxes paid	**(73,520)**	(33,828)
Interest paid	**(58,308)**	(71,789)
Retirement benefit obligations paid	**(34)**	–
Net cash generated from operating activities	**665,617**	205,974

Statement of Cash Flows (cont'd.)

For the financial year ended 31 July 2017

	2017 RM'000	2016 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(34,320)**	(1,193)
Proceeds from disposal of property, plant and equipment	**1,257**	226
Net proceeds from disposal/(purchase) of investment securities	**92,363**	(59,884)
Additional investment in subsidiaries	**(320,720)**	(12,833)
Capital repayment from subsidiaries	**10,953**	–
Additional investment in associates	**(3,000)**	–
Additional investment in jointly controlled entities	**–**	(4,750)
Proceeds from redemption of redeemable preference shares by subsidiaries	**66,482**	63,000
Proceeds from redemption of redeemable preference shares by associated companies	**7,500**	5,000
Distribution received from investment securities	**4,835**	8,762
Interest received	**3,483**	2,958
Net cash (used in)/generated from investing activities	**(171,167)**	1,286
Cash flows from financing activities		
Repayment of borrowings	**(496,870)**	(628,355)
Drawdown of borrowings	**50,000**	623,651
Proceeds from exercise of ESOS	**123,243**	24,732
Proceeds from conversion of warrants	**5,256**	27,289
Proceeds from issuance of warrants	**–**	100,246
Dividend paid to shareholders	**(292,436)**	(289,459)
Net cash used in financing activities	**(610,807)**	(141,896)
Net (decrease)/increase in cash and cash equivalents	**(116,357)**	65,364
Effects of exchange rate changes	**80**	(185)
Cash and cash equivalents at beginning of year	**144,413**	79,234
Cash and cash equivalents at end of year (Note 26)	**28,136**	144,413

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

Notes to the Financial Statements
– 31 July 2017

1. CORPORATE INFORMATION

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

The principal activities of the Company are that of investment holding and civil engineering construction. The principal activities of the subsidiaries, associated companies and joint arrangements are described in Notes 17, 18 and 19 respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 October 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies

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

On 1 August 2016, the Group adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 August 2016.

Effective for financial period beginning on or after 1 January 2016	
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs	Annual Improvements to FRSs 2012 – 2014 Cycle

The adoption of the above FRSs and Amendments to FRSs did not have any significant financial impact to the Group, except for:

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operation which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments do not have any impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

Amendments to FRS 101: Disclosure Initiative

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Group's financial statements.

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group has assessed the impact of the amendments to the methods of amortisation for entities which used a revenue-based method to depreciate its non-current assets and there is no material impact to the financial statements of the Group.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities will have to apply this change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. There is no material impact to the financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective

The Group has not early adopted the following new and amended FRSs that are issued but not yet effective:

Effective for annual period beginning on or after 1 January 2017	
Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRSs	Annual Improvements to FRSs 2014 – 2016 Cycle
Effective for annual period beginning on or after 1 January 2018	
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
Deferred	
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments also clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (cont'd.)

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

– gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

– gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the Malaysian Accounting Standards Board. Earlier application is permitted. The Group is currently assessing the impact of adoption of the new standard and will adopt the new standard on the required effective date.

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

The Group falls within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 August 2018.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the Group. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 July 2017 could be different if prepared under the MFRS Framework.

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below.

(a) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

(b) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The Group is currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

(c) MFRS 16: Leases

MFRS 16 will supersede the current lease guidance including MFRS 117 Leases and its related interpretations when it become effective.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. MFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e., the lease liability) with a corresponding asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The Group is in the process of making assessment of the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests is subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2.6 Subsidiaries

A subsidiary is an entity over which the Company controls and the policy to determine the criteria for control is in accordance with Note 2.4.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Investment in associated companies and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of an investment in an associated company or joint venture, any excess of the cost of investment over the Group's share of net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, the investment in an associated company or a joint venture is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company or joint venture after the date of acquisition. When the Group's share of losses in an associated company or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated company or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associated company or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associated companies and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to align the accounting policies of the associated companies and joint ventures with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Investment in associated companies and joint ventures (cont'd.)

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to its investment in the associated company or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associated company or joint venture is impaired. If there is such evidence, the carrying amount of the investment in the associated company or joint venture is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associated company or joint control over the joint venture, the Group measures and recognises any restrained investment as its fair value. Any difference between the carrying amount of the associated company or joint venture upon loss of significant influence or joint control and the fair value of the restrained investment and proceeds from disposal is recognised in profit or loss.

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

2.8 Investment in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group and the Company as joint operators recognise in relation to their interests in joint operations:

(i) their assets, including their shares of any assets held jointly;

(ii) their liabilities, including their shares of any liabilities incurred jointly;

(iii) their revenue from the sale of their shares of the output arising from the joint operations;

(iv) their shares of the revenue from the sale of the output by the joint operations; and

(v) their expenses, including their shares of any expenses incurred jointly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Investments in joint operations (cont'd.)

The Group and the Company account for the assets, liabilities, revenues and expenses relating to its interest in joint operations in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

2.9 Intangible assets

(a) Expressway development expenditure

Expressway development expenditure ("EDE") comprises development and upgrading expenditure (including interest charges relating to financing of the development of the expressway) incurred in connection with the concession. EDE is classified as an intangible asset and is measured on initial recognition at cost. Following initial recognition, EDE is carried at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.15.

Assets under construction included in EDE are not depreciated as these assets are not yet available for use.

EDE is amortised upon commencement of tolling operations over the concession period based on the following formula:

Amortisation of EDE is included in profit or loss.

$$\left(\frac{\text{Actual Traffic Volume For The Year}}{\begin{array}{c}\text{Actual Traffic Volume For The Year Plus} \\ \text{Projected Traffic Volume To Completion}\end{array}} \times \begin{array}{c}\text{Opening Net Carrying} \\ \text{Amount of EDE Plus} \\ \text{Current Year Additions}\end{array} \right)$$

Periodic traffic studies are performed by an independent traffic consultant in order to support the projected toll revenue for the remaining concession period. The projection was based on the latest available traffic study.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Intangible assets (cont'd.)

(b) Other intangible assets

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

Other intangible assets acquired separately are measured initially at cost. Following initial acquisition, other intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

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

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

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 quarry for a period of 30 years ending Year 2031 and Year 2022 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% – 13%
Plant and machinery	5% – 33%
Office equipment, furniture and fittings	10% – 33%
Motor vehicles	12% – 25%

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Investment properties

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

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

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

2.12 Service concession arrangements

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Service concession arrangements (cont'd.)

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

2.13 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.15.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

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

2.14 Construction contracts

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Impairment of non-financial assets

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories are accounted for using the weighted average cost method. The cost of raw materials includes the cost of purchase and other direct charges. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Leases

(a) As lessee

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

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

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

(b) As lessor

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Provisions

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

2.19 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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

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

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

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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

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

(c) Goods and Services Tax ("GST") or Value Added Tax ("VAT")

The net amount of GST or VAT being the difference between output and input of GST or VAT, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

(c) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Employee benefits (cont'd.)

(c) Defined benefit plans (cont'd.)

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained profits within equity and are not reclassified to profit or loss in subsequent periods.

The amount recognised in the consolidated statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(d) Share based compensation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Revenue and other income recognition

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

(a) Revenue

(i) Engineering and construction contracts

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

(ii) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

(iii) Sale of goods and services

Revenue relating to the sale of goods is recognised net of discounts upon the transfer of risks and rewards. Revenue from services rendered is recognised net of service taxes and discount as and when the services are performed. Sale of goods and services of the Group includes trading of construction materials and sales of manufactured products.

(iv) Supply of water and related services

Revenue from management, operation and maintenance of dams and water treatment facilities are recognised net of discounts as and when the services are performed.

(v) Toll concession revenue

Toll revenue includes toll collection and Government compensation. Toll collection is accounted for as and when toll is chargeable for the usage of the Highway.

The amount of Government compensation are recognised in profit or loss for the year after taking into consideration the effects of the concession arrangement.

(vi) Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Revenue and other income recognition (cont'd.)

(b) Other income

(i) Interest income

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

(ii) Rental income

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

2.22 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Foreign currencies (cont'd.)

(c) Foreign operations

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

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

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

	2017 RM	2016 RM
United States Dollar	**4.281**	4.067
Indian Rupee	**0.067**	0.060
New Taiwan Dollar	**0.142**	0.126
Qatari Riyal	**1.174**	1.104
Bahraini Dinar	**11.341**	10.666
100 Vietnam Dong	**0.019**	0.018
Australian Dollar	**3.413**	3.054
Singapore Dollar	**3.155**	3.011

2.23 Financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Financial assets (cont'd.)

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

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

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

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

(b) Loans and receivables

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Impairment of financial assets

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

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

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

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

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

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

2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.26 Share capital and share issuance expenses

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

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

2.27 Financial liabilities

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.27 Financial liabilities (cont'd.)

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

2.28 Derivative financial instruments and hedge accounting

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

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

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

– Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

– Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

– Hedges of a net investment in a foreign operation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Hedges that met the strict criteria for hedge accounting are accounted for as follows:

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

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

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

To manage its risks, particularly interest rate risks and foreign currency risk, the Group has entered into cross-currency interest rate swap arrangements with financial institutions.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Borrowing costs

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

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

2.30 Deferred revenue

Deferred revenue comprise the following:

(a) Advance maintenance fees and licence fees

Fees received from third parties to upkeep the inter-change at the expressway and for the exclusive rights to design, construct, operate and manage ancillary facilities along the expressway, are recognised in profit or loss on a straight line basis over the remaining concession period.

(b) Government compensation

Compensation received from the Government for the imposition of revised toll rates lower than those as provided for in the respective Concession Agreements, which is taken to profit or loss over the period the compensation relates.

2.31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.31 Fair value measurement (cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.32 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. The land use rights are amortised over their lease terms.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In the process of applying the Group's accounting policies, management does not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

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

(a) Useful life of property, plant and equipment

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

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

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately RM38,946,000 (2016: RM31,666,000) variance in the Group's profit for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd.)

(b) Amortisation of expressway development expenditure ("EDE")

The cost of EDE is amortised over the Concession Period by applying the formula in Note 2.9(a). The denominator of the formula includes projected total traffic volume of the Concession and is based on the latest available base case traffic volume projections take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

The carrying amount of the Group's expressway development expenditure at the reporting date is disclosed in Note 16. A 5% difference in the projected total toll traffic volume for the remaining concession from management's estimates would result in approximately RM3,084,000 (2016: RM2,381,000) variance in the Group's profit for the year.

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

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

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

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

The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 13(b). A 5% difference in the estimated total property development cost would increase/decrease the Group's profit for the year by RM63,552,000 (2016: RM29,116,000).

The carrying amount of the Group's amount due from/(to) customers for construction contracts at the reporting date is disclosed in Note 24. A 5% difference in the estimated total contract cost would increase/decrease the Group's profit for the year by RM48,253,000 (2016: RM35,703,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd)

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company are as disclosed in Note 32.

(e) Impairment of expressway development expenditure in a joint venture – Projek SMART Holdings Sdn. Bhd.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Included in the Group's share of profits of joint ventures is an impairment loss on expressway development expenditure amounting to RM98,452,000 (2016: nil). A 1% decrease/increase in the discount rate used in the calculation of value in use would increase/decrease the Group's profit for the year by RM19,185,000 and RM16,784,000 respectively.

(f) Share-based payments to employees

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

The valuation of these share based payments requires judgements to be made in respect of the fair value of the options at grant date and the number of options that are expected to vest. Details of assumptions made in respect of the share based payment scheme are disclosed in Note 27(h).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd.)

(g) Defined benefit pension plans

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. The net employee liability of the Group and the Company at the reporting date is disclosed in Note 30.

(h) Provision for development cost

The Group recognises a provision for development cost in respect of development projects undertaken by its subsidiaries. In determining the provision, the Group has made assumptions in relation to the development cost incurred on the completed phases. The carrying amount of provision for development cost at the reporting date is disclosed in Note 37(a).

If the actual claims differ by 10% from management's estimates, the Group's profit for the year will increase/decrease by RM3,038,000 (2016: RM3,725,000).

(i) Provision for affordable housing

The Group recognises a provision for affordable housing as required under FRSIC Consensus 17 Development of Affordable Housing. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the following conditions:

- The master and building plans is approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

The carrying amount of the Group's provision for affordable housing as at reporting date is disclosed in Note 37(b).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd)

(j) Provision for heavy repairs

Provision for heavy repairs is made based on independent pavement condition assessment that estimates the future requirements for pavement resurfacing and other incidental costs. Changes to the expected level of usage and technological developments could impact future requirements for resurfacing, and therefore, the provision could be revised.

The carrying amount of the Group's provision for heavy repairs as at reporting date is disclosed in Note 37(d).

(k) Timing of settlement of trade receivables in an associated company

Included in the carrying amount of interests in associated companies is the Group's share of receivables due substantially from Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH"), an associated company, amounting to RM849,942,000 (2016: RM679,769,000).

The slower recovery of receivables by SPLASH from SYABAS is primarily due to partial payments received from SYABAS.

The directors are of the opinion that the amount will be fully settled by SYABAS within 20 months.

(l) Timing of settlement of trade receivables in a subsidiary

Included in trade receivables is an amount due from an associated company, SPLASH to a subsidiary, Gamuda Water Sdn. Bhd. ("GWSB") amounting to RM599,969,000 (2016: RM467,958,000) for the supply of treated water.

Pursuant to the agreement with SPLASH, GWSB's agreed trade credit term is 7 days from the date SPLASH receives its payment from SYABAS. The slower recovery of debt by GWSB from SPLASH is primarily due to partial payments received by SPLASH from SYABAS.

If the timing of the finalisation of water restructuring initiatives is delayed by 1 year from management's estimates on the settlement of trade receivables in a subsidiary, the Group's profit for the year will decrease by RM34,107,000.

The directors are of the opinion that this amount will be fully settled within 20 months.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd.)

(m) Impairment of investments in subsidiaries, associated companies and joint ventures

The Group and the Company assess at each reporting date whether the carrying amounts of its investments in subsidiaries, associated companies and joint ventures are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

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

Joint venture

Based on management's review, there was an impairment of RM112,000,000 on the Company's interest in a joint venture during the financial year.

(n) Recoverability of investment in an associate – Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")

The Group assesses at each reporting date whether the carrying amount of its investment in SPLASH Holdings is impaired as the recoverable amount of the investment is highly dependent on the finalisation of the water industry restructuring plan and the consideration to be offered by the State Government of Selangor to SPLASH Holdings' shareholders.

Included in the total assets of SPLASH as at 31 July 2017 was an amount owing from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") of RM2,124,854,000 (2016: RM1,699,422,000), of which RM1,874,813,000 (2016: RM1,451,976,000) is past due. Of this amount, SPLASH Holdings has impaired the trade receivables from SYABAS based on estimated expected timing of receipts of the receivables amounts, discounted using the discount rate of 7.1%. The delay in the recoverability of amount due from SYABAS was primarily due to the delay in the finalisation of water restructuring initiatives. The settlement of such indebtedness is expected to take place only after the State Government of Selangor has completed the consolidation of all water assets.

If the timing of the finalisation of water restructuring initiatives is delayed by 1 year from management's estimates on settlement of amount owing from SYABAS, the Group's profit for the year will decrease by RM41,321,000.

Therefore, the Group will continuously assess the development of the water industry restructuring plan to determine the recoverable amount of the investment in SPLASH Holdings and its share of equity accounted results. Such assessment involves significant judgements and estimates, which are highly subjective as disclosed in Note18(e) in the financial statements.

4. REVENUE

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Engineering and construction contracts	**1,072,704**	753,213	**898,396**	602,339
Sales of development properties	**1,468,157**	743,992	**–**	–
Quarry sales	**45,919**	35,315	**–**	–
Trading of construction materials	**62,588**	53,954	**–**	–
Sales of manufactured products	**32,907**	48,922	**–**	–
Supply of water and related services	**151,696**	143,893	**–**	–
Toll concession revenue	**339,640**	314,922	**–**	–
Dividend income from subsidiaries	**–**	–	**271,584**	422,389
Others	**37,792**	27,688	**924**	–
	3,211,403	2,121,899	**1,170,904**	1,024,728

Supplementary information on revenue of the Group inclusive of the Group's share of revenue of joint ventures are as follows:

	2017 RM'000	2016 RM'000
Revenue of the Group	**3,211,403**	2,121,899
Share of revenue of joint ventures:		
Engineering and construction contracts	**2,092,237**	1,665,379
Property development and club operations	**382,107**	363,887
Water and expressway concessions	**16,769**	19,732
	5,702,516	4,170,897

5. STAFF COSTS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Wages and salaries	**141,419**	133,356	**23,726**	45,357
– Company	**16,816**	14,748	**16,816**	14,748
– Joint operations	**6,910**	30,609	**6,910**	30,609
– Subsidiaries	**117,693**	87,999	**–**	–
Bonus	**29,885**	28,778	**2,785**	7,816
Directors' remuneration (Note 6)	**16,915**	16,192	**12,520**	11,901
Short term accumulating compensated absences	**1,181**	372	**104**	124
Defined contribution plans	**17,336**	16,433	**3,264**	5,603
Provision for retirement benefit obligations	**4,751**	4,438	**462**	393
Share options granted under ESOS	**27,070**	22,461	**27,070**	22,461
Social security costs	**2,872**	2,136	**162**	234
Other staff related expenses	**42,859**	36,184	**11,190**	19,756
	284,288	260,350	**81,283**	113,645
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	**(29,973)**	(25,495)	**–**	–
Investment properties (Note 14)	**(1,803)**	(73)	**–**	–
Costs of construction contracts (Note 24)	**(34,360)**	(57,691)	**(10,296)**	(49,133)
Less: Amount classified as highway maintenance and toll operations	**(11,585)**	(11,414)	**–**	–
	206,567	165,677	**70,987**	64,512

6. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors				
Executive:				
Salaries	**10,871**	9,892	**7,844**	7,038
Bonus	**2,308**	2,348	**1,656**	1,666
Defined contribution plans	**1,948**	1,819	**1,372**	1,259
Provision for retirement benefit obligations	**49**	17	**19**	17
Share options granted under ESOS	**1,463**	1,756	**1,463**	1,756
Other emoluments				
– Allowances	**276**	360	**166**	165
– Benefits-in-kind	**282**	284	**153**	206
	17,197	16,476	**12,673**	12,107
Non-executive:				
Fees	**550**	489	**550**	489
Other emoluments				
– Allowances	**122**	102	**122**	102
– Benefits-in-kind	**7**	7	**7**	7
	679	598	**679**	598
Total	**17,876**	17,074	**13,352**	12,705
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	**16,915**	16,192	**12,520**	11,901
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**672**	591	**672**	591
Total directors' remuneration excluding benefits-in-kind	**17,587**	16,783	**13,192**	12,492

6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 July 2017 and 31 July 2016 are as follows:

2017	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	4,716	–	90	4,806
Y Bhg Dato' Ir. Ha Tiing Tai	2,685	–	76	2,761
Y Bhg Dato' Goon Heng Wah	1,533	–	62	1,595
Y Bhg Dato' Haji Azmi bin Mat Nor	1,517	–	57	1,574
Mr Saw Wah Theng	1,339	–	61	1,400
Y Bhg Dato' Ubull a/l Din Om	783	–	58	841
Y Bhg Dato' Ir. Chow Chee Wah	986	–	63	1,049
Ir. Chan Kong Wah	969	–	61	1,030
Mr Soo Kok Wong	599	–	30	629
	15,127	–	558	15,685
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	175	95	270
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	105	7	112
YM Tunku Afwida binti Tunku A.Malek	–	135	15	150
Puan Nazli binti Mohd Khir Johari	–	135	12	147
	–	550	129	679

6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 July 2017 and 31 July 2016 are as follows: (cont'd.)

2016	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	4,278	–	130	4,408
Y Bhg Dato' Ir. Ha Tiing Tai	2,450	–	77	2,527
Y Bhg Dato' Goon Heng Wah	1,415	–	61	1,476
Y Bhg Dato' Haji Azmi bin Mat Nor	1,394	–	38	1,432
Mr Saw Wah Theng	1,237	–	59	1,296
Y Bhg Dato' Ubull a/l Din Om	723	–	130	853
Y Bhg Dato' Ir. Chow Chee Wah	998	–	60	1,058
Ir. Chan Kong Wah	981	–	52	1,033
Mr Soo Kok Wong	583	–	37	620
	14,059	–	644	14,703
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	175	83	258
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	95	5	100
YM Tunku Afwida binti Tunku A.Malek	–	125	13	138
Puan Nazli binti Mohd Khir Johari**	–	50	6	56
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain^	–	44	2	46
	–	489	109	598

* Included in other emoluments are allowances and benefits-in-kind.

** This represents the remuneration paid to this Director subsequent to her appointment on 7 March 2016.

^ This represents the remuneration paid to this Director until his retirement as Director on 7 December 2016.

7. PROFIT FROM OPERATIONS

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Amortisation of land use rights (Note 15)	**425**	425	**–**	–
Amortisation of expressway development expenditure (Note 16)	**109,263**	97,114	**–**	–
Auditors' remuneration				
– Statutory audits				
– Group's auditors	**1,050**	985	**232**	299
– Other auditors	**73**	73	**45**	24
– Other services	**375**	290	**82**	86
Investment properties (Note 14):				
– Depreciation	**6,943**	2,700	**152**	152
– Net gain on disposal	**(3,817)**	–	**–**	–
Non-executive directors' remuneration (Note 6)	**672**	591	**672**	591
Property, plant and equipment (Note 12):				
– Depreciation	**31,253**	21,292	**5,862**	5,869
– Written off	**14**	31	**3**	5
– Net (gain)/loss on disposal	**(3,030)**	(708)	**134**	92
Net provision for liabilities (Note 37)	**5,060**	24,403	**–**	–
Rental expense:				
– Land	**2,028**	2,016	**–**	–
– Premises	**883**	961	**251**	231
Hire of plant and equipment	**184**	433	**–**	–
Loss/(gain) of foreign exchange:				
– Realised	**(1,175)**	(3,051)	**14,255**	20,583
– Unrealised	**21,612**	26,763	**(45,516)**	(48,199)
Professional fees	**5,754**	7,237	**1,930**	2,537
Impairment loss on:				
– Trade receivables (Note 22(a)(i))	**26,628**	446	**26,525**	–
– Interests in joint arrangements (Note 19)	**–**	–	**112,000**	–
Reversal for impairment loss (Note 22(a)(i))	**(568)**	–	**–**	–
Fair value adjustments on derivatives	**(17,591)**	(17,272)	**–**	–
Rental income				
– Subsidiaries	**–**	–	**(4,279)**	(4,368)
– Others	**(8,981)**	(3,055)	**(1,373)**	(1,340)

7. PROFIT FROM OPERATIONS (CONT'D.)

The following items have been included in arriving at profit from operations: (cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Inventories written down (Note 21)	**4,221**	–	**4,221**	–
Distribution from investment securities:				
– Islamic	**(15,679)**	(15,589)	**(3,907)**	(3,778)
– Non Islamic	**(4,760)**	(9,080)	**(928)**	(4,984)
Interest income				
– Islamic	**(5,611)**	(4,548)	**(637)**	(1,515)
– Non Islamic	**(17,893)**	(17,159)	**(2,846)**	(1,443)
– Subsidiaries	**–**	–	**(117,528)**	(114,337)
Unwinding of discount				
– Notional interest income	**(57,020)**	(20,760)	**(1,701)**	(6,862)

Included in the Group's share of profits from joint ventures is an impairment loss on expressway development expenditure amounting to RM98,452,000.

8. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
Islamic medium term notes	**132,707**	132,667	**79,543**	77,401
Commercial papers	**571**	–	**571**	–
Revolving credits	**6,851**	7,373	**4,351**	7,373
Term loan	**85,108**	52,236	**–**	4,580
Unwinding of discount				
– Notional interest expense	**26,506**	49,755	**13,719**	8,693
Others	**465**	18	**–**	–
Total interest expense	**252,208**	242,049	**98,184**	98,047
Less:				
Amount capitalised in qualifying assets:				
Cost of construction contracts (Note 24)	**(1,536)**	–	**–**	–
Property development costs (Note 13(b))	**(144,863)**	(115,750)	**–**	–
Investment properties (Note 14)	**(1,488)**	(275)	**–**	–
	104,321	126,024	**98,184**	98,047

9. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax:				
Malaysian income tax	**182,731**	109,039	**67,625**	29,992
Foreign income tax	**–**	3	**–**	–
Under/(over) provision in prior years	**28,576**	(4,096)	**12,991**	(3,809)
	211,307	104,946	**80,616**	26,183
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	**(30,503)**	6,250	**(11,258)**	937
(Over)/under provision in prior years	**(11,027)**	722	**(1,472)**	951
	(41,530)	6,972	**(12,730)**	1,888
	169,777	111,918	**67,886**	28,071

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

9. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2017 RM'000	2016 RM'000
Group		
Profit before tax	**826,002**	780,658
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	**198,240**	187,358
Effect of different tax rates in other countries	**(5,284)**	(3,744)
Effect of change in Malaysia tax rate	**(9,146)**	58
Income not subject to tax	**(18,526)**	(6,117)
Expenses not deductible for tax purposes	**37,367**	34,619
Effects of share of profits of associated companies and joint ventures	**(59,538)**	(99,010)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(456)**	(154)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	**9,571**	2,282
(Over)/under provision of deferred tax in prior years	**(11,027)**	722
Under/(over) provision of income tax in prior years	**28,576**	(4,096)
Income tax expense for the year	**169,777**	111,918

9. INCOME TAX EXPENSE (CONT'D.)

	2017 RM'000	2016 RM'000
Company		
Profit before tax	**291,460**	551,947
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	**69,950**	132,467
Effect of different tax rates in other countries	**1,152**	–
Effect of utilisation of Malaysia tax	**(6,863)**	235
Income not subject to tax	**(88,242)**	(141,596)
Expenses not deductible for tax purposes	**80,370**	39,823
(Over)/under provision of deferred tax in prior years	**(1,472)**	951
Under/(over) provision of income tax in prior years	**12,991**	(3,809)
Income tax expense for the year	**67,886**	28,071

Tax savings during the financial year arising from:

	Group	
	2017 RM'000	2016 RM'000
Utilisation of previously unrecognised tax losses	**(456)**	104
Utilisation of previously unabsorbed capital allowances	**–**	50

Details of deferred tax asset not recognised are stated in Note 32 to the financial statements.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

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

	2017	2016
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	**602,093**	626,133
Weighted average number of ordinary shares in issue ('000)	**2,429,431**	2,409,348
Basic earnings per share (sen)	**24.78**	25.99

(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of ESOS and Warrants into ordinary shares. The ESOS and Warrants are deemed to have been converted into ordinary shares at the date of the issue of the ESOS and Warrants.

	2017	2016
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	**602,093**	626,133
Weighted average number of ordinary shares in issue ('000)	**2,429,431**	2,409,348
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	**20,809**	16,088
Assumed shares issued from the conversion of Warrants 2016/2021 ('000)	**77,186**	54,523
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**2,527,426**	2,479,959
Fully diluted earnings per share (sen)	**23.82**	25.25

13,422,000 (2016: 44,815,000) share options granted to employees under the existing ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive. The unexercised ESOS has no dilutive effect on the earnings per share as the ESOS's exercise price is higher than the market price per ordinary share at the reporting date.

11. DIVIDENDS

	Group and Company			
	Amount		Net dividends per ordinary share	
	2017 RM'000	2016 RM'000	2017 Sen	2016 Sen
Dividends paid in respect of financial year ended 31 July 2017				
– First interim dividend declared on 16 December 2016 and paid on 25 January 2017	**145,461**	–	**6.0**	–
– Second interim dividend declared on 23 June 2017 and paid on 28 July 2017	**146,975**	–	**6.0**	–
Dividends paid in respect of financial year ended 31 July 2016				
– First interim dividend declared on 16 December 2015 and paid on 29 January 2016	**–**	144,354	**–**	6.0
– Second interim dividend declared on 29 June 2016 and paid on 28 July 2016	**–**	145,105	**–**	6.0
	292,436	289,459	**12.0**	12.0

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

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	300,736	291,268	56,655	648,659
Additions	115,341	95,878	22,396	233,615
Disposals	(1,174)	(10,029)	–	(11,203)
Write-offs	(10)	(587)	–	(597)
Reclassification upon completion	36,126	–	(36,126)	–
Exchange differences	3,328	637	(59)	3,906
At 31 July 2017	454,347	377,167	42,866	874,380
Accumulated depreciation and impairment loss				
At 1 August 2016	44,143	184,868	–	229,011
Charge for the year:				
Recognised in profit or loss (Note 7)	12,140	19,113	–	31,253
Capitalised in construction costs (Note 24)	–	4,893	–	4,893
Disposals	(60)	(8,282)	–	(8,342)
Write-offs	(5)	(578)	–	(583)
Exchange differences	372	526	–	898
At 31 July 2017	56,590	200,540	–	257,130
Net carrying amount				
At 31 July 2017	397,757	176,627	42,866	617,250

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

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2016				
Cost				
At 1 August 2015	284,419	240,819	–	525,238
Additions	2,820	60,842	35,208	98,870
Transfer from land held for property development (Note 13(a))	2,645	–	597	3,242
Transfer from property development costs (Note 13(b))	10,738	201	21,439	32,378
Disposals	–	(10,439)	–	(10,439)
Write-offs	–	(463)	–	(463)
Exchange differences	114	308	(589)	(167)
At 31 July 2016	300,736	291,268	56,655	648,659
Accumulated depreciation and impairment loss				
At 1 August 2015	35,612	177,344	–	212,956
Charge for the year:				
Recognised in profit or loss (Note 7)	8,506	12,786	–	21,292
Capitalised in construction costs (Note 24)	–	4,788	–	4,788
Disposals	–	(9,871)	–	(9,871)
Write-offs	–	(432)	–	(432)
Exchange differences	25	253	–	278
At 31 July 2016	44,143	184,868	–	229,011
Net carrying amount				
At 31 July 2016	256,593	106,400	56,655	419,648

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

* Land and buildings

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	13,995	22,557	264,184	300,736
Additions	81,935	–	33,406	115,341
Disposals	(77)	–	(1,097)	(1,174)
Write-offs	–	–	(10)	(10)
Reclassification upon completion	–	2,782	33,344	36,126
Exchange differences	–	660	2,668	3,328
At 31 July 2017	95,853	25,999	332,495	454,347
Accumulated depreciation and impairment loss				
At 1 August 2016	–	957	43,186	44,143
Charge for the year:				
Recognised in profit or loss	–	200	11,940	12,140
Disposals	–	–	(60)	(60)
Write-offs	–	–	(5)	(5)
Exchange differences	–	6	366	372
At 31 July 2017	–	1,163	55,427	56,590
Net carrying amount				
At 31 July 2017	95,853	24,836	277,068	397,757

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

* Land and buildings (cont'd.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2016				
Cost				
At 1 August 2015	13,995	9,409	261,015	284,419
Additions	–	–	2,820	2,820
Transfer from land held for property development	–	2,645	–	2,645
Transfer from property development costs	–	10,738	–	10,738
Exchange differences	–	(235)	349	114
At 31 July 2016	13,995	22,557	264,184	300,736
Accumulated depreciation and impairment loss				
At 1 August 2015	–	806	34,806	35,612
Charge for the year:				
Recognised in profit or loss	–	151	8,355	8,506
Exchange differences	–	–	25	25
At 31 July 2016	–	957	43,186	44,143
Net carrying amount				
At 31 July 2016	13,995	21,600	220,998	256,593

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

** Other property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	**26,436**	**69,390**	**195,442**	**291,268**
Additions	**9,501**	**17,478**	**68,899**	**95,878**
Disposals	**(5,350)**	**(616)**	**(4,063)**	**(10,029)**
Write-offs	**(3)**	**(530)**	**(54)**	**(587)**
Exchange differences	**50**	**440**	**147**	**637**
At 31 July 2017	**30,634**	**86,162**	**260,371**	**377,167**
Accumulated depreciation and impairment loss				
At 1 August 2016	**20,346**	**51,155**	**113,367**	**184,868**
Charge for the year:				
Recognised in profit or loss	**1,324**	**9,057**	**8,732**	**19,113**
Capitalised in construction costs	**1,122**	**366**	**3,405**	**4,893**
Disposals	**(3,809)**	**(583)**	**(3,890)**	**(8,282)**
Write-offs	**–**	**(533)**	**(45)**	**(578)**
Exchange differences	**36**	**334**	**156**	**526**
At 31 July 2017	**19,019**	**59,796**	**121,725**	**200,540**
Net carrying amount				
At 31 July 2017	**11,615**	**26,366**	**138,646**	**176,627**

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

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

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2016				
Cost				
At 1 August 2015	26,807	61,038	152,974	240,819
Additions	1,215	8,320	51,307	60,842
Transfer from property development costs	–	201	–	201
Disposals	(1,450)	(300)	(8,689)	(10,439)
Write-offs	(170)	(50)	(243)	(463)
Exchange differences	34	181	93	308
At 31 July 2016	26,436	69,390	195,442	291,268
Accumulated depreciation and impairment loss				
At 1 August 2015	21,185	43,386	112,773	177,344
Charge for the year:				
Recognised in profit or loss	63	7,811	4,912	12,786
Capitalised in construction costs	300	188	4,300	4,788
Disposals	(1,064)	(318)	(8,489)	(9,871)
Write-offs	(166)	(61)	(205)	(432)
Exchange differences	28	149	76	253
At 31 July 2016	20,346	51,155	113,367	184,868
Net carrying amount				
At 31 July 2016	6,090	18,235	82,075	106,400

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	**161,703**	**62,190**	**–**	**223,893**
Additions	**135**	**31,034**	**3,151**	**34,320**
Disposals	**–**	**(5,060)**	**–**	**(5,060)**
Write-offs	**–**	**(379)**	**–**	**(379)**
Exchange differences	**–**	**254**	**–**	**254**
At 31 July 2017	**161,838**	**88,039**	**3,151**	**253,028**
Accumulated depreciation and impairment loss				
At 1 August 2016	**17,278**	**51,802**	**–**	**69,080**
Charge for the year:				
Recognised in profit or loss (Note 7)	**3,176**	**2,686**	**–**	**5,862**
Capitalised in construction costs (Note 24)	**–**	**2,796**	**–**	**2,796**
Disposals	**–**	**(3,669)**	**–**	**(3,669)**
Write-offs	**–**	**(376)**	**–**	**(376)**
Exchange differences	**–**	**233**	**–**	**233**
At 31 July 2017	**20,454**	**53,472**	**–**	**73,926**
Net carrying amount				
At 31 July 2017	**141,384**	**34,567**	**3,151**	**179,102**

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
At 31 July 2016			
Cost			
At 1 August 2015	161,695	61,572	223,267
Additions	8	1,185	1,193
Disposals	–	(752)	(752)
Write-offs	–	(27)	(27)
Exchange differences	–	212	212
At 31 July 2016	161,703	62,190	223,893
Accumulated depreciation and impairment loss			
At 1 August 2015	14,103	44,764	58,867
Charge for the year:			
Recognised in profit or loss (Note 7)	3,175	2,694	5,869
Capitalised in construction costs (Note 24)	–	4,610	4,610
Disposals	–	(434)	(434)
Write-offs	–	(22)	(22)
Exchange differences	–	190	190
At 31 July 2016	17,278	51,802	69,080
Net carrying amount			
At 31 July 2016	144,425	10,388	154,813

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

* Land and buildings

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	**659**	**5,611**	**155,433**	**161,703**
Additions	**–**	**–**	**135**	**135**
At 31 July 2017	**659**	**5,611**	**155,568**	**161,838**
Accumulated depreciation and impairment loss				
At 1 August 2016	**–**	**749**	**16,529**	**17,278**
Charge for the year	**–**	**68**	**3,108**	**3,176**
At 31 July 2017	**–**	**817**	**19,637**	**20,454**
Net carrying amount				
At 31 July 2017	**659**	**4,794**	**135,931**	**141,384**

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

* Land and buildings (cont'd.)

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2016				
Cost				
At 1 August 2015	659	5,611	155,425	161,695
Additions	–	–	8	8
At 31 July 2016	659	5,611	155,433	161,703
Accumulated depreciation and impairment loss				
At 1 August 2015	–	681	13,422	14,103
Charge for the year	–	68	3,107	3,175
At 31 July 2016	–	749	16,529	17,278
Net carrying amount				
At 31 July 2016	659	4,862	138,904	144,425

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

** Other property, plant and equipment

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	6,740	30,334	25,116	62,190
Additions	–	4,401	26,633	31,034
Disposals	(4,084)	(17)	(959)	(5,060)
Write-offs	–	(372)	(7)	(379)
Exchange differences	39	115	100	254
At 31 July 2017	2,695	34,461	50,883	88,039
Accumulated depreciation				
At 1 August 2016	4,898	25,681	21,223	51,802
Charge for the year:				
Recognised in profit or loss	3	2,116	567	2,686
Capitalised in construction costs	107	177	2,512	2,796
Disposals	(2,718)	(17)	(934)	(3,669)
Write-offs	–	(372)	(4)	(376)
Exchange differences	57	89	87	233
At 31 July 2017	2,347	27,674	23,451	53,472
Net carrying amount				
At 31 July 2017	348	6,787	27,432	34,567

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

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

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2016				
Cost				
At 1 August 2015	7,382	29,164	25,026	61,572
Additions	–	1,117	68	1,185
Disposals	(673)	(16)	(63)	(752)
Write-offs	–	(27)	–	(27)
Exchange differences	31	96	85	212
At 31 July 2016	6,740	30,334	25,116	62,190
Accumulated depreciation				
At 1 August 2015	4,693	23,067	17,004	44,764
Charge for the year:				
Recognised in profit or loss	4	2,376	314	2,694
Capitalised in construction costs	546	181	3,883	4,610
Disposals	(372)	(16)	(46)	(434)
Write-offs	–	(22)	–	(22)
Exchange differences	27	95	68	190
At 31 July 2016	4,898	25,681	21,223	51,802
Net carrying amount				
At 31 July 2016	1,842	4,653	3,893	10,388

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 2017				
Cost				
At 1 August 2016	**202,276**	**2,584,242**	**258,158**	**3,044,676**
Additions	**–**	**39,493**	**156,996**	**196,489**
Transfer from property development costs (Note 13(b))	**–**	**12,604**	**4,522**	**17,126**
Transfer to property development costs (Note 13(b))	**(162,431)**	**(156,308)**	**(50,363)**	**(369,102)**
Transfer to investment properties (Note 14)	**–**	**(25,343)**	**(9,448)**	**(34,791)**
Exchange differences	**15,255**	**33,199**	**4,685**	**53,139**
At 31 July 2017	**55,100**	**2,487,887**	**364,550**	**2,907,537**
At 31 July 2016				
Cost				
At 1 August 2015	92,976	2,432,164	186,111	2,711,251
Additions	–	30,765	165,735	196,500
Transfer from property development costs (Note 13(b))	134,677	336,882	8,794	480,353
Transfer to property, plant and equipment (Note 12)	–	(2,645)	(597)	(3,242)
Transfer to property development costs (Note 13(b))	(21,965)	(220,428)	(81,431)	(323,824)
Transfer to investment properties (Note 14)	(4,638)	–	(24,009)	(28,647)
Exchange differences	1,226	7,504	3,555	12,285
At 31 July 2016	202,276	2,584,242	258,158	3,044,676

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

(b) Property development costs

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At 31 July 2017				
Cumulative property development costs				
At 1 August 2016	257,473	1,292,779	2,871,777	4,422,029
Costs incurred during the year	2,931	603,914	791,204	1,398,049
Transfer from land held for property development (Note 13(a))	162,431	156,308	50,363	369,102
Transfer to land held for property development (Note 13(a))	–	(12,604)	(4,522)	(17,126)
Reversal of completed projects	(21,946)	(44,089)	(396,208)	(462,243)
Transfer to inventories	(5,120)	–	(80,735)	(85,855)
Exchange differences	1	36,803	123,428	160,232
At 31 July 2017	395,770	2,033,111	3,355,307	5,784,188
Cumulative costs recognised in profit or loss				
At 1 August 2016	(55,853)	(535,100)	(1,989,521)	(2,580,474)
Recognised during the year	(89,035)	(236,272)	(955,172)	(1,280,479)
Reversal of completed projects	21,946	44,089	396,208	462,243
Exchange differences	–	(4,483)	(75,734)	(80,217)
At 31 July 2017	(122,942)	(731,766)	(2,624,219)	(3,478,927)
Property development costs at 31 July 2017	272,828	1,301,345	731,088	2,305,261

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

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

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At 31 July 2016				
Cumulative property development costs				
At 1 August 2015	469,411	1,273,301	2,561,459	4,304,171
Reclassification	(69,448)	62,775	6,673	–
Costs incurred during the year	69	81,005	471,999	553,073
Transfer from land held for property development (Note 13(a))	21,965	220,428	81,431	323,824
Transfer to property, plant and equipment (Note 12)	–	(10,738)	(21,640)	(32,378)
Transfer to land held for property development (Note 13(a))	(134,677)	(336,882)	(8,794)	(480,353)
Reversal of completed projects	(38,232)	(786)	(238,680)	(277,698)
Transfer to inventories	(1,766)	–	(10,656)	(12,422)
Exchange differences	10,151	3,676	29,985	43,812
At 31 July 2016	257,473	1,292,779	2,871,777	4,422,029
Cumulative costs recognised in profit or loss				
At 1 August 2015	(59,373)	(294,141)	(1,798,675)	(2,152,189)
Recognised during the year	(34,712)	(244,169)	(411,692)	(690,573)
Reversal of completed projects	38,232	786	238,680	277,698
Exchange differences	–	2,424	(17,834)	(15,410)
At 31 July 2016	(55,853)	(535,100)	(1,989,521)	(2,580,474)
Property development costs at 31 July 2016	201,620	757,679	882,256	1,841,555

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

Included in land held for development and property development costs incurred during the year are:

	Group	
	2017 RM'000	**2016 RM'000**
Staff costs (Note 5)	**29,973**	25,495
Finance costs (Note 8)	**144,863**	115,750

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 RM389,478,000 (2016: RM461,897,000) and RM506,670,000 (2016: RM415,850,000) respectively has been pledged as securities for loan facility as set out in Note 33(b)(i). The Group plans to develop the leasehold land under land held for property development over the next 10 years.

Freehold land of the Group with a carrying value of RM99,527,000 (2016: RM109,977,000) has been pledged as securities for loan facility as set out in Note 33(d)(ii).

The leasehold lands under development of the Group with a carrying value of RM1,054,255,000 (2016: RM982,632,000) has been pledged as securities for term loans as disclosed in Note 33(b)(ii) and Note 33(b)(iii).

14. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Construction in-Progress RM'000	Total RM'000
At 31 July 2017					
Cost					
At 1 August 2016	25,354	24,522	167,396	44,247	261,519
Additions	799	–	10,075	13,340	24,214
Reclassification from construction in-progress to buildings upon completion	–	–	23,887	(23,887)	–
Transfer from land held for property development (Note 13(a))	–	25,343	–	9,448	34,791
Disposals	(576)	–	(502)	–	(1,078)
Exchange differences	–	1,557	2,945	368	4,870
At 31 July 2017	25,577	51,422	203,801	43,516	324,316
Accumulated depreciation					
At 1 August 2016	–	–	7,782	–	7,782
Charge for the year (Note 7)	–	1,139	5,804	–	6,943
Disposals	–	–	(44)	–	(44)
Exchange differences	–	(11)	47	–	36
At 31 July 2017	–	1,128	13,589	–	14,717
Net carrying amount					
At 31 July 2017	25,577	50,294	190,212	43,516	309,599
Fair value					
At 31 July 2017	52,913	54,733	310,133	–	417,779

14. INVESTMENT PROPERTIES (CONT'D.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Construction in-Progress RM'000	Total RM'000
At 31 July 2016					
Cost					
At 1 August 2015	20,588	8,719	104,539	33,493	167,339
Additions	–	16,291	46,666	3,781	66,738
Reclassification from construction in-progress to buildings upon completion	–	–	17,085	(17,085)	–
Transfer from land held for property development (Note 13(a))	4,638	–	–	24,009	28,647
Exchange differences	128	(488)	(894)	49	(1,205)
At 31 July 2016	25,354	24,522	167,396	44,247	261,519
Accumulated depreciation					
At 1 August 2015	–	–	4,073	–	4,073
Charge for the year (Note 7)	–	–	2,700	–	2,700
Exchange differences	–	–	1,009	–	1,009
At 31 July 2016	–	–	7,782	–	7,782
Net carrying amount					
At 31 July 2016	25,354	24,522	159,614	44,247	253,737
Fair value					
At 31 July 2016	39,309	27,715	277,926	–	344,950

14. INVESTMENT PROPERTIES (CONT'D.)

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2017			
Cost			
At 1 August 2016/31 July 2017	**5,697**	**7,583**	**13,280**
Accumulated depreciation			
At 1 August 2016	**–**	**2,856**	**2,856**
Charge for the year (Note 7)	**–**	**152**	**152**
At 31 July 2017	**–**	**3,008**	**3,008**
Net carrying amount			
At 31 July 2017	**5,697**	**4,575**	**10,272**
Fair value			
At 31 July 2017	**31,175**	**16,736**	**47,911**
At 31 July 2016			
Cost			
At 1 August 2015/31 July 2016	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2015	–	2,704	2,704
Charge for the year (Note 7)	–	152	152
At 31 July 2016	–	2,856	2,856
Net carrying amount			
At 31 July 2016	5,697	4,727	10,424
Fair value			
At 31 July 2016	29,803	17,874	47,677

14. INVESTMENT PROPERTIES (CONT'D.)

Included in investment properties incurred during the year are:

	Group	
	2017 RM'000	**2016 RM'000**
Staff costs (Note 5)	**1,803**	73
Finance costs (Note 8)	**1,488**	275

Fair value of investment properties was estimated by the directors based on internal appraisal of market values of comparable properties.

Other details of fair value of investment properties are further disclosed in Note 42.

15. LAND USE RIGHTS

	Group	
	2017 RM'000	**2016 RM'000**
At 1 August 2016/2015	**2,745**	3,170
Amortisation for the year (Note 7)	**(425)**	(425)
At 31 July	**2,320**	2,745

16. EXPRESSWAY DEVELOPMENT EXPENDITURE

	Group	
	2017 RM'000	**2016 RM'000**
Cost		
At 1 August 2016/2015	**1,804,469**	1,776,850
Additions	**30,963**	27,619
At 31 July	**1,835,432**	1,804,469
Accumulated amortisation		
At 1 August 2016/2015	**181,127**	84,013
Amortisation for the year (Note 7)	**109,263**	97,114
At 31 July	**290,390**	181,127
Net carrying amount		
At 31 July	**1,545,042**	1,623,342

The expressway development expenditure is pledged as securities for borrowings as disclosed in Note 33(a)(ii).

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	**2016 RM'000**
Redeemable unsecured loan stocks	**1,200,000**	1,200,000
Unquoted shares, at cost	**2,948,512**	2,705,227
Less: Accumulated impairment losses	**(70,215)**	(70,215)
	4,078,297	3,835,012

(a) Acquisition of 65% interest in Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd. ("GNEC")

On 16 August 2016, the Company acquired one ordinary share in GNEC for a cash consideration of RM1. On 18 August 2016, the Company increased its equity interest in GNEC to 65% by subscribing for an additional 64,999 ordinary shares in GNEC, for a total consideration of RM64,999.

(b) Incorporation of Gamuda Land Leisure Sdn. Bhd. ("GLLSB")

On 13 July 2017, the Company subscribed 2 ordinary shares in GLLSB representing 100% equity interest for a total cash consideration of RM2.

(c) Capital injection in subsidiaries

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

	RM'000
Bandar Serai Development Sdn. Bhd.	38,500
Gamuda Industrial Building System Sdn. Bhd.	124,000
Idaman Robertson Sdn. Bhd.	54,850
Highpark Development Sdn. Bhd.	28,790
Gamuda Land (Kemuning) Sdn. Bhd.	73,080
Gamuda Land Sdn. Bhd.	850
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	585
	320,655

(d) Redemption of redeemable preference shares ("RPS") held by the Company in subsidiaries

During the financial year, Gamuda Land (HCMC) Sdn. Bhd. and Lifestyle Heritage Sdn. Bhd., both wholly owned subsidiaries of the Company had redeemed 78,600 and 586,220 RPS held by the Company respectively, for cash consideration of RM7,860,000 and RM58,622,000 respectively.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(e) Dissolution of Gamuda – Nam Long Development Limited Liability Company ("GNL")

Following completion of the said project and there is no project identified for GNL, the shareholders of GNL have proceeded to dissolve GNL. GNL has on 9 August 2017, received the written confirmation from the Department of Planning and Investment, Ho Chi Minh City, Business Registration Office confirming that GNL has been dissolved on 7 June 2017.

(f) Interests in subsidiaries

The Company's interests in the subsidiaries are analysed as follows:

Name of company	Proportion of ownership 2017 %	Proportion of ownership 2016 %	Principal activities
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
Gamuda Land Sdn. Bhd.	**100**	100	Investment holding company
Gamuda Land Leisure Sdn. Bhd.	**100**	–	Operate amusement park and/or theme park
Gamuda Paper Industries Sdn. Bhd.	**95**	95	Rental of properties
GPI Trading Sdn. Bhd.	**95**	95	Dormant
Gamuda Water Sdn. Bhd. ("GWSB")	**80**	80	Operation and maintenance of water treatment plants
Gamuda Industrial Building System Sdn. Bhd.	**100**	100	Precast manufacturing and building system
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

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership 2017 %	Proportion of ownership 2016 %	Principal activities
Subsidiaries incorporated in Malaysia (cont'd.)			
Gamuda Land (Botanic) 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
Masterpave Sdn. Bhd.	**100**	100	Manufacture, supply and laying of road surfacing materials
Megah Capital Sdn. Bhd. ("Megah Capital")	**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
Gamuda Land Property Services Sdn. Bhd.*	**100**	100	Property maintenance and management services
Madge Mansions Sdn. Bhd.	**100**	100	Property investment and development
Highpark Development Sdn. Bhd.	**100**	100	Property investment and development
Idaman Robertson Sdn. Bhd.	**100**	100	Property investment and development
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning")	**100**	100	Property investment and development
Gamuda Land (HCMC) Sdn. Bhd.	**100**	100	Property investment and development
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	**100**	100	Property investment and development
Dinamik Atlantik Sdn. Bhd.	**100**	100	Property investment and development
Lifestyle Heritage Sdn. Bhd.*	**100**	100	Property investment and development
Gamuda Land (T12) Sdn. Bhd.	**100**	100	Property investment and development

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2017 %	2016 %	
Subsidiaries incorporated in Malaysia (cont'd.)			
Kesas Holdings Berhad ("Kesas")	**70**	70	Investment holding; holding company to the concession holder of an expressway
Kesas Sdn. Bhd.	**70**	70	Design, construction and maintenance of Shah Alam Expressway, and development and management of toll operations
Semarak Kuasa Sdn. Bhd.*	**100**	100	Dormant
G.B. Kuari Sdn. Bhd.	**100**	100	Operation of quarry, laying of road and manufacture of premix
Gamuda Trading Sdn. Bhd.	**100**	100	Trading of construction materials
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.^^	**65**	–	Undertake construction works in East Malaysia
SRS Consortium Sdn. Bhd.**	**60**	60	Project delivery partner for implementation of Penang Transport Master Plan
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

^^ Incorporated on 16 August 2016
** Unincorporated in 2016, incorporated on 5 September 2017

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership 2017 %	2016 %	Principal activities
Subsidiary incorporated in India			
Held by Gamuda (Offshore) Private Limited:			
Gamuda – WCT (India) Private Limited*#	**70**	70	Civil engineering and construction
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-Nam Long Development Limited Liability Company ("GNL")*#@	**–**	70	Dissolved
Gamuda Land Vietnam Limited Liability Company ("GLVN")#^	**100**	100	Undertakes the Yen So Park, sewage treatment plant and Gamuda City Development in Hanoi, Socialist Republic of Vietnam
Held by Gamuda Land (HCMC) Sdn. Bhd.:			
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC")#^	**100**	100	Undertakes development of Celadon City in Ho Chi Minh City, Socialist Republic of Vietnam

@ Company has been dissolved on 7 June 2017

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership 2017 %	Proportion of ownership 2016 %	Principal activities
Subsidiary incorporated in Singapore			
Gamuda (Singapore) Pte Ltd ("GB Singapore")^	**100**	100	Investment holding
Subsidiary incorporated in Australia			
Gamuda (Australia) Pty Ltd ("GB Australia")^	**100**	100	Property development

* Audited by firms of auditors other than Ernst & Young, Malaysia
# Financial year end which does not coincide with that of its holding company
^ Audited by member firms of Ernst & Young Global in the respective countries

For the purpose of consolidating the subsidiaries with different financial year ends, the audited financial statements of the subsidiaries for the financial period from 1 August 2016 to 31 July 2017 have been used for consolidation for the Group's financial statements.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(g) Non-controlling interests ("NCI") in subsidiaries

The summarised financial information of the subsidiaries that has non-controlling interests which are material to the Company before intra-group elimination are as follows:

	GWSB		Kesas		Other individually immaterial subsidiaries		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
NCI percentage of ownership interest and voting interest (%)	**20**	20	**30**	30				
Carrying amount of NCI	**100,858**	86,679	**245,671**	225,792	**22,601**	23,556	**369,130**	336,027
Total comprehensive income allocated to NCI	**14,590**	11,113	**37,879**	31,070	**2,978**	825	**55,447**	43,008
Summarised statements of financial position								
Non-current assets	**528,653**	399,017	**1,552,282**	1,626,982	**33,462**	20,922	**2,114,397**	2,046,921
Current assets	**29,120**	52,335	**360,937**	322,948	**160,719**	55,922	**550,776**	431,205
Non-current liabilities	**(1,296)**	(1,121)	**(963,000)**	(1,077,376)	**(763)**	(31)	**(965,059)**	(1,078,528)
Current liabilities	**(52,188)**	(18,893)	**(131,315)**	(119,914)	**(122,530)**	(1,859)	**(306,033)**	(140,666)
Net assets	**504,289**	431,338	**818,904**	752,640	**70,888**	74,954	**1,394,081**	1,258,932
Summarised statements of comprehensive income								
Revenue	**151,696**	143,893	**339,640**	314,922	**137,145**	630	**628,481**	459,445
Profit for the year	**72,950**	55,564	**126,263**	103,566	**3,325**	1,599	**202,538**	160,729
Total comprehensive income	**72,950**	55,564	**126,263**	103,566	**13,483**	2,937	**212,696**	162,067
Summarised statements of cash flows								
Cash flows (used in)/ generated from operating activities	**(20,466)**	(2,040)	**147,787**	172,054	**(11,265)**	(490)	**116,056**	169,524
Cash flows generated from/ (used in) investing activities	**18,177**	2,187	**3,944**	42,163	**(74,961)**	501	**(52,840)**	44,851
Cash flows (used in)/ generated from financing activities	**–**	–	**(150,000)**	(210,000)	**84,000**	–	**(66,000)**	(210,000)
Net (decrease)/increase in cash and cash equivalents	**(2,289)**	147	**1,731**	4,217	**(2,226)**	11	**(2,784)**	4,375

18. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, in Malaysia:				
At cost:				
– Ordinary shares	**75,604**	72,604	**75,604**	72,604
– Redeemable preference shares	**407,850**	415,350	**407,850**	415,350
	483,454	487,954	**483,454**	487,954
Group's share of post-acquisition reserves, net of dividends receivable	**1,035,532**	938,232	**–**	–
Less: Accumulated impairment losses	**(97,214)**	(97,214)	**(97,214)**	(97,214)
	1,421,772	1,328,972	**386,240**	390,740
Unquoted shares, outside Malaysia:				
At cost:				
– Ordinary shares	**11**	11	**–**	–
– Redeemable preference shares	**36,991**	44,255	**–**	–
	37,002	44,266	**–**	–
Group's share of post-acquisition reserves, net of dividends receivable	**121,906**	112,223	**–**	–
	158,908	156,489	**–**	–
Total unquoted shares	**1,580,680**	1,485,461	**386,240**	390,740
Quoted shares, in Malaysia:				
At cost:				
– Ordinary shares	**59,624**	59,624	**59,624**	59,624
Group's share of post-acquisition capital reserves	**139,369**	122,959	**–**	–
Group's share of post-acquisition reserves, net of dividends receivable	**238,663**	203,043	**–**	–
	437,656	385,626	**59,624**	59,624
Total	**2,018,336**	1,871,087	**445,864**	450,364
Market value:				
Quoted shares, in Malaysia	**1,359,639**	1,371,142	**1,359,639**	1,371,142

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(a) Redemption of redeemable preferences shares ("RPS") held by the Company in an associated company

During the financial year, Hicom-Gamuda Development Sdn. Bhd. has redeemed 75,000 RPS held by the Company for cash consideration of RM7,500,000 (2016: RM5,000,000).

(b) Redemption of redeemable preferences shares ("RPS") held by Gamuda (Offshore) Private Limited in associated companies

During the financial year, Suria Holding (O) Pvt. Ltd. and Gamuda - WCT (Offshore) Private Limited had redeemed RPS held by Gamuda (Offshore) Private Limited for a total cash consideration of RM7,264,000 (2016: RM25,940,000).

(c) Incorporation of an associated company

On 16 August 2016, the Company acquired one ordinary share in Naim Gamuda (NAGA) JV Sdn. Bhd. ("NAGA") for a cash consideration of RM1. On 18 August 2016, the Company increased its equity interest in NAGA to 30% by subscribing for an additional 2,999,999 ordinary shares, for a total cash consideration of RM2,999,999.

(d) Interests in associated companies

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

Name of company	Proportion of ownership 2017 %	Proportion of ownership 2016 %	Principal activities
Associated companies incorporated in Malaysia			
Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")	**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
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.	**52**	52	Investment holding; holding company to the concession holder of an expressway
Lingkaran Trans Kota Holdings Berhad ("Litrak") (Quoted shares in Malaysia)	**44**	44	Investment holding and provision of management services; holding company to the concession holder of an expressway
Madang Permai Sdn. Bhd.*	**36**	36	Dormant

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

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

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

Name of company	Proportion of ownership		Principal activities
	2017 %	2016 %	
Associated companies incorporated in Malaysia (cont'd.)			
Naim Gamuda (NAGA) JV Sdn. Bhd. ("NAGA")	**30**	–	Civil engineering and construction
Associated companies unincorporated in Malaysia			
Naim Engineering Sdn. Bhd.-Gamuda Berhad JV ("Naim-GB JV")	**30**	30	Civil engineering and construction
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng-Gamuda Engineering Joint Venture	**30**	30	Civil engineering and construction
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

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

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(e) Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")

On 26 February 2014, the Company received an offer from Kumpulan Darul Ehsan Berhad ("KDEB"), an entity wholly-owned by the Selangor State Government, to purchase 100% equity interest in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings"). SPLASH Holdings is the holding company of Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") – the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. The Company has a 40% equity interest in SPLASH Holdings and the carrying amounts of investment in SPLASH Holdings in the Group's and the Company's financial statements as at 31 July 2017 was RM1,310,732,000 (2016: RM1,213,325,000) and RM160,000,000 (2016: RM160,000,000) respectively. 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 10 March 2014, the Company informed KDEB that it was constrained from accepting the said offer due to the adverse financial consequences on the Company. The net offer of RM250,600,000 for SPLASH Holdings when compared to its net asset value ("NAV") of RM2,540,000,000 as at 31 December 2013 will result in a huge divestment loss of RM920,000,000 to the Company. The offer of RM250,600,000 is below 10% of SPLASH Holdings' NAV. The offer is therefore not equitable nor reasonable for acceptance by the Company.

The Company informed KDEB that it is however, amenable to accepting an offer by KDEB to acquire its equity interest in SPLASH Holdings upon mutually agreed terms on a 'willing buyer – willing seller' basis, based on the following conditions which were already included in KDEB's earlier offers and accepted by the Company:

(i) Payment of SPLASH Holdings' NAV (as agreed by KDEB in its letter of offer dated 20 February 2013 page 6 item 2(vi) and the State's offer dated 15 July 2009 page 2 item 6); and

(ii) The retention of the operations and maintenance operators of SPLASH (Gamuda Water Sdn. Bhd. and Sungai Harmoni Sdn. Bhd.) at existing terms (as agreed by the State in its letter of offer dated 15 July 2009 page 2 item 4).

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(e) Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") (cont'd.)

The Company's rejection of the offer resulted in the State Government prompting to push for the enforcement of the Water Services Industry Act 2006 ("WASIA"), which empowers the Federal Government to direct the Suruhanjaya Perkhidmatan Air Negara ("SPAN") to assume control of the property, business and affairs of SPLASH and to carry on SPLASH's business and affairs if it was in the national interest to do so.

Having obtained independent legal advice, the Directors are of the opinion that even if the Federal Government invoke WASIA based on the request of the State Government, SPAN would only assume control of the property, business and affairs of SPLASH. Under such circumstances, if at all happens, SPAN does not take existing ownership of the property, plant and equipment, financial assets and liabilities of SPLASH Holdings.

The grace period for the negotiation with the State Government on acquisition of SPLASH Holdings has been extended to 4 July 2018.

The management believes that it has reasonable grounds to sell SPLASH Holdings at NAV due to the following reasons:

I. The NAV of SPLASH Holdings mainly comprises SPLASH's receivables arising from water tariffs billed pursuant to its water supply concession agreement amounted to RM4,106,992,000 as at 31 July 2017. In the event of termination or expropriation of SPLASH's water supply concession, SPLASH as an entity will remain. Termination or expropriation therefore does not affect SPLASH's right to recover those receivables. The offer from KDEB of RM250,600,000 for 100% equity in SPLASH Holdings is inferior as it is below 10% of SPLASH Holding's NAV and the offer does not address the recovery of receivables; and

II. There are precedents of take overs of water assets by Pengurusan Asset Air Berhad ("PAAB") based on NAV in 6 states – Melaka, Negeri Sembilan, Johor, Perlis, Penang and Perak. PAAB is a company set up by the Federal Government to restructure the water services industry in the country.

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(f) Summarised financial information of material associated companies

The summarised financial information of the material associated companies which are accounted for using the equity method are as follows:

	SPLASH		Litrak		Other individually immaterial associates		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Summarised statements of financial position								
Non-current assets	**6,072,893**	4,378,397	**1,595,087**	1,695,379	**1,869,519**	2,008,175	**9,537,499**	8,081,951
Current assets	**398,490**	1,655,730	**639,183**	559,838	**873,856**	708,374	**1,911,529**	2,923,942
Non-current liabilities	**(2,011,171)**	(2,481,206)	**(1,240,420)**	(1,390,312)	**(1,534,621)**	(1,613,696)	**(4,786,212)**	(5,485,214)
Current liabilities	**(1,183,383)**	(519,608)	**(197,132)**	(176,493)	**(518,149)**	(421,605)	**(1,898,664)**	(1,117,706)
Net assets	**3,276,829**	3,033,313	**796,718**	688,412	**690,605**	681,248	**4,764,152**	4,402,973
Summarised statements of comprehensive income								
Results								
Revenue	**491,825**	475,381	**528,827**	468,760	**234,825**	443,685	**1,255,477**	1,387,826
Profit for the year	**243,518**	289,498	**216,819**	190,088	**36,114**	29,223	**496,451**	508,809
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	**1,310,732**	1,213,325	**354,243**	302,213	**269,948**	272,136	**1,934,923**	1,787,674
Fair value on acquisition in excess of net assets	**–**	–	**83,413**	83,413	**–**	–	**83,413**	83,413
Carrying amount in the statements of financial position	**1,310,732**	1,213,325	**437,656**	385,626	**269,948**	272,136	**2,018,336**	1,871,087
Group's share of profit for the year	**97,407**	115,799	**94,685**	83,411	**16,621**	11,509	**208,713**	210,719
Other information – Group's share of dividend	**–**	–	**57,514**	57,514	**22,852**	11,454	**80,366**	68,968

19. INTERESTS IN JOINT ARRANGEMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost				
– Malaysia	**301,578**	300,728	**259,477**	259,477
– Outside Malaysia	**176,486**	176,486	**–**	–
Group's share of post-acquisition reserves, net of dividends receivable	**417,813**	532,831	**–**	–
Less: Accumulated impairment losses	**–**	–	**(112,000)**	–
	895,877	1,010,045	**147,477**	259,477

(a) Additional investment in joint arrangement

Gamuda Land Sdn. Bhd. subscribed for 850,000 ordinary shares for a cash consideration of RM850,000 in Gamuda GM Sdn. Bhd. to finance the commercial complex in Tower 1, purchased from Idaman Robertson Sdn. Bhd.

(b) Details of the joint arrangements are as follows:

Name of joint operations	Proportion of ownership 2017 %	Proportion of ownership 2016 %	Economic activities
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 (UGW) Joint Venture	**50**	50	Undertake the tunneling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project Sungai Buloh-Kajang Line ("KVMRT Line 1") and Klang Valley Mass Rapid Transit Project Sungai Buloh-Serdang-Putrajaya Line ("KVMRT Line 2")
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng-Gamuda Engineering (Stonor 3) Joint Venture*	**50**	50	Civil engineering and construction

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

(b) Details of the joint arrangements are as follows: (cont'd.)

Name of joint operations	Proportion of ownership 2017 %	2016 %	Economic activities
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
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

Name of joint ventures	Proportion of ownership 2017 %	2016 %	Economic activities
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
Horizon Hills Development Sdn. Bhd. ("Horizon Hills")	**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. ("KVMRT (PDP)")	**50**	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for KVMRT Line 1

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

(b) Details of the joint arrangements are as follows: (cont'd.)

Name of joint ventures	Proportion of ownership 2017 %	2016 %	Economic activities
Incorporated in Malaysia (cont'd.)			
MMC-Gamuda KVMRT (PDP SSP) Sdn. Bhd. ("KVMRT (PDP SSP)")	**50**	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for KVMRT Line 2
MMC-Gamuda KVMRT (T) Sdn. Bhd.	**50**	50	Undertake the tunneling, underground works and such other works in relation to the underground works package for KVMRT Line 1 and KVMRT Line 2
Held by Gamuda Land Sdn. Bhd.:			
Gamuda GM Sdn. Bhd.#	**50**	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.#	**50**	50	Developer and operator of a wholesale hub in Bandar Botanic, Klang
Incorporated in Singapore			
Held by Gamuda (Singapore) Pte Ltd:			
GEM Homes Pte Ltd^#	**50**	50	Property investment and development

* Audited by firms other than Ernst & Young
^ Audited by member firms of Ernst & Young Global in the respective countries
\# Financial year end of 31 July
\## The financial statements have been prepared on a going concern basis as the Joint Venture partners have agreed to provide adequate financial support

All joint arrangements have financial year end of 31 December, other than those marked with #.

For the purpose of applying equity method for the joint ventures with financial year end of 31 December, the last audited financial statements available and the management financial statements to 31 July of the joint ventures have been used.

Pursuant to FRS 11: Joint Arrangements, Sinohydro-Gamuda-WCT JV, Gamuda-WCT JV and Gamuda-WCT Bahrain JV are deemed to be joint operations of Gamuda Berhad as the parties involved are undertaking economic activities that are subject to joint control.

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows:

	Horizon Hills RM'000	KVMRT (PDP SSP) RM'000	KVMRT (PDP) RM'000	KVMRT (T) RM'000	Projek SMART Holdings Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2017							
Summarised statements of financial position							
Non-current assets	200,873	64,578	31,885	923,221	405,682	343,576	1,969,815
Current assets	1,544,511	356,990	815,372	2,169,797	54,162	1,541,434	6,482,266
Non-current liabilities	(279,012)	(58,724)	(138,074)	(62,505)	(339,505)	(896,402)	(1,774,222)
Current liabilities	(646,832)	(310,668)	(585,211)	(2,934,750)	(19,478)	(291,788)	(4,788,727)
Net assets	819,540	52,176	123,972	95,763	100,861	696,820	1,889,132
The above amounts of assets and liabilities include the following:							
Cash and cash equivalents	237,169	19,130	408,438	36,242	46,066	150,542	897,587
Current financial liabilities (excluding trade and other payables and provision)	–	–	(67,994)	(125,000)	–	–	(192,994)
Non-current financial liabilities (excluding trade and other payables and provision)	(250,000)	–	–	–	(329,205)	(768,637)	(1,347,842)
Summarised statements of comprehensive income							
Results							
Revenue	377,263	1,239,407	2,189,284	2,539,128	33,538	400,376	6,778,996
Profit for the year	94,607	67,098	65,467	60,782	(208,777)	(457)	78,720
The above profit for the year includes the following:							
Depreciation and amortisation	(1,583)	–	–	–	(14,019)	(2,881)	(18,483)
Interest income	10,659	619	1,539	19,419	1,708	2,518	36,462
Income tax expense	(35,240)	(22,976)	(33,020)	(25,904)	(12)	(14,648)	(131,800)
Finance costs	(6,669)	–	–	–	(18,422)	(4,498)	(29,589)

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows:

	Horizon Hills RM'000	KVMRT (PDP SSP) RM'000	KVMRT (PDP) RM'000	KVMRT (T) RM'000	Projek SMART Holdings Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2016							
Summarised statements of financial position							
Non-current assets	197,946	7,653	5,474	419,523	615,437	225,628	1,471,661
Current assets	1,120,188	177,035	1,023,723	1,494,214	60,173	1,566,355	5,441,688
Non-current liabilities	(38,853)	(4,650)	(242,427)	(27,428)	(341,102)	(854,196)	(1,508,656)
Current liabilities	(334,609)	(167,960)	(658,265)	(1,851,329)	(24,870)	(269,396)	(3,306,429)
Net assets	944,672	12,078	128,505	34,980	309,638	668,391	2,098,264
The above amounts of assets and liabilities include the following:							
Cash and cash equivalents	168,178	8,290	44,921	429,902	45,632	160,610	857,533
Current financial liabilities (excluding trade and other payables and provision)	(29,991)	–	(43,300)	–	–	–	(73,291)
Non-current financial liabilities (excluding trade and other payables and provision)	–	–	–	–	(329,205)	(728,915)	(1,058,120)
Summarised statements of comprehensive income							
Results							
Revenue	498,675	266,529	3,326,033	889,400	39,464	282,649	5,302,750
Profit for the year	190,932	2,045	116,535	27,498	(3,181)	69,821	403,650
The above profit for the year includes the following:							
Depreciation and amortisation	(1,438)	–	–	–	(9,044)	(6,637)	(17,119)
Interest income	10,434	1,152	1,711	25,443	352	2,593	41,685
Income tax expense	(65,963)	(777)	(44,686)	(4,407)	–	(32,350)	(148,183)
Finance costs	(21)	–	–	–	(21,147)	(2,306)	(23,474)

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows: (cont'd.)

	Horizon Hills RM'000	KVMRT (PDP SSP) RM'000	KVMRT (PDP) RM'000	KVMRT (T) RM'000	Projek SMART Holdings Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2017							
Reconciliation of net assets to carrying amount as at year end							
Group's share of net assets	**409,770**	**26,088**	**61,986**	**47,882**	**50,430**	**348,410**	**944,566**
Elimination of unrealised profits	**–**	**–**	**–**	**–**	**–**	**(48,689)**	**(48,689)**
Carrying amount in the statements of financial position	**409,770**	**26,088**	**61,986**	**47,882**	**50,430**	**299,721**	**895,877**
Group's share of profit for the year	**47,304**	**33,549**	**32,734**	**30,391**	**(104,389)**	**(229)**	**39,360**
Other information – Group's share of dividend	**110,000**	**13,500**	**35,000**	**–**	**–**	**–**	**158,500**
2016							
Reconciliation of net assets to carrying amount as at year end							
Group's share of net assets	472,336	6,039	64,253	17,490	154,818	334,196	1,049,132
Elimination of unrealised profits	–	–	–	–	–	(39,087)	(39,087)
Carrying amount in the statements of financial position	472,336	6,039	64,253	17,490	154,818	295,109	1,010,045
Group's share of profit for the year	95,466	1,023	58,268	13,749	(1,591)	34,910	201,825
Other information – Group's share of dividend	70,000	–	50,000	–	–	–	120,000

20. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost				
Unquoted shares, in Malaysia	**50**	50	**50**	50
Investment in transferable club memberships	**762**	840	**683**	683
	812	890	**733**	733

The fair value of other investments are disclosed in Note 42.

21. INVENTORIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At Cost				
Raw materials	**11,123**	1,552	**–**	–
Crusher run and aggregates	**4,183**	2,207	**–**	–
Consumable stores and spares	**11,367**	2,499	**8,830**	8
Properties held for sale	**195,811**	110,833	**–**	–
	222,484	117,091	**8,830**	8
At net realisable value				
Consumable stores and spares	**5,679**	–	**5,679**	–
	228,163	117,091	**14,509**	8

During the financial year, the amount of inventories recognised as an expense by the Group was RM143,544,000 (2016: RM136,735,000).

During the financial year, the amount of inventories written down was RM4,221,000 (2016: Nil).

22. RECEIVABLES

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

		Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Current					
Trade					
Trade receivables	(i)				
Third parties		**785,704**	442,671	**29,494**	26,648
Associated companies	(ii)	**81,001**	48,070	**–**	–
Joint venture partners		**11,852**	–	**11,852**	1,043
Joint ventures	(iii)	**549,892**	468,863	**434,548**	439,181
Advances to subcontractors		**336,903**	152,290	**274,519**	152,052
Retention sums		**104,975**	97,208	**99,713**	94,076
Accrued billings		**373,746**	99,920	**–**	–
Stakeholder funds		**12,272**	21,924	**–**	–
Due from customers on contracts (Note 24)		**371,803**	237,979	**54,666**	51,864
		2,628,148	1,568,925	**904,792**	764,864
Less: Allowance for impairment		**(26,628)**	(568)	**(26,525)**	–
		2,601,520	1,568,357	**878,267**	764,864
Non-trade					
Associated companies	(ii)	**4,904**	3,831	**680**	206
Joint venture partners		**477**	1,130	**477**	–
Joint ventures	(iii)	**68,503**	54,192	**41,067**	29,492
Deposits		**14,542**	9,756	**2,461**	2,477
Prepayments		**66,496**	7,769	**38,111**	4,102
Sundry receivables		**89,054**	52,087	**25,953**	11,349
		243,976	128,765	**108,749**	47,626
		2,845,496	1,697,122	**987,016**	812,490

22. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

(i) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2016: 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 ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	**985,612**	821,456
1 to 30 days past due not impaired	**172,874**	58,743
31 to 60 days past due not impaired	**23,097**	22,710
61 to 90 days past due not impaired	**10,056**	11,173
91 to 120 days past due not impaired	**42,626**	4,038
More than 121 days past due not impaired	**167,556**	40,916
	416,209	137,580
Impaired	**26,628**	568
	1,428,449	959,604

	Company	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	**446,400**	440,224
1 to 30 days past due not impaired	**–**	–
31 to 60 days past due not impaired	**–**	–
61 to 90 days past due not impaired	**–**	–
91 to 120 days past due not impaired	**–**	–
More than 121 days past due not impaired	**2,969**	26,648
	2,969	26,648
Impaired	**26,525**	–
	475,894	466,872

22. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

(i) Trade receivables (cont'd.)

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 RM416,209,000 (2016: RM137,580,000) and RM2,969,000 (2016: RM26,648,000) respectively that are past due at the reporting date but not impaired. The receivables are related to customers with on-going transactions and/or progressive payments, and unsecured in nature.

Receivables that are impaired

The Group's and Company'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:

	Group Individually impaired	
	2017 RM'000	**2016 RM'000**
Trade receivables – nominal amounts	**26,628**	568
Less: Allowance for impairment	**(26,628)**	(568)
	–	–
Movement in allowance accounts:		
At 1 August 2016/2015	**568**	122
Charge for the year (Note 7)	**26,628**	446
Reversal of impairment loss (Note 7)	**(568)**	–
At 31 July	**26,628**	568

22. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

(i) Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

The Group's and Company'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: (cont'd.)

	Company Individually impaired	
	2017 RM'000	**2016 RM'000**
Trade receivables – nominal amounts	**26,525**	–
Less: Allowance for impairment	**(26,525)**	–
	–	–
Movement in allowance accounts:		
At 1 August 2016/2015	**–**	–
Charge for the year (Note 7)	**26,525**	–
At 31 July	**26,525**	–

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

(ii) Due from associated companies

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

(iii) Due from joint ventures

The amounts due from joint ventures are unsecured, interest free and repayable on demand.

22. RECEIVABLES (CONT'D.)

(b) Non-current

		Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Trade receivables					
Third parties		**313,339**	250,452	**–**	–
Associated companies	(i)	**576,008**	444,353	**–**	–
Joint ventures	(ii)	**73,800**	70,319	**–**	–
Retention sums		**23,952**	106	**21,536**	–
Stakeholder funds		**1,848**	4,043	**–**	–
		988,947	769,273	**21,536**	–
Less: Allowance for impairment		**(47,285)**	(45,219)	**–**	–
		941,662	724,054	**21,536**	–
Non-trade					
Joint ventures	(ii)	**16,500**	20,286	**–**	–
Deposits		**4,865**	1,633	**–**	–
Sundry receivables		**90**	2,399	**–**	–
Prepayments		**1,394**	1,341	**–**	–
		22,849	25,659	**–**	–
		964,511	749,713	**21,536**	–

22. RECEIVABLES (CONT'D.)

(b) Non-current (cont'd.)

(i) Due from associated companies

Included in amount due from associated companies is an amount of RM560,090,000 (2016: RM429,797,000) for the supply of bulk quantity of treated water to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") by Gamuda Water Sdn. Bhd. that are subject to impairment at reporting date. The allowance for impairment of RM47,285,000 (2016: RM45,219,000) is to account for the time value of money in accordance with the requirements of FRS 139: Financial Instruments: Recognition and Measurement.

The movement of the allowance account used to record the impairment is as follows:

	Group Individually impaired	
	2017 RM'000	**2016 RM'000**
Trade receivables – nominal amounts	**560,090**	429,797
Less: Allowance for impairment	**(47,285)**	(45,219)
	512,805	384,578
Movement in allowance account:		
At 1 August 2016/2015	**45,219**	27,832
FRS 139 adjustment	**29,817**	37,372
Unwinding of discount	**(27,751)**	(19,985)
At 31 July	**47,285**	45,219

The amount due from an associated company is unsecured and repayable on demand.

22. RECEIVABLES (CONT'D.)

(b) Non-current (cont'd.)

(ii) Due from a joint venture

Trade amount due from a joint venture is in respect of the consideration receivable from the sale of lands to Gamuda GM Klang Sdn. Bhd. ("GMKSB"), a joint venture, by Gamuda Land (Botanic) Sdn. Bhd., a subsidiary of the Company. The amount is unsecured, non-interest bearing and is receivable in 2 tranches on 28 April 2019 and 28 April 2020 respectively.

Non-trade amount due from a joint venture represents a loan amounting to RM16,500,000 (2016: RM20,286,000) given to GMKSB by Megah Capital Sdn. Bhd., a subsidiary of the company. The loan is unsecured and repayable in 5 years or such other day mutually agreed upon. The interest of the loan is charged at 4.95% (2016: 4.95%) per annum.

Other details of fair value of non-current receivables are further disclosed in Note 42.

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 an amount of RM537,197,000 (2016: RM411,768,000) due from SPLASH.

22. RECEIVABLES (CONT'D.)

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.

	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
Group				
At 31 July 2017				
Investment securities	23	**462,400**	**–**	**462,400**
Current receivables	22(a)			
Third parties		**–**	**785,704**	**785,704**
Associated companies		**–**	**85,905**	**85,905**
Joint venture partners		**–**	**12,329**	**12,329**
Joint ventures		**–**	**618,395**	**618,395**
Retention sums		**–**	**104,975**	**104,975**
Stakeholder funds		**–**	**12,272**	**12,272**
Deposits		**–**	**14,542**	**14,542**
Sundry receivables		**–**	**64,683**	**64,683**
Non-current receivables	22(b)			
Third parties		**–**	**313,339**	**313,339**
Associated companies		**–**	**576,008**	**576,008**
Joint ventures		**–**	**90,300**	**90,300**
Retention sums		**–**	**23,952**	**23,952**
Stakeholder funds		**–**	**1,848**	**1,848**
Deposits		**–**	**4,865**	**4,865**
Sundry receivables		**–**	**90**	**90**
Cash and bank balances	26	**–**	**579,728**	**579,728**
Total financial assets		**462,400**	**3,288,935**	**3,751,335**

22. RECEIVABLES (CONT'D.)

	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
Group (cont'd.)				
At 31 July 2016				
Investment securities	23	644,187	–	644,187
Current receivables	22(a)			
Third parties		–	442,671	442,671
Associated companies		–	51,901	51,901
Joint venture partners		–	1,130	1,130
Joint ventures		–	523,055	523,055
Retention sums		–	97,208	97,208
Stakeholder funds		–	21,924	21,924
Deposits		–	9,756	9,756
Sundry receivables		–	52,087	52,087
Non-current receivables	22(b)			
Third parties		–	250,452	250,452
Associated companies		–	444,353	444,353
Joint ventures		–	90,605	90,605
Retention sums		–	106	106
Stakeholder funds		–	4,043	4,043
Deposits		–	1,633	1,633
Sundry receivables		–	2,399	2,399
Cash and bank balances	26	–	828,726	828,726
Total financial assets		644,187	2,822,049	3,466,236

22. RECEIVABLES (CONT'D.)

	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
Company				
At 31 July 2017				
Investment securities	23	**19,072**	**–**	**19,072**
Current receivables	22(a)			
Third parties		**–**	**29,494**	**29,494**
Associated companies		**–**	**680**	**680**
Joint venture partners		**–**	**12,329**	**12,329**
Joint ventures		**–**	**475,615**	**475,615**
Retention sums		**–**	**99,713**	**99,713**
Deposits		**–**	**2,461**	**2,461**
Sundry receivables		**–**	**22,406**	**22,406**
Non-current receivables				
Retention sums		**–**	**21,536**	**21,536**
Due from subsidiaries	25	**–**	**1,579,938**	**1,579,938**
Cash and bank balances	26	**–**	**28,136**	**28,136**
Total financial assets		**19,072**	**2,272,308**	**2,291,380**
At 31 July 2016				
Investment securities	23	111,435	–	111,435
Current receivables	22(a)			
Third parties		–	26,648	26,648
Associated companies		–	206	206
Joint venture partners		–	1,043	1,043
Joint ventures		–	468,673	468,673
Retention sums		–	94,076	94,076
Deposits		–	2,477	2,477
Sundry receivables		–	11,349	11,349
Due from subsidiaries	25	–	1,894,259	1,894,259
Cash and bank balances	26	–	144,413	144,413
Total financial assets		111,435	2,643,144	2,754,579

23. INVESTMENT SECURITIES

	2017		2016	
	Carrying amount RM'000	Fair value of quoted investments RM'000	Carrying amount RM'000	Fair value of quoted investments RM'000
Group				
Current				
Portfolios:				
Held as fixed deposit placements				
– Islamic	**373,124**	**373,124**	335,452	335,452
– Non-islamic	**52,133**	**52,133**	61,222	61,222
Others				
– Islamic	**10,268**	**10,268**	112,225	112,225
– Non-islamic	**26,875**	**26,875**	135,288	135,288
	462,400	**462,400**	644,187	644,187
Company				
Current				
Portfolios:				
Held as fixed deposit placements				
– Islamic	**15,307**	**15,307**	109,277	109,277
– Non-islamic	**3,681**	**3,681**	1,634	1,634
Others				
– Islamic	**1**	**1**	448	448
– Non-islamic	**83**	**83**	76	76
	19,072	**19,072**	111,435	111,435

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. Investment securities held as fixed deposit placements allow prompt redemption at any time.

Other details of fair value of investment securities are further disclosed in Note 42.

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Construction contract costs incurred to date	**11,507,432**	10,039,680	**10,301,184**	9,368,744
Recognised profits less recognised losses	**1,428,021**	1,216,392	**1,157,051**	1,015,653
Progress billings received and receivable	**(12,976,264)**	(11,345,770)	**(11,781,003)**	(10,616,483)
	(40,811)	(89,698)	**(322,768)**	(232,086)
Represented by:				
Due from customers on contracts (Note 22(a))	**371,803**	237,979	**54,666**	51,864
Due to customers on contracts (Note 31(b))	**(412,614)**	(327,677)	**(377,434)**	(283,950)
	(40,811)	(89,698)	**(322,768)**	(232,086)

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Finance costs (Note 8)	**1,536**	–	**–**	–
Depreciation (Note 12)	**4,893**	4,788	**2,796**	4,610
Staff costs (Note 5)	**34,360**	57,691	**10,296**	49,133
Rental of premises	**36**	616	**–**	616
Hire of plant and equipment	**2,059**	4,914	**–**	574

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 RM199,822,000 (2016: RM180,173,000) which is pending issuance of investment certificates for property development in Hanoi, Vietnam as consideration for the construction works by GLVN.

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

25. DUE FROM SUBSIDIARIES

	Company	
	2017 RM'000	**2016 RM'000**
Non-current		
Due from subsidiaries – non-trade	**618,091**	685,816
Current		
Due from subsidiaries		
– trade	**1,741**	1,772
– non-trade	**960,106**	1,206,671
	961,847	1,208,443
	1,579,938	1,894,259

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2016: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand except for advances of RM1,088,856,000 (2016: RM1,367,807,000) given to subsidiaries which bear interest at 4.55% to 5.15% (2016: 4.50% to 5.10%) per annum.

26. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	**76,465**	130,144	**21,812**	49,507
Housing Development Accounts				
– Islamic	**30,020**	693	**–**	–
– Non-Islamic	**41,259**	111,482	**–**	–
Total cash on hand and at banks	**147,744**	242,319	**21,812**	49,507
Deposits with licensed banks with				
– tenures of less than 3 months				
– Islamic	**119,930**	290,707	**1,575**	84,556
– Non-Islamic	**231,803**	223,059	**4,749**	10,350
– tenures of more than 3 months				
– Islamic	**3,411**	8,595	**–**	–
– Non-Islamic	**76,840**	64,046	**–**	–
Total cash and bank balances	**579,728**	828,726	**28,136**	144,413

For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at reporting date:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total cash and bank balances	**579,728**	828,726	**28,136**	144,413
Less: Deposits with tenures of more than 3 months	**(80,251)**	(72,641)	**–**	–
Total cash and cash equivalents	**499,477**	756,085	**28,136**	144,413

Included in total cash on hand and at banks of the Group and of the Company are interest bearing balances amounting to RM114,332,000 (2016: RM222,989,000) and RM14,865,000 (2016: RM44,125,000) 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.

26. CASH AND BANK BALANCES (CONT'D.)

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

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Licensed banks				
Malaysia – RM	**2.91**	3.56	**3.02**	3.57
– USD	**0.95**	–	**0.95**	–
India	**7.03**	7.54	**–**	–
Australia	**–**	1.94	**–**	–
Singapore	**0.45**	–	**–**	–
Vietnam	**5.33**	5.09	**–**	–

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

	Group		Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Licensed banks	**1 – 365**	3 – 361	**1 – 29**	1 – 31

27. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
Issued and fully paid:				
At beginning of year	**2,418,993**	2,405,905	**2,418,993**	2,405,905
Transfer of share premium on 31 January 2017	**–**	–	**921,623**	–
Exercise of ESOS	**30,454**	6,350	**30,454**	6,350
Conversion of warrants	**1,298**	6,738	**1,298**	6,738
At end of year	**2,450,745**	2,418,993	**3,372,368**	2,418,993

27. 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) Under Companies Act 2016 in Malaysia, which came into effect on 31 January 2017, the concept of authorised share capital is no longer applicable.

(b) In accordance with Section 74 of the Companies Act 2016 in Malaysia, the Company's share no longer have a par or nominal value with effect from 31 January 2017.

Pursuant to Section 618 of the Companies Act 2016 in Malaysia, the amount standing to the credit of the Company's share premium account became part of the Company's share capital. There is no impact on the number of shares in issue or the relative entitlement of any members of the Company as a result of this transition.

(c) During the financial year, the Company increased its issued and paid-up share capital from RM2,418,993,129 to RM2,450,745,143 by way of:

(i) issuance of 30,454,000 new ordinary shares for cash arising from the exercise of options under the Company's ESOS; and

(ii) issuance of 1,298,014 new ordinary shares for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016.

(d) On 7 March 2016, the Company allotted and issued 400,984,509 new Warrants 2016/2021 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in the Company ("Rights Issue of Warrants"). The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 6 March 2021. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll dated 22 January 2016. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

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

	Warrants 2016/2021	
	2017 '000	**2016 '000**
At beginning of year	**394,246**	400,984
Converted	**(1,298)**	(6,738)
At end of year	**392,948**	394,246

27. SHARE CAPITAL (CONT'D.)

(e) The Gamuda Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 4 December 2014 and became effective on 10 April 2015. With effect from 10 April 2015, the Company issued options under the new ESOS for the eligible Executive Directors and Employees of Gamuda Berhad and its subsidiaries.

The principal features of the ESOS were as follows:

(i) Full-time and confirmed employees within Gamuda Group and executive directors of Gamuda ("eligible person") are eligible to participate in the ESOS. Participation, however, is subject to the discretion of the Option Committee.

(ii) The ESOS shall be in force for a period of 5 years from 10 April 2015 provided that before the final year of the ESOS, the Option Committee may extend for up to another 5 years the duration of ESOS commencing from the expiration of the original 5 years. The duration of the ESOS shall not be more than 10 years from its effective date.

(iii) The total number of new shares to be allotted under the ESOS 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 for the new shares under the ESOS shall be the volume weighted average market price of the shares as quoted on the Main Market of Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of offer of the options, or at par value of the share, whichever is higher.

(v) The aggregate number of shares to be offered to an eligible person shall be determined at the discretion of the Option Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service that the eligible person has rendered and subject to the maximum allowable allotment of shares for each eligible person.

(vi) The number of shares comprised in the ESOS options which remained unexercised or the exercise prices 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.

(vii) The options shall not carry any right to vote at any general meeting of the Company and a grantee shall not be entitled to any dividends, right or other entitlements on his unexercised options.

(viii) The options granted under ESOS are not assignable.

27. SHARE CAPITAL (CONT'D.)

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

(ix) There is no restriction on the grantee in exercising their ESOS options or selling their Gamuda Shares allotted and issued pursuant to the exercise of their options.

Upon a sale of the Gamuda shares, 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 grantee.

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

(x) The new shares allotted upon any exercise of the options 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 be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

(xi) No grantee shall participate at any time in more than one ESOS implemented by any company within the Gamuda Group.

(xii) Options to subscribe for ordinary shares under the ESOS were granted on the following dates:

Grant date	Exercise price RM	Number of options '000	Exercise period
10 April 2015	5.16/4.46*	69,947	10 April 2015 – 9 April 2020
24 November 2015	4.45/3.84*	74,351	24 November 2015 – 9 April 2020
3 June 2016	4.78	44,815	3 June 2016 – 9 April 2020
8 November 2016	4.88	5,963	8 November 2016 – 9 April 2020
13 June 2017	5.36	13,349	13 June 2017 – 9 April 2020

* Exercise prices were adjusted in accordance with the Company's ESOS By-laws pursuant to the Rights Issue of Warrants effective on 12 February 2016.

27. SHARE CAPITAL (CONT'D.)

(f) 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:

	2017 RM'000	2016 RM'000
Ordinary shares	**30,454**	6,350
Share premium	**92,789**	18,382
Aggregate proceeds received on shares issued	**123,243**	24,732
Aggregate fair value of ordinary shares at exercise date	**159,333**	30,723

(g) 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 1 August 2016 '000	Granted '000	Exercised '000	Outstanding and exercisable at 31 July 2017 '000
RM5.16/RM4.46*	69,387	–	(8,090)	**61,297**
RM4.45/RM3.84*	68,561	–	(21,017)	**47,544**
RM4.78	44,815	–	(1,175)	**43,640**
RM4.88	–	5,963	(172)	**5,791**
RM5.36	–	13,349	–	**13,349**
	182,763	19,312	(30,454)	**171,621**
WAEP	4.31	5.21	4.05	**4.45**

* Exercise prices were adjusted in accordance with the Company's ESOS By-laws pursuant to the Rights Issue of Warrants effective on 12 February 2016.

27. SHARE CAPITAL (CONT'D.)

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

	Number of share options Movement during the year			
ESOS exercise price	Outstanding and exercisable at 1 August 2015 '000	Granted '000	Exercised '000	Outstanding and exercisable at 31 July 2016 '000
RM5.16/RM4.46*	69,947	–	(560)	69,387
RM4.45/RM3.84*	–	74,351	(5,790)	68,561
RM4.78	–	44,815	–	44,815
	69,947	119,166	(6,350)	182,763
WAEP	4.46	4.19	3.89	4.31

27. SHARE CAPITAL (CONT'D.)

(h) Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. During the financial year, modification made to the share options is the price adjustment pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

	ESOS				
Exercise price, before rights issue of warrants (RM)	5.16	4.45	–	–	–
Exercise price, after rights issue of warrants (RM)	4.46*	3.84*	4.78	4.88	5.36
Fair value of share options, at the following grant dates and modification dates (RM)					
– Grant date	0.41	0.38	–	–	–
– 12 February 2016	0.35	0.59	–	–	–
– Grant date	–	–	0.43	0.40	0.44
Weighted average share price (RM)					
– Grant date	5.19	4.50	4.86	4.90	5.38
– 12 February 2016	4.43	4.43	–	–	–
Expected volatility					
– Grant date	19.00%	23.00%	23.00%	20.00%	20.00%
– 12 February 2016	23.00%	23.00%	–	–	–
Risk free rate					
– Grant date	3.22%	3.24%	3.03%	2.97%	3.08%
– 12 February 2016	3.25%	3.25%	–	–	–
Expected dividend yield#	3.00%	3.00%	3.00%	2.50%	2.50%

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

* Exercise prices were adjusted in accordance with the Company's ESOS By-laws, pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

28. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital reserve				
At beginning of year	**122,959**	119,823	**–**	–
Movement in capital reserve in an associated company	**14,859**	3,136	**–**	–
At end of year	**137,818**	122,959	**–**	–
Foreign exchange reserve				
At beginning of year	**179,741**	155,052	**7,388**	11,160
Foreign currency translation	**102,514**	25,698	**5,404**	(3,772)
Share of associated companies' foreign currency translation	**8,612**	(608)	**–**	–
Less: Non-controlling interests	**(1,315)**	(401)	**–**	–
At end of year	**289,552**	179,741	**12,792**	7,388
Warrants reserve				
At beginning of year	**98,561**	–	**98,561**	–
Issuance of warrants	**–**	100,246	**–**	100,246
Conversion of warrants	**(325)**	(1,685)	**(325)**	(1,685)
At end of year	**98,236**	98,561	**98,236**	98,561
Total other reserves	**525,606**	401,261	**111,028**	105,949

29. RETAINED PROFITS

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

30. 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 60.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Present value of unfunded defined benefit obligations, representing net liability	**38,680**	34,299	**3,580**	3,133
Analysed as:				
Current (Note 31(b))	**369**	85	**35**	–
Non-current:				
Later than 1 year but not later than 2 years	**1,337**	476	**–**	–
Later than 2 years but not later than 5 years	**7,525**	6,958	**543**	520
Later than 5 years	**29,449**	26,780	**3,002**	2,613
Amount included in payables (Note 31(a))	**38,311**	34,214	**3,545**	3,133
Total	**38,680**	34,299	**3,580**	3,133

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current service cost	**3,210**	2,872	**315**	266
Interest cost	**1,590**	1,583	**166**	144
Total, included in staff costs and directors' remuneration (Notes 5 and 6)	**4,800**	4,455	**481**	410

30. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
At beginning of year	**34,299**	29,860	**3,133**	2,723
Recognised in profit or loss	**4,800**	4,455	**481**	410
Contributions paid	**(444)**	(16)	**(34)**	–
Exchange differences	**25**	–	**–**	–
At end of year	**38,680**	34,299	**3,580**	3,133

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease)	2017 RM'000	Increase/ (decrease)	2016 RM'000
Discount rate	**+1%**	**(3,425)**	+1%	(3,425)
	-1%	**3,425**	-1%	3,425
Expected rate of salary increases	**+1%**	**3,959**	+1%	3,959
	-1%	**(3,959)**	-1%	(3,959)

Principal actuarial assumptions used:

	2017 %	2016 %
Discount rate	**5.3**	5.3
Expected rate of salary increases	**7.0–11.0**	7.0–11.0

The average duration of the defined benefit plan obligation at the end of the reporting year is 13 years.

31. PAYABLES

(a) Non-current

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Trade				
Trade payables	**242**	219	**242**	219
Retention sums	**85,691**	62,754	**34,652**	26,642
Accruals	**503**	–	**–**	–
	86,436	62,973	**34,894**	26,861
Non-trade				
Associated companies	**4**	–	**–**	–
Advance membership fees	**20,503**	20,145	**–**	–
Deferred income	**43,777**	49,755	**–**	–
Retirement benefit obligations (Note 30)	**38,311**	34,214	**3,545**	3,133
Sundry payables	**154**	–	**–**	–
Accruals	**5,360**	3,256	**–**	–
	108,109	107,370	**3,545**	3,133
	194,545	170,343	**38,439**	29,994

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 from 2058 to 2070.

Deferred income comprises advance maintenance fees and licence fees, and government compensation.

31. PAYABLES (CONT'D.)

(b) Current

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Trade				
Trade payables	**365,560**	533,053	**15,131**	14,961
Associated companies	**–**	174	**–**	–
Joint venture partners	**4,110**	–	**–**	–
Retention sums	**107,085**	101,177	**3,768**	14,051
Progress billings	**18,852**	1,524	**–**	–
Due to customers on contracts (Note 24)	**412,614**	327,677	**377,434**	283,950
Accruals	**709,793**	201,347	**267,950**	58,994
	1,618,014	1,164,952	**664,283**	371,956
Non-trade				
Associated companies	**35**	1,147	**–**	23
Joint venture partners	**1,000**	50	**–**	–
Advance membership fees	**300**	477	**–**	–
Retirement benefit obligations (Note 30)	**369**	85	**35**	–
Sundry payables	**57,804**	138,203	**3,873**	100,255
Accruals	**136,770**	138,588	**43,042**	49,036
	196,278	278,550	**46,950**	149,314
	1,814,292	1,443,502	**711,233**	521,270

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2016: 30 to 90 days).

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

31. 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	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial liabilities at amortised costs					
Current payables	31(b)				
Trade payables		**365,560**	533,053	**15,131**	14,961
Associated companies		**35**	1,321	**–**	–
Joint venture partners		**5,110**	50	**–**	–
Retention sums		**107,085**	101,177	**3,768**	14,051
Sundry payables		**53,517**	138,203	**3,569**	100,255
Accruals		**846,563**	339,935	**310,992**	108,030
Non-current payables	31(a)				
Trade payables		**242**	219	**242**	219
Associated companies		**4**	–	**–**	–
Retention sums		**85,691**	62,754	**34,652**	26,642
Sundry payables		**154**	–	**–**	–
Accruals		**5,863**	3,256	**–**	–
Long term borrowings	33	**4,614,646**	4,168,658	**1,400,000**	1,800,000
Short term borrowings	34	**628,647**	639,659	**455,647**	547,370
Due to subsidiaries	36	**–**	–	**55,991**	20,524
		6,713,117	5,988,285	**2,279,992**	2,632,052

32. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of year	**386,310**	379,382	**(3,693)**	(5,581)
Recognised in profit or loss (Note 9)	**(41,530)**	6,972	**(12,730)**	1,888
Exchange differences	**32**	(44)	**–**	–
At end of year	**344,812**	386,310	**(16,423)**	(3,693)

Presented after appropriate offsetting as follows:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deferred tax assets	**(74,369)**	(46,190)	**(16,423)**	(3,693)
Deferred tax liabilities	**419,181**	432,500	**–**	–
	344,812	386,310	**(16,423)**	(3,693)

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 RM'000	Accelerated capital allowances RM'000	Fair value adjustment on expressway development expenditure RM'000	Land RM'000	Total RM'000
At 1 August 2016	**1,264**	**180,986**	**180,875**	**59,761**	**422,886**
Recognised in profit or loss	**18,708**	**(19,399)**	**(11,153)**	**–**	**(11,844)**
Exchange differences	**32**	**–**	**–**	**–**	**32**
At 31 July 2017	**20,004**	**161,587**	**169,722**	**59,761**	**411,074**
At 1 August 2015	2,728	191,080	191,633	62,722	448,163
Recognised in profit or loss	(1,420)	(10,094)	(10,758)	(2,961)	(25,233)
Exchange differences	(44)	–	–	–	(44)
At 31 July 2016	1,264	180,986	180,875	59,761	422,886

32. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax assets of the Group:

	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2016	**(6,277)**	**(30,299)**	**(36,576)**
Recognised in profit or loss	**(841)**	**(28,845)**	**(29,686)**
At 31 July 2017	**(7,118)**	**(59,144)**	**(66,262)**
At 1 August 2015	(5,626)	(63,155)	(68,781)
Recognised in profit or loss	(651)	32,856	32,205
At 31 July 2016	(6,277)	(30,299)	(36,576)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 August 2016	**3,508**
Recognised in profit or loss	**(3,508)**
At 31 July 2017	**–**
At 1 August 2015	2,444
Recognised in profit or loss	1,064
At 31 July 2016	3,508

32. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax assets of the Company:

	Property, plant and equipment RM'000	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2016	**–**	**(752)**	**(6,449)**	**(7,201)**
Recognised in profit or loss	**(8,042)**	**(107)**	**(1,073)**	**(9,222)**
At 31 July 2017	**(8,042)**	**(859)**	**(7,522)**	**(16,423)**
At 1 August 2015	–	(681)	(7,344)	(8,025)
Recognised in profit or loss	–	(71)	895	824
At 31 July 2016	–	(752)	(6,449)	(7,201)

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

	Group	
	2017 RM'000	2016 RM'000
Unutilised tax losses	**65,533**	35,264
Unabsorbed capital allowances	**30,532**	25,529
Unutilised reinvestment allowances	**1,457**	1,457
Other deductible temporary differences	**3,378**	672
	100,900	62,922

The availability of the unutilised 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.

33. LONG TERM BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Medium term notes (a)				
– secured	**555,000**	645,000	**–**	–
– unsecured	**1,900,000**	2,300,000	**1,400,000**	1,800,000
	2,455,000	2,945,000	**1,400,000**	1,800,000
Term loans				
– secured (b)	**1,081,438**	827,851	**–**	–
– unsecured (c)	**973,581**	395,807	**–**	–
	2,055,019	1,223,658	**–**	–
Revolving Credits				
– secured (d)	**104,627**	–	**–**	–
	4,614,646	4,168,658	**1,400,000**	1,800,000

(a) Medium term notes ("MTN")

The MTNs are drawdown by the following entities:

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gamuda Berhad	(i)	**1,400,000**	1,800,000	**1,400,000**	1,800,000
Bandar Serai	(i)	**500,000**	500,000	**–**	–
Kesas	(ii)	**555,000**	645,000	**–**	–
		2,455,000	2,945,000	**1,400,000**	1,800,000

33. LONG TERM BORROWINGS (CONT'D.)

(a) Medium term notes ("MTN") (cont'd.)

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows:

(i) Murabahah MTN – unsecured

Gamuda Berhad

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Current				
Issue No. 4	400,000	21.3.2013	21.3.2018	4.17
Non-current				
Issue No. 5	400,000	28.10.2013	26.10.2018	4.22
Issue No. 6	400,000	13.3.2014	13.3.2019	4.62
Issue No. 7	300,000	13.3.2015	13.3.2020	4.55
Issue No. 8	300,000	25.4.2016	23.4.2021	4.62
	1,400,000			

Issue No. 1 to No. 3 were redeemed upon maturity in previous years.

Bandar Serai

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Non-current				
Tranche No. 1	300,000	20.11.2014	20.11.2019	4.62
Tranche No. 2	200,000	27.10.2015	27.10.2020	4.78
	500,000			

The Islamic MTNs were drawdown by Bandar Serai Development Sdn. Bhd. ("Bandar Serai"), a subsidiary of the Company for the purpose of financing the acquisition of leasehold land for Gamuda Garden project in Rawang, Selangor. The facilities are unconditionally guaranteed by the Company.

33. LONG TERM BORROWINGS (CONT'D.)

(a) Medium term notes ("MTN") (cont'd.)

(ii) Sukuk Musharakah Medium Term Notes ("Sukuk") – secured

	Group	
	2017 RM'000	**2016 RM'000**
Primary Sukuk	**645,000**	735,000
Secondary Sukuk	**188,184**	188,184
	833,184	923,184
Less: Unamortised profit element	**(97,871)**	(128,035)
	735,313	795,149
Less: Accumulated profit element charged to profit or loss	**(90,313)**	(60,149)
	645,000	735,000

The remaining maturities of the borrowings as at 31 July 2017 are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Within one year (Note 34)	**90,000**	90,000
More than one year and less than two years	**90,000**	90,000
More than two years and less than five years	**270,000**	270,000
Five years or more	**195,000**	285,000
	645,000	735,000

On 2 October 2014, the Company has issued its Islamic medium term notes with an aggregate nominal amount of RM735 million. The Sukuk is constituted by a Sukuk Musharakah Trust Deed dated 2 October 2014. The Sukuk were issued in 8 series, with maturities from October 2016 to October 2023. The profit margin ranges from 4.20% to 4.85% (2016: 4.20% to 4.85%) per annum.

The Sukuk was issued to fully redeem its previously issued bonds (BaIDS), Government support loan and Redeemable Convertible Unsecured Loan Stock ("RCULS").

33. LONG TERM BORROWINGS (CONT'D.)

(a) Medium term notes ("MTN") (cont'd.)

(ii) Sukuk Musharakah Medium Term Notes ("Sukuk") – secured (cont'd.)

The borrowings are secured by the following:

(i) A principal debenture on all fixed and floating assets of the subsidiary, both present and future;

(ii) A principal charge on the subsidiary's deposits with licensed banks and other financial institution as disclosed in Note 16;

(iii) Assignments of the subsidiary's contractual rights, interest and benefit in and to the Project Documents and proceeds therefrom;

(iv) Assignments of all relevant insurances required to be undertaken in respect of the Expressway; and

(v) Step-in-rights to rectify defaults amongst the project counterparties by way of assignments as mentioned in Note (iii) above and power of attorney for such assignments.

(b) Term loans – secured

The term loans are drawdown by the following entities:

	Note	Group 2017 RM'000	Group 2016 RM'000
GLVN	(i)	**233,662**	223,245
HCMCJSC	(ii)	**360,718**	304,606
GL Kemuning	(iii)	**297,782**	300,000
GB Singapore	(iv)	**189,276**	–
		1,081,438	827,851

(i) On 1 March 2016, Gamuda Land Vietnam Limited Liability ("GLVN"), a subsidiary of the Company has drawdown the term loan for the purpose of repayment of primary loan from Gamuda Berhad, and to finance the working capital of Gamuda City project. The term loan is secured by leasehold land under development as disclosed in Note 13 and bore interest rate ranging from 6.16% to 8.09% (2016: 6.16% to 8.09%) per annum.

33. LONG TERM BORROWINGS (CONT'D.)

(b) Term loans – secured (cont'd.)

(ii) On 30 March 2016, Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC"), a subsidiary of the Company has drawdown the term loan for the purpose of financing the working capital of the Celadon City project. The term loan is secured by leasehold land under development as disclosed in Note 13 and bore interest rate ranging from 4.73% to 7.34% (2016: 4.73% to 7.34%) per annum.

(iii) On 30 June 2016, Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning"), a subsidiary of the Company has drawdown the term loan for the purpose of part financing the acquisition of a leasehold land. The term loan is secured by said leasehold land as disclosed in Note 13 and bore interest rate ranging from 4.50% to 4.70% (2016: 4.50% to 4.70%) per annum.

(iv) On 26 September 2016, Gamuda (Singapore) Pte Ltd ("GB Singapore"), a subsidiary of the Company has drawdown the term loan from Malayan Banking Berhad in Singapore, to finance the working capital of GEM Residences project. The term loan is secured by a corporate guarantee of Gamuda Berhad and bore interest rate ranging from 1.77% to 2.22% per annum.

Term loans are repayable as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Later than one year but not later than two years	**148,595**	–
More than two years and less than five years	**858,213**	677,851
Five years or more	**74,630**	150,000
	1,081,438	827,851

(c) Term loans – unsecured

The term loans are drawdown by the following entities:

		Group	
	Note	**2017 RM'000**	**2016 RM'000**
Megah Capital	(i)	**819,982**	388,173
GB Australia	(ii)	**153,599**	7,634
		973,581	395,807

33. LONG TERM BORROWINGS (CONT'D.)

(c) Term loans – unsecured (cont'd.)

(i) On 16 July 2015, as disclosed in Note 35, Megah Capital Sdn. Bhd. ("Megah Capital") has swapped its term loan of USD100,000,000 at floating USD interest rate of LIBOR plus 1.30% per annum through cross currency interest rate swap into RM379,500,000 at fixed rate of 4.58% per annum.

On 30 October 2016 and 21 March 2017, as disclosed in Note 35, Megah Capital has swapped its term loan of USD50,000,000 and USD50,000,000 respectively, at floating USD interest rate through cross currency interest rate swap into RM207,000,000 and RM221,500,000 at fixed rate of 4.33% and 4.48% per annum respectively.

The term loans mature five years from the date of first drawdown and is subject to offsetting arrangements as disclosed in Note 42.

(ii) On 16 June 2016, Gamuda (Australia) Pty Ltd ("GB Australia"), a subsidiary has drawdown the term loan for the purpose of part financing the construction of a residential property development. The term loan is unconditionally guaranteed by the Company and bore interest rate of 3.00% per annum.

During the year, GB Australia has drawdown term loan of AUD40,500,000 for the purpose of part financing the construction of a residential property development. The term loan is unconditionally guaranteed by the Company and bore interest rate of BBSY plus 1.1% per annum.

Term loans are repayable as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Later than one year but not later than two years	**153,599**	–
More than two years and less than five years	**819,982**	395,807
	973,581	395,807

33. LONG TERM BORROWINGS (CONT'D.)

(d) Revolving credits – secured

The revolving credits are drawdown by:

	Note	Group	
		2017 RM'000	2016 RM'000
GB Singapore	(i)	**31,546**	–
Jade Homes	(ii)	**73,081**	–
		104,627	–

Revolving credits are repayable as follows:

	Group	
	2017 RM'000	2016 RM'000
Later than one year but not later than two years	**16,700**	–
More than two years and less than five years	**87,927**	–
	104,627	–

(i) On 26 September 2016, Gamuda (Singapore) Pte Ltd ("GB Singapore"), a subsidiary of the Company has drawdown the revolving credit from Malayan Banking Berhad in Singapore, to finance the working capital of GEM Residences project. The revolving credit is secured by a corporate guarantee of Gamuda Berhad and bore interest rate ranging from 1.77% to 2.27% per annum.

(ii) On 1 August 2016, Jade Homes Sdn. Bhd., a subsidiary of the Company has drawdown the revolving credit from Public Bank Berhad, for the development cost of Phase CP3, Phase 5A and the construction of an international school. The revolving credit is secured with vacant development land and bore interest rate ranging from 4.49% to 4.8% per annum.

34. SHORT TERM BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Secured:				
Medium term notes (Note 33(a)(ii))	**90,000**	90,000	**–**	–
Term loan (a)	**–**	2,289	**–**	–
	90,000	92,289	**–**	–
Unsecured:				
Medium term notes (Note 33(a)(i))	**400,000**	–	**400,000**	–
Commercial papers	**–**	100,000	**–**	100,000
Revolving credits	**138,647**	447,370	**55,647**	447,370
	538,647	547,370	**455,647**	547,370
	628,647	639,659	**455,647**	547,370

(a) Term loan – secured

The term loan is drawdown by the following entities:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Jade Homes Sdn. Bhd.	**–**	2,289	**–**	–

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.

The term loan bears a floating interest rate and a weighted average interest rate as at the reporting date for the term loan was nil (2016: 4.63%) per annum. The term loan is fully repaid on 20 September 2016.

34. SHORT TERM BORROWINGS (CONT'D.)

(a) Term loan – secured (cont'd.)

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

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
MTN	**4.50**	4.54	**4.42**	4.44
Commercial papers	**–**	3.95	**–**	3.95
Revolving credits				
– US Dollar	**1.70**	1.46	**1.70**	1.28
– Ringgit Malaysia	**4.13**	–	**–**	–
– Singapore Dollar	**2.08**	–	**–**	–
Term loans				
– US Dollar	**1.76**	1.59	**–**	–
– Vietnam Dong	**6.01**	5.92	**–**	–
– Ringgit Malaysia	**4.70**	4.67	**–**	–
– Australian Dollar	**2.78**	3.00	**–**	–
– Singapore Dollar	**2.10**	–	**–**	–

35. DERIVATIVES

	Group Assets	
	2017 RM'000	2016 RM'000
Cross currency interest rate swaps	**36,118**	18,527

The Group uses cross currency interest rate swap to manage some of the transaction exposure.

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

During the financial year, the Group obtained new loans denominated in United States Dollar ("USD") amounting to USD100,000,000 ("USD loan") and at the same time entered into a cross currency interest rate swap ("CCIRS"). The CCIRS is to hedge against interest rate and foreign exchange movements for the USD loan.

35. DERIVATIVES (CONT'D.)

For the financial year 2016/2017

Contract amount	CCIRS	Maturity
USD100,000,000 (RM379,500,000)	The Group: (i) Pays fixed RM interest rate of 4.58% per annum on the RM contract amount in exchange for receiving floating USD interest rate of 1-month LIBOR plus 1.30% per annum on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM3.795 to USD1.000; according to the scheduled principal and interest repayment.	16 July 2020

Effectively, the Group has swapped the USD100,000,000 loan at floating USD interest rate of LIBOR plus 1.30% per annum into RM379,500,000 loan at RM fixed interest rate of 4.58% per annum.

Contract amount	CCIRS	Maturity
USD50,000,000 (RM207,000,000)	The Group: (i) Pays fixed RM interest rate of 4.33% per annum on the RM contract amount in exchange for receiving floating USD interest rate on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.14 to USD1.000; according to the scheduled principal and interest repayment.	29 Oct 2021

Effectively, the Company has swapped the USD50,000,000 loan to RM207,000,000 loan at RM fixed interest rate of 4.33% per annum.

Contract amount	CCIRS	Maturity
USD50,000,000 (RM221,500,000)	The Group: (i) Pays fixed RM interest rate of 4.48% per annum on the RM contract amount in exchange for receiving floating USD interest rate on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.43 to USD1.000; according to the scheduled principal and interest repayment.	29 Oct 2021

Effectively, the Company has swapped the USD50,000,000 loan to RM221,500,000 loan at RM fixed interest rate of 4.48% per annum.

35. DERIVATIVES (CONT'D.)

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a gain of RM17,591,000 (2016: RM17,272,000) arising from fair value changes of derivative. The fair value changes are attributable to changes in interest rate and foreign exchange rate. The Group's USD loan and CCIRS's offset arrangement and the method and assumptions applied in determining the fair values of derivatives are disclosed in Note 42.

36. DUE TO SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Current		
Due to subsidiaries		
– trade	**19,324**	2,274
– non-trade	**36,667**	18,250
	55,991	20,524

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2016: 30 to 90 days).

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

37. PROVISION FOR LIABILITIES

Provision for liabilities of the Group is analysed as follows:

	Group	
	2017 RM'000	2016 RM'000
Current	**56,809**	44,919
Non-current	**130,097**	14,351
	186,906	59,270

37. PROVISION FOR LIABILITIES (CONT'D.)

Group	Provision for development costs Note (a) RM'000	Provision for affordable housing Note (b) RM'000	Provision for club membership Note (c) RM'000	Provision for heavy repairs Note (d) RM'000	Total RM'000
At 1 August 2016	**29,105**	**8,143**	**2,991**	**19,031**	**59,270**
Provision during the year	**14,060**	**127,061**	**380**	**4,680**	**146,181**
Utilisation during the year	**(615)**	**(615)**	**(463)**	**(4,680)**	**(6,373)**
Unused amount reversed	**(12,172)**	**–**	**–**	**–**	**(12,172)**
At 31 July 2017	**30,378**	**134,589**	**2,908**	**19,031**	**186,906**
At 1 August 2015	47,892	3,946	3,183	–	55,021
Provision during the year	1,714	4,197	606	24,647	31,164
Utilisation during the year	(13,740)	–	(798)	(5,616)	(20,154)
Unused amount reversed	(6,761)	–	–	–	(6,761)
At 31 July 2016	29,105	8,143	2,991	19,031	59,270

(a) Provision for development costs

Provision for development costs is in respect of development projects undertaken by its subsidiaries 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.

(b) Provision for affordable housing

The provision for affordable housing represents the present obligation for construction of low cost houses.

(c) Provision for club membership

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

(d) Provision for heavy repairs

Provision for heavy repairs relate to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

38. COMMITMENTS

Capital commitments

	Group	
	2017 RM'000	2016 RM'000
Approved and contracted for:		
Property, plant and equipment	**86,435**	3,322
Expressway development expenditure	**5,785**	–
	92,220	3,322

39. MATERIAL LITIGATIONS

(a) The arbitral award ("the Award") in respect of the arbitration between Wayss & Freytag (Malaysia) Sdn. Bhd. ("W&F") and MMC-Gamuda Joint Venture ("JV") was issued by the arbitral tribunal ("Tribunal") on 16 April 2013.

In the Award, the 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 RM96,297,229;
2. That the JV pays to W&F interest at a simple rate of 4% per annum on the sum of RM96,297,229 from date of termination (23 January 2006) to date of the Award (amounting to RM28,247,187);
3. That JV pays to W&F interest at the simple rate of 5% per annum on the sum of RM96,297,229 from the date of the Award until payment in full; and
4. That the JV pays to W&F costs of RM9,000,000.

Following requests for some clerical corrections made by both parties, the Tribunal issued a corrective award on 30 May 2013 (the "Corrective Award") as follows:

1. The amount awarded to W&F has increased to RM97,574,035;
2. The amount of interest payable from the date of termination to date of the Award now amounts to RM28,229,639;
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 RM97,574,035; and
4. That the JV pays to W&F costs of RM9,000,000.

39. MATERIAL LITIGATIONS (CONT'D.)

(a) (cont'd.)

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 JV's Section 42 Application, 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 the Arbitration Act 2005 and that the Award is in conflict with the public policy in Malaysia.

The JV's Section 42 Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 7 November 2013. On 9 June 2014, the learned Judge dismissed the JV's Section 42 Application with costs of RM75,000 to be paid to W&F. The JV had on 7 July 2014 appealed to the Court of Appeal against the decision of the High Court in respect of the JV's Section 42 Application.

On 24 July 2014, Mr Holmes filed a notice of application to strike out the JV's Section 37 Application against him and for him to be removed as a party in the proceedings ("Holmes' Striking Out Application"). Holmes' Striking Out Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 2 September 2014. On 17 September 2014, the Judge allowed Holmes' Striking Out Application.

On 29 September 2014, the JV filed a Conversion Application under Order 28 rule 8 that the proceedings to be continued as if it had been begun by Writ and an Oral Evidence application under Order 28 rule 4 of the Rules of Court 2012 ("JV's Conversion/Oral Applications"). The JV's Conversion/Oral Applications were heard before the Honourable Dato' Mary Lim Thiam Suan on 1 October 2014 and on 20 October 2014.

The JV's Section 37 Application was heard before the Honorable Dato' Mary Lim Thiam Suan on 20 October 2014. On 16 December 2014, the learned Judge dismissed the JV's Section 37 Application with costs. Consequentially, W&F's Enforcement Application was allowed by the learned High Court Judge.

On 30 December 2014, the JV filed notices of appeal to the Court of Appeal against the decisions of the High Court in relation to the JV's Section 37 Application and W&F's Enforcement Application.

39. MATERIAL LITIGATIONS (CONT'D.)

(a) (cont'd.)

On 5 February 2015, the JV and W&F mutually agreed to place the Corrective Award sum together with interest calculated up to 30 January 2015 with both parties' solicitors as stakeholders pending the outcome of the JV's appeals to the Court of Appeal.

The JV's appeals to the Court of Appeal in respect of the JV's Section 37 Application, the JV's Section 42 Application and W&F's Enforcement Application were dismissed on 26 August 2016 after the Court of Appeal had heard submissions from the solicitors from both parties. On 22 September 2016, the JV filed an application to the Federal Court seeking leave to appeal against the Court of Appeal decision ("JV's leave application"). The said application was fixed for hearing on 7 March 2017.

On 27 January 2017, the JV and W&F agreed to amicably settle all claims against each other arising from the termination of W&F including all claims brought before the Tribunal and the JV's application pending before the Federal Court by the JV paying to W&F a lump sum of RM109,140,045.85. With the settlement neither party shall have any further claims against each other. Following the settlement, the JV's leave application has been discontinued.

(b) On 27 June 2016, Gamuda Berhad announced that its jointly controlled entity, MMC-Gamuda KVMRT (PDP) Sdn Bhd ("PDP") has, on 24 June 2016, been served with a writ and statement of claim filed by Accolade Land Sdn Bhd ("Accolade") against Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp"), PDP and other parties.

The suit is premised on an alleged breach of an alleged contract between Accolade and MRT Corp relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass Rapid Transit project.

Accolade is claiming, jointly and severally against the defendants, damages in the sum of RM303,534,216, with interest and costs.

On 4 August 2016, the PDP filed an application to strike out the Accolade's Writ and Statement of Claim on the premise that it discloses no reasonable cause of action, is scandalous, frivolous and vexatious and amounts to an abuse of process ("PDP's 1st Striking Out Application").

On 15 September 2016, the PDP filed an application to strike out parts of Accolade's Amended Reply to the PDP's Defence on the premise that they are scandalous, frivolous and vexatious and amounts to an abuse of process ("PDP's 2nd Striking Out Application").

The PDP's 1st Striking out Application and 2nd Striking Out Application were heard before the Judge on 23 November 2016 and 28 February 2017. On 20 April 2017, the Judge allowed the PDP's 1st Striking Out Application. As a result of the Judge's decision, the PDP's 2nd Striking Out Application was struck out as the same has become academic. On 16 May 2017 Accolade has filed a Notice of Appeal against the decision of the Judge. The matter is fixed for case management on 14 November 2017.

40. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Professional services rendered by Raja Eleena, Siew Ang & Associates, a firm in which a director, YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, has interest	**2**	285	**–**	–
Contract services rendered by GLC Architect, a company in which a person connected with a director, Y Bhg Dato' Goon Heng Wah, has interest	**–**	114	**–**	–
Sales of land to a joint venture	**–**	(27,715)	**–**	–
Sales of commercial complex to a joint venture	**(27,703)**	–	**–**	–
Contract services rendered to an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	**(151,696)**	(143,893)	**–**	–
Rental received from subsidiaries	**–**	–	**(4,279)**	(4,368)
Interest receivable from subsidiaries	**–**	–	**(117,528)**	(114,337)

(i) The Company and its joint venture partner, MMC Corporation Berhad ("MMC") issued parent company guarantee to guarantee the due performance and obligations of MMC-Gamuda KVMRT (T) Sdn. Bhd. ("Tunnel JV") in the underground works packages of the Klang Valley Mass Rapid Transit Project Sungai Buloh-Kajang Line ("KVMRT Line 1") and Klang Valley Mass Rapid Transit Project Sungai Buloh-Serdang-Putrajaya Line ("KVMRT Line 2"). Tunnel JV is equally owned by MMC and the Company.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) (cont'd.)

(ii) The Company and its joint venture partner, MMC have also issued parent company guarantees to guarantee the due performance and obligations of MMC-Gamuda KVMRT (PDP SSP) Sdn. Bhd. ("PDP SSP") as the Project Delivery Partner ("PDP") of KVMRT Line 2. PDP SSP is equally owned by MMC and the Company.

The parent company guarantees for the contracts mentioned above have not been called because Tunnel JV and PDP SSP have performed and met their 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total	**16,915**	16,192	**12,520**	11,901

The details of Board of Directors' remuneration are disclosed in Note 6.

41. SIGNIFICANT EVENTS

(i) On 9 August 2017, the Company has announced to voluntarily dissolve its 70% owned foreign subsidiary, Gamuda-Nam Long Development Limited Liability Company ("GNL"). GNL was formed for the purpose of undertaking a property project known as Nam Phu Compound Villas which consisted of 20 units of bungalow with the GDV of USD10 million.

Following completion of the said project and there is no project identified for GNL, the shareholders of GNL have proceeded to dissolve GNL. GNL has on 9 August 2017, received the written confirmation from the Department of Planning and Investment, Ho Chi Minh City, Business Registration Office confirming that GNL has been dissolved on 7 June 2017.

41. SIGNIFICANT EVENTS (CONT'D.)

(ii) On 13 July 2017, Gamuda Land Leisure Sdn Bhd ("GLLSB") was incorporated as a private company limited by shares with an initial issued share capital of RM2.00 representing 2 ordinary shares which are fully paid by the Company's 100% owned subsidiary Gamuda Land Sdn. Bhd.. GLLSB's intended principal activity is to operate amusement park and/or theme park.

(iii) On 14 August 2015, the Company's 60%-owned SRS Consortium received a Letter of Award ("LOA") from the Penang State Government appointing SRS Consortium as the Project Delivery Partner ("PDP") for the implementation of the Penang Transport Master Plan comprising of roads and public transport projects.

The LOA has been extended by the State Government to 30 August 2018 vide its letter dated 29 August 2017 which was duly accepted by SRS Consortium on 5 September 2017.

42. FAIR VALUE

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

At 31 July 2017	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Non-financial assets:					
Unquoted investment in subsidiaries	17	–	–	4,078,297	–
Unquoted interests in associated companies	18	1,580,680	*	386,240	*
Quoted interest in an associated company	18	437,656	1,359,639	59,624	1,359,639
Unquoted interests in joint arrangements	19	895,877	*	147,477	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferrable club membership		762	1,548	683	1,410
Loan to a joint venture by a subsidiary	22(b)	16,500	16,642	–	–
Financial liabilities:					
Long term borrowings:					
– Medium term notes	33	2,455,000	2,457,998	1,400,000	1,407,580
– Term loans	33	2,055,219	2,055,019	–	–
– Revolving credits	33	104,627	104,627	–	–

42. FAIR VALUE (CONT'D.)

Fair value of non-financial and 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	
At 31 July 2016	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Non-financial assets:					
Unquoted investment in subsidiaries	17	–	–	3,835,012	*
Unquoted interests in associated companies	18	1,485,461	*	390,740	*
Quoted interest in an associated company	18	385,626	1,371,142	59,624	1,371,142
Unquoted interests in joint arrangements	19	1,010,045	*	259,477	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferable club membership		840	2,424	683	2,100
Loan to a joint venture by a subsidiary	22(b)	20,286	20,576	–	–
Financial liabilities:					
Long term borrowings:					
– Medium term notes	33	2,945,000	2,963,242	1,800,000	1,814,593
– Term loans	33	1,223,658	1,217,030	–	–

* 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 interests in an associated company, other investments and investment securities

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 at the reporting date.

(iii) Cash and bank balances, current receivables and current payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

42. FAIR VALUE (CONT'D.)

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

The three level of fair value measurement hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date

Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Input for the asset or liability that are not based on observable market data (unobservable input)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using			
Group	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2017				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	**417,779**	–	–	**417,779**
Quoted interest in an associated company (Note 18)	**1,359,639**	**1,359,639**	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	**1,548**	–	**1,548**	–
Loan to a joint venture by a subsidiary (Note 22(b))	**16,642**	–	–	**16,642**
Assets measured at fair value				
Derivative assets (Note 35)	**36,118**	–	**36,118**	–
Investment securities (Note 23)	**462,400**	**462,400**	–	–
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	**2,457,998**	–	–	**2,457,998**
– Term loans	**2,055,019**	–	–	**2,055,019**
– Revolving credits	**104,627**	–	–	**104,627**

42. FAIR VALUE (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities: (cont'd.)

	Fair value measurement using			
Group	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2016				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	344,950	–	–	344,950
Quoted interest in an associated company (Note 18)	1,371,142	1,371,142	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	2,424	–	2,424	–
Loan to a joint venture by a subsidiary (Note 22(b))	20,576	–	–	20,576
Assets measured at fair value				
Derivative assets (Note 35)	18,527	–	18,527	–
Investment securities (Note 23)	644,187	644,187	–	–
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	2,963,242	–	–	2,963,242
– Term loans	1,217,030	–	–	1,217,030

42. FAIR VALUE (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities: (cont'd.)

		Fair value measurement using		
Company	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2017				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	**47,911**	**–**	**–**	**47,911**
Quoted interest in an associated company (Note 18)	**1,359,639**	**1,359,639**	**–**	**–**
Other investments (Note 20):				
– Investment in transferable club memberships	**1,410**	**–**	**1,410**	**–**
Assets measured at fair value				
Investment securities (Note 23)	**19,072**	**19,072**	**–**	**–**
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	**1,407,580**	**–**	**–**	**1,407,580**

42. FAIR VALUE (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities: (cont'd.)

	Fair value measurement using			
Company	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2016				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	47,677	–	–	47,677
Quoted interest in an associated company (Note 18)	1,371,142	1,371,142	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	2,100	–	2,100	–
Assets measured at fair value				
Investment securities (Note 23)	111,435	111,435	–	–
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	1,814,593	–	–	1,814,593

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

42. FAIR VALUE (CONT'D.)

Financial instruments subject to offsetting arrangements

The Group entered into a Cross Currency Interest Rate Swap ("CCIRS") to hedge against foreign currency and interest rate movements for term loans which have an arrangement to settle simultaneously on due dates at a net basis.

The Group's borrowings and derivatives that are off-set are as follows:

	Gross carrying amount RM'000	Gross amounts offset RM'000	Net amounts RM'000
As at 31 July 2017			
Derivatives (Note 35)	**36,118**	**(36,118)**	**–**
Borrowings (Note 33(c)(i))	**(856,100)**	**36,118**	**(819,982)**
As at 31 July 2016			
Derivatives (Note 35)	18,527	(18,527)	–
Borrowings (Note 33(c)(i))	(406,700)	18,527	(388,173)

43. 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.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

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 22.

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			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**1,648,917**	**71%**	1,167,842	70%
Vietnam	**625,096**	**27%**	475,727	28%
India	**37,589**	**2%**	34,303	2%
Middle East	**6,081**	**0%**	1,069	0%
	2,317,683	**100%**	1,678,941	100%
By industry sectors:				
Engineering and construction	**557,195**	**24%**	550,799	33%
Property development and club operations	**977,275**	**42%**	635,155	38%
Water and expressway concessions	**783,213**	**34%**	492,987	29%
	2,317,683	**100%**	1,678,941	100%

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

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

	Group	
	2017 RM'000	2016 RM'000
Trade receivables	**1,072,415**	692,555
Due from associated companies – trade	**609,724**	447,204
Due from joint venture partners – trade	**11,852**	–
Due from joint ventures – trade	**623,692**	539,182
	2,317,683	1,678,941

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 22. Deposits with licensed 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(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 12% (2016: 19%) of the Group's loans and borrowings (Note 34) will mature in less than one year based on the carrying amount reflected in the financial statements. Approximately 24% (2016: 23%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

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.

Group	2017			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	**1,377,870**	**96,328**	**–**	**1,474,198**
Loans and borrowings				
– Principal	**628,647**	**4,334,881**	**270,000**	**5,233,528**
– Interest	**225,482**	**406,199**	**10,275**	**641,786**
Total undiscounted financial liabilities	**2,231,999**	**4,837,408**	**280,275**	**7,349,682**

Group	2016			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	1,113,739	70,489	–	1,184,228
Loans and borrowings				
– Principal	639,659	3,733,657	435,000	4,808,316
– Interest	199,468	477,880	24,333	701,681
Total undiscounted financial liabilities	1,952,866	4,282,026	459,333	6,694,225

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

Company	2017			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	**333,460**	**37,369**	**–**	**370,829**
Due to subsidiaries	**55,991**	**–**	**–**	**55,991**
Loans and borrowings				
– Principal	**455,647**	**1,400,000**	**–**	**1,855,647**
– Interest	**74,222**	**76,061**	**–**	**150,283**
Total undiscounted financial liabilities	**919,320**	**1,513,430**	**–**	**2,432,750**

Company	2016			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	237,297	28,902	–	266,199
Due to subsidiaries	20,524	–	–	20,524
Loans and borrowings				
– Principal	547,370	1,800,000	–	2,347,370
– Interest	86,561	149,336	–	235,897
Total undiscounted financial liabilities	891,752	1,978,238	–	2,869,990

43. 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. At the reporting date, approximately 72% (2016: 73%) 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 RM2,785,000 (2016: RM2,426,000) 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.

Sensitivity analysis for market price risk

As at reporting date, if the quoted prices of the investment securities had been 5% higher/lower, with all other variables held constant, the Group and the Company's profit for the year would have been RM23,120,000 (2016: RM32,209,000) and RM953,600 (2016: RM5,523,000) higher/lower.

(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 45.

43. 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:

	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	Singapore Dollar RM'000	Australian Dollar RM'000	Total RM'000
Group									
At 31 July 2017:									
Cash and bank balances	**266,842**	**14,118**	**–**	**146**	**3,471**	**374**	**20,032**	**1,960**	**306,943**
Receivables	**1,159,064**	**39,467**	**–**	**1,432**	**183,122**	**39,738**	**162**	**6,597**	**1,429,582**
Payables	**415,864**	**1,733**	**–**	**39**	**117,716**	**10,814**	**254**	**24,859**	**571,279**
Borrowings	**594,380**	**–**	**–**	**55,647**	**–**	**–**	**220,822**	**153,599**	**1,024,448**
At 31 July 2016:									
Cash and bank balances	210,617	11,161	31	11,637	3,625	747	30	1,102	238,950
Receivables	733,028	22,440	–	23,636	170,499	62,319	–	1,188	1,013,110
Payables	259,898	1,575	10,990	1,602	108,421	10,309	90	7,046	399,931
Borrowings	527,850	–	–	447,370	–	–	–	7,634	982,854

43. 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: (cont'd.)

	New Taiwan Dollar RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Singapore Dollar RM'000	Total RM'000
Company						
At 31 July 2017:						
Cash and bank balances	**–**	**146**	**3,471**	**374**	**1,172**	**5,163**
Receivables	**–**	**–**	**183,122**	**39,738**	**162**	**223,022**
Payables	**–**	**–**	**117,716**	**10,814**	**127**	**128,657**
Borrowings	**–**	**55,647**	**–**	**–**	**–**	**55,647**
At 31 July 2016:						
Cash and bank balances	31	475	3,625	747	–	4,878
Receivables	–	–	170,499	62,319	–	232,818
Payables	10,990	–	108,421	10,309	–	129,720
Borrowings	–	447,370	–	–	–	447,370

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

43. 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 before tax to a reasonably possible change in the VND, USD, BHD, NTD, QR, INR, SGD and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Total comprehensive income for the year			
			Group Increase/(decrease)		Company Increase/(decrease)	
			2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
VND/RM	strengthened 5%	(2016: 5%)	**20,783**	7,795	**–**	–
	weakened 5%	(2016: 5%)	**(20,783)**	(7,795)	**–**	–
USD/RM	strengthened 5%	(2016: 5%)	**(2,705)**	(20,685)	**(2,775)**	(22,345)
	weakened 5%	(2016: 5%)	**2,705**	20,685	**2,775**	22,345
BHD/RM	strengthened 5%	(2016: 5%)	**1,465**	2,638	**1,465**	2,638
	weakened 5%	(2016: 5%)	**(1,465)**	(2,638)	**(1,465)**	(2,638)
NTD/RM	strengthened 5%	(2016: 5%)	**–**	(548)	**–**	(548)
	weakened 5%	(2016: 5%)	**–**	548	**–**	548
QR/RM	strengthened 5%	(2016: 5%)	**3,444**	3,285	**3,444**	3,285
	weakened 5%	(2016: 5%)	**(3,444)**	(3,285)	**(3,444)**	(3,285)
INR/RM	strengthened 5%	(2016: 5%)	**2,593**	1,601	**–**	–
	weakened 5%	(2016: 5%)	**(2,593)**	(1,601)	**–**	–
SGD/RM	strengthened 5%	(2016: 5%)	**(10,044)**	(3)	**60**	–
	weakened 5%	(2016: 5%)	**10,044**	3	**(60)**	–
AUD/RM	strengthened 5%	(2016: 5%)	**(8,495)**	(620)	**–**	–
	weakened 5%	(2016: 5%)	**8,495**	620	**–**	–

44. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans and borrowings	**5,243,293**	4,808,317	**1,855,647**	2,347,370
Less: Cash and bank balances	**(579,728)**	(828,726)	**(28,136)**	(144,413)
Investment securities	**(462,400)**	(644,187)	**(19,072)**	(111,435)
Net debt	**4,201,165**	3,335,404	**1,808,439**	2,091,522
Equity attributable to the owners of the Company	**7,475,990**	6,878,177	**4,840,662**	4,738,656
Non-controlling interests	**369,130**	336,027	**–**	–
Total capital	**7,845,120**	7,214,204	**4,840,662**	4,738,656
Net gearing ratio	**54%**	46%	**37%**	44%

45. 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.

45. SEGMENT INFORMATION (CONT'D.)

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

2017	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						
Revenue as reported	1,234,162	1,485,905	491,336	–		3,211,403
Share of revenue of joint ventures	2,092,237	382,107	16,769	–		2,491,113
	3,326,399	1,868,012	508,105	–		5,702,516
Inter-segment sales	187,571	–	–	(187,571)	A	–
Total revenue	3,513,970	1,868,012	508,105	(187,571)		5,702,516
Result						
Profit from operations	203,850	179,017	299,383	–		682,250
Finance costs	(11,351)	(36,854)	(56,116)	–		(104,321)
Share of profits of associated companies	3,182	2,370	203,161	–		208,713
Share of profits of joint ventures	73,415	70,333	(104,388)	–		39,360
Profit before tax*	269,096	214,866	342,040	–		826,002
Income tax expense						(169,777)
Profit for the year						656,225
*Profit before tax as reported	269,096	214,866	342,040	–		826,002
Add: Impairment loss on expressway development expenditure	–	–	98,452	–		98,452
Core profit before tax	269,096	214,866	440,492	–		924,454

45. SEGMENT INFORMATION (CONT'D.)

2017	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 interests in associated companies and joint arrangements	**2,412,896**	**7,921,618**	**2,521,449**	**–**		**12,855,963**
Interests in associated companies	**6,704**	**41,913**	**1,969,719**	**–**		**2,018,336**
Interests in joint arrangements	**169,639**	**675,807**	**50,431**	**–**		**895,877**
						15,770,176
Segment liabilities	**(4,068,216)**	**(2,722,062)**	**(1,134,778)**	**–**		**(7,925,056)**
Other information						
Depreciation and amortisation	**21,839**	**15,777**	**110,268**	**–**		**147,884**
Additions to non-current assets	**190,572**	**263,517**	**31,192**	**–**	**B**	**485,281**
Non-cash items other than depreciation and amortisation	**32,289**	**3,741**	**5,850**	**–**	**C**	**41,880**

45. SEGMENT INFORMATION (CONT'D.)

2016	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						
Revenue as reported	905,215	757,869	458,815	–		2,121,899
Share of revenue of joint ventures	1,665,379	363,887	19,732	–		2,048,998
	2,570,594	1,121,756	478,547	–		4,170,897
Inter-segment sales	57,457	–	–	(57,457)	A	–
Total revenue	2,628,051	1,121,756	478,547	(57,457)		4,170,897
Result						
Profit from operations	140,076	80,441	273,621	–		494,138
Finance costs	(19,534)	(38,238)	(68,252)	–		(126,024)
Share of profits of associated companies	116	1,548	209,055	–		210,719
Share of profits of joint ventures	71,620	131,796	(1,591)	–		201,825
Profit before tax	192,278	175,547	412,833	–		780,658
Income tax expense						(111,918)
Profit for the year						668,740

45. SEGMENT INFORMATION (CONT'D.)

2016	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 interests in associated companies and joint arrangements	2,090,928	6,620,252	2,576,412	–		11,287,592
Interests in associated companies	522	47,043	1,823,522	–		1,871,087
Interests in joint arrangements	144,723	710,503	154,819	–		1,010,045
						14,168,724
Segment liabilities	(2,071,212)	(3,424,584)	(1,458,724)	–		(6,954,520)
Other information						
Depreciation and amortisation	13,042	10,048	98,441	–		121,531
Additions to non-current assets	85,461	276,376	27,890	–	B	389,727
Non-cash items other than depreciation and amortisation	16,326	(2,173)	25,045	–	C	39,198

45. 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	2017 RM'000	2016 RM'000
Property, plant and equipment	12	**233,615**	98,870
Investment properties	14	**24,214**	66,738
Land held for property development	13(a)	**196,489**	196,500
Expressway development expenditure	16	**30,963**	27,619
		485,281	389,727

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

	2017 RM'000	2016 RM'000
Property, plant and equipment written off	**14**	31
Unrealised loss on foreign exchange	**21,612**	26,763
Provisions	**37,845**	29,676
Fair value gains on derivatives	**(17,591)**	(17,272)
	41,880	39,198

45. SEGMENT INFORMATION (CONT'D.)

Geographical information

	Revenues		Non-current assets	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	**2,240,919**	1,723,069	**5,196,654**	4,815,326
Outside Malaysia				
Qatar	**–**	–	**4,359**	175
Bahrain	**–**	–	**161**	151
Vietnam	**970,484**	398,830	**1,203,586**	1,161,911
Mauritius	**–**	–	**15,944**	14,580
Australia	**–**	–	**736**	148,798
	970,484	398,830	**1,224,786**	1,325,615
Consolidated	**3,211,403**	2,121,899	**6,421,440**	6,140,941
Share of revenue of joint ventures				
Malaysia	**2,321,716**	2,039,203		
Singapore	**169,397**	9,795		
Total revenue	**5,702,516**	4,170,897		

45. SEGMENT INFORMATION (CONT'D.)

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

	2017 RM'000	2016 RM'000
Property, plant and equipment	**617,250**	419,648
Land held for property development	**2,907,537**	3,044,676
Investment properties	**309,599**	253,737
Land use rights	**2,320**	2,745
Expressway development expenditure	**1,545,042**	1,623,342
Other investments	**812**	890
Deferred tax assets	**74,369**	46,190
Receivables	**964,511**	749,713
	6,421,440	6,140,941

46. SUBSEQUENT EVENT

On 5 September 2017, the Company acquired 6 ordinary shares in SRS Consortium Sdn Bhd for a cash consideration of RM6. The intended principal activity of SRS Consortium Sdn Bhd is to take over the role of project delivery partner ("PDP") from SRS Consortium (the 60:20:20 unincorporated joint venture between the Company, Ideal Property Development Sdn Bhd and Loh Phoy Yen Holdings Sdn Bhd) subject to the approval being obtained from the Penang State Government.

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 2017 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	**2,858,401**	2,009,150	**1,175,370**	1,032,721
Unrealised	**(377,138)**	(193,419)	**(38,563)**	68,014
	2,481,263	1,815,731	**1,136,807**	1,100,735
Total share of accumulated profits from joint ventures				
Realised	**720,155**	886,412	**193,623**	286,341
Unrealised	**(39,931)**	(39,324)	**–**	25
	680,224	847,088	**193,623**	286,366
Total share of retained profits from associated companies				
Realised	**1,725,684**	1,562,794	**–**	–
Unrealised	**(263,361)**	(212,169)	**–**	–
	1,462,323	1,350,625	**–**	–
Less: Consolidation adjustments	**(1,090,588)**	(796,333)	**(17,958)**	(14,199)
Retained profits as per financial statements	**3,533,222**	3,217,111	**1,312,472**	1,372,902

Analysis of Securities of Company

as at 2 October 2017

ANALYSIS OF SHAREHOLDINGS

Total Number of Issued Shares	:	2,454,450,043 ordinary shares
Type of shares	:	Ordinary shares
Voting rights	:	1 vote per share on a poll
No. of shareholders	:	12,448

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	373	3.00	5,992	0.00
100 – 1,000	3,032	24.36	2,461,156	0.10
1,001 – 10,000	6,405	51.45	26,135,278	1.07
10,001 – 100,000	1,785	14.34	58,007,557	2.36
100,001 – 122,722,501 (less than 5% of issued shares)	852	6.84	2,159,164,055	87.97
122,722,502 and above (5% and above of issued shares)	1	0.01	208,676,005	8.50
Total	**12,448**	**100.00**	**2,454,450,043**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders and exclude bare trustee)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	No. of Shares	%	No. of Shares	%
Employees Provident Fund Board	276,838,605	11.28	–	–

DIRECTORS' INTEREST IN ORDINARY SHARES OF THE COMPANY

(as per Register of Directors' Shareholdings)

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
YBhg Dato' Mohammed Hussein	–	–	–	–
YBhg Dato' Lin Yun Ling	73,535,736	3.00	–	–
YBhg Dato' Ir Ha Tiing Tai	21,554,276*3	0.88	16,000*1	*5
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	0.01	118,000,000*2	4.81
YBhg Dato' Haji Azmi bin Mat Nor	316,600	0.01	–	–
YBhg Dato' Goon Heng Wah	15,628,300	0.64	5,755,432*1	0.23
Mr. Saw Wah Theng	804,775*3	0.03	–	–
YM Tunku Afwida binti Tunku A.Malek	–	–	–	–
Puan Nazli binti Mohd Khir Johari	–	–	–	–
YBhg Dato' Ir Chow Chee Wah *(Alternate to YBhg Dato' Lin Yun Ling)*	435,000	0.02	–	–
YBhg Dato' Ubull Din Om *(Alternate to YBhg Dato' Ir Ha Tiing Tai)*	–	–	–	–
Ir Chan Kong Wah *(Alternate to YBhg Dato' Goon Heng Wah)*	460,000*4	0.02	–	–
Mr. Soo Kok Wong *(Alternate to Mr. Saw Wah Theng)*	315,800*3	0.01	–	–

Notes:

*1 Through spouse
*2 Through Generasi Setia (M) Sdn Bhd
*3 Held in own name and in nominee name
*4 Held in nominee name
*5 Negligible

Analysis of Securities of Company
as at 2 October 2017

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS
(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Shares Held	%
1	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	208,676,005	8.50
2	Generasi Setia (M) Sdn Bhd	108,500,000	4.42
3	Kumpulan Wang Persaraan (Diperbadankan)	85,533,500	3.48
4	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	85,401,300	3.48
5	Dato' Lin Yun Ling	73,535,736	3.00
6	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	49,935,263	2.03
7	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	49,437,303	2.01
8	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	48,869,203	1.99
9	Permodalan Nasional Berhad	48,208,400	1.96
10	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	44,018,800	1.79
11	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	42,457,200	1.73
12	AMSEC Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	41,951,800	1.71
13	HSBC Nominees (Asing) Sdn Bhd – BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	39,314,216	1.60
14	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	35,901,908	1.46
15	Amanahraya Trustees Berhad – Amanah Saham Malaysia	32,711,100	1.33
16	Citigroup Nominees (Asing) Sdn Bhd – CBNY for United Nations Joint Staff Pension Fund	31,418,000	1.28
17	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	30,000,000	1.22
18	Citigroup Nominees (Asing) Sdn Bhd – CBHK for Kuwait Investment Authority (Fund 208)	29,754,500	1.21
19	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Total International Stock Index Fund	28,786,400	1.17
20	Amanahraya Trustees Berhad – AS 1Malaysia	27,803,000	1.13

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Shares Held	%
21	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (NOMURA)	26,123,800	1.06
22	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	25,000,000	1.02
23	Lembaga Tabung Haji	24,697,600	1.01
24	Dato' Ng Kee Leen	24,624,960	1.00
25	Amanahraya Trustees Berhad – Amanah Saham Didik	22,074,400	0.90
26	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (AFFIN-HWG)	20,097,500	0.82
27	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 9)	19,554,579	0.80
28	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 14)	17,640,969	0.72
29	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	16,581,300	0.68
30	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 1)	16,425,452	0.67
	Total	**1,355,034,194**	**55.18**

SHARE OPTIONS HELD BY DIRECTORS OF THE COMPANY

(Share Options held under the Gamuda Berhad Employees' Share Option Scheme)

Name of Director	No. of Share Options Held
YBhg Dato' Lin Yun Ling	3,000,000
YBhg Dato' Ir Ha Tiing Tai	1,600,000
YBhg Dato' Haji Azmi bin Mat Nor	1,000,000
YBhg Dato' Goon Heng Wah	1,200,000
Mr. Saw Wah Theng	1,200,000
YBhg Dato' Ir Chow Chee Wah *(Alternate to YBhg Dato' Lin Yun Ling)*	1,000,000
YBhg Dato' Ubull Din Om *(Alternate to YBhg Dato' Ir Ha Tiing Tai)*	715,000
Ir Chan Kong Wah *(Alternate to YBhg Dato' Goon Heng Wah)*	940,000
Mr. Soo Kok Wong *(Alternate to Mr. Saw Wah Theng)*	505,000

Analysis of Securities of Company
as at 2 October 2017

ANALYSIS OF WARRANT HOLDINGS

WARRANTS 2016/2021 ("WARRANTS")

No. of Warrants unexercised	: 392,715,521
Exercise price	: RM4.05
Expiry Date	: 6 March 2021
Voting rights at a meeting of Warrant Holders	: 1 vote per warrant holder on a show of hands 1 vote per warrant on a poll
No. of Warrant Holders	: 6,937

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	62	0.89	3,323	0.00
100 – 1,000	2,101	30.29	1,040,540	0.26
1,001 – 10,000	2,777	40.03	13,954,333	3.55
10,001 – 100,000	1,673	24.12	59,488,121	15.15
100,001 – 19,635,775 (less than 5% of total Warrants unexercised)	323	4.66	188,886,004	48.10
19,635,776 and above (5% and above of total Warrants unexercised)	1	0.01	129,343,200	32.94
Total	**6,937**	**100.00**	**392,715,521**	**100.00**

DIRECTORS' INTEREST IN WARRANTS

(as per Register of Directors' Warrant Holdings)

Name of Director	Direct Interest No. of Warrants	Direct Interest %	Indirect Interest No. of Warrants	Indirect Interest %
YBhg Dato' Mohammed Hussein	–	–	–	–
YBhg Dato' Lin Yun Ling	12,883,600	3.28	–	–
YBhg Dato' Ir Ha Tiing Tai	3,782,000[*3]	0.96	2,800[*1]	[*5]
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	0.01	18,663,000[*2]	4.75
YBhg Dato' Haji Azmi bin Mat Nor	58,200	0.01	–	–
YBhg Dato' Goon Heng Wah	2,741,600	0.70	1,000,000[*1]	0.25
Mr. Saw Wah Theng	143,500[*3]	0.04	–	–
YM Tunku Afwida binti Tunku A.Malek	–	–	–	–
Puan Nazli binti Mohd Khir Johari	–	–	–	–
YBhg Dato' Ir Chow Chee Wah *(Alternate to YBhg Dato' Lin Yun Ling)*	78,000	0.02	–	–
YBhg Dato' Ubull Din Om *(Alternate to YBhg Dato' Ir Ha Tiing Tai)*	–	–	–	–
Ir Chan Kong Wah *(Alternate to YBhg Dato' Goon Heng Wah)*	71,900[*4]	0.02	–	–
Mr. Soo Kok Wong *(Alternate to Mr. Saw Wah Theng)*	57,000[*3]	0.01	–	–

Notes:

[*1] Through spouse
[*2] Through Generasi Setia (M) Sdn Bhd
[*3] Held in own name and in nominee name
[*4] Held in nominee name
[*5] Negligible

Analysis of Securities of Company
as at 2 October 2017

TOP 30 WARRANT HOLDERS AS PER RECORD OF DEPOSITORS
(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Warrants Held	%
1	Lembaga Tabung Haji	129,343,200	32.94
2	Generasi Setia (M) Sdn Bhd	18,663,000	4.75
3	Dato' Lin Yun Ling	12,883,600	3.28
4	Permodalan Nasional Berhad	6,617,700	1.69
5	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	5,260,000	1.34
6	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Heng Teng Kuang	5,200,000	1.32
7	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	4,634,534	1.18
8	Malaysia Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	4,534,150	1.15
9	Dato' Ng Kee Leen	4,476,800	1.14
10	Yap Yoon Kong	4,280,000	1.09
11	Affin Hwang Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ooi Ying Nee	3,007,000	0.77
12	Heng Teng Kuang	2,953,023	0.75
13	Dato' Ir Ha Tiing Tai	2,795,100	0.71
14	Dato' Goon Heng Wah	2,741,600	0.70
15	DB (Malaysia) Nominee (Asing) Sdn Bhd – Deutsche Bank AG Singapore for IAM Traditional Asian Growth Fund	2,729,100	0.69
16	HSBC (M) Trustee Bhd for Affin Hwang Select Asia Pacific (Ex Japan) REITS and Infrastructure Fund (5899-401)	2,431,500	0.62
17	Gan Kim Cheong	2,350,000	0.60
18	HSBC Nominees (Asing) Sdn Bhd – HSBC BK PLC for Saudi Arabian Monetary Authority	2,234,700	0.57
19	Gan Lu Ter	2,175,000	0.55
20	Amanahraya Trustees Berhad – Affin Hwang Growth Fund	1,740,300	0.44

TOP 30 WARRANT HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Warrants Held	%
21	Su Ming Keat	1,561,367	0.40
22	Pertubuhan Keselamatan Sosial	1,484,800	0.38
23	Chia Hiang Nooi	1,400,000	0.36
24	Tan Soo Eng	1,400,000	0.36
25	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for CIMB-Principal Strategic Bond Fund (290077)	1,382,800	0.35
26	Amanahraya Trustees Berhad – Affin Hwang Principled Growth Fund	1,374,300	0.35
27	Amanahraya Trustees Berhad – Public Ittikal Sequel Fund	1,368,783	0.35
28	Destinet Sdn Bhd	1,300,000	0.33
29	Lee Foong Ngoh	1,263,833	0.32
30	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Ng Eng Hean	1,250,000	0.32
	Total	**234,836,190**	**59.80**

Issued Share Capital

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative No. of Issued Shares
06.10.1976	2	Cash – Subscribers' shares	2
26.12.1976	199,998	Cash	200,000
10.10.1977	200,000	Cash	400,000
30.07.1981	100,000	Cash	500,000
21.07.1984	500,000	Bonus Issue on the basis of 1 new ordinary share for every 1 existing ordinary share held	1,000,000
24.07.1985	250,000	Cash	1,250,000
29.07.1985	500,000	Issued as consideration for the acquisition of several companies	1,750,000
31.07.1986	750,000	Cash	2,500,000
30.07.1987	750,000	Bonus Issue in the proportion of 3 new ordinary shares for every 10 existing ordinary shares held	3,250,000
30.07.1988	1,750,000	Bonus Issue in the proportion of 7 new ordinary shares for every 10 existing ordinary shares held	5,000,000
30.07.1990	3,000,000	Bonus Issue in the proportion of 3 new ordinary shares for every 5 existing ordinary shares held	8,000,000
29.04.1992	11,000,000	Bonus Issue in the proportion of 1,375 new ordinary shares for every 1,000 existing ordinary shares held	19,000,000
29.04.1992	23,976,667	Issued as consideration for the acquisition of Gammau Construction Sdn Bhd and Ganaz Bina Sdn Bhd	42,976,667
05.06.1992	19,086,333	Right Issue in the proportion of 2,386 new ordinary shares for every 1,000 existing ordinary shares held	62,063,000
18.01.1995	20,687,667	Bonus Issue in the proportion of 1 new ordinary share for every 3 existing ordinary shares held	82,750,667
20.03.1995	7,757,875	Rights Issue in the proportion of 1 new ordinary share for every 8 existing ordinary shares held	90,508,542
24.01.1996 – 26.12.1996	24,547,169	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	115,055,711

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative No. of Issued Shares
16.01.1997	153,407,614	Bonus Issue in the proportion of 4 new ordinary shares for every 3 existing ordinary shares held	268,463,325
12.03.1997	19,175,951	Rights Issue in the proportion of 1 new ordinary share for every 6 existing ordinary shares held	287,639,276
20.01.1997 – 24.11.1997	2,057,133	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	289,696,409
22.10.1998 – 31.12.1998	99,000	Issued pursuant to exercise of options under ESOS	289,795,409
07.01.1999 – 30.12.1999	15,979,428	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	305,774,837
05.01.2000 – 16.07.2000	37,201,999	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	342,976,836
03.03.2000	322,213,836	Bonus Issue in the proportion of 1 new ordinary share for every 1 existing ordinary share held	665,190,672
31.01.2001 – 19.12.2001	807,000	Issued pursuant to exercise of options under ESOS	665,997,672
02.01.2002 – 27.12.2002	8,646,002	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	674,643,674
13.01.2003 – 31.12.2003	51,251,218	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	725,894,892
07.01.2004 – 23.12.2004	13,209,252	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2001/2007	739,104,144
05.01.2005 – 29.12.2005	14,128,000	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2001/2007	753,232,144
26.10.2006 – 29.12.2006	37,982,965	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	791,215,109
08.01.2007 – 28.12.2007	207,268,945	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	998,484,054
25.10.2007	994,963,054	Bonus Issue on the basis of 1 new ordinary share for every 1 existing ordinary share held	1,993,447,108

Issued Share Capital

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative No. of Issued Shares
09.01.2008 – 19.12.2008	12,736,000	Issued pursuant to exercise of options under ESOS	2,006,183,108
23.01.2009 – 22.12.2009	10,589,000	Issued pursuant to exercise of options under ESOS	2,016,772,108
11.01.2010 – 29.12.2010	29,439,485	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,046,211,593
04.01.2011 – 30.12.2011	21,563,311	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,067,774,904
03.01.2012 – 31.12.2012	18,690,762	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,086,465,666
07.01.2013 – 30.12.2013	205,859,001	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,292,324,667
06.01.2014 – 29.12.2014	49,464,512	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,341,789,179
06.01.2015 – 22.06.2015	64,115,876	Conversion of Warrants 2010/2015	2,405,905,055
07.01.2016 – 28.12.2016	18,193,855	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,424,098,910
05.01.2017 – 09.10.2017	30,572,933	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,454,671,843

List of Major Properties

Held as at 31 July 2017

No	Location	Description	Area	Tenure	Date of Valuation/ Acquisition	Year of expiry	Approximate age of building (Years)	NBV (RM)
1	Block D, PJ Trade Centre No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana 47820 Petaling Jaya Selangor	20 storey office tower/ Menara Gamuda	2,048 sq m	Leasehold	2011	2104	8	137,515,875
2	No. 30, Jalan SS2/44 47300 Petaling Jaya Selangor	Bungalow/ Staff quarters	501 sq m	Freehold	1991	–	31	290,800
3	No. 36/38, Jalan SS21/62 47400 Petaling Jaya Selangor	2 blocks, 4 storey shoplot/office	286 sq m	Freehold	1991	–	23	902,001
4	No. 39, Jalan SS22/23 47400 Petaling Jaya Selangor	4 storey shoplot/office	153 sq m	Freehold	2007	–	23	550,240
5	No. 53, Jalan SS22/23 47400 Petaling Jaya Selangor	4 storey shoplot/office	153 sq m	Freehold	2006	–	28	1,220,401
6	No. 55-61, Jalan SS22/23 47400 Petaling Jaya Selangor	4 blocks, 4 storey shoplot/office	612 sq m	Freehold	1992	–	26	4,622,060
7	No. 54-58, Jalan SS22/25 47400 Petaling Jaya Selangor	3 blocks, 4 storey shoplot/office	460 sq m	Freehold	2006	–	25	4,321,892
8	HS (D) 54871 PT No. 56274 Mukim & District of Kelang Selangor	Industrial estate/ workshop	16,898 sq m	Freehold	1995	–	–	7,011,669
9	Lot 195821, 195822 195823, 195824, 195825 195826, 195827, 46482 57417 all in the Mukim of Kampar District of Kinta 31350 Ipoh, Perak	Granite hill, limestone hill and industrial land/quarry	469,493 sq m	Leasehold	1991	2022	–	2,354,709

List of Major Properties
Held as at 31 July 2017

No	Location	Description	Area	Tenure	Date of Valuation/ Acquisition	Year of expiry	Approximate age of building (Years)	NBV (RM)
10	PT 183485 Meru Industrial Estate Jelapang, 30020 Ipoh, Perak	Industrial estate/ workshop	12,144 sq m	Leasehold	1991	2050	21	507,014
11	PT 51683, Jalan Jelapang 30020 Ipoh, Perak	Industrial estate/ workshop	4,353 sq m	Leasehold	1991	2043	27	331,336
12	No. 152, Jalan Gopeng 31350 Ipoh, Perak	3 storey shoplot/office	164 sq m	Leasehold	1991	2078	31	136,109
13	No. 158, Jalan Gopeng 31350 Ipoh, Perak	3 storey shoplot/office	163 sq m	Leasehold	1991	2078	31	143,867
14	Eaton International School, Persiaran Puncak Utama, 43000 Kajang, Selangor	Building (1 Block)	12,673 sq m	Freehold	2016	–	1	38,326,183

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Forty-first Annual General Meeting of Gamuda Berhad** ("Company") will be held at **Permai Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan** on **Thursday, 7 December 2017** at **10.00 a.m.** for the purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2017 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note No. 3 (a)]**

2. To approve the payment of Directors' fees for the financial year ended 31 July 2017. **(Resolution 1)**

3. To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM386,819.00 for the period from 31 January 2017 until the next annual general meeting of the Company to be held in 2018. **(Resolution 2)**

4. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Clause 95 of the Constitution of the Company and, who being eligible, offer themselves for re-election:-

   a. YBhg Dato' Mohammed Hussein **(Resolution 3)**
   b. YBhg Dato' Haji Azmi bin Mat Nor **(Resolution 4)**
   c. YBhg Dato' Goon Heng Wah **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

As Special Business:-

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

6. **Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016** **(Resolution 7)**

   "THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental regulatory authorities (if required), the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of, and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

7. **Proposed Renewal of Share Buy-back Authority** **(Resolution 8)**

   "THAT subject to the provisions of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Share Buy-back") as may be determined by the Directors of the Company, from time to time, through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of ordinary shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being of the Company and an amount not exceeding the retained profits of the Company be and is hereby allocated by the Company for the Proposed Share Buy-back.

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

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

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

i. the conclusion of the next annual general meeting ("AGM") of the Company at which time it will lapse, unless by ordinary resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

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

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

BY ORDER OF THE BOARD

LIM SOO LYE (LS0006461)
PANG SIOK TIENG (MAICSA 7020782)
Company Secretaries

Petaling Jaya

9 November 2017

Notice of Annual General Meeting

Notes:

1. General Meeting Record of Depositors

For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 67 of the Constitution of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 30 November 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.

2. Appointment of Proxy(ies)

a. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without any restriction as to the qualification of the proxy.

b. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

c. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.

d. Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the number of ordinary share to be represented by each proxy.

e. If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.

f. The Form of Proxy must be deposited at the Registered Office of the Company situated at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia before 10.00 a.m. on 5 December 2017 or not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

g. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

3. Explanatory Notes

a. Audited Financial Statements

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). Hence, this matter will not be put for voting.

b. Resolutions 1 & 2

Section 230(1) of the CA 2016 provides that the 'fees' of the directors and 'any benefits' payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this annual general meeting for the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company under Resolutions 1 and 2.

The proposed payment of Directors' fees of RM550,000/- to Non-Executive Directors of the Company who have served during the financial year, is reflective of their responsibilities. The proposed payment, if approved by the shareholders of the Company, shall be for the financial year ended 31 July 2017 and, for each financial year thereafter, shall be determined by the Company in a general meeting.

The current Directors' benefits (excluding Directors' fees) payable to the Non-Executive Directors of the Company comprises of meeting allowances and benefits-in-kind.

In determining the estimated benefits payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board") and Board Committees of the Company as well as the number of Non-Executive Directors involved in these meetings.

The proposed Resolution 2, if passed, is to facilitate the payment of Directors' benefits as and when incurred. The Board opined that it is just and equitable for the Non-Executive Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company.

In the event that the payment of Directors' benefits (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this annual general meeting, shareholders' approval will be sought at the next annual general meeting.

c. Resolution 3

The Board (save for YBhg Dato' Mohammed Hussein) has vide the Nomination Committee, conducted the annual evaluation and assessment on the independence of YBhg Dato' Mohammed Hussein as an Independent Chairman of the Company and, supports the Nomination Committee's recommendation that YBhg Dato' Mohammed Hussein (who being eligible and has offered himself for re-election) be re-elected as a Director of the Company pursuant to Clause 95 of the Constitution of the Company.

d. Resolution 6

The Ordinary Resolution 6 proposed under item 5 of the Agenda relates to the re-appointment of Messrs Ernst & Young as Auditors of the Company. Pursuant to Recommendation 5.2 of Principle 5 (Uphold Integrity in Financial Reporting) of the Malaysian Code on Corporate Governance 2012, the Audit Committee with the assistance of the Group Finance of the Company, has assessed the suitability and independence of Messrs Ernst & Young as Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of Messrs Ernst & Young, who shall retire as Auditors of the Company at the Forty-first Annual General Meeting of the Company and, who have expressed their willingness to continue in office as Auditors of the Company for the ensuing financial year until the conclusion of the next annual general meeting at a fee to be determined by the Board.

e. Resolution 7

The proposed Resolution 7 if passed, will empower the Directors to issue shares of the Company up to a maximum of 10% of the total number of issued shares of the Company for the time being, for any possible fund raising activities for purposes of funding future investment projects, working capital, acquisitions and/or for strategic reasons. The approval is a renewal of a general mandate and is sought to provide flexibility and to avoid any delay and cost in convening a general meeting for such issuance of shares for fund raising activities, including placement of shares.

This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next annual general meeting of the Company. At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

The Company did not issue any new shares under the general mandate which was approved at its Fortieth Annual General Meeting held on 8 December 2016.

f. Resolution 8

Shareholders are advised to refer to the Statement to Shareholders dated 9 November 2017, which is despatched together with the Annual Report 2017 for further information.

4. Statement Accompanying Notice of Annual General Meeting

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

- Details of individuals who are standing for election as Directors

  There are no individuals who are standing for election as Directors at the Forty-first Annual General Meeting of the Company.

- Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

  Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the CA 2016 are set out in Explanatory Note 3(e) of the Notice of this Meeting.

Administrative Details

41st Annual General Meeting ("AGM")

Date : Thursday, 7 December 2017

Time : 10.00 a.m.

Place : Permai Room, Kota Permai Golf & Country Club, Kota Kemuning

REGISTRATION

1. Registration will start at 8.00 a.m. at the Permai Room 1 of Kota Permai Golf & Country Club and will remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the Meeting.

2. Please read the signage to ascertain which area to register yourself for the meeting and join the queue accordingly.

3. Please produce your ORIGINAL identification Card (I/C) or passport (for foreigners) during registration to the registration staff for verification. Only original I/C or passport will be accepted for purposes of identity verification. Please make sure you collect your I/C or passport before leaving the registration counter.

4. No person will be allowed to register on behalf of another person even with the original I/C or passport of that other person.

5. Upon verification and registration:
   - please sign on the Attendance List and an **identification wristband with tag to voting device** (for attending the AGM) will be provided at the registration counter. If you are attending the AGM as a shareholder as well as proxy, you will be registered once and will only be given one identification wristband. No person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband;
   - a voting device (for poll voting purpose) will be given at the entrance of the meeting hall. You are required to return the voting device to the poll administrator whenever you leave the meeting hall. The voting device will be returned to you upon your return to the meeting hall; and
   - no voting device will be given to proxies where the shareholders that they represented have already pre-voted in the proxy forms.

6. After registration, please vacate the registration area immediately and proceed to Permai Room.

7. The registration counter will only handle verification of identity and registration of attendance.

8. Help desk support is available for any other enquiries/assistance/revocation of proxy's appointment.

VOTING PROCEDURE

1. The voting at the AGM will be conducted on a poll.

2. Insurban Corporate Services Sdn Bhd is appointed as Poll Administrator to conduct the polling process.

3. Leou Associates PLT is appointed as Independent Scrutineers to verify the results of the poll.

4. All attendees at the AGM will be briefed and/or guided accordingly by the Poll Administrator before the commencement of and during the voting process.

ENTITLEMENTS TO ATTEND, SPEAK AND VOTE

Only Depositors registered in the Register of Members/Record of Depositors and whose names appear in the Register of Members/Record of Depositors as at 30 November 2017 shall be entitled to attend, speak and vote at the AGM or appoint proxy or proxies to attend, speak and vote on their behalf in respect of the number of shares registered in their names at that time.

DOOR GIFT

1. Door gift will be given upon registration subject to verification of identity by the share registrar for the AGM.

2. Each registered attendee, whether as a shareholder or proxy or both or as proxy for multiple shareholders, shall be eligible for **one (1) door gift only**.

PARKING

Ample indoor and outdoor parking are freely available at Kota Permai Golf & Country Club.

MOBILE DEVICES

Please ensure that all mobile devices i.e. phones/pagers/other sound emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

NO SMOKING POLICY

A no smoking policy is maintained inside the Kota Permai Golf & Country Club building. Your co-operation is much appreciated.

ENQUIRY

For general queries before the AGM day, you may wish to contact Ms. Didi Choong or Cik Forzana Abd Rashid during office hours, at phone no. +603-7726 9210 or fax your enquiries to +603-7728 9811.

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GAMUDA
(Company No. 29579-T)

Form of Proxy

CDS Account No.	No. of Shares held

*I/We (full name and in block letters) ______________________________

*NRIC/Passport/Company No. (compulsory) ______________________ Mobile Phone No.: ______________

Address (in block letters): ______________________________

being a member of **Gamuda Berhad** ("the Company") hereby appoint:-

First Proxy

Full Name (in block letters)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address:			

*or failing *him/her,

Second Proxy (as the case may be)

Full Name (in block letters)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address:			

or failing *him/her, the Chairman of the Meeting as *my/our Proxy to vote for *me/our behalf at the Forty-first Annual General Meeting of the Company to be held at Permai Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam. Selangor Darul Ehsan, Malaysia on Thursday, 7 December 2017 at 10.00 a.m. and at any adjournment thereof.

Resolution	Ordinary Business	For	Against
1	Approval of Directors' fees		
2	Approval of payment of Directors' benefits (excluding Directors' fees)		
3	Re-election of YBhg Dato' Mohammed Hussein as a Director		
4	Re-election of YBhg Dato' Haji Azmi bin Mat Nor as a Director		
5	Re-election of YBhg Dato' Goon Heng Wah as a Director		
6	Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' remuneration		
	Special Business		
7	Ordinary Resolution: Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8	Ordinary Resolution: Proposed Renewal of Share Buy-back Authority		

(Please indicate with an "X" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/her discretion)

Signed this ______________ day of ____________________, 2017.

____

Signature/Common Seal of Shareholder

IMPORTANT: Please read notes overleaf *fold this flap for sealing*

Notes:

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without any restriction as to the qualification of the proxy.
2. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.
4. Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the number of shares to be represented by each proxy.
5. If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
7. To be valid, the original signed and/or sealed Form of Proxy must be deposited at the Registered Office of the Company situated at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight hours before the time set for holding the meeting or at any adjournment thereof.
8. Only a Depositor whose name appears in the Record of Depositors as at 30 November 2017 shall be entitled to attend, speak and vote at this meeting or appoints a proxy or proxies to attend and/or vote on his/her behalf.

* Delete where not applicable

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AFFIX
STAMP

The Company Secretaries
Gamuda Berhad

Menara Gamuda
D-16-01, Block D, PJ Trade Centre
No. 8, Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Malaysia

fold here

Gamuda Berhad (29579-T)
Menara Gamuda, Block D, PJ Trade Centre,
No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana,
47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
(603) 7491 8288 (603) 7728 6571/9811 gcc@gamuda.com.my

gamuda.com.my