

SUSTAINABILITY

THROUGH WORKFORCE DEVELOPMENT



High precision engineering works at the Tunnel Boring Machine (TBM) Refurbishment Centre in Ipoh



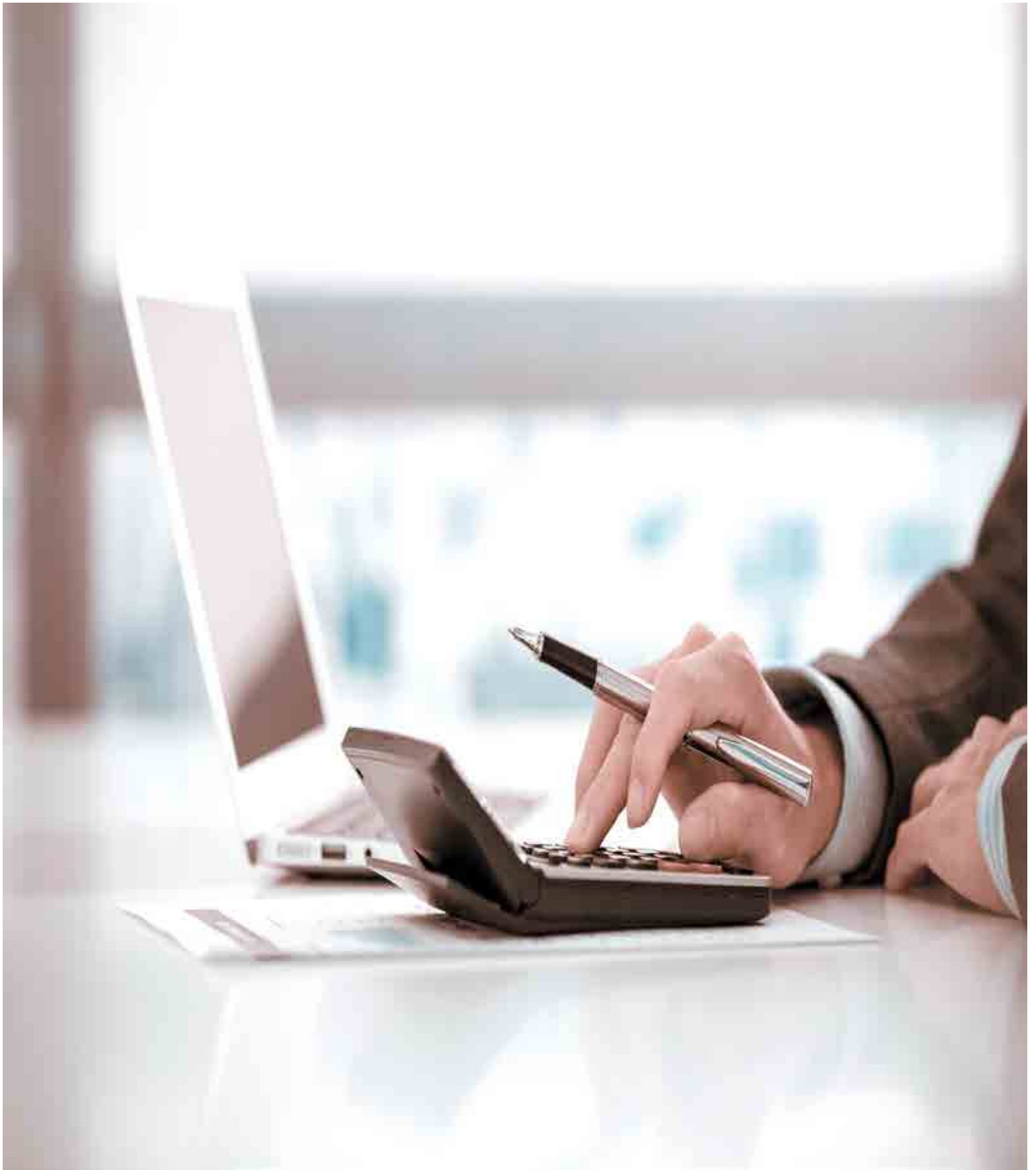
Increasing productivity with the Industrialised Building System and Building Information Modelling

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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 2016.

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.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	668,740	523,876
Attributable to:		
Owners of the Company	626,133	523,876
Non-controlling interests	42,607	–
	668,740	523,876

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.

DIVIDENDS

The amount of dividends declared and paid by the Company since 31 July 2015 were as follows:

In respect of the financial year ended 31 July 2016:

	RM'000
First interim single tier dividend of 6 sen per ordinary share declared on 16 December 2015 and paid on 29 January 2016	144,354
Second interim single tier dividend of 6 sen per ordinary share declared on 29 June 2016 and paid on 28 July 2016	145,105
	289,459

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

Directors' Report (cont'd.)

DIRECTORS

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

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 (*Appointed on 7 March 2016*)
Y Bhg Dato' Ubull a/l Din Om (*alternate to Y Bhg Dato' Ir Ha Tiing Tai*)
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*)
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain (*retired on 7 December 2015*)

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' INTERESTS

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

	← Number of ordinary shares of RM1 each →			
	1 August 2015	Bought	Sold	31 July 2016
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
Ir. Chow Chee Wah	435,000	–	–	435,000
Ir. Chan Kong Wah	400,000	–	–	400,000
Mr Soo Kok Wong	315,800	–	–	315,800

Directors' Report (cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

	← Number of ordinary shares of RM1 each →			
	1 August 2015	Bought	Sold	31 July 2016
Gamuda Berhad				
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 [*]	123,000,000	-	(5,000,000)	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

Employees' Share Option Scheme

	Exercise price RM	← Number of options →			
		1 August 2015	Granted	Exercised	31 July 2016
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
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	-	500,000
Mr Soo Kok Wong	4.46*	253,000	-	-	253,000
	3.84*	-	252,000	-	252,000

* 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.

Directors' Report (cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

Warrants 2016/2021

	← Number of warrants →			
	1 August 2015	Subscribed	Converted/ Sold	31 July 2016
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
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	-	21,528,600
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 in office at the end of the financial year had any interest in shares, options over shares or warrants of the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM2,405,905,055 to RM2,418,993,129 by way of:

- issuance of 6,350,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's ESOS at the exercise prices as disclosed in Note 27(d) to the financial statements.
- issuance of 6,738,074 new ordinary shares of RM1.00 each 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(b) 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.

Directors' Report (cont'd.)

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(c) and Note 27(e) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 390,000 ordinary shares of RM1.00 each. The names of the option holders granted options to subscribe for 390,000 or more ordinary shares of RM1.00 each during the financial year are as follows:

Name	Expiry date	Number of option
Parameswaran a/l Sivalingam	9 April 2020	520,000
Lee Seng Hoor	9 April 2020	397,000

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

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, 394,246,435 Warrants remained unexercised.

OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- 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
 - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- 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
 - 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.

Directors' Report (cont'd.)

OTHER STATUTORY INFORMATION (CONT'D.)

- (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.
- (g) The Company has been granted exemption by the Companies Commission of Malaysia for its four subsidiaries from having to comply with Section 168(1)(b) of the Companies Act, 1965 to adopt a financial year end which coincides with that of its holding company for the financial year ended 31 July 2016 as follows:
- (i) Gamuda – Nam Long Development Limited Liability Company and Gamuda Land (HCMC) Joint Stock Company (formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company) with December financial year end;
 - (ii) Gamuda Land Vietnam Limited Liability Company with June financial year end; and
 - (iii) 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 EVENTS

Details of subsequent events are disclosed in Note 47 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 October 2016.

Y Bhg Dato' Mohammed bin Haji Che Hussein
Chairman

Saw Wah Theng
Finance Director



Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

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 11 to 149 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 48 to the financial statements on page 150 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 18 October 2016.

Y Bhg Dato' Mohammed bin Haji Che Hussein
Chairman

Saw Wah Theng
Finance Director

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Saw Wah Theng, being the director primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 150 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 18 October 2016

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 FINANCIAL STATEMENTS

We have audited the financial statements of Gamuda Berhad, which comprise the statements of financial position as at 31 July 2016 of the Group and of the Company, and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 149.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 18(d) to the financial statements which describes the uncertainty relating to Selangor State Government's effort to consolidate the various entities involved in the treatment, supply and distribution of water in the state of Selangor and its consequent effects, if any, on the Group's interest in its associated company, Syarikat Pengeluar Air Selangor Holdings Berhad.



Independent Auditors' Report

To the members of Gamuda Berhad (Incorporated in Malaysia) (cont'd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 48 on page 150 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
18 October 2016

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

Consolidated Income Statement

For the financial year ended 31 July 2016

	Note	2016 RM'000	2015 RM'000
Revenue	4	2,121,899	2,399,918
Other income		108,974	100,529
Construction contract costs recognised as contract expenses		(557,859)	(710,640)
Land and development costs		(548,471)	(594,856)
Highway maintenance and toll operations		(48,160)	(28,902)
Changes in inventory of finished goods and work in progress		(7,655)	(16,929)
Purchases – raw materials		(51,225)	(77,749)
– trading materials		(49,361)	(82,668)
Production overheads		(54,926)	(53,996)
Staff costs	5	(165,677)	(139,495)
Depreciation and amortisation		(121,531)	(102,574)
Other operating expenses		(131,870)	(90,651)
Profit from operations	7	494,138	601,987
Finance costs	8	(126,024)	(123,742)
Share of profits of associated companies		210,719	199,044
Share of profits of joint ventures		201,825	180,900
Profit before tax		780,658	858,189
Income tax expense	9	(111,918)	(132,731)
Profit for the year		668,740	725,458
Profit attributable to:			
Owners of the Company		626,133	682,138
Non-controlling interests		42,607	43,320
		668,740	725,458
Earnings per share attributable to owners of the Company (sen)			
Basic	10(a)	25.99	28.94
Diluted	10(b)	25.25	28.94
Net dividends per ordinary share (sen)	11	12.0	12.0

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 July 2016

	2016 RM'000	2015 RM'000
Profit for the year	668,740	725,458
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Fair value gain on cash flow hedges	-	1,903
Foreign currency translation	25,698	247,610
Share of associated companies' foreign currency translation	(608)	2,872
Net asset accretion in an associated company arising from capital contribution	3,136	4,853
	28,226	257,238
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan (Note 30)	-	(7,060)
Income tax effect	-	1,459
Other comprehensive income for the year, net of tax	28,226	251,637
Total comprehensive income for the year	696,966	977,095
Total comprehensive income attributable to:		
Owners of the Company	653,958	918,354
Non-controlling interests	43,008	58,741
	696,966	977,095

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

Consolidated Statement of Financial Position

As at 31 July 2016

	Note	2016 RM'000	2015 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	419,648	312,282
Land held for property development	13(a)	3,044,676	2,711,251
Investment properties	14	253,737	163,266
Land use rights	15	2,745	3,170
Expressway development expenditure	16	1,623,342	1,692,837
Interests in associated companies	18	1,871,087	1,760,490
Interests in joint arrangements	19	1,010,045	860,271
Other investments	20	890	890
Deferred tax assets	32	46,190	40,625
Receivables	22(b)	749,713	546,614
		9,022,073	8,091,696
Current assets			
Property development costs	13(b)	1,841,555	2,151,982
Inventories	21	117,091	185,583
Receivables	22(a)	1,697,122	1,455,176
Tax recoverable		17,970	3,560
Investment securities	23	644,187	509,643
Cash and bank balances	26	828,726	928,059
		5,146,651	5,234,003
Total assets		14,168,724	13,325,699

Consolidated Statement of Financial Position

As at 31 July 2016 (cont'd.)

	Note	2016 RM'000	2015 RM'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	27	2,418,993	2,405,905
Reserves		4,459,184	3,931,289
Owners' equity		6,878,177	6,337,194
Non-controlling interests		336,027	356,019
Total equity		7,214,204	6,693,213
Non-current liabilities			
Payables	31(a)	170,343	394,861
Provision for liabilities	37	14,351	–
Deferred tax liabilities	32	432,500	420,007
Long term borrowings	33	4,168,658	3,358,355
		4,785,852	4,173,223
Current liabilities			
Short term borrowings	34	639,659	777,086
Payables	31(b)	1,443,502	1,581,526
Provision for liabilities	37	44,919	55,021
Tax payable		40,588	45,630
		2,168,668	2,459,263
Total liabilities		6,954,520	6,632,486
Total equity and liabilities		14,168,724	13,325,699

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 2016

Group	Attributable to owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	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		
At 1 August 2014	2,323,357	626,328	-	41,433	2,483,174	5,474,292	687,395	6,161,687
Total comprehensive income	-	-	-	241,817	676,537	918,354	58,741	977,095
Transactions with owners:								
Issuance of ordinary shares pursuant to conversion of Warrants (Notes 27(b) and 28)	82,548	145,284	-	(8,255)	-	219,577	-	219,577
Transfer from warrants reserve to retained profits	-	-	-	(120)	120	-	-	-
Share options granted under ESOS	-	-	4,365	-	-	4,365	-	4,365
Capital repayment by a subsidiary to non-controlling interests	-	-	-	-	-	-	(139,774)	(139,774)
Acquisition of stake from non-controlling interests	-	-	-	-	5,849	5,849	(180,443)	(174,594)
Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	(69,900)	(69,900)
Dividends (Note 11)	-	-	-	-	(285,243)	(285,243)	-	(285,243)
Total transactions with owners	82,548	145,284	4,365	(8,375)	(279,274)	(55,452)	(390,117)	(445,569)
At 31 July 2015	2,405,905	771,612	4,365	274,875	2,880,437	6,337,194	356,019	6,693,213
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(d))	6,350	18,382	-	-	-	24,732	-	24,732
Conversion of Warrants (Notes 27(b) 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	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

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 2016

	2016 RM'000	2015 RM'000
Cash flows from operating activities		
Profit before taxation	780,658	858,189
Adjustments for:		
Amortisation of prepaid land lease payments	425	425
Amortisation of expressway development expenditure	97,114	78,539
Depreciation		
– Property, plant and equipment	21,292	22,087
– Investment properties	2,700	1,523
Property, plant and equipment written off	31	39
Net provision for liabilities	24,403	29,109
Provision for retirement benefits	4,455	4,640
Provision for short term accumulating compensated absences	372	1,263
Net gain on disposal of property, plant and equipment	(708)	(953)
Share of profits from associated companies	(210,719)	(199,044)
Share of profits from joint ventures	(201,825)	(180,900)
Share options granted under ESOS	24,217	4,365
Unrealised loss/(gain) on foreign exchange	26,763	(26,466)
Impairment loss on trade receivables	446	–
Fair value gains on derivatives	(17,272)	(1,255)
Distribution from investment securities	(24,669)	(26,530)
Net unwinding of discount	28,995	(13,695)
Interest income	(21,707)	(17,401)
Interest expense	76,269	114,124
Operating profit before working capital changes	611,240	648,059
Increase in development properties	(65,057)	(42,884)
Decrease in inventories	80,914	129
Increase in receivables	(302,924)	(216,275)
Increase in payables	31,225	80,209
Cash generated from operations	355,398	469,238
Income taxes paid	(124,398)	(90,623)
Interest paid	(159,024)	(150,328)
Retirement benefits paid	(16)	(14)
Net cash generated from operating activities	71,960	228,273

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2016 (cont'd.)

	2016 RM'000	2015 RM'000
Cash flows from investing activities		
Purchase of land held for development	(564,368)	(791,996)
Purchase of property, plant and equipment	(98,870)	(24,031)
Addition to investment properties expenditures	(66,738)	(14,315)
Proceeds from disposal of property, plant and equipment	1,276	7,735
Additions to expressway development expenditures	(27,619)	(16,027)
Net purchase of investment securities	(134,544)	(389,141)
Capital repayment from associated companies	30,940	22,812
Acquisition of additional interest in a joint venture	(55,770)	(142,092)
Acquisition of stake from non-controlling interests	-	(174,594)
(Placement)/withdrawal of deposits with tenure more than 3 months	(51,134)	52,488
Distribution received from investment securities	24,669	26,530
Dividend received from associated companies	68,968	51,011
Dividend received from a joint venture	120,000	32,500
Interest received	21,707	17,401
Net cash used in investing activities	(731,483)	(1,341,719)
Cash flows from financing activities		
Repayment of borrowings	(1,034,465)	(696,766)
Drawdown of borrowings	1,749,136	2,257,942
Proceeds from exercise of ESOS	24,732	-
Proceeds from conversion of warrants	27,289	219,577
Proceeds from issuance of warrants	100,246	-
Capital repayment by a subsidiary to non-controlling interests	-	(139,774)
Dividends paid to shareholders	(289,459)	(285,243)
Dividends paid to non-controlling interests	(63,000)	(69,900)
Net cash generated from financing activities	514,479	1,285,836
Net (decrease)/increase in cash and cash equivalents	(145,044)	172,390
Effects of exchange rate changes	(5,423)	8,907
Cash and cash equivalents at beginning of year	906,552	725,255
Cash and cash equivalents at end of year (Note 26)	756,085	906,552

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

Income Statement

For the financial year ended 31 July 2016

	Note	2016 RM'000	2015 (restated) RM'000
Revenue	4	1,024,728	1,282,656
Other income		160,317	133,426
Construction contract costs recognised as contract expenses		(476,684)	(604,130)
Staff costs	5	(64,512)	(44,462)
Depreciation		(6,022)	(7,182)
Net foreign exchange gains		27,616	72,417
Other operating expenses		(15,449)	(11,200)
Profit from operations	7	649,994	821,525
Finance costs	8	(98,047)	(81,665)
Profit before tax		551,947	739,860
Income tax expense	9	(28,071)	(32,563)
Profit for the year		523,876	707,297
Net dividends per ordinary share (sen)	11	12.0	12.0

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

Statement of Comprehensive Income

For the financial year ended 31 July 2016

	2016 RM'000	2015 (restated) RM'000
Profit for the year	523,876	707,297
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Fair value gain on cash flow hedges	-	1,903
Foreign currency translation	(3,772)	15,940
	(3,772)	17,843
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan	-	(511)
Income tax effect	-	128
Other comprehensive (loss)/income for the year, net of tax	(3,772)	17,460
Total comprehensive income for the year	520,104	724,757

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

Statement of Financial Position

As at 31 July 2016

	Note	2016 RM'000	2015 (restated) RM'000	2014 (restated) RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	154,813	164,400	176,382
Investment properties	14	10,424	10,576	10,728
Investments in subsidiaries	17	3,835,012	3,885,179	3,314,207
Interests in associated companies	18	450,364	455,364	300,364
Interests in joint arrangements	19	259,477	254,727	254,476
Other investments	20	733	733	733
Deferred tax assets	32	3,693	5,581	2,380
Receivables	22(b)	–	13,760	47,328
Due from subsidiaries	25	685,816	479,559	750,886
		5,400,332	5,269,879	4,857,484
Current assets				
Inventories	21	8	3	575
Receivables	22(a)	812,490	646,359	910,036
Due from subsidiaries	25	1,208,443	1,212,167	244,242
Investment securities	23	111,435	51,551	91,420
Cash and bank balances	26	144,413	79,234	21,893
		2,276,789	1,989,314	1,268,166
Asset held for sale reclassified to/from interests in associated companies		–	–	160,000
		2,276,789	1,989,314	1,428,166
Total assets		7,677,121	7,259,193	6,285,650

Statement of Financial Position

As at 31 July 2016 (cont'd.)

	Note	2016 RM'000	2015 (restated) RM'000	2014 (restated) RM'000
Equity and liabilities				
Share capital	27	2,418,993	2,405,905	2,323,357
Reserves		2,319,663	1,925,622	1,344,714
Owners' equity		4,738,656	4,331,527	3,668,071
Non-current liabilities				
Payables	31(a)	29,994	34,153	38,204
Long term borrowings	33	1,800,000	1,851,440	1,493,103
		1,829,994	1,885,593	1,531,307
Current liabilities				
Short term borrowings	34	547,370	551,100	479,295
Payables	31(b)	521,270	418,751	415,743
Due to subsidiaries	36	20,524	44,954	152,564
Tax payable		19,307	27,268	36,767
Derivatives		-	-	1,903
		1,108,471	1,042,073	1,086,272
Total liabilities		2,938,465	2,927,666	2,617,579
Total equity and liabilities		7,677,121	7,259,193	6,285,650

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 2016

Company	Non-distributable				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 29) RM'000	
At 1 August 2014 (restated)						
As previously stated	2,323,357	626,328	-	1,692	686,237	3,637,614
Adjustments (Note 45)	-	-	-	-	30,457	30,457
As restated	2,323,357	626,328	-	1,692	716,694	3,668,071
Total comprehensive income						
As previously stated	-	-	-	17,843	539,712	557,555
Adjustments (Note 45)	-	-	-	-	167,202	167,202
As restated	-	-	-	17,843	706,914	724,757
Transactions with owners:						
Issue of ordinary shares pursuant to conversion of Warrants (Notes 27(b) and 28)	82,548	145,284	-	(8,255)	-	219,577
Transfer from warrants reserve to retained profits	-	-	-	(120)	120	-
Share options granted under ESOS	-	-	4,365	-	-	4,365
Dividends (Note 11)	-	-	-	-	(285,243)	(285,243)
Total transactions with owners	82,548	145,284	4,365	(8,375)	(285,123)	(61,301)
At 31 July 2015 (restated)	2,405,905	771,612	4,365	11,160	1,138,485	4,331,527
At 1 August 2015						
As previously stated	2,405,905	771,612	4,365	11,160	940,826	4,133,868
Adjustments (Note 45)	-	-	-	-	197,659	197,659
As restated	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(d))	6,350	18,382	-	-	-	24,732
Conversion of Warrants (Notes 27(b) 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

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 2016

	2016 RM'000	2015 (restated) RM'000
Cash flows from operating activities		
Profit before taxation	551,947	739,860
Adjustments for:		
Depreciation		
– Property, plant and equipment	5,869	7,030
– Investment properties	152	152
Provision for retirement benefits	410	306
Provision of short term accumulating absences	124	86
Net loss/(gain) on disposal of property, plant and equipment	92	(561)
Property, plant and equipment written off	5	3
Unrealised gain on foreign exchange	(48,199)	(76,187)
Share options granted under ESOS	24,217	4,365
Distribution from investment securities	(8,762)	(6,156)
Dividend income	(422,389)	(519,786)
Net unwinding of discount	1,831	(3,228)
Interest income	(117,295)	(106,398)
Interest expense	89,354	80,762
Operating profits before working capital changes	77,356	120,248
Increase in due from subsidiaries	(132,180)	(818,978)
Decrease in due to subsidiaries	(24,430)	(106,576)
(Increase)/decrease in inventories	(5)	572
(Increase)/decrease in receivables	(145,509)	298,737
(Decrease)/increase in payables	(367)	8,181
Cash used in operations	(225,135)	(497,816)
Dividend received	422,389	519,786
Income taxes paid	(33,828)	(45,135)
Interest paid	(71,789)	(76,631)
Net cash generated from/(used in) operating activities	91,637	(99,796)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,193)	(2,379)
Proceeds from disposal of property, plant and equipment	226	6,482
Net (purchase)/proceeds from disposal of investment securities	(59,884)	39,869
Acquisition of a subsidiary	–	(784,327)
Additional investment in subsidiaries	(12,833)	(10,275)
Proceeds from redemption of redeemable preference shares by subsidiaries	63,000	516,440
Proceeds from redemption of redeemable preference shares by associated companies	5,000	5,000
Additional investment in jointly controlled entities	(4,750)	(251)
Distribution received from investment securities	8,762	6,156
Interest received	117,295	107,995
Net cash generated from/(used in) investing activities	115,623	(115,290)

Statement of Cash Flows

For the financial year ended 31 July 2016 (cont'd.)

	2016 RM'000	2015 (restated) RM'000
Cash flows from financing activities		
Repayment of borrowings	(628,355)	(485,564)
Drawdown of borrowings	623,651	819,643
Proceeds from exercise of ESOS	24,732	–
Proceeds from conversion of warrants	27,289	219,577
Proceeds from issuance of warrants	100,246	–
Dividend paid to shareholders	(289,459)	(285,243)
Net cash (used in)/generated from financing activities	(141,896)	268,413
Net increase in cash and cash equivalents	65,364	53,327
Effects of exchange rate changes	(185)	4,014
Cash and cash equivalents at beginning of year	79,234	21,893
Cash and cash equivalents at end of year (Note 26)	144,413	79,234

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

Notes to the Financial Statements

– 31 July 2016

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2016.

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, 1965 in Malaysia.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. There are no new or amended FRSs and IC Interpretations effective for the financial periods beginning on or after 1 August 2015.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and Company intend to adopt these standards, if applicable, when they become effective.

Effective for annual periods 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	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Disclosure Initiatives
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

Effective for annual periods beginning on or after 1 January 2017:

Amendments to FRS 107	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

Effective for annual periods beginning on or after 1 January 2018:

FRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

Effective date yet to be determined:

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

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

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 operations 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.

Amendments to FRS 101: Disclosure Initiatives

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

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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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 and the Company 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.

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

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

FRS 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 and the Company 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 and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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)

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.

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 2016 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 and the Company’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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 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.

2.4 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.4 Basis of consolidation (cont'd.)

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 in 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.

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.5 Business combinations (cont'd.)

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.

2.7 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. Goodwill relating to the associated company or joint venture is not tested for impairment individually. 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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.

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.

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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.

$$\left(\frac{\text{Current Year Actual Toll Revenue}}{\text{Current Year Actual Toll Revenue plus Projected Toll Revenue for the remaining concession period}} \times \text{Opening Net Carrying Amount of EDE plus Current Year Additions} \right)$$

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.

(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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

Buildings	2%
Plant and machinery	12% – 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.

2.11 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.12 Service concession arrangements

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

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

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

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are 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.



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

2.15 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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.

2.16 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.



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.19 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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.

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.



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.20 Employee benefits (cont'd.)

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

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.

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.

2.21 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:

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

(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 concession revenue are recognised on cash basis when customers pass through the highway toll booths.

(vi) Government compensation

Pursuant to the concession awarded by the Government (“Government”) to a subsidiary and associated companies of the Group (collectively referred to as “Concession Agreements”), the Government reserves its rights to restructure or to restrict the imposition of unit toll rate increases by the Group. The Government shall compensate the Group for any reduction in toll concession revenue as a consequence of such restructure or restriction imposed, subject to negotiation and other consideration that the Government may deem fit.

The amount of Government compensation are recognised in profit or loss when the right to receive payment is established.

(vii) Dividend income

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

(b) Other income

(i) Interest income

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

(ii) Rental income

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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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.

(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:

	2016 RM	2015 RM
United States Dollar	4.067	3.820
Indian Rupee	0.060	0.060
New Taiwan Dollar	0.126	0.121
Qatari Riyal	1.104	1.048
Bahraini Dinar	10.666	10.062
100 Vietnam Dong	0.018	0.018
Australian Dollar	3.054	2.786
Singapore Dollar	3.011	2.782

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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.

(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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

2.26 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.27 Financial liabilities (cont'd.)

(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.

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

2.28 Derivative financial instruments and hedge accounting

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

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

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

Cash flow hedges

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.

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

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.



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

2.32 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs;
- Classified as held for sale or distribution or already disposed in such a way; or
- A major line of business or major geographical area.

2.33 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty

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

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

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

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 RM31,666,000 (2015: RM25,562,000) variance in the Group's profit for the year.

(b) Amortisation of expressway development expenditure ("EDE")

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

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

The carrying amount of the Group's expressway development expenditure at the reporting date is disclosed in Note 16. A 5% difference in the projected total toll revenue for the remaining concession from management's estimates would result in approximately RM2,381,000 (2015: RM1,934,500) 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 judgement is involved in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd.)

(c) Amount due from/(to) customers for construction contracts and property development (cont'd.)

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 RM29,088,000 (2015: RM33,580,000).

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 RM35,703,000 (2015: RM46,773,000).

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company are as disclosed in Note 32.

(e) Impairment of investments

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

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

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

(f) Share-based payments to employees

The cost of providing share-based payments to employees and directors is charged to profit or loss over the vesting period of the related share options. The cost is based on the fair value of the options 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(f).

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

If the actual claims differ by 10% from management's estimates, the Group's profit for the year will increase/decrease by RM3,725,000 (2015: RM5,407,000).

(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
- Sale 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.

(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.

(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 RM1,315,230,000 (2015: RM1,111,563,000).

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 two years.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd.)

(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 RM411,768,000 (2015: RM357,896,000) 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.

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

(m) Impairment of investments in subsidiaries, associated companies and joint ventures

At reporting date, management determines whether the carrying amounts of its investments in subsidiaries, associated companies and joint ventures are impaired. This involves measuring the recoverable amounts by applying the method as disclosed in Note 3(e).

Based on management’s review, no impairment is required for the Company’s investment in subsidiaries, associated companies and joint ventures during the financial year.

4. REVENUE

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Engineering and construction contracts	753,213	920,779	602,339	762,870
Sales of development properties	743,992	830,716	–	–
Quarry sales	35,315	45,509	–	–
Trading of construction materials	53,954	91,314	–	–
Sales of manufactured products	48,922	78,973	–	–
Supply of water and related services	143,893	141,540	–	–
Toll concession revenue	314,922	259,089	–	–
Dividend income	–	–	422,389	519,786
Others	27,688	31,998	–	–
	2,121,899	2,399,918	1,024,728	1,282,656

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

4. REVENUE (CONT'D.)

Supplementary information on revenue of the Group inclusive of the Group's share of revenue of joint ventures are as follows:

	2016 RM'000	2015 RM'000
Revenue of the Group	2,121,899	2,399,918
Share of revenue of joint ventures:		
Engineering and construction contracts	1,665,379	2,015,715
Property development and club operations	363,887	323,372
Water and expressway concessions	19,732	21,085
	4,170,897	4,760,090

5. STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	133,356	124,011	45,357	39,537
– Company	14,748	13,002	14,748	13,002
– Joint operations	30,609	26,535	30,609	26,535
– Subsidiaries	87,999	84,474	–	–
Bonus	28,778	35,357	7,816	14,153
Directors' remuneration (Note 6)	16,192	18,448	11,901	13,178
Short term accumulating compensated absences	372	1,263	124	86
Defined contribution plans	16,433	16,909	5,603	6,760
Provision for retirement benefit obligations	4,438	4,171	393	147
Share options granted under ESOS	22,461	4,017	22,461	4,017
Social security costs	2,136	1,728	234	205
Other staff related expenses	36,184	27,088	19,756	19,012
	260,350	232,992	113,645	97,095
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	(25,495)	(24,546)	–	–
Investment properties (Note 14)	(73)	(494)	–	–
Costs of construction contracts (Note 24)	(57,691)	(57,224)	(49,133)	(52,633)
Less: Amount classified as highway maintenance and toll operations	(11,414)	(11,233)	–	–
	165,677	139,495	64,512	44,462

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

6. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors				
Executive:				
Salaries	9,892	7,854	7,038	5,282
Bonus	2,348	7,463	1,666	5,856
Defined contribution plans	1,819	2,032	1,259	1,385
Provision for retirement benefit obligations	17	469	17	159
Share options granted under ESOS	1,756	348	1,756	348
Other emoluments				
– Allowances	360	282	165	148
– Benefits-in-kind	284	192	206	94
	16,476	18,640	12,107	13,272
Non-executive:				
Fees	489	520	489	520
Other emoluments				
– Allowances	102	87	102	87
– Benefits-in-kind	7	7	7	7
	598	614	598	614
Total	17,074	19,254	12,705	13,886
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	16,192	18,448	11,901	13,178
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	591	607	591	607
Total directors' remuneration excluding benefits-in-kind	16,783	19,055	12,492	13,785

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 2016 and 31 July 2015 are as follows:

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
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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 2016 and 31 July 2015 are as follows: (cont'd.)

2015	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	5,248	–	55	5,303
Y Bhg Dato' Ir. Ha Tiing Tai	3,159	–	59	3,218
Y Bhg Dato' Goon Heng Wah	1,911	–	39	1,950
Y Bhg Dato' Haji Azmi bin Mat Nor	1,834	–	37	1,871
Mr Saw Wah Theng	1,606	–	61	1,667
Y Bhg Dato' Ubull a/l Din Om ^^	342	–	51	393
Ir. Chow Chee Wah	1,145	–	47	1,192
Ir. Chan Kong Wah	1,118	–	57	1,175
Mr Soo Kok Wong	599	–	28	627
Ir. Adrian Brian Lam #	387	–	40	427
	17,349	–	474	17,823
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	175	71	246
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	95	3	98
YM Tunku Afwida binti Tunku A.Malek	–	125	9	134
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	–	125	11	136
	–	520	94	614

* 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 2015.

^^ This represents the remuneration paid to this Director subsequent to his appointment on 2 January 2015.

This represents the remuneration paid to this Director until his resignation as Director on 2 January 2015.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

7. PROFIT FROM OPERATIONS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 (restated) RM'000
Amortisation of land use rights (Note 15)	425	425	-	-
Amortisation of expressway development expenditure (Note 16)	97,114	78,539	-	-
Auditors' remuneration				
– Statutory audits				
– Group's auditors	985	706	299	277
– Other auditors	73	150	24	43
– Other services	290	239	86	46
Depreciation				
– Property, plant and equipment (Note 12)	21,292	22,087	5,869	7,030
– Investment properties (Note 14)	2,700	1,523	152	152
Non-executive directors' remuneration (Note 6)	591	607	591	607
Property, plant and equipment written off (Note 12)	31	39	5	3
Net (gain)/loss on disposal of property, plant and equipment	(708)	(953)	92	(561)
Net provision for liabilities (Note 37)	24,403	29,109	-	-
Rental expense of land	2,016	129	-	-
Rental expense of premises	961	303	231	263
Hire of plant and equipment	433	366	-	-
Net foreign exchange losses/(gains)	23,712	2,447	(27,616)	(72,417)
Professional fees	6,077	10,494	2,079	5,351
Impairment loss on trade receivables	446	-	-	-
Fair value adjustments on derivatives (Note 35)	(17,272)	(1,255)	-	-
Rental income				
– Subsidiaries	-	-	(4,368)	(3,791)
– Others	(3,055)	(4,507)	(1,340)	(1,487)
Distribution from investment securities	(24,669)	(26,530)	(8,762)	(6,156)
Interest income	(21,707)	(17,401)	(117,295)	(106,398)
Unwinding of discount				
– Notional interest income	(20,760)	(23,313)	(6,862)	(4,131)

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

8. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Murabahah medium term notes	132,667	109,047	77,401	71,699
Revolving credits	7,373	2,731	7,373	2,731
Term loan	52,236	37,074	4,580	6,332
Unwinding of discount				
– Notional interest expense	49,755	9,618	8,693	903
Others	18	1,476	–	–
Total interest expense	242,049	159,946	98,047	81,665
Less:				
Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	(115,750)	(36,033)	–	–
Investment properties (Note 14)	(275)	(171)	–	–
	126,024	123,742	98,047	81,665

9. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 (restated) RM'000
Income tax:				
Malaysian income tax	109,039	122,498	29,992	44,911
Foreign income tax	3	2,412	–	237
Overprovision in prior years	(4,096)	(8,351)	(3,809)	(9,512)
	104,946	116,559	26,183	35,636
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	6,250	18,162	937	(1,716)
Under/(Over) provision in prior years	722	(1,990)	951	(1,357)
	6,972	16,172	1,888	(3,073)
	111,918	132,731	28,071	32,563

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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:

	2016 RM'000	2015 RM'000
Group		
Profit before tax	780,658	858,189
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	187,358	214,547
Effect of different tax rates in other countries	(3,744)	(10,134)
Effect of change in Malaysia tax rate	58	–
Income not subject to tax	(6,117)	(5,018)
Expenses not deductible for tax purposes	34,619	32,851
Effects of share of profits of associated companies and joint ventures	(99,010)	(94,986)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(154)	(125)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	2,282	5,937
Under/(Over) provision of deferred tax in prior years	722	(1,990)
Overprovision of income tax in prior years	(4,096)	(8,351)
Income tax expense for the year	111,918	132,731

	2016 RM'000	2015 (restated) RM'000
Company		
Profit before tax	551,947	739,860
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	132,467	184,965
Effect of different tax rates in other countries	–	(2,952)
Effect of change in Malaysia tax rate	235	–
Income not subject to tax	(141,596)	(182,309)
Expenses not deductible for tax purposes	39,823	43,728
Under/(over) provision of deferred tax in prior year	951	(1,357)
Overprovision of income tax in prior years	(3,809)	(9,512)
Income tax expense for the year	28,071	32,563

Tax savings during the financial year arising from:

	Group	
	2016 RM'000	2015 RM'000
Utilisation of previously unrecognised tax losses	104	–
Utilisation of previously unabsorbed capital allowances	50	125

Details of deferred tax asset not recognised are stated in Note 32 to the financial statements.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

	2016	2015
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	626,133	682,138
Weighted average number of ordinary shares in issue ('000)	2,409,348	2,356,984
Basic earnings per share (sen)	25.99	28.94

(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.

	2016	2015
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	626,133	682,138
Weighted average number of ordinary shares in issue ('000)	2,409,348	2,356,984
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	16,088	–
Assumed shares issued from the conversion of Warrants 2016/2021 ('000)	54,523	–
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,479,959	2,356,984
Fully diluted earnings per share (sen)	25.25	28.94

44,815,000 (2015: 69,947,000) 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.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

11. DIVIDENDS

	Group and Company			
	Amount		Net dividends per ordinary share	
	2016 RM'000	2015 RM'000	2016 sen	2015 sen
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	–
Dividends paid in respect of financial year ended 31 July 2015				
– First interim dividend declared on 16 December 2014 and paid on 28 January 2015	–	140,889	–	6.0
– Second interim dividend declared on 23 June 2015 and paid on 29 July 2015	–	144,354	–	6.0
	289,459	285,243	12.0	12.0

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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2016				
Valuation/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
Representing:				
At cost	298,812	291,268	56,655	646,735
At valuation	1,924	–	–	1,924
	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				
At cost	255,605	106,400	56,655	418,660
At valuation	988	–	–	988
	256,593	106,400	56,655	419,648

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Land and buildings* RM'000	Other property plant and equipment** RM'000	Total RM'000
At 31 July 2015			
Valuation/Cost			
At 1 August 2014	246,986	240,941	487,927
Additions	1,082	22,949	24,031
Transfer from property development costs (Note 13(b))	32,591	–	32,591
Disposals	–	(23,530)	(23,530)
Write-offs	–	(1,126)	(1,126)
Exchange differences	3,760	1,585	5,345
At 31 July 2015	284,419	240,819	525,238
Representing:			
At cost	282,495	240,819	523,314
At valuation	1,924	–	1,924
	284,419	240,819	525,238
Accumulated depreciation and impairment loss			
At 1 August 2014	27,914	175,128	203,042
Charge for the year:			
Recognised in profit or loss (Note 7)	6,993	15,094	22,087
Capitalised in construction costs (Note 24)	–	3,697	3,697
Disposals	–	(16,748)	(16,748)
Write-offs	–	(1,087)	(1,087)
Exchange differences	705	1,260	1,965
At 31 July 2015	35,612	177,344	212,956
Net carrying amount			
At 31 July 2015			
At cost	247,783	63,475	311,258
At valuation	1,024	–	1,024
	248,807	63,475	312,282

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 2016				
Valuation/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
Representing:				
At cost	13,995	21,208	263,609	298,812
At valuation	-	1,349	575	1,924
	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				
At cost	13,995	20,827	220,783	255,605
At valuation	-	773	215	988
	13,995	21,600	220,998	256,593

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2015				
Valuation/Cost				
At 1 August 2014	13,918	5,756	227,312	246,986
Additions	77	–	1,005	1,082
Transfer from property development costs	–	3,391	29,200	32,591
Exchange differences	–	262	3,498	3,760
At 31 July 2015	13,995	9,409	261,015	284,419
Representing:				
At cost	13,995	8,060	260,440	282,495
At valuation	–	1,349	575	1,924
	13,995	9,409	261,015	284,419
Accumulated depreciation and impairment loss				
At 1 August 2014	–	674	27,240	27,914
Charge for the year:				
Recognised in profit or loss	–	128	6,865	6,993
Exchange differences	–	4	701	705
At 31 July 2015	–	806	34,806	35,612
Net carrying amount				
At 31 July 2015				
At cost	13,995	7,808	225,980	247,783
At valuation	–	795	229	1,024
	13,995	8,603	226,209	248,807

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 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				
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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2015				
Cost				
At 1 August 2014	28,773	52,925	159,243	240,941
Additions	3,491	8,195	11,263	22,949
Disposals	(5,365)	(565)	(17,600)	(23,530)
Write-offs	(198)	(592)	(336)	(1,126)
Exchange differences	106	1,075	404	1,585
At 31 July 2015	26,807	61,038	152,974	240,819
Accumulated depreciation				
At 1 August 2014	21,300	37,041	116,787	175,128
Charge for the year:				
Recognised in profit or loss	3,431	6,323	5,340	15,094
Capitalised in construction costs	411	263	3,023	3,697
Disposals	(3,846)	(536)	(12,366)	(16,748)
Write-offs	(198)	(553)	(336)	(1,087)
Exchange differences	87	848	325	1,260
At 31 July 2015	21,185	43,386	112,773	177,344
Net carrying amount				
At 31 July 2015	5,622	17,652	40,201	63,475

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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			
Valuation/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
Representing:			
At cost	160,226	62,190	222,416
At valuation	1,477	–	1,477
	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			
At cost	143,585	10,388	153,973
At valuation	840	–	840
	144,425	10,388	154,813

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2015			
Valuation/Cost			
At 1 August 2014	161,622	78,260	239,882
Additions	73	2,306	2,379
Disposals	–	(19,703)	(19,703)
Write-offs	–	(6)	(6)
Exchange differences	–	715	715
At 31 July 2015	161,695	61,572	223,267
Representing:			
At cost	160,218	61,572	221,790
At valuation	1,477	–	1,477
	161,695	61,572	223,267
Accumulated depreciation and impairment loss			
At 1 August 2014	10,928	52,572	63,500
Charge for the year:			
Recognised in profit or loss (Note 7)	3,175	3,855	7,030
Capitalised in construction costs (Note 24)	–	1,492	1,492
Disposals	–	(13,782)	(13,782)
Write-offs	–	(3)	(3)
Exchange differences	–	630	630
At 31 July 2015	14,103	44,764	58,867
Net carrying amount			
At 31 July 2015			
At cost	146,725	16,808	163,533
At valuation	867	–	867
	147,592	16,808	164,400

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 2016				
Valuation/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
Representing:				
At cost	659	4,407	155,160	160,226
At valuation	-	1,204	273	1,477
	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				
At cost	659	4,170	138,756	143,585
At valuation	-	692	148	840
	659	4,862	138,904	144,425

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2015				
Valuation/Cost				
At 1 August 2014	659	5,611	155,352	161,622
Additions	–	–	73	73
At 31 July 2015	659	5,611	155,425	161,695
Representing:				
At cost	659	4,407	155,152	160,218
At valuation	–	1,204	273	1,477
	659	5,611	155,425	161,695
Accumulated depreciation and impairment loss				
At 1 August 2014	–	613	10,315	10,928
Charge for the year	–	68	3,107	3,175
At 31 July 2015	–	681	13,422	14,103
Net carrying amount				
At 31 July 2015				
At cost	659	4,217	141,849	146,725
At valuation	–	713	154	867
	659	4,930	142,003	147,592

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2015				
Cost				
At 1 August 2014	11,015	27,370	39,875	78,260
Additions	54	1,726	526	2,306
Disposals	(3,779)	(197)	(15,727)	(19,703)
Write-offs	–	(6)	–	(6)
Exchange differences	92	271	352	715
At 31 July 2015	7,382	29,164	25,026	61,572
Accumulated depreciation				
At 1 August 2014	7,326	19,189	26,057	52,572
Charge for the year:				
Recognised in profit or loss	9	3,532	314	3,855
Capitalised in construction costs	360	259	873	1,492
Disposals	(3,080)	(173)	(10,529)	(13,782)
Write-offs	–	(3)	–	(3)
Exchange differences	78	263	289	630
At 31 July 2015	4,693	23,067	17,004	44,764
Net carrying amount				
At 31 July 2015	2,689	6,097	8,022	16,808

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of the land and buildings that would have been included in the financial statements of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Land and buildings	567	603	268	294

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 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
At 31 July 2015				
Cost				
At 1 August 2014	119,636	600,316	162,617	882,569
Additions	-	1,070,852	11,197	1,082,049
Acquisition of leasehold land through acquisition of a subsidiary	-	784,328	-	784,328
Transfer from property development costs (Note 13(b))	-	19,960	12,119	32,079
Transfer to property development costs (Note 13(b))	(26,660)	(72,402)	(16,022)	(115,084)
Exchange differences	-	29,110	16,200	45,310
At 31 July 2015	92,976	2,432,164	186,111	2,711,251

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 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 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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 2015				
Cumulative property development costs				
At 1 August 2014	319,751	933,453	2,124,041	3,377,245
Costs incurred during the year	184,283	249,864	587,375	1,021,522
Transfer to property, plant and equipment (Note 12)	–	(3,391)	(29,200)	(32,591)
Transfer to land held for property development (Note 13(a))	–	(19,960)	(12,119)	(32,079)
Transfer from land held for property development (Note 13(a))	26,660	72,402	16,022	115,084
Transfer to investment properties (Note 14)	(9,597)	(8,719)	(31,715)	(50,031)
Reversal of completed projects	(36,272)	(19,947)	(318,757)	(374,976)
Transfer to inventories	(12,075)	(9,858)	(87,431)	(109,364)
Exchange differences	(3,339)	79,457	313,243	389,361
At 31 July 2015	469,411	1,273,301	2,561,459	4,304,171
Cumulative costs recognised in profit or loss				
At 1 August 2014	(52,245)	(51,910)	(1,620,934)	(1,725,089)
Recognised during the year	(43,400)	(256,950)	(278,971)	(579,321)
Reversal of completed projects	36,272	19,947	318,757	374,976
Exchange differences	–	(5,228)	(217,527)	(222,755)
At 31 July 2015	(59,373)	(294,141)	(1,798,675)	(2,152,189)
Property development costs at 31 July 2015	410,038	979,160	762,784	2,151,982

Included in land held for development and property development costs incurred during the year are:

	Group	
	2016 RM'000	2015 RM'000
Staff costs (Note 5)	25,495	24,546
Finance costs (Note 8)	115,750	36,033

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

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 RM461,897,000 (2015: RM473,152,000) and RM415,850,000 (2015: RM456,193,000) 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 RM109,977,000 (2015: RM123,427,000) has been pledged as securities for loan facility as set out in Note 34(a)(i).

The leasehold lands under development of the Group with a carrying value of RM1,444,529,000 (2015: RM257,228,000) has been pledged as securities for term loans as disclosed in Note 33(b)(i), 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 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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 2015					
Cost					
At 1 August 2014	10,991	–	35,431	54,168	100,590
Additions	–	–	14,315	–	14,315
Reclassification from construction in-progress to buildings upon completion	–	–	54,793	(54,793)	–
Transfer from property development costs (Note 13(b))	9,597	8,719	–	31,715	50,031
Exchange differences	–	–	–	2,403	2,403
At 31 July 2015	20,588	8,719	104,539	33,493	167,339
Accumulated depreciation					
At 1 August 2014	–	–	2,550	–	2,550
Charge for the year (Note 7)	–	–	1,523	–	1,523
At 31 July 2015	–	–	4,073	–	4,073
Net carrying amount					
At 31 July 2015	20,588	8,719	100,466	33,493	163,266
Fair value					
At 31 July 2015	35,407	9,876	138,931	–	184,214

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

14. INVESTMENT PROPERTIES (CONT'D.)

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2016			
Cost			
At 1 August 2015	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
At 31 July 2015			
Cost			
At 1 August 2014	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2014	–	2,552	2,552
Charge for the year (Note 7)	–	152	152
At 31 July 2015	–	2,704	2,704
Net carrying amount			
At 31 July 2015	5,697	4,879	10,576
Fair value			
At 31 July 2015	25,845	16,861	42,706

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

14. INVESTMENT PROPERTIES (CONT'D.)

Included in investment properties incurred during the year are:

	Group	
	2016 RM'000	2015 RM'000
Staff costs (Note 5)	73	494
Finance costs (Note 8)	275	171

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	
	2016 RM'000	2015 RM'000
At 1 August 2015/2014	3,170	3,595
Amortisation for the year (Note 7)	(425)	(425)
At 31 July	2,745	3,170

16. EXPRESSWAY DEVELOPMENT EXPENDITURE

	Group	
	2016 RM'000	2015 RM'000
Cost		
At 1 August 2015/2014	1,776,850	1,760,823
Additions	27,619	16,027
At 31 July	1,804,469	1,776,850
Accumulated amortisation		
At 1 August 2015/2014	84,013	5,474
Amortisation for the year (Note 7)	97,114	78,539
At 31 July	181,127	84,013
Net carrying amount		
At 31 July	1,623,342	1,692,837

The expressway development expenditure is pledged as securities for borrowings as disclosed in Note 33(a)(ii).

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Redeemable unsecured loan stocks	1,200,000	1,200,000
Unquoted shares, at cost	2,705,227	2,755,394
Less: Accumulated impairment losses	(70,215)	(70,215)
	3,835,012	3,885,179

(a) Capital injection in subsidiaries

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

	RM'000
Dinamik Atlantik Sdn. Bhd.	250
Gamuda Land (HCMC) Sdn. Bhd.	980
Gamuda Land Sdn. Bhd.	9,250
Gamuda Land (T12) Sdn. Bhd. (formerly known as Salak Land Development Sdn. Bhd.)	2,353
	12,833

(b) Redemption of redeemable preference shares (“RPS”) held by the Company in a subsidiary

During the financial year, Gamuda Land (Botanic) Sdn Bhd (formerly known as Harum Intisari Sdn. Bhd.), a wholly owned subsidiary had redeemed 630,000 RPS held by the Company of RM1.00 each at premium of RM99.00 for cash consideration of RM63,000,000.

(c) Interests in subsidiaries

The Company’s interests in the subsidiaries are analysed as follows:

Name of company	Proportion of ownership		Principal activities
	2016 %	2015 %	
Subsidiaries incorporated in Malaysia			
Gammau Construction Sdn. Bhd.	100	100	Property investment and holding
Gamuda Engineering Sdn. Bhd.	100	100	Civil engineering and construction
Ganaz Bina Sdn. Bhd.	100	100	Civil engineering and construction
G.B. Kuari Sdn. Bhd.	100	100	Operation of quarry, laying of road and manufacture of premix
Gamuda Land Sdn. Bhd.	100	100	Investment holding company
Gamuda Paper Industries Sdn. Bhd.	95	95	Rental of properties
GPI Trading Sdn. Bhd.	95	95	Dormant

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) 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
	2016 %	2015 %	
Subsidiaries incorporated in Malaysia (cont'd.)			
Gamuda Trading Sdn. Bhd.	100	100	Trading of construction materials
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
Gamuda Land (Botanic) Sdn. Bhd. <i>(formerly known as Harum Intisari Sdn. Bhd.)</i>	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.* <i>(formerly known as Rebung Property Services Sdn. Bhd.)</i>	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. <i>("Kemuning")</i> <i>(formerly known as Setara Hati Sdn. Bhd.)</i>	100	100	Property investment and development

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) 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
	2016 %	2015 %	
Subsidiaries incorporated in Malaysia (cont'd.)			
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. (formerly known as Salak Land Development Sdn. Bhd.)	100	100	Property investment and development
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
Subsidiaries unincorporated in Malaysia			
SRS Consortium	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
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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) 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
	2016 %	2015 %	
Subsidiaries incorporated in the Socialist Republic of Vietnam			
Gamuda-Nam Long Development Limited Liability Company*#	70	70	Construction of villas for sale and lease
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") (<i>formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company</i>)#^	100	100	Undertakes development of Celadon City in Ho Chi Minh City, Socialist Republic of Vietnam
Subsidiaries incorporated in Singapore			
Gamuda (Singapore) Pte Ltd^	100	100	Investment holding
Subsidiaries incorporated in Australia			
Gamuda (Australia) Pty Ltd ("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 last audited financial statements available and the management financial statements to 31 July of the subsidiaries have been used.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
NCI percentage of ownership interest and voting interest (%)	20	20	30	30				
Carrying amount of NCI	86,679	75,566	225,792	257,696	23,556	22,757	336,027	356,019
Total comprehensive income allocated to NCI	11,113	11,534	31,070	28,892	825	18,315	43,008	58,741
Summarised statements of financial position								
Non-current assets	399,017	193,336	1,626,982	1,698,126	20,922	20,720	2,046,921	1,912,182
Current assets	52,335	200,476	322,948	324,253	55,922	64,039	431,205	588,768
Non-current liabilities	(1,121)	(983)	(1,077,376)	(1,144,091)	(31)	–	(1,078,528)	(1,145,074)
Current liabilities	(18,893)	(15,000)	(119,914)	(19,300)	(1,859)	(2,584)	(140,666)	(36,884)
Net assets	431,338	377,829	752,640	858,988	74,954	82,175	1,258,932	1,318,992
Summarised statements of comprehensive income								
Revenue	143,893	141,540	314,922	259,089	630	618	459,445	401,247
Profit for the year	55,564	57,820	103,566	96,420	1,599	432	160,729	154,672
Total comprehensive income	55,564	57,670	103,566	96,305	2,937	4,563	162,067	158,538
Summarised statements of cash flows								
Cash flows (used in)/generated from operating activities	(2,040)	(2,089)	172,054	216,741	(490)	113	169,524	214,765
Cash flows generated from investing activities	2,187	8,373	42,163	1,521	501	–	44,851	9,894
Cash flows used in financing activities	–	–	(210,000)	(172,028)	–	–	(210,000)	(172,028)
Net increase in cash and cash equivalents	147	6,284	4,217	46,234	11	113	4,375	52,631

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

18. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, in Malaysia:				
At cost:				
– Ordinary shares	72,604	72,604	72,604	72,604
– Redeemable preference shares	415,350	420,350	415,350	420,350
	487,954	492,954	487,954	492,954
Group's share of post-acquisition reserves, net of dividends receivable	938,232	820,767	–	–
Less: Accumulated impairment losses	(97,214)	(97,214)	(97,214)	(97,214)
	1,328,972	1,216,507	390,740	395,740
Unquoted shares, outside Malaysia:				
At cost:				
– Ordinary shares	11	11	–	–
– Redeemable preference shares	44,255	70,195	–	–
	44,266	70,206	–	–
Group's share of post-acquisition reserves	112,223	122,087	–	–
	156,489	192,293	–	–
	1,485,461	1,408,800	390,740	395,740
Quoted shares, in Malaysia:				
At cost:				
– Ordinary shares	59,624	59,624	59,624	59,624
Group's share of post-acquisition capital reserves	122,959	119,823	–	–
Group's share of post-acquisition reserves, net of dividends receivable	203,043	172,243	–	–
	385,626	351,690	59,624	59,624
Total	1,871,087	1,760,490	450,364	455,364
Market value:				
Quoted shares, in Malaysia	1,371,142	1,007,651	1,371,142	1,007,651

(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 50,000 RPS held by the Company of RM1.00 each at premium of RM99.00 for cash consideration of RM5,000,000 (2015: RM5,000,000).

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(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 of USD1 each for a total cash consideration of RM25,940,000 (2015: RM17,812,000).

(c) 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		Principal activities
	2016 %	2015 %	
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
Lingkar Trans Kota Holdings Berhad (“Littrak”) (Quoted shares in Malaysia)	44	45	Investment holding and provision of management services; holding company to the concession holder of an expressway
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.	52	52	Investment holding; holding company to the concession holder of an expressway
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
Associated companies unincorporated in Malaysia			
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng – Gamuda Engineering Joint Venture	30	30	Civil engineering and construction
Naim Engineering Sdn. Bhd. – Gamuda Berhad Joint Venture (“Naim-GB JV”)	30	–	Civil engineering and construction

* 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(d) 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 2016 was RM1,213,325,000 (2015: RM1,097,892,000) and RM160,000,000 (2015: 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 net 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).

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.

Discussion with the State Government is at an advanced stage.

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 RM2,800,000,000 as at 31 December 2014. 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.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

18. INTERESTS IN ASSOCIATED COMPANIES (CONT'D.)

(e) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Summarised statements of financial position								
Non-current assets	4,378,397	4,413,394	1,695,379	1,764,316	2,008,175	2,048,185	8,081,951	8,225,895
Current assets	1,655,730	1,357,189	559,838	476,562	708,374	617,901	2,923,942	2,451,652
Non-current liabilities	(2,481,206)	(1,845,067)	(1,390,312)	(1,563,766)	(1,613,696)	(1,635,242)	(5,485,214)	(5,044,075)
Current liabilities	(519,608)	(1,180,785)	(176,493)	(73,564)	(421,605)	(325,228)	(1,117,706)	(1,579,577)
Net assets	3,033,313	2,744,731	688,412	603,548	681,248	705,616	4,402,973	4,053,895
Summarised statements of comprehensive income								
Results								
Revenue	475,381	471,270	468,760	382,844	443,685	279,691	1,387,826	1,133,805
Profit for the year	289,498	258,975	190,088	147,395	29,223	48,595	508,809	454,965
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	1,213,325	1,097,892	302,213	268,277	272,136	310,908	1,787,674	1,677,077
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	1,213,325	1,097,892	385,626	351,690	272,136	310,908	1,871,087	1,760,490
Group's share of profit for the year	115,799	103,590	83,411	65,517	11,509	29,937	210,719	199,044
Other information								
– Group's share of dividend	-	-	57,514	46,011	11,454	5,000	68,968	51,011

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

19. INTERESTS IN JOINT ARRANGEMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	477,214	421,444	259,477	254,727
Group's share of post-acquisition reserves, net of dividends receivable	532,831	438,827	-	-
	1,010,045	860,271	259,477	254,727

Details of the joint arrangements are as follows:

Name of joint operations	Proportion of ownership		Economic activity
	2016 %	2015 %	
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 tunnelling, 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	-	Civil engineering and construction
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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

Details of the joint arrangements are as follows: (cont'd.)

Name of joint ventures	Proportion of ownership		Economic activity
	2016 %	2015 %	
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
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
MMC – Gamuda KVMRT (PDP SSP) Sdn. Bhd.	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 tunnelling, 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 centre
Gamuda GM Klang Sdn. Bhd.#	50	50	Developer and operator of a wholesale hub in Bandar Botanic, Klang

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)

Details of the joint arrangements are as follows: (cont'd.)

Name of joint ventures	Proportion of ownership		Economic activity
	2016 %	2015 %	

Incorporated in Singapore

Held by Gamuda (Singapore) Pte Ltd:

Gem Homes Pte Ltd [^] #	50	50	Property investment and development
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* Audited by firms other than Ernst & Young

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

Financial year ended 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.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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:

	KVMRT (PDP)		Horizon Hills		Other individually immaterial joint ventures		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Summarised statements of financial position								
Non-current assets	5,474	34,808	197,946	191,434	1,268,241	1,201,130	1,471,661	1,427,372
Current assets	1,023,723	1,267,764	1,120,188	1,082,667	3,310,437	1,420,167	5,454,348	3,770,598
Non-current liabilities	(242,427)	(464,615)	(38,853)	(87,695)	(1,227,376)	(205,584)	(1,508,656)	(757,894)
Current liabilities	(658,265)	(725,987)	(334,609)	(292,668)	(2,313,555)	(1,627,345)	(3,306,429)	(2,646,000)
Net assets	128,505	111,970	944,672	893,738	1,037,747	788,368	2,110,924	1,794,076
Summarised statements of comprehensive income								
Results								
Revenue	3,326,033	3,183,852	498,675	599,810	273,288	936,682	4,097,996	4,720,344
Profit for the year	116,535	125,048	190,932	212,147	96,183	24,604	403,650	361,799
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	64,252	55,985	472,335	446,869	518,875	394,185	1,055,462	897,039
Elimination of unrealised profits	-	-	-	-	(45,417)	(36,768)	(45,417)	(36,768)
Carrying amount in the statements of financial position	64,252	55,985	472,335	446,869	473,458	357,417	1,010,045	860,271
Group's share of profit for the year	58,268	62,524	95,466	106,074	48,091	12,302	201,825	180,900
Other information								
- Group's share of dividend	50,000	32,500	70,000	-	-	-	120,000	32,500

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

20. OTHER INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Unquoted shares, in Malaysia	50	50	50	50
Investment in transferable club memberships	840	840	683	683
	890	890	733	733

The fair value of other investments are disclosed in Note 42.

21. INVENTORIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At Cost:				
Raw materials	1,552	2,155	–	–
Crusher run and aggregates	2,207	5,613	–	–
Consumable stores and spares	2,499	2,225	8	3
Properties held for sale	110,833	175,590	–	–
	117,091	185,583	8	3

During the financial year, the amount of inventories recognised as an expense by the Group was RM136,735,000 (2015: RM273,074,000).

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

22. RECEIVABLES

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(a) Current				
Trade				
Trade receivables				
Third parties (i)	442,671	321,921	26,648	41,495
Associated companies (ii)	48,070	206,589	–	6,748
Joint venture partners	–	24	1,043	20
Joint ventures (iii)	468,863	417,659	439,181	393,425
Advances to subcontractors	152,290	55,567	152,052	37,440
Retention sums	97,208	93,183	94,076	89,672
Accrued billings	99,920	127,005	–	–
Stakeholder funds	21,924	35,634	–	–
Due from customers on contracts (Note 24)	237,979	78,273	51,864	26,661
	1,568,925	1,335,855	764,864	595,461
Less: Allowance for impairment	(568)	(122)	–	–
	1,568,357	1,335,733	764,864	595,461
Non-trade				
Associated companies (ii)	3,831	3,834	206	1,525
Joint venture partners	1,130	319	–	–
Joint ventures (iii)	54,192	66,371	29,492	40,208
Deposits	9,756	8,185	2,477	1,060
Prepayments	7,769	5,951	4,102	1,633
Dividend receivable from subsidiary companies	–	–	–	113
Dividend receivable from associated companies	–	76	–	–
Sundry receivables	52,087	34,707	11,349	6,359
	128,765	119,443	47,626	50,898
	1,697,122	1,455,176	812,490	646,359

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 (2015: 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	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	821,456	453,895
1 to 30 days past due not impaired	58,743	76,980
31 to 60 days past due not impaired	22,710	123,986
61 to 90 days past due not impaired	11,173	146,767
91 to 120 days past due not impaired	4,038	84,576
More than 121 days past due not impaired	40,916	59,867
	137,580	492,176
Impaired	568	122
	959,604	946,193

	Company	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	440,224	167,562
1 to 30 days past due not impaired	–	65,109
31 to 60 days past due not impaired	–	56,488
61 to 90 days past due not impaired	–	119,374
91 to 120 days past due not impaired	–	–
More than 121 days past due not impaired	26,648	33,155
	26,648	274,126
Impaired	–	–
	466,872	441,688

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 RM137,580,000 (2015: RM492,176,000) and RM26,648,000 (2015: RM274,126,000) 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 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	
	2016 RM'000	2015 RM'000
Trade receivables – nominal amounts	568	122
Less: Allowance for impairment	(568)	(122)
	–	–
Movement in allowance accounts:		
At 1 August 2015/2014	122	147
Charge for the year (Note 7)	446	–
Allowance for impairment written off	–	(25)
At 31 July	568	122

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

(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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

22. RECEIVABLES (CONT'D.)

(b) Non-current

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade				
Trade receivables				
Third parties	250,452	221,336	–	201
Associated companies (i)	444,353	231,070	–	–
Joint venture (ii)	70,319	67,003	–	–
Advances to subcontractors	–	13,559	–	13,559
Retention sums	106	2,604	–	–
Stakeholder funds	4,043	10,135	–	–
	769,273	545,707	–	13,760
Less: Allowance for impairment	(45,219)	(27,832)	–	–
	724,054	517,875	–	13,760
Non-trade				
Joint venture (ii)	20,286	28,120	–	–
Deposits	1,633	401	–	–
Sundry receivables	2,399	–	–	–
Prepayments	1,341	128	–	–
	25,659	28,739	–	–
	749,713	546,614	–	13,760

(i) Due from associated companies

Included in amount due from associated companies is an amount of RM429,797,000 (2015: RM216,842,000) 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 RM45,219,000 (2015: RM27,832,000) is to account for the time value of money in accordance with the requirements of FRS 139: Financial Instruments: Recognition and Measurement.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

22. RECEIVABLES (CONT'D.)

(b) Non-current (cont'd.)

(i) Due from associated companies (cont'd.)

The movement of the allowance account used to record the impairment is as follows:

	Group Individually impaired	
	2016 RM'000	2015 RM'000
Trade receivables – nominal amounts	429,797	216,842
Less: Allowance for impairment	(45,219)	(27,832)
	384,578	189,010
Movement in allowance account:		
At 1 August 2015/2014	27,832	17,331
FRS 139 adjustment	37,372	26,598
Unwinding of discount	(19,985)	(16,097)
At 31 July	45,219	27,832

The amount due from an associated company is unsecured and repayable on demand.

(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. (formerly known as Harum Intisari 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 given to GMKSB by Megah Capital Sdn. Bhd., a subsidiary of the Company amounting to RM20,286,000 (2015: RM28,210,000). 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% (2015: 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 RM411,768,000 (2015: RM357,896,000) due from SPLASH.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

22. RECEIVABLES (CONT'D.)

	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
Group				
At 31 July 2015				
Investment securities	23	509,643	–	509,643
Current receivables	22(a)			
Third parties		–	321,921	321,921
Associated companies		–	210,423	210,423
Joint venture partners		–	343	343
Joint ventures		–	484,030	484,030
Retention sums		–	93,183	93,183
Stakeholder funds		–	35,634	35,634
Deposits		–	8,185	8,185
Sundry receivables		–	34,707	34,707
Non-current receivables	22(b)			
Third parties		–	221,336	221,336
Associated companies		–	231,070	231,070
Joint ventures		–	95,213	95,213
Retention sums		–	2,604	2,604
Stakeholder funds		–	10,135	10,135
Deposits		–	401	401
Cash and bank balances	26	–	928,059	928,059
Total financial assets		509,643	2,677,244	3,186,887

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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 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
At 31 July 2015 (restated)				
Investment securities	23	51,551	–	51,551
Current receivables	22(a)			
Third parties		–	41,495	41,495
Associated companies		–	8,273	8,273
Joint venture partners		–	20	20
Joint ventures		–	433,633	433,633
Retention sums		–	89,672	89,672
Deposits		–	1,060	1,060
Sundry receivables		–	6,359	6,359
Non-current receivables				
Third parties			201	201
Due from subsidiaries	25	–	1,691,726	1,691,726
Cash and bank balances	26	–	79,234	79,234
Total financial assets		51,551	2,351,673	2,403,224

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

23. INVESTMENT SECURITIES

	2016		2015	
	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	396,674	396,674	440,635	440,635
Others	247,513	247,513	69,008	69,008
	644,187	644,187	509,643	509,643
Company				
Current				
Portfolios:				
Held as fixed deposit placements	110,911	110,911	36,295	36,295
Others	524	524	15,256	15,256
	111,435	111,435	51,551	51,551

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Construction contract costs incurred to date	10,039,680	9,053,379	9,368,744	8,670,148
Recognised profits less recognised losses	1,216,392	1,025,645	1,015,653	892,261
Progress billings received and receivable	(11,345,770)	(10,227,090)	(10,616,483)	(9,735,378)
	(89,698)	(148,066)	(232,086)	(172,969)
Represented by:				
Due from customers on contracts (Note 22(a))	237,979	78,273	51,864	26,661
Due to customers on contracts (Note 31(b))	(327,677)	(226,339)	(283,950)	(199,630)
	(89,698)	(148,066)	(232,086)	(172,969)

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

24. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS (CONT'D.)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation (Note 12)	4,788	3,697	4,610	1,492
Staff costs (Note 5)	57,691	57,224	49,133	52,633
Rental of premises	616	933	616	933
Hire of plant and equipment	4,914	2,191	574	3

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 RM180,173,000 (2015: RM26,252,000) 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	
	2016 RM'000	2015 (restated) RM'000
Non-current		
Due from subsidiaries – non-trade	685,816	479,559
Current		
Due from subsidiaries		
– trade	1,772	1,025
– non-trade	1,206,671	1,211,142
	1,208,443	1,212,167
	1,894,259	1,691,726

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2015: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand except for advances of RM1,367,807,000 (2015: RM1,238,811,000) given to subsidiaries which bear interest at 4.55% to 5.11% (2015: 4.50% to 5.10%) per annum.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

26. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	130,144	442,745	49,507	24,423
Housing Development Accounts	112,175	255,024	-	-
Total cash on hand and at banks	242,319	697,769	49,507	24,423
Deposits with licensed banks with				
– tenures of 3 months or less	513,766	208,783	94,906	54,811
– tenures of more than 3 months	72,641	21,507	-	-
Total cash and bank balances	828,726	928,059	144,413	79,234

For the purpose of statement of cash flows, cash and cash equivalents comprise the following as at reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total cash and bank balances	828,726	928,059	144,413	79,234
Less: Deposits with tenures of more than 3 months	(72,641)	(21,507)	-	-
Total cash and cash equivalents	756,085	906,552	144,413	79,234

Included in total cash on hand and at banks of the Group and of the Company are interest bearing balances amounting to RM222,989,000 (2015: RM650,538,000) and RM44,125,000 (2015: RM19,125,000) 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.

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Licensed banks				
Malaysia – RM	3.56	2.97	3.57	3.50
– USD	-	0.13	-	0.12
India	7.54	8.26	-	-
Australia	1.94	0.93	-	-
Vietnam	5.09	4.50	-	-

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

26. CASH AND BANK BALANCES (CONT'D.)

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

	Group		Company	
	2016 Days	2015 Days	2016 Days	2015 Days
Licensed banks	3–361	3–360	1–31	1–35

27. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
At beginning/end of year	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid:				
At beginning of year	2,405,905	2,323,357	2,405,905	2,323,357
Exercise of ESOS	6,350	–	6,350	–
Conversion of warrants	6,738	82,548	6,738	82,548
At end of year	2,418,993	2,405,905	2,418,993	2,405,905

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

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM2,405,905,055 to RM2,418,993,129 by way of:
- issuance of 6,350,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's ESOS; and
 - issuance of 6,738,074 new ordinary shares of RM1.00 each 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.
- (b) 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 Warrant not exercised by its expire date will lapse thereafter and cease to be valid for all purposes.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

27. SHARE CAPITAL (CONT'D.)

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

	Warrants	
	2016/2021 2016 '000	2010/2015 2015 '000
At issue date/beginning of year	400,985	83,736
Converted	(6,738)	(82,548)
Lapsed	-	(1,188)
At end of year	394,247	-

- (c) 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

27. SHARE CAPITAL (CONT'D.)

(c) (cont'd.)

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 of RM1.00 each 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

* 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.

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

	2016 RM'000	2015 RM'000
Ordinary shares	6,350	–
Share premium	18,382	–
Aggregate proceeds received on shares issued	24,732	–
Aggregate fair value of ordinary shares at exercise date	30,723	–

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

27. SHARE CAPITAL (CONT'D.)

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

ESOS exercise price	Number of share options Movement during the year				
	Outstanding and exercisable at 1 August 2015 '000	Granted '000	Exercised '000	Lapsed '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

* 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.

ESOS exercise price	Number of share options Movement during the year				
	Outstanding at 1 August 2014 '000	Granted '000	Exercised '000	Lapsed '000	Outstanding and exercisable at 31 July 2015 '000
RM5.16	–	69,947	–	–	69,947
WAEP	–	5.16	–	–	5.16

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

27. SHARE CAPITAL (CONT'D.)

(f) 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
Fair value of share options, at the following grant dates and modification dates (RM)			
– Grant date	0.41	–	–
– 12 February 2016	0.35	–	–
– Grant date	–	0.38	–
– 12 February 2016	–	0.59	–
– Grant date	–	–	0.43
– 12 February 2016	–	–	*
Weighted average share price (RM)			
– Grant date	5.19	4.50	4.86
– 12 February 2016	4.43	4.43	*
Expected volatility			
– Grant date	19.00%	23.00%	23.00%
– 12 February 2016	23.00%	23.00%	*
Risk free rate			
– Grant date	3.22%	3.24%	3.03%
– 12 February 2016	3.25%	3.25%	*
Expected dividend yield#	3.00%	3.00%	3.00%

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.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

28. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital reserve				
At beginning of year	119,823	114,970	-	-
Movement in capital reserve in an associated company	3,136	4,853	-	-
At end of year	122,959	119,823	-	-
Foreign exchange reserve				
At beginning of year	155,052	(80,009)	11,160	(4,780)
Foreign currency translation	25,698	247,610	(3,772)	15,940
Share of associated companies' foreign currency translation	(608)	2,872	-	-
Less: Non-controlling interests	(401)	(15,421)	-	-
At end of year	179,741	155,052	7,388	11,160
Warrants reserve				
At beginning of year	-	8,375	-	8,375
Issuance of warrants	100,246	-	100,246	-
Conversion of warrants	(1,685)	(8,255)	(1,685)	(8,255)
Transferred to retained profit	-	(120)	-	(120)
At end of year	98,561	-	98,561	-
Hedging reserve*				
At beginning of year	-	(1,903)	-	(1,903)
Fair value gain on cash flow hedges	-	1,903	-	1,903
At end of year	-	-	-	-
Total other reserves	401,261	274,875	105,949	11,160

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

29. RETAINED PROFITS

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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Present value of unfunded defined benefit obligations, representing net liability	34,299	29,860	3,133	2,723
Analysed as:				
Current (Note 31(b))	85	8	–	–
Non-current:				
Later than 1 year but not later than 2 years	476	81	–	–
Later than 2 years but not later than 5 years	6,958	4,459	520	321
Later than 5 years	26,780	25,312	2,613	2,402
Amount included in payables (Note 31(a))	34,214	29,852	3,133	2,723
	34,299	29,860	3,133	2,723

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current service cost	2,872	908	266	201
Past service cost	–	2,749	–	–
Interest cost	1,583	983	144	105
Total, included in staff costs and directors' remuneration (Notes 5 and 6)	4,455	4,640	410	306

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

30. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year	29,860	18,174	2,723	1,906
Recognised in profit or loss	4,455	4,640	410	306
Contributions paid	(16)	(14)	-	-
Remeasurement loss on defined benefit plan	-	7,060	-	511
At end of year	34,299	29,860	3,133	2,723

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)	2016 RM'000	Increase/ (decrease)	2015 RM'000
Discount rate	+1%	(4,128)	+1%	(3,425)
	-1%	4,128	-1%	3,425
Expected rate of salary increases	+1%	4,009	+1%	3,959
	-1%	(4,009)	-1%	(3,959)

Principal actuarial assumptions used:

	2016 %	2015 %
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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

31. PAYABLES

(a) Non-current

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade				
Trade payables	219	209,218	219	499
Retention sums	62,754	61,354	26,642	30,377
	62,973	270,572	26,861	30,876
Non-trade				
Associated companies	–	561	–	554
Advance membership fees	20,145	19,797	–	–
Deferred income	49,755	59,633	–	–
Retirement benefit obligations (Note 30)	34,214	29,852	3,133	2,723
Sundry payables	–	10,390	–	–
Accruals	3,256	4,056	–	–
	107,370	124,289	3,133	3,277
	170,343	394,861	29,994	34,153

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.

In the previous financial year, included in trade payables (non-current) of the Group was RM208,719,000, representing balance payments of purchase consideration for acquisition of leasehold lands due more than twelve months. During the financial year, the amount was transferred to trade payables (current).

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

31. PAYABLES (CONT'D.)

(b) Current

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade				
Trade payables	533,053	857,616	14,961	28,550
Associated companies	174	431	–	–
Joint venture partners	–	–	–	6,429
Retention sums	101,177	112,490	14,051	34,204
Progress billings	1,524	2,394	–	–
Due to customers on contracts (Note 24)	327,677	226,339	283,950	199,630
Accruals	201,347	202,493	58,994	102,993
	1,164,952	1,401,763	371,956	371,806
Non-trade				
Associated companies	1,147	3,116	23	91
Joint venture partners	50	–	–	–
Advance membership fees	477	470	–	–
Retirement benefit obligations (Note 30)	85	8	–	–
Sundry payables	138,203	68,374	100,255	749
Accruals	138,588	107,795	49,036	46,105
	278,550	179,763	149,314	46,945
	1,443,502	1,581,526	521,270	418,751

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2015: 30 to 90 days).

Included in trade payables (current) of the Group was RM208,719,000 (2015: RM563,000,000), representing balance payments of purchase consideration for acquisition of leasehold lands.

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.

Included in sundry payables of the Group and the Company was RM75,435,000 (2015: Nil), representing the Company's 50% share of arbitral award in respect of the arbitration between Wayss & Freytag (Malaysia) Sdn. Bhd. and MMC - Gamuda Joint Venture as disclosed in Note 39(a).

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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.

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial liabilities at amortised costs					
Current payables	31(b)				
Trade payables		533,053	857,616	14,961	28,550
Associated companies		1,321	3,547	–	91
Joint venture partners		50	–	–	6,429
Retention sums		101,177	112,490	14,051	34,204
Sundry payables		138,203	68,374	100,255	749
Accruals		339,935	310,288	108,030	149,098
Non-current payables	31(a)				
Trade payables		219	209,218	219	499
Associated companies		–	561	–	554
Retention sums		62,754	61,354	26,642	30,377
Sundry payables		–	10,390	–	–
Accruals	31(a)	3,256	4,056	–	–
Long term borrowings	33	4,168,658	3,358,355	1,800,000	1,851,440
Short term borrowings	34	639,659	777,086	547,370	551,100
Due to subsidiaries	36	–	–	20,524	44,954
		5,988,285	5,773,335	2,632,052	2,698,045

32. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year	379,382	364,725	(5,581)	(2,380)
Recognised in profit or loss (Note 9)	6,972	16,172	1,888	(3,073)
Recognised in other comprehensive income	–	(1,459)	–	(128)
Exchange differences	(44)	(56)	–	–
At end of year	386,310	379,382	(3,693)	(5,581)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(46,190)	(40,625)	(3,693)	(5,581)
Deferred tax liabilities	432,500	420,007	–	–
	386,310	379,382	(3,693)	(5,581)

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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:

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 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
At 1 August 2014	(3,744)	227,855	201,882	63,290	489,283
Recognised in profit or loss	6,528	(36,775)	(10,249)	(568)	(41,064)
Exchange differences	(56)	-	-	-	(56)
At 31 July 2015	2,728	191,080	191,633	62,722	448,163

Deferred tax assets of the Group:

	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Property development costs RM'000	Total RM'000
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)
At 1 August 2014	(5,377)	(119,179)	(2)	(124,558)
Recognised in profit or loss	1,210	56,024	2	57,236
Recognised in other comprehensive income	(1,459)	-	-	(1,459)
At 31 July 2015	(5,626)	(63,155)	-	(68,781)

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 August 2015	2,444
Recognised in profit or loss	1,064
At 31 July 2016	3,508
At 1 August 2014	4,739
Recognised in profit or loss	(2,295)
At 31 July 2015	2,444

Deferred tax assets of the Company:

	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
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)
At 1 August 2014	(350)	(6,769)	(7,119)
Recognised in profit or loss	(203)	(575)	(778)
Recognised in other comprehensive income	(128)	-	(128)
At 31 July 2015	(681)	(7,344)	(8,025)

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

32. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

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

	Group	
	2016 RM'000	2015 RM'000
Unutilised tax losses	28,103	14,899
Unabsorbed capital allowances	30,046	34,553
Unutilised reinvestment allowances	1,457	1,457
Other deductible temporary differences	672	503
	60,278	51,412

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Medium term notes (a)				
– secured	645,000	735,000	–	–
– unsecured	2,300,000	1,800,000	1,800,000	1,500,000
	2,945,000	2,535,000	1,800,000	1,500,000
Term loans				
– secured (b)	827,851	92,415	–	–
– unsecured (c)	395,807	730,940	–	351,440
	1,223,658	823,355	–	351,440
	4,168,658	3,358,355	1,800,000	1,851,440

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

33. LONG TERM BORROWINGS (CONT'D.)

(a) Medium term notes (“MTN”)

The MTNs are drawdown by the following entities:

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gamuda Berhad	(i)	1,800,000	1,500,000	1,800,000	1,500,000
Bandar Serai	(i)	500,000	300,000	–	–
Kesas	(ii)	645,000	735,000	–	–
		2,945,000	2,535,000	1,800,000	1,500,000

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 %
Non-current				
Issue No. 4	400,000	21.3.2013	21.3.2018	4.17
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
	1,800,000			

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.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

33. LONG TERM BORROWINGS (CONT'D.)

(a) Medium term notes (“MTN”) (cont'd.)

(ii) Sukuk Musharakah Medium Term Notes (“Sukuk”) – secured

	Group	
	2016 RM'000	2015 RM'000
Primary Sukuk	735,000	735,000
Secondary Sukuk	188,184	188,184
	923,184	923,184
Less: Unamortised profit element	(128,035)	(161,295)
	795,149	761,889
Less: Accumulated profit element charged to profit or loss	(60,149)	(26,889)
	735,000	735,000

The remaining maturities of the borrowings as at 31 July 2016 are as follows:

	Group	
	2016 RM'000	2015 RM'000
Within one year (Note 34)	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	285,000	375,000
	735,000	735,000

On 2 October 2014, the Company established 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% (2015: 4.25% 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”).

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

33. LONG TERM BORROWINGS (CONT'D.)

(b) Term loans – secured

The term loans are drawdown by the following entities:

	Note	Group	
		2016 RM'000	2015 RM'000
GLVN	(i)	223,245	–
HCMCJSC	(ii)	304,606	92,415
Kemuning	(iii)	300,000	–
		827,851	92,415

- (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% per annum.
- (ii) The term loan drawdown by Gamuda Land (HCMC) Joint Stock Company (“HCMCJSC”) (formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company), a subsidiary of the Company, from the facility obtained from Sacombank in Vietnam was fully repaid in March 2016. The term loan bore interest rate ranging from 10.5% to 11.4% (2015: 10.5% to 11.4%) per annum.

On 30 March 2016, a new term loan was drawdown by a subsidiary, HCMCJSC from the facility obtained from HSBC and Vietnam International Bank in Vietnam, to finance 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% per annum.

- (iii) On 30 June 2016, Gamuda Land (Kemuning) Sdn. Bhd. (“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% per annum.

Term loans are repayable as follows:

	Group	
	2016 RM'000	2015 RM'000
More than two years and less than five years	677,851	92,415
Five years or more	150,000	–
	827,851	92,415

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

33. LONG TERM BORROWINGS (CONT'D.)

(c) Term loans – unsecured

The term loans are drawdown by the following entities:

	Note	Group	
		2016 RM'000	2015 RM'000
Gamuda Berhad	(i)	–	351,440
Megah Capital	(i)	388,173	379,500
Australia	(ii)	7,634	–
		395,807	730,940

- (i) Both loans are denominated in United States Dollar (“USD”) and are drawdown for investments, working capital and refinance existing credit facilities of the Group. The term loan for Gamuda Berhad was fully repaid in April 2016 which bore interest of 1.94% to 2.19% (2015: 1.90% to 1.94%) per annum.

In the previous financial year, 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. The term loan matures five years from the date of first loan drawdown and is subject to offsetting arrangements as disclosed in Note 42.

- (ii) On 16 June 2016, Gamuda (Australia) Pty Ltd (“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.

Term loans are repayable as follows:

	Group	
	2016 RM'000	2015 RM'000
More than two years and less than five years	395,807	730,940

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

34. SHORT TERM BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:				
MTN (Note 33(a)(ii))	90,000	–	–	–
Term loan (a)	2,289	225,986	–	–
	92,289	225,986	–	–
Unsecured:				
Commercial papers	100,000	150,000	100,000	150,000
Revolving credits	447,370	401,100	447,370	401,100
	547,370	551,100	547,370	551,100
	639,659	777,086	547,370	551,100

(a) Term loan – secured

The term loans are drawdown by the following entities:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Jade Homes Sdn. Bhd. (i)	2,289	28,922	–	–
HCMCJSC (Note 33(b)(ii))	–	197,064	–	–
	2,289	225,986	–	–

- (i) 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 4.63% (2015: 4.47%) per annum.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

34. SHORT TERM BORROWINGS (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	
	2016 %	2015 %	2016 %	2015 %
MTN	4.54	4.38	4.44	4.38
Commercial papers	3.95	3.69	3.95	3.69
Revolving credits				
– US Dollar	1.46	1.33	1.28	1.33
Term loan				
– US Dollar	1.59	1.90	–	1.94
– Vietnam Dong	5.92	12.22	–	–
– Ringgit Malaysia	4.67	4.77	–	–
– Australian Dollar	3.00	–	–	–

35. DERIVATIVES

	Group Assets	
	2016 RM'000	2015 RM'000
Cross currency interest rate swaps	18,527	1,255

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.

In the previous financial year, the Group obtained a loan 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

35. DERIVATIVES (CONT'D.)

For the financial year 2015/2016

Contract amount	CCIRS	Maturity
	The Group:	
USD100,000,000 (RM379,500,000)	(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 fixed RM interest rate of 4.58% per annum.

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 RM17,272,000 (2015: RM1,255,000) 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	
	2016 RM'000	2015 RM'000
Due to subsidiaries		
– trade	2,274	467
– non-trade	18,250	44,487
	20,524	44,954

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2015: 30 to 90 days).

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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

37. PROVISION FOR LIABILITIES

Provision for liabilities of the Group is analysed as follows:

	Group	
	2016 RM'000	2015 RM'000
Current	44,919	55,021
Non-current	14,351	–
	59,270	55,021

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 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 reserved	(6,761)	–	–	–	(6,761)
At 31 July 2016	29,105	8,143	2,991	19,031	59,270
At 1 August 2014	27,956	–	3,825	–	31,781
Provision during the year	26,154	3,946	1,236	–	31,336
Utilisation during the year	(3,991)	–	(1,878)	–	(5,869)
Unused amount reserved	(2,227)	–	–	–	(2,227)
At 31 July 2015	47,892	3,946	3,183	–	55,021

(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.

During the financial year, based on the earlier estimation and development experience, management concluded that the provision for development costs exceeded the amount necessary to cover the development costs. Accordingly, RM6,761,000 (2015: RM2,227,000) of the provision for development costs has been reversed.

(b) Provision for affordable housing

The provision for affordable housing represents the present obligation for construction of low cost houses.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

37. PROVISION FOR LIABILITIES (CONT'D.)

(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	
	2016 RM'000	2015 RM'000
Approved and contracted for:		
Property, plant and equipment	3,322	2,330

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 Honourable 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.

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 heard before the Court of Appeal on 2 and 3 August 2016. The Court of Appeal had on 26 August 2016 dismissed the JV's appeals with cost. The JV intends to file a notice of appeal for leave of the Federal Court against the Court of Appeal's dismissal.

On 22 September 2016, the JV filed a Notice of Appeal for leave against the decision of the Court of Appeal on the JV's Section 37 Application. The Federal Court has fixed a case management date on 21 October 2016.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

39. MATERIAL LITIGATIONS (CONT'D.)

- (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 has been fixed for hearing before the Judge on 5 October 2016. The hearing was adjourned. The learned High Court judge has fixed hearing of PDP’s 1st Striking out Application and PDP 2nd Striking out Application on 23 November 2016. PDP will take step to defend itself and oppose the legal suit.

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	
	2016 RM’000	2015 RM’000	2016 RM’000	2015 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	285	1,105	-	-
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	11	-	-
Sales of land to a joint venture	(27,715)	(51,463)	-	-
Contract services rendered to an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	(143,893)	(143,405)	-	-
Rental received from subsidiaries	-	-	(4,368)	(3,791)
Interest receivable from subsidiaries	-	-	(114,337)	(101,980)

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

- (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.
- (ii) The Company and its joint venture partner, MMC Corporation Berhad (“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	
	2016 RM’000	2015 RM’000	2016 RM’000	2015 RM’000
Total	16,192	18,448	11,901	13,178

The details of Board of Directors’ remuneration are disclosed in Note 6.

41. SIGNIFICANT EVENTS

- (i) On 28 July 2016, the Company’s 30% – owned Naim Engineering Sdn. Bhd. – Gamuda Berhad JV (“Naim – GB JV”), an unincorporated joint venture had accepted the award of Works Package Contract – WPC 04 (Pantu Junction to Btg Skrang in Sarawak) from Lebuhraya Borneo Utara Sdn. Bhd.. The contract value of RM1,567,200,000 is for a project duration of 51 months.
- (ii) On 31 March 2016, MMC – Gamuda KVMRT (T) Sdn. Bhd. (“MGKT”), a joint venture of the Company had accepted the award of the Underground Works Package from Mass Rapid Transit Corporation Sdn. Bhd., appointing MGKT as the Works Package Contractor to undertake the Underground Works Package comprised in the Klang Valley Mass Rapid Transit Project Sungai Buloh – Serdang – Putrajaya Line (“KVMRT Line 2”). The contract value of the Underground Works Package is approximately RM15,470,000,000.
- (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 28 February 2017 vide its letter dated 29 July 2016 which was duly accepted by SRS Consortium on 4 August 2016.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 July 2016					
Financial assets:					
Unquoted investment in subsidiaries	17	–	–	3,835,012	*
Unquoted interests in associated companies	18	1,485,461	*	390,740	*
Quoted investment 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 memberships		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 loan	33	1,223,658	1,217,030	–	–
At 31 July 2015					
Financial assets:					
Unquoted investment in subsidiaries	17	–	–	3,885,179	*
Unquoted interests in associated companies	18	1,408,800	*	395,740	*
Quoted investment in an associated company	18	351,690	1,007,651	59,624	1,007,651
Unquoted interests in joint arrangements	19	860,271	*	254,727	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferable club memberships		840	1,800	683	1,400
Loan to a joint venture by a subsidiary	22(b)	28,210	28,411	–	–
Financial liabilities:					
Long term borrowings:					
– Medium term notes	33	2,535,000	2,551,911	1,500,000	1,502,999
– Term loan	33	823,355	821,833	351,440	351,741

* 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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

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

(i) Quoted investment in an associated company, 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.

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)

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using			
	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
Group				
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 investment 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 loan	1,217,030	-	-	1,217,030
31 July 2015				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	184,214	-	-	184,214
Quoted investment in an associated company (Note 18)	1,007,651	1,007,651	-	-
Other investments (Note 20):				
– Investment in transferable club memberships	1,800	-	1,800	-
Loan to a joint venture by a subsidiary (Note 22(b))	28,411	-	-	28,411
Assets measured at fair value				
Derivative assets (Note 35)	1,255	-	1,255	-
Investment securities (Note 23)	509,643	509,643	-	-
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	2,551,911	-	-	2,551,911
– Term loan	821,833	-	-	821,833

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities: (cont'd.)

	Fair value measurement using			
	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
Company				
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 investment 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
31 July 2015				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	42,706	-	-	42,706
Quoted investment in an associated company (Note 18)	1,007,651	1,007,651	-	-
Other investments (Note 20):				
– Investment in transferable club memberships	1,400	-	1,400	-
Assets measured at fair value				
Investment securities (Note 23):	51,551	51,551	-	-
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	1,502,999	-	-	1,502,999
– Term loan	351,741	-	-	351,741

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (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 2016			
Derivatives (Note 35)	18,527	(18,527)	–
Borrowings (Note 33(c)(i))	(406,700)	18,527	(388,173)
As at 31 July 2015			
Derivatives (Note 35)	1,255	(1,255)	–
Borrowings (Note 33(c)(i))	(380,755)	1,255	(379,500)

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.

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

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

	Group			
	2016		2015	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	1,167,842	70%	992,901	69%
Middle East	1,069	0%	941	0%
Vietnam	475,727	28%	401,014	28%
India	34,303	2%	42,792	3%
	1,678,941	100%	1,437,648	100%
By industry sectors:				
Engineering and construction	550,799	33%	556,172	39%
Property development and club operations	635,155	38%	474,927	33%
Water and expressway concessions	492,987	29%	406,549	28%
	1,678,941	100%	1,437,648	100%

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

	Group	
	2016 RM'000	2015 RM'000
Trade receivables	692,555	543,135
Due from associated companies – trade	447,204	409,827
Due from joint venture partners – trade	–	24
Due from joint ventures – trade	539,182	484,662
	1,678,941	1,437,648

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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 13% (2015: 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 23% (2015: 23%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

	2016			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000

Group

Financial liabilities:

Trade and other payables	1,113,739	70,489	–	1,184,228
Loans and borrowings				
– Principal	639,659	3,724,984	435,000	4,799,643
– Interest	199,071	476,705	24,333	700,109
Total undiscounted financial liabilities	1,952,469	4,272,178	459,333	6,683,980

	2015			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000

Group

Financial liabilities:

Trade and other payables	1,352,315	291,485	–	1,643,800
Loans and borrowings				
– Principal	777,086	2,983,355	375,000	4,135,441
– Interest	160,182	393,174	31,689	585,045
Total undiscounted financial liabilities	2,289,583	3,668,014	406,689	6,364,286

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2016			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities:				
Trade and other payables	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

	2015			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities:				
Trade and other payables	219,121	35,094	–	254,215
Due to subsidiaries	44,954	–	–	44,954
Loans and borrowings				
– Principal	551,100	1,851,440	–	2,402,540
– Interest	77,940	171,712	–	249,652
Total undiscounted financial liabilities	893,115	2,058,246	–	2,951,361



Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 58% (2015: 56%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM3,804,000 (2015: RM3,386,000) 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 RM32,209,000 (2015: RM25,482,000) and RM5,572,000 (2015: RM2,578,000) 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 46.

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

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
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Group

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

At 31 July 2015:

Cash and bank balances	88,869	2,426	362	14,355	1,924	492	28	8,344	116,800
Receivables	419,792	42,238	-	960	155,744	63,611	-	327	682,672
Payables	245,093	878	1	30	100,277	1,492	-	809	348,580
Borrowings	289,479	-	-	752,540	-	-	-	-	1,042,019

	New Taiwan Dollar RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Total RM'000
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Company

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

At 31 July 2015:

Cash and bank balances	362	14,353	1,924	492	17,131
Receivables	-	-	155,744	63,383	219,127
Payables	1	-	100,277	1,486	101,764
Borrowings	-	752,540	-	-	752,540

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.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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 net of 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		Company	
			2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
VND/RM	strengthened 5%	(2015: 5%)	7,795	(1,296)	–	–
	weakened 5%	(2015: 5%)	(7,795)	1,296	–	–
USD/RM	strengthened 5%	(2015: 5%)	(20,685)	(36,863)	(22,345)	(36,909)
	weakened 5%	(2015: 5%)	20,685	36,863	22,345	36,909
BHD/RM	strengthened 5%	(2015: 5%)	2,638	3,131	2,638	3,119
	weakened 5%	(2015: 5%)	(2,638)	(3,131)	(2,638)	(3,119)
NTD/RM	strengthened 5%	(2015: 5%)	(548)	18	(548)	18
	weakened 5%	(2015: 5%)	548	(18)	548	(18)
QR/RM	strengthened 5%	(2015: 5%)	3,285	2,870	3,285	2,870
	weakened 5%	(2015: 5%)	(3,285)	(2,870)	(3,285)	(2,870)
INR/RM	strengthened 5%	(2015: 5%)	1,601	2,189	–	–
	weakened 5%	(2015: 5%)	(1,601)	(2,189)	–	–
SGD/RM	strengthened 5%	(2015: 5%)	(3)	1	–	–
	weakened 5%	(2015: 5%)	3	(1)	–	–
AUD/RM	strengthened 5%	(2015: 5%)	(620)	393	–	–
	weakened 5%	(2015: 5%)	620	(393)	–	–

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 (restated) RM'000
Loans and borrowings	4,808,317	4,135,441	2,347,370	2,402,540
Less: Cash and bank balances	(828,726)	(928,059)	(144,413)	(79,234)
Investment securities	(644,187)	(509,643)	(111,435)	(51,551)
Net debt	3,335,404	2,697,739	2,091,522	2,271,755
Equity attributable to the owners of the Company	6,878,177	6,337,194	4,738,656	4,331,527
Non-controlling interests	336,027	356,019	-	-
Total capital	7,214,204	6,693,213	4,738,656	4,331,527
Net gearing ratio	46%	40%	44%	52%

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

45. COMPARATIVES

Certain comparatives of the Company have been adjusted to account for the requirements of FRS 121: The Effect of Changes in Foreign Exchange Rates retrospectively in relation to unrealised foreign exchange difference arising from the revaluation of amount due from a subsidiary as follows:

	As previously stated RM'000	Adjustment RM'000	As adjusted RM'000
Company			
31 July 2015			
Income statement			
Net foreign exchange (losses)/gains	(94,785)	167,202	72,417
Statement of financial position			
Non-current assets			
Due from subsidiaries	398,053	81,506	479,559
Current assets			
Due from subsidiaries	1,096,014	116,153	1,212,167
Owners' equity			
Retained profits	940,826	197,659	1,138,485
<hr/>			
31 July 2014			
Statement of financial position			
Non-current assets			
Due from subsidiaries	723,930	26,956	750,886
Current assets			
Due from subsidiaries	240,741	3,501	244,242
Owners' equity			
Retained profits	686,237	30,457	716,694
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Notes to the Financial Statements

– 31 July 2016 (cont'd.)

46. SEGMENT INFORMATION

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

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

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

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

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

46. SEGMENT INFORMATION (CONT'D.)

	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
2016						
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
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

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

46. SEGMENT INFORMATION (CONT'D.)

	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
2015						
Revenue						
Revenue as reported	1,157,740	841,549	400,629	-		2,399,918
Share of revenue of joint ventures	2,015,715	323,372	21,085	-		2,360,172
	3,173,455	1,164,921	421,714	-		4,760,090
Inter-segment sales	15,291	-	-	(15,291)	A	-
Total revenue	3,188,746	1,164,921	421,714	(15,291)		4,760,090
Result						
Profit from operations	177,387	169,950	254,650	-		601,987
Finance costs	(20,474)	(31,449)	(71,819)	-		(123,742)
Share of profits of associated companies	406	5,112	193,526	-		199,044
Share of profits of joint ventures	64,959	114,090	1,851	-		180,900
Profit before tax	222,278	257,703	378,208	-		858,189
Income tax expense						(132,731)
Profit for the year						725,458
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	2,288,779	5,952,736	2,463,423	-		10,704,938
Interests in associated companies	406	50,495	1,709,589	-		1,760,490
Interests in joint arrangements	118,353	585,509	156,409	-		860,271
						13,325,699
Segment liabilities	(2,277,043)	(3,111,316)	(1,244,127)	-		(6,632,486)
Other information						
Depreciation and amortisation	13,341	9,330	79,903	-		102,574
Additions to non-current assets	15,447	1,103,891	17,084	-	B	1,136,422
Non-cash items other than depreciation and amortisation	4,527	2,346	457	-	C	7,330

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

46. SEGMENT INFORMATION (CONT'D.)

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

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

	Note	2016 RM'000	2015 RM'000
Property, plant and equipment	12	98,870	24,031
Investment properties	14	66,738	14,315
Land held for property development	13(a)	196,500	1,082,049
Expressway development expenditure	16	27,619	16,027
		389,727	1,136,422

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

	Note	2016 RM'000	2015 RM'000
Property, plant and equipment written off	7	31	39
Unrealised loss/(gain) on foreign exchange		26,763	(26,466)
Provisions		29,676	35,012
Fair value adjustments on derivatives		(17,272)	(1,255)
		39,198	7,330

Notes to the Financial Statements
– 31 July 2016 (cont'd.)

46. SEGMENT INFORMATION (CONT'D.)

Geographical information

	Revenues		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	1,723,069	2,055,396	5,397,734	4,487,537
Outside Malaysia				
Qatar	-	-	175	4,204
Bahrain	-	-	151	143
Vietnam	398,830	344,522	532,423	923,283
Mauritius	-	-	14,580	14,253
Australia	-	-	148,798	-
	398,830	344,522	696,127	941,883
Consolidated	2,121,899	2,399,918	6,093,861	5,429,420
Share of revenue of joint ventures				
Malaysia	2,039,203	2,360,172		
Singapore	9,795	-		
Total revenue	4,170,897	4,760,090		

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

	2016 RM'000	2015 RM'000
Property, plant and equipment	419,648	312,282
Land held for property development	3,044,676	2,711,251
Investment properties	253,737	163,266
Land use rights	2,745	3,170
Expressway development expenditure	1,623,342	1,692,837
Receivables	749,713	546,614
	6,093,861	5,429,420

47. SUBSEQUENT EVENTS

- (i) On 16 August 2016, the Company acquired one ordinary share of RM1.00 each in Gamuda Naim Engineering and Construction Sdn. Bhd. ("GNEC") (formerly known as General Mission Sdn. Bhd.) for a cash consideration of RM1.00. On 18 August 2016, the Company increased its equity interest in GNEC to 65% by subscribing for additional 64,999 ordinary shares of RM1.00 each in GNEC, for a total cash consideration of RM64,999. GNEC's intended principal activity is to undertake construction works in East Malaysia.
- (ii) On 16 August 2016, the Company acquired one ordinary share of RM1.00 each in Naim Gamuda (NAGA) JV Sdn. Bhd. ("NAGA") (formerly known as Barisan Sehati Sdn. Bhd.) for a cash consideration of RM1.00. On 18 August 2016, the Company increased its equity interest in NAGA to 30% by subscribing for additional 2,999,999 ordinary shares of RM1.00 each in NAGA, for a total cash consideration of RM2,999,999. NAGA is to undertake the Works Package Contract - WPC 04 (Pantu Junction to Btg Skrang) in Sarawak.

Notes to the Financial Statements

– 31 July 2016 (cont'd.)

48. 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 2016 and 31 July 2015 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	2,009,150	1,959,300	1,032,721	821,946
Unrealised	(193,419)	(77,779)	68,014	150,481
	1,815,731	1,881,521	1,100,735	972,427
Total share of accumulated profits from joint ventures				
Realised	886,412	663,625	286,341	166,701
Unrealised	(39,324)	(19,910)	25	1,419
	847,088	643,715	286,366	168,120
Total share of retained profits from associated companies				
Realised	1,562,794	1,498,386	-	-
Unrealised	(212,169)	(385,517)	-	-
	1,350,625	1,112,869	-	-
Less: Consolidation adjustments	(796,333)	(757,668)	(14,199)	(2,062)
Retained profits as per financial statements	3,217,111	2,880,437	1,372,902	1,138,485

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