

UPSKILLING

TOWARDS A SUSTAINABLE FUTURE



GAMUDA CONTENTS

ANNUAL REPORT 2018

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42nd AGM

Annual General Meeting
42nd Annual General Meeting
of Gamuda Berhad

Venue:
Kota Permai Golf
& Country Club

Date & Time:
Thursday, 6 December 2018
10.00 a.m.

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FORM OF PROXY



View our Annual Report, accounts and other information about Gamuda Berhad at www.gamuda.com.my



Our Presence



Established in 1976, Gamuda has grown over the years to become **MALAYSIA'S LEADING INFRASTRUCTURE** and **PROPERTY DEVELOPER.**

Malaysia

Urban Rail Transport in Greater KL

- Klang Valley Mass Rapid Transit (KVMRT)
 - Sungai Buloh-Kajang Line (Line 1)
 - Sungai Buloh-Serdang-Putrajaya Line (Line 2)

First Digital IBS Factory in Malaysia

- Gamuda Industrialised Building System (Gamuda IBS)

Property Development

- Gamuda Cove
- Gamuda Gardens
- twentyfive.7
- Horizon Hills
- Jade Hills
- Bukit Bantayan Residences
- Kundang Estates
- Madge Mansions
- The Robertson
- HighPark Suites
- Gamuda Walk
- Gamuda GM Klang
- Gamuda GM Bukit Bintang
- Kota Kemuning
- Valencia
- Bandar Botanic
- Gamuda Biz Suites

Key Intra-Urban Expressways and Highways in Greater KL

- Damansara-Puchong Highway (LDP)
- Shah Alam Expressway (SAE)
- Western Kuala Lumpur Traffic Dispersal Scheme (SPRINT)

Inter-State Rail Transport

- Electrified Double Track Project (EDTP) (Ipoh-Padang Besar)

World's First Dual-Purpose Tunnel

- Stormwater Management and Road Tunnel (SMART)

Water Regulating Dam, Water Treatment and Power Plant

- Gamuda Water
- SPLASH
- Sungai Selangor Dam
- Rasa & Bukit Badong Water Treatment Plants (SSP1 & SSP3)
- Prai Power Station

Urban Transformation in Penang

- Penang Transport Master Plan (PTMP)

Public Infrastructure

- Pan Borneo Highway package (WPC-04)
- Kuantan Bridge
- Hospital Universiti Kebangsaan Malaysia
- Lumut Naval Harbour
- North Butterworth Container Terminal

Taiwan

Rail Transport

- Kaohsiung Metropolitan Mass Rapid Transit

Qatar

Public Infrastructure

- Dukhan Highway
- Hamad International Airport

Vietnam

Property Development

- Celadon City, Ho Chi Minh City
- Gamuda City, Hanoi

Sewage Treatment Plant

- Yen So Sewage Treatment Plant, Hanoi

Bahrain

Bridges

- Sitra Causeway Bridges

India

Key Urban Links

- Durgapur Expressway
- Panagarh-Palsit Highway

Singapore

Property Development

- GEM Residences
- Anchorvale

Australia

Property Development

- 661 Chapel St., Melbourne

Corporate Information

BOARD OF DIRECTORS

YBHG DATO' MOHAMMED HUSSEIN
Chairman

YBHG DATO' LIN YUN LING
Group Managing Director

YBHG DATO' IR HA TIING TAI
Deputy Group Managing Director

**YTM RAJA DATO' SERI ELEENA BINTI
ALMARHUM SULTAN AZLAN MUHIBBUDDIN
SHAH AL-MAGHFUR-LAH**
Non-Independent Non-Executive Director

YBHG TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG
Independent Non-Executive Director

YM TUNKU AFWIDA BINTI TUNKU A.MALEK
Independent Non-Executive Director

PUAN NAZLI BINTI MOHD KHIR JOHARI
Independent Non-Executive Director

ENCIK MOHAMMED RASHDAN BIN MOHD YUSOF
Deputy Group Managing Director

Alternate to
YBhg Dato' Lin Yun Ling

YBHG DATO' UBULL DIN OM
Managing Director of Gamuda Engineering

Alternate to
YBhg Dato' Ir Ha Tiing Tai

AUDIT COMMITTEE

- YM Tunku Afwida binti Tunku A.Malek (Chairperson)
- YBhg Dato' Mohammed Hussein
- Puan Nazli binti Mohd Khir Johari

NOMINATION COMMITTEE

- YBhg Dato' Mohammed Hussein (Chairman)
- YM Tunku Afwida binti Tunku A.Malek
- Puan Nazli binti Mohd Khir Johari

REMUNERATION COMMITTEE

- YBhg Dato' Mohammed Hussein (Chairman)
- YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah
- YBhg Dato' Lin Yun Ling

COMPANY SECRETARIES

- Ms Lim Soo Lye (LS 0006461)
- Ms Pang Siok Tieng (MAICSA 7020782)

COMPANY NO.

29579-T

DATE AND PLACE OF INCORPORATION

6 October 1976, Malaysia

REGISTERED OFFICE/CORPORATE OFFICE

Menara Gamuda
D-16-01, Block D, PJ Trade Centre
No. 8, Jalan PJU8/8A
Bandar Damansara Perdana
47820 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-7726 9210
Fax : 603-7728 9811
Email : gbcosec@gamuda.com.my
Web : www.gamuda.com.my

AUDITORS**Messrs Ernst & Young (AF: 0039)****Chartered Accountants**

Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

INVESTOR RELATIONS**Mr Clarence Boudville**

Menara Gamuda
Level 17, Block D, PJ Trade Centre
No. 8, Jalan PJU8/8A
Bandar Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7491 2682
Fax : 603-7726 6875
Email : IR@gamuda.com.my

PRINCIPAL BANKER

Malayan Banking Berhad

SHARE REGISTRAR**Tricor Investor & Issuing House Services Sdn Bhd (11324-H)**

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Web : www.tricorglobal.com

Tricor's Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code: Gamuda
Stock No: 5398

LISTING DATE

10 August 1992

Group Corporate Structure

CONSTRUCTION

Domestic

• Gamuda Engineering Sdn Bhd	100%	• SRS Consortium Sdn Bhd	60%
• Gamuda M&E Sdn Bhd (formerly known as Semarak Kuasa Sdn Bhd)	100%	• MMC-Gamuda Joint Venture Sdn Bhd	50%
• Gamuda Building Ventures Sdn Bhd (formerly known as Imbangan Integrasi Sdn Bhd)	100%	• MMC Gamuda KVMRT (PDP) Sdn Bhd	50%
• Gamuda Geo Sdn Bhd (formerly known as GL (MM2H) Sdn Bhd)	100%	• MMC Gamuda KVMRT (T) Sdn Bhd	50%
• Masterpave Sdn Bhd	100%	• MMC Gamuda KVMRT (PDP SSP) Sdn Bhd	50%
• Gamuda Trading Sdn Bhd	100%	• MRCB Gamuda Sdn Bhd (formerly known as Lambang Perkasa Sdn Bhd)	50%
• Ganaz Bina Sdn Bhd	100%	• Naim Gamuda (NAGA) JV Sdn Bhd	30%
• Gammau Construction Sdn Bhd	100%	• Lim Hoo Seng-Gamuda Engineering (Stonor 3) JV	50%
• Megah Sewa Sdn Bhd	100%	• Lim Hoo Seng-Gamuda Engineering (SCM) JV	50%
• Gamuda Naim Engineering and Construction (GNEC) Sdn Bhd	65%	• GME-CI (GIBS2) JV	55%
		• GME-CI (Serai) JV	55%
		• Lim Hoo Seng-Gamuda Engineering JV	30%

International

• Gamuda-WCT (India) Private Limited	70%
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Digital IBS and Quarrying

• Gamuda Industrial Building System Sdn Bhd	100%
• G. B. Kuari Sdn Bhd	100%

Investment and others

• Gamuda (Offshore) Private Limited	100%
• Gamuda Overseas Investment Ltd	100%
• Megah Management Services Sdn Bhd	100%
• Gamuda Paper Industries Sdn Bhd	95%

PUBLIC COMPANY LIMITED BY GUARANTEE

Yayasan Gamuda

Provides funds or support to Malaysian individuals by way of scholarships, grants, donations and other forms of financial assistance for educational, research and charitable purposes.

Enabling Academy, through funding by Yayasan Gamuda, conducts an employment transition programme that trains and places young adults with autism into companies.

PROPERTY

Property Development

Domestic

• Gamuda Land Sdn Bhd	100%	• Madge Mansions Sdn Bhd	100%
• Bandar Serai Development Sdn Bhd	100%	• Valencia Development Sdn Bhd	100%
• Dinamik Atlantik Sdn Bhd	100%	• Gamuda Land Leisure Sdn Bhd	100%
• Gamuda Land (Botanic) Sdn Bhd	100%	• Lifestyle Heritage Sdn Bhd	100%
• Gamuda Land (Kemuning) Sdn Bhd	100%	• Horizon Hills Development Sdn Bhd	50%
• Gamuda Land (T12) Sdn Bhd	100%	• Gamuda GM Klang Sdn Bhd	50%
• Highpark Development Sdn Bhd	100%	• Gamuda GM Sdn Bhd	50%
• Idaman Robertson Sdn Bhd	100%	• Hicom-Gamuda Development Sdn Bhd	50%
• Jade Homes Sdn Bhd	100%		

International

• Gamuda (Australia) Pty Ltd	100%	• Gamuda Land Vietnam Limited Liability Company	100%
• Gamuda (Singapore) Pte Ltd	100%	• Gem Homes Pte Ltd	50%
• Gamuda Land (HCMC) Joint Stock Company	100%	• Anchorvale Pte Ltd	50%

Property Management, Maintenance and Landscaping

• Botanic Property Services Sdn Bhd	100%
• Gamuda Land Property Services Sdn Bhd	100%
• Jade Homes Property Services Sdn Bhd	100%
• Valencia Township Sdn Bhd	100%
• Megah Landscape Sdn Bhd	100%
• HGD Property Services Sdn Bhd	50%
• Horizon Hills Property Services Sdn Bhd	50%
• Kota Kemuning Nursery & Landscaping Sdn Bhd	50%

Golf and Country Club

• Bandar Botanic Resort Berhad	100%
• Jade Homes Resort Berhad	100%
• Danau Permai Resort Berhad	50%
• Horizon Hills Resort Berhad	50%

CONCESSIONS

Expressway Tolling and Management

Domestic

• Kesas Sdn Bhd	70%
• Sistem Penyuraian Trafik KL Barat Sdn Bhd	52%
• Syarikat Mengurus Air Banjir & Terowong Sdn Bhd	50%
• Lingkaran Trans Kota Sdn Bhd	44%

International

• Mapex Infrastructure Private Limited (India)	50%
• Emas Expressway Private Limited (India)	50%

Water Related

• Gamuda Water Sdn Bhd	80%
• Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (Sold pending fulfillment of conditions in share purchase agreement)	40%

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Statement from the Group Managing Director



THE REFOCUS TOWARDS INNOVATION AND TECHNOLOGY AS DRIVERS OF ECONOMIC PRODUCTIVITY, AND THE COMMITMENT TO DELIVER AFFORDABLE HOUSING, ARE STRATEGIES THAT OUR BUSINESS IS WELL-ALIGNED WITH.



YBHG DATO' LIN YUN LING
Group Managing Director

Dear Shareholders,

2018 will be remembered for the unprecedented peaceful transition of a new Government for Malaysia. The outlook is positive with anticipation for stronger governance, prudent public financial management and enhanced public service delivery which will set the country on a long-term dynamic growth path.

Against this backdrop of a transforming country, with sounder fundamentals and targeted new infrastructure builds, we are poised to leverage on our existing capabilities to contribute to nation building. Infrastructure investments will still be required to support the new growth trajectory of the country, not only in the Klang Valley, but across all states. The refocus towards innovation and technology as drivers of economic productivity, and the commitment to deliver affordable housing, are strategies that our business is well-aligned with.

As the country consolidates its fiscal position, large-scale infrastructure projects are under review. The HSR and MRT3 projects have been deferred, and after successful negotiations with the Government, the remaining works of the KVMRT Line 2 project shall now be completed as a turnkey contract at an agreed lump sum price.

Any transition to a new normal is rarely smooth and with such challenges upon us, we shall indeed heed the call of the Malaysia Baru Government to seek greater efficiencies through enhanced competitiveness and also new opportunities through continued innovation and deeper investments in technology. In so doing, we shall be both leaner and stronger to grow shareholder value in the long term.

STRONG FINANCIAL PERFORMANCE IN FY2018

For financial year 2018, we are pleased to have delivered another set of strong financial results, having made good progress on our construction contracts and meeting targets for the property division and infrastructure concession operations.

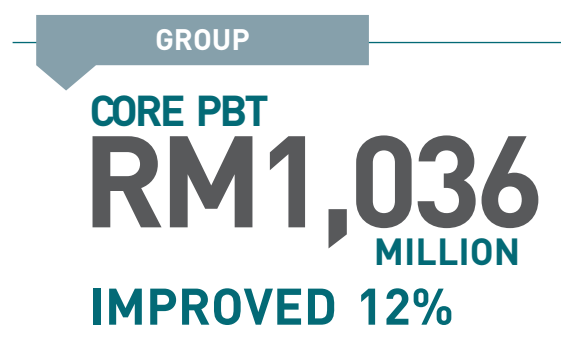
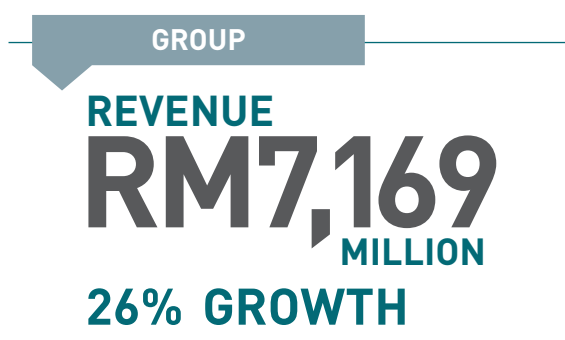
The Group posted a 26% increase in core revenue to a record RM7,169 million for FY2018. Core profit before tax (PBT) improved 12% to RM1,036 million year-on-year (excluding the one-off loss incurred from the sale of SPLASH).

For FY2018, Gamuda Engineering, our engineering and construction division, posted a 36% increase to RM367 million in core PBT on the back of a 22% rise in revenue to RM4,065 million year-on-year.

Gamuda Land, our property division, registered sales of RM3.6 billion, up 50% from RM2.4 billion in FY2017. Revenue increased 39% to RM2,592 million while core PBT rose by 14% to RM246 million over the previous year, contributed by our international and domestic projects.

Gamuda Infrastructure Concessions, which consists of highways and water concessions, is a stable earnings contributor and saw revenue rise 1% to RM512 million. Excluding the one-off loss recorded from the sale of SPLASH, core PBT posted a 4% decrease to RM423 million.

We distributed RM295 million in dividend to shareholders in FY2018.



Statement from the Group Managing Director (Cont'd.)

GAMUDA LAND

PROPERTY SALES
RM3.6
 BILLION
50% GROWTH

“

THE PROPERTY DIVISION HAS ACHIEVED A RECORD-BREAKING YEAR, ACHIEVING SALES OF RM3.6 BILLION, A 50% GROWTH OVER THE PREVIOUS YEAR, CONTRIBUTED BY BOTH INTERNATIONAL AND DOMESTIC MARKETS.

”

FY2018 KEY ACHIEVEMENTS AND MILESTONES

The Group has continued to grow year-on-year and FY2018 was another year of achievements and milestones.

We saw the completion of our first project using digital IBS, the Rumah Selangorku (RSKU) Pangsapuri Gapura Bayu at Jade Hills, Kajang. Made up of 714 apartments in three 20-storey blocks, the project was completed in 24 months, shorter by 12 months compared to conventional building methods. The Gamuda IBS show units were accorded a high QLASSIC score of 85, well above the industry benchmark of 70, a testament to the superior quality of the homes. As at October this year, 1,800 units of apartments have been completed using digital IBS.

The construction of the Sungai Buloh-Serdang-Putrajaya Line (KVMRT Line 2) is progressing on schedule. Tunnelling works started in March 2018, and two of 12 tunnel boring machines (TBM) are already mining, with the balance being assembled

and ready to mine in the coming months. This marks another milestone for the MMC Gamuda Joint Venture as the refurbished TBMs, improved with modifications after the completion of Sungai Buloh – Kajang Line (KVMRT Line 1), are being used again on KVMRT Line 2. The knowledge and expertise developed over the years have strengthened our capacity and capability to assemble, operate and refurbish TBMs. To date, all 19 sites are active with 40% of the works completed.

The property division has achieved a record-breaking year, achieving sales of RM3.6 billion, a 50% growth over the previous year, contributed by both international and domestic markets. This paves the way for strong future earnings in the coming years. Gamuda Gardens, a 810-acre township in Northern Kuala Lumpur, was launched in July 2017. This is a master-planned development with distinct offerings, including waterfront retail and a lifestyle hub. The take-up rate for both Phase 1 and Phase 2 has been encouraging.

Our overseas projects, including Vietnam, Singapore and Australia have performed strongly in FY2018, contributing to two-thirds of sales recorded this year.

The long-awaited disposal of SPLASH has come to a satisfactory close. The Selangor State Government has offered to acquire the entire equity of SPLASH for RM2.55 billion. The offer price was arrived at on a willing-buyer, willing-seller basis. This will result in an upfront cash payment of RM1.9 billion and balance payment of RM650 million shall be settled over the next nine years. Gamuda Water will continue to operate and maintain the SSP3 Water Treatment Plant and continue to generate recurring earnings for the Group.

OUTLOOK – TRENDS CREATING OPPORTUNITIES

The world we live in is changing and the way we work and the products we deliver must follow accordingly.

1. Technology and Innovation

Construction is going through a digital revolution. We see a future in building technology as construction moves increasingly offsite with greater reliance on technology. IBS utilises an integrated Building Information

Modelling (BIM) design approach, which allows us to customise our designs with increased flexibility. This will enable us to cater for higher buildings, and also a wide range of products from strata to landed homes, as well as public or commercial buildings.

For the year ahead, we are on track for the completion of our second factory in Banting, thereby increasing our production from 3,000 to 8,000 units of apartments and also our range of product offering.

In addition to fulfilling building projects for Gamuda Land, Gamuda IBS will look for partnerships with private developers, and is also well positioned to support the Government's aspirations to meet the nation's affordable housing demand. Currently, Gamuda IBS is building 864 units of affordable homes for PKNS in Cyber Valley and is in the midst of securing a few other projects.

Conventional practices in the construction industry and heavy reliance on foreign workers have hampered productivity growth and is not going to be sustainable in the long run. A sustainable solution is what the country needs now for the future.

“ FOR THE YEAR AHEAD, WE ARE ON TRACK FOR THE COMPLETION OF OUR SECOND FACTORY IN BANTING, THEREBY INCREASING OUR PRODUCTION FROM 3,000 TO 8,000 UNITS OF APARTMENTS AND ALSO OUR RANGE OF PRODUCT OFFERING. ”

Statement from the Group Managing Director (Cont'd.)

2. Building Sustainable Townships and Communities

At the heart of our town-making principles is the belief that sustainable integrated townships should be planned and built with the community and environment in mind. By listening to what the land has to tell us, we focus on the preservation of the natural topography and incorporate well-planned, multi-functional natural features to ensure the sustainability of the natural environment.

To this end, we have launched Gamuda Parks, a pledge to biodiversity enhancement and to strengthen our commitment to creating sustainable ecosystems for our townships. We are working in partnership with Wetlands International Malaysia, Forest Research Institute Malaysia (FRIM) and an environmental consultant to ensure a holistic approach to this initiative, including a formulation of a Biodiversity Policy and conducting a biodiversity audit as a scientific measurement to ensure sustainability of flora and fauna in our developments.

We are particularly excited with the launch of the first phase of Gamuda Cove in August 2018. This 1,530-acre township is dubbed 'Nature Sanctuary, Future City' and has been master-planned as a nature-inspired sanctuary with 250-acre of green area and a sustainable smart city. Intelligent mobility, waste and security solutions will be introduced within this development.

Gamuda Land is shifting its focus on its township towards commercial offerings and also looking at opportunities within the tourism segment, capitalising on lifestyle choices and attractions. Over the next 12 months, the Discovery Park in Gamuda Cove will be operational and will offer adventure activities, sporting facilities and plenty of F&B options.

In the last two years, Gamuda Land has launched four new townships (2,700 acres) in the Klang Valley, with a total Gross Development Value of RM35 billion. Its overseas projects in Vietnam, Singapore and Australia have also contributed strongly to Gamuda Land's FY2018 total sales of RM3.6 billion. As the property market remains buoyant in Vietnam, we expect a continuous trend of strong sales for the year ahead and will seek to replenish our landbank to further expand in this market. Backed by the success of our first development (GEM Residences) in Singapore, we look forward to strengthening our market presence in Singapore with our second development at Anchorvale Crescent in Sengkang.

3. Infrastructure and Growth

There continues to be a need to build good and sustainable public transportation networks that enhance intercity and intracity connectivity. The Penang Transport Master Plan (PTMP) project that consists of a Light Rail Transit (LRT) system, new highways and reclamation of land in the south of Penang Island is at an advanced planning stage. We expect PTMP to obtain the necessary approvals by the end of 2018. The SRS Consortium is ready to begin the next stage of detailed design before calling for open tenders and awarding the work packages.

The PTMP is a comprehensive economic transformation masterplan that delivers new land for the state. This prepares Penang for the future that will enable the primary growth engines for long-term sustainable development – E&E and services (tourism and business processes outsourcing). With this new liveable environment, it will improve the quality of life by providing affordable housing, public amenities and recreational spaces such as beaches, parks and a waterfront.

With regards to the tunnelling works on KVMRT Line 2, the project is scheduled to reach peak progress in FY2019 as it traverses challenging mixed soil conditions. All 12 TBMs, including eight which have been refurbished at the TBM Refurbishment Plant in Ipoh, will be in full operation. The tunnelling crew will be working towards the completion of tunnelling works targeted for the end of 2019.

In Sarawak, construction on the 91.1 km Pantu Junction-Batang Skrang stretch is expected to be at its peak in the next 12 months, as all major construction activities operate in full swing. The Naim-Gamuda (NAGA) JV has made important strides in safety and environmental training with local partners and suppliers and will continue to do so in the coming years.

In the coming year, we will continue to invest in technology and our people, to drive innovation and put us in a leading position to take on these new opportunities.

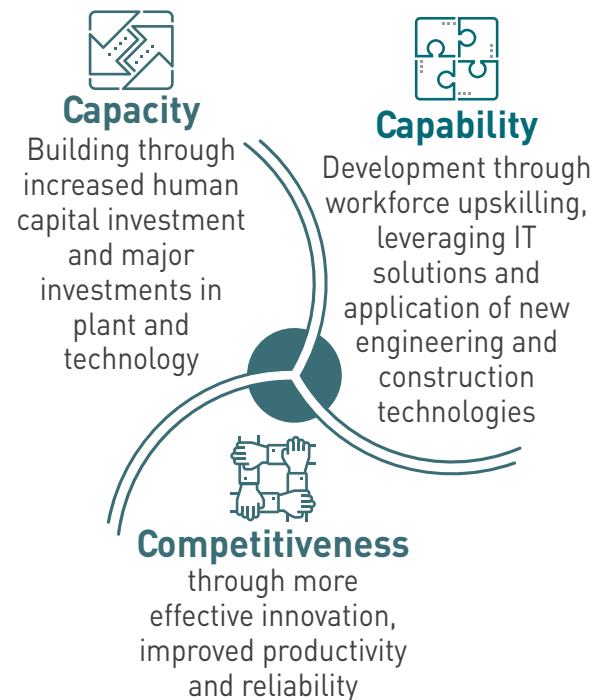
“

IN SARAWAK, CONSTRUCTION ON THE 91.1 KM PANTU JUNCTION-BATANG SKRANG STRETCH IS EXPECTED TO BE AT ITS PEAK IN THE NEXT 12 MONTHS, AS ALL MAJOR CONSTRUCTION ACTIVITIES OPERATE IN FULL SWING.

”

GROUP STRATEGY

The Group Strategy is underpinned by the 3C's approach – building Capacity, Capability and Competitiveness. This year, we continue to focus on developing our people and leveraging on technology to achieve long-term sustainable growth.



Group Strategy on the 3C's approach

1. Workforce Capital

In FY2018, we put in place a robust and structured Group-wide leadership succession planning review process for key senior management positions, assessing the capacity, level of readiness and aspiration of this leadership pool. To support career progression and succession management, development programmes have been introduced for first-time managers and high potential employees (HPE). This gives the employee clear directions on his or her career path, ensuring continuity, performance and results.

Statement from the Group Managing Director (Cont'd.)

“ PROGRAMMES UNDER THE CONSTRUCTION TRAINING CENTRE, RAILWAY SYSTEMS TRAINING, BIM ACADEMY, TUNNELLING TRAINING ACADEMY (TTA) AS WELL AS VARIOUS GOVERNMENT COLLABORATION PROGRAMMES WITH IKBN, KOLEJ KOMUNITI AND YAYASAN PENERAJU, HAVE BEEN IMPACTFUL AND WE WILL CONTINUE TO INVEST IN THEM. ”

Key to effective workforce upskilling is a systematic development programme, including rotated exposure and on-the-job training and mentoring. As a result, we have seen how the knowledge transfer from KVMRT Line 1 has greatly benefitted KVMRT Line 2, as it provided a ready and well-equipped workforce. Programmes under the Construction Training Centre, Railway Systems Training, BIM Academy, Tunnelling Training Academy (TTA) as well as various Government collaboration programmes with IKBN, Kolej Komuniti and Yayasan Peneraju, have been impactful and we will continue to invest in them.

Workplace diversity plays a key role in enhancing our Group's capabilities through the contribution of different points of view, breadth of knowledge, skills and resources, thereby driving innovation and productivity. One of the key diversity programmes launched in 2018 was the Gamuda Women Empowerment Network (GWEN). Steered by YTM Raja Dato' Seri Eleena as patron, GWEN's mission is to positively move forward to shape the future of our women by providing opportunities for development and career advancements.

GWEN set off its first key initiative by fine-tuning our existing mentorship programme, by putting together a panel of external mentors consisting of men and women in leadership positions from different sectors and implementing a structured matching programme. The intention is to build capability through the different perspectives offered by these successful individuals external to our organisation.

2. Transforming the Way We Work

We continue to make strategic investments in technology to increase our operational capabilities with the view of helping us achieve competitiveness and agility to respond to changes in the market. Automation will also help us optimise operating costs.

The future of the construction industry is digital, data driven and benefits from the ability to collaborate. We strive to be at the forefront of changing the way we manage and integrate information on our construction projects with the adoption of Building Information Modelling (BIM) across all projects. Our goal is to reach full BIM adoption (beyond Level 2) by 2020.

Throughout the last financial year, Gamuda's BIM Academy has carried out various training courses to upskill our employees. A total of 610 key personnel from the Engineering, Quantity Surveying and Architecture divisions have undergone BIM training. BIM training was also conducted for our supply chain vendors, where 12 of our contractors have undergone training so far.

Gamuda has taken field management to the next level by utilising an industry field management tool to improve information flow and collaboration among key project stakeholders. With training and new investments in tablets, we now have 690 active users, and the number continues to increase. This mobile digital platform allows workers to capture, share and report data on the field, leading to quality delivery and improved safety conditions at site.

Procurement and supply chain management are crucial denominators from the onset of every project that we undertake as a Group. In FY2018, we rolled out a Group

Digital Procurement Platform to make procurement more effective – by using a consistent, collaborative approach leveraging on the SAP Ariba platform which embraces supply chain and procurement best practices to improve value and sustainable savings.

In an age of well-informed customers with high expectations, we are prioritising the enhancement of customer experience as an important brand differentiator for Gamuda Land. In addition to digitalising the sales process, the launch of our Customer Portal will provide an interactive platform for home buyers to view and manage their property details. Beyond the point of sale, our Residence Management mobile app with integrated services is designed to enhance the community living experience in the townships that we build.

Technology will enable us to focus our resources more strategically and enlarge the Group's capacity to innovate.

“ A TOTAL OF 610 KEY PERSONNEL FROM THE ENGINEERING, QUANTITY SURVEYING AND ARCHITECTURE DIVISIONS HAVE UNDERGONE BIM TRAINING. BIM TRAINING WAS ALSO CONDUCTED FOR OUR SUPPLY CHAIN VENDORS, WHERE 12 OF OUR CONTRACTORS HAVE UNDERGONE TRAINING SO FAR. ”

Statement from the Group Managing Director (Cont'd.)

COMMITMENT TO SUSTAINABILITY

Sustainability is integral to our Group strategy to ensure long-term growth for our business.

This year, we have embarked on an extensive and robust process to engage with our stakeholders and prioritise the material economic, environmental and social matters (EES). An assessment on our long-term goal in the context of the environment we operate in and an internal review of our processes resulted in our Materiality Matrix, an illustration of the issues and its relative importance as seen by our key stakeholders.

The key material matters identified are economic performance and customer satisfaction, employee management, health and safety, supply chain management, innovation and governance. These have been mapped against the UN Sustainable Development Goals (SDGs).

Gamuda's Group-wide Sustainability Framework has been developed by prioritising the identified material matters to streamline our strategy, measure performance and reflect the value creation to Gamuda's overall vision and mission. It is our aspiration for such transparent disclosure to inspire and ensure accountability, identify and manage risks and enable the Group to seize new opportunities.



SUSTAINABILITY IS INTEGRAL TO OUR GROUP STRATEGY TO ENSURE LONG-TERM GROWTH FOR OUR BUSINESS.



BOARD CHANGES

We welcome to the Board Tan Sri Dato' Setia Haji Ambrin bin Buang as an Independent Non-Executive Director and our Deputy Group Managing Director, Encik Mohammed Rashdan bin Mohd Yusof as an Alternate Director.

We would also like to put on record our deepest appreciation for our long serving directors who have stepped down from the Board; Dato' Goon Heng Wah, Mr Saw Wah Theng, Dato' Haji Ir Azmi bin Mat Nor and alternate directors, Dato' Chow Chee Wah, Mr Chan Kong Wah and Mr Soo Kok Wong for their immense contribution over the years. This change was to facilitate compliance to Practice 4.1 of the Malaysian Code on Corporate Governance which recommends that the Board members of a Large Company comprise a majority of independent directors.

I would like to thank you, our employees, suppliers and customers for your continuous engagement, support and trust that have contributed greatly to our performance.

I have good faith that the experience and commitment of my colleagues, and the stewardship and wisdom of our Board, will guide us through these challenging times.

We will continue to grow our business through the right investments in technology and capabilities, and create long-term sustainable value for our stakeholders and shareholders.

YBHG DATO' LIN YUN LING

Group Managing Director

Key Performance Indicators

PROPERTY SALES

2018:

RM3.6
BILLION

2017: RM2.4 billion

A record-high property sales with 50% growth

Contributed by international and domestic markets.

REVENUE

2018:

RM7,169^(N1)
MILLION

2017: RM5,703 million

A record revenue with 26% growth

Gamuda Engineering and Gamuda Land are the major contributors to the growth.

CORE NET PROFIT

2018:

RM818^(N2)
MILLION

2017: RM700 million^(N3)

A record core net profit

Group core net profit increased by 17% to RM818 million. To deliver continuous returns to shareholders.

CORE RETURN ON OWNERS' EQUITY

2018:

10.8%

2017: 9.4%

Capital portfolio to deliver return on capital

To measure the Group's profitability by examining the ability to generate revenue for each unit of shareholder equity. We continue to maintain our strong financial position.

NET DEBT TO EQUITY RATIO

2018:

0.52
TIMES

2017: 0.54 times

Maintain a net debt ratio of <0.7 times

The Group continued to maintain a prudent net gearing not exceeding 0.7 times.

DIVIDEND PAYOUT

2018:

57%

2017: 49%

To deliver favourable returns to shareholders

We create value for shareholders by distribution of at least 30% of annual earnings. Over the past five years, the Group paid between 39% to 49% of its earnings as dividends to shareholders.

^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

^(N2) Excluding one-off losses on disposal of SPLASH of RM300 million and impairment on investment in Gamuda Water of RM4 million.

^(N3) Excluding one-off impairment of RM98.5 million on SMART's expressway.

Value Creation Strategy

INPUTS

Financial Capital

Shareholders, bondholders, banks, the financial markets and internally generated funds are our source of financial capital, providing the foundation for growth and stability.

RM13 billion
Capital Employed

Human Capital

We employ a pool of talented employees. We strive to provide employees with a safe and inspiring workplace, as well as tools and training to develop capabilities and be equipped to create new opportunities.


4,100
Number of Employees

Manufactured Capital

Gamuda is a market leader in construction capabilities, underpinned by our investments into innovative construction solutions.

8,000 units
IBS Manufacturing Capacity

12
Tunnel Boring Machines

Intellectual Capital

We develop and leverage on our expertise and experience to bring new and innovative solutions to clients and the communities we work in.

16,322 workers and employees completed the Underground Construction Skills Certification Scheme

42,311 workers and employees completed the SHE Passport Scheme

Social and Relationship Capital

We build trust with our network of customers, suppliers and local communities by complying with laws and regulations on ethics, safety, health, quality, labour standards, environmental standards and governance.

More than **340** scholarships awarded to date

40,000 GPOS trainees to date including subcontractors

Natural Capital

We have invested in strategic landbanks to develop townships. Construction related activities heavily utilise water and electricity.

3,300
-acre landbank

VISION & STRATEGY

VISION

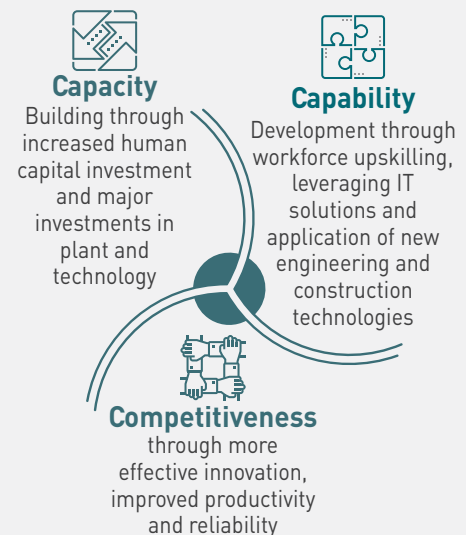
We aim to lead the region in innovative breakthrough solutions for large scale public infrastructure and property development.

MISSION

We reliably deliver innovative world-class infrastructure and premier lifestyle properties for our customers through our core businesses in infrastructure development and construction, operation of infrastructure facilities and property development.

STRATEGY

Our strategy to achieve sustainable growth is based on our 3C's approach – Capacity, Capability and Competitiveness building.



VALUES

- Take Personal Ownership
- Walk The Walk
- Adopt Open and Honest Communication
- Demonstrate Real Teamwork
- Develop Our People

VALUE CREATION



ENGINEERING & CONSTRUCTION

We are the leader in major transport infrastructure construction in Malaysia. We are also recognised for our capabilities in civil engineering, building and water projects.

To achieve competitiveness, efficiency and reliability, we strongly believe in and have invested in automation and data driven construction technology.

We create value by developing innovative infrastructure solutions that deliver high socio-economic impact.



PROPERTY DEVELOPMENT

We have a proven track record of creating holistic and sustainable communities, underpinned by thoughtful master planning, landscaping, recreational spaces and comprehensive infrastructure. Understanding emerging trends and customers expectations, our new townships adopt the Smart City Model which aims to provide lifestyle and safety solutions, as well as improve resource management (energy, water, waste). Our portfolio is geographically diversified across Vietnam, Australia and Singapore.



INFRASTRUCTURE CONCESSIONS

Our highway concessions are operationally mature and robust, and are anticipated to continue providing healthy future earnings for the Group.

VALUE SHARED WITH STAKEHOLDERS

Revenue^[N1]
RM7,169
 million
 26% growth

Dividend per share
12
 sen

Core PBT^[N2]
RM1,036
 million
 12% growth



Women in the workforce
30%



Women on the Board
43%

ILHAM Malaysia's Sustainable Landscape Award 2018 – **Gold**



Apartments completed using IBS
1,800 units

Total training hours
13.3 hours/employee



11 million man-hours without loss time injuries for PDP

5,847 trees
 676,438 shrubs planted across our developments

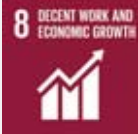



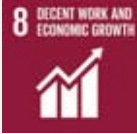

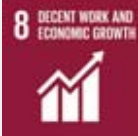









^{N1} Including share of joint ventures' revenue (e.g. KVMRT) but excludes revenue of associated companies.

^{N2} Excluding the one-off loss incurred from the sale of SPLASH.

Material Matters & Key Risks

The Group's businesses span across engineering & construction, property development and infrastructure concessions. An efficient risk management system is in place and is key to supporting sustainable growth for our business and achievement of our objectives.

Material Matters	Relevance and Context
<p>Enhancing Shareholder Value & Customer Satisfaction</p>  	<p>Our business is impacted by the economic climate we operate in. The success of our property segment in particular is reliant on healthy domestic consumption in the local and overseas markets we operate in. Changes in Government procurement and project priorities affect our engineering & construction business segment.</p>
<p>Employee Management, Health & Safety</p>    	<p>There is competition for skilled employees in the market. The sustainability of the business requires effective acquisition, development and retention of talent.</p> <p>The well-being of employees directly affects productivity and sustainability of the business.</p>
<p>Supply Chain Management</p>    	<p>The robustness of our supply chain (i.e. sourcing, supplier network etc) and efficient contract management underpins our capability to deliver on our commitments to our customers. This is particularly relevant in an increasingly competitive market environment.</p>
<p>Innovation</p>  	<p>Innovation in our products, solutions and services provide opportunities for our business and keeps us ahead of the competition.</p>
<p>Governance</p>  	<p>The integrity of our people, ethical behaviour and compliance with applicable rules and regulations are key to the sustainability of the business. Our internal policies and procedures must be robust to uphold stakeholder trust.</p>

Our view of risks is determined by our strategy and objectives, shaped by our culture and values, and governed by our internal policies and system of controls. The potential impact of these risks are assessed according to financial, organisational, reputational and legal repercussions.

Potential Impacts	Mitigating Actions
Negative impact on revenue, cashflow, profitability and sustainability.	<ul style="list-style-type: none"> • Focus on delivering differentiated value for our customers through innovative product offering and effective placemaking, and building a striving local community within our townships. Besides Malaysia, develop a diversified project portfolio across Vietnam, Australia and Singapore. • Focus on developing innovative infrastructure solutions that deliver high socio-economic impact. • Invest in achieving competitiveness and strengthening capabilities through technological solutions and by ensuring that we have the necessary resources and skills.
Lower productivity from accidents, breakdowns and failures. Workforce not adequately scalable to meet our growth ambitions.	<ul style="list-style-type: none"> • Focus on implementing a comprehensive human resource strategy, including career planning and development, diversity, mobility, learning, recruitment and compensation, ethics, well-being. • Implement skills training programmes at TTA and GPOS, as well as comprehensive management and technical programmes at Gamuda Learning Centre. • Work in partnership with our clients, subcontractors and relevant Government agencies to upgrade Safety, Health and Environment (SHE) in the construction sector.
Negative impact on profitability from supply chain pressures. Delay in completion of projects leading to reputational risks.	<ul style="list-style-type: none"> • Continuous engagement with suppliers, collaboration and work partnership to innovate and improve efficiencies throughout the supply chain. • Implement digital procurement system to achieve efficiencies through streamlining and management of supplier database.
Lack of differentiation in product offerings erodes ability to generate value creating solutions.	<ul style="list-style-type: none"> • Continuous investments into innovation initiatives, commitment to BIM adoption across the Group and further development of IBS product offerings. • Collaborate with clients, suppliers and partners to improve product quality and drive innovation.
Lack of compliance will be detrimental to our reputation and economic well-being.	<ul style="list-style-type: none"> • Consistent implementation of policies and procedures, Code of Ethics, Whistleblowing Policy, employee engagement. • Establish sustainable organisational structure and framework. • Regular internal and external audits of both financial and operational systems.

Group Finance Director's Statement



THE GROUP ACHIEVED YET ANOTHER RECORD REVENUE OF RM7,169 MILLION [AN INCREASE OF 26% YEAR ON YEAR (YOY)] AND RECORD-HIGH CORE NET PROFIT OF RM818 MILLION (AN INCREASE OF 17% YOY);

GAMUDA LAND POSTED A RECORD-HIGH PROPERTY SALES OF RM3.6 BILLION (AN INCREASE OF 50% YOY) WITH 70% FROM OVERSEAS PROPERTY SALES.



MR SAW WAH THENG
Group Finance Director



FINANCIAL PERFORMANCE ANALYSIS

In financial year ended 31 July 2018, The Group achieved yet another record revenue of RM7,169 million, an increase of 26% year-on-year (YOY) compared with RM5,703 million last year. Net profit is lower at RM514 million, a decrease of 15% YOY due to one-off losses on disposal of Selangor Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH) of RM300 million and impairment on investment in Gamuda Water Sdn Bhd ("Gamuda Water") of RM4 million. Excluding this year's one-off losses and last year's one-off loss on investment in SMART of RM98 million, Gamuda Group achieved a record-high core net profit of RM818 million this year, an increase of 17% compared to core net profit

of RM700 million in FY2017. Better growth in revenue and core profits derived mainly from higher property sales of its overseas projects in Vietnam and Singapore as well as the pick-up in work progress of its construction projects.

GROUP

REVENUE
RM7,169
MILLION

26% GROWTH

Gamuda Land posted a record-high property sales of RM3.6 billion for FY2018, surpassing its RM3.5 billion sales target. The property sales grew by 50% compared with last year's sales of RM2.4 billion on the back of stronger sales from its projects in Vietnam and Singapore. Overseas property sales contributed 70% of the overall property sales during the year.

GROUP SEGMENTAL PERFORMANCE

RM'million	2018	2017	Var
REVENUE			
Engineering and Construction	4,065	3,327	22%
Property Development	2,592	1,868	39%
Water and Expressway	512	508	1%
Revenue^(N1)	7,169	5,703	26%
GROUP NET PROFIT^(N2)			
Engineering and Construction	297	225	32%
Property Development	205	165	25%
Water and Expressway	316	310	2%
Core Net Profit	818^(N3)	700 ^(N4)	17%
Less:			
- Loss on disposal of SPLASH	(300)	-	
- Impairment loss on investment in Gamuda Water	(4)	-	
- One-off Impairment on SMART's Expressway	-	(98)	
Net Profit	514	602	-15%

^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

^(N2) Group net profit includes Group's share of profits of joint ventures and associated companies.

^(N3) Excluding one-off losses on disposal of SPLASH and impairment on investment in Gamuda Water.

^(N4) Excluding one-off impairment on SMART's expressway.

Group Finance Director's Statement (Cont'd.)

GAMUDA LAND

RM'billion	2018	2017	Var
Property Sales	3.6	2.4	50%
Unbilled Sales	2.3	2.0	15%
Undeveloped GDV	57	55	4%

Gamuda Land posted a record-high property sales of RM3.6 billion for FY2018, surpassing its RM3.5 billion sales target. The property division's reported revenue of RM2.6 billion an increase of 39% YOY and core net profit of RM205 million, an increase of 25% YOY, compared with revenue of RM1.9 billion and core net profit of RM165 million in the preceding year. The better performance is mainly due to stronger sales contribution from its overseas projects in Vietnam and Singapore.

The achievement is attributed to getting its town-making principles right. As part of the strategies, Gamuda Land has rolled out innovative and new-to-market products, enhanced branding and customer experience services, recognition by industry bodies through awards, as well as talent development to better drive the business.

The property sales grew 50% to RM3.6 billion compared with last year's sales of RM2.4 billion on the back of stronger sales from established overseas projects, largely from Vietnam and Singapore, amounting to two-thirds of overall property sales. Today, Gamuda Land is the biggest Malaysian property player in Hanoi, and the first to introduce a nature-inspired sanctuary within the bustling city of Ho Chi Minh City. Both Gamuda City and Celadon

City are well thought-out masterplans, designed to bring ample convenience and community building to the people with strong place-making elements. Newer townships such as Gamuda Gardens and twentyfive.7 are seeing better take-up rates since their official launches. Gamuda Cove, a future landmark township development with a GDV of RM20 billion on 1,530-acre located opposite the Cyberjaya, Putrajaya, interchange along the Elite Highway and 15 minutes from KLIA will be launched in Q4 of 2018.

In line with Gamuda Land's strategy to diversify internationally and increase share of non-Ringgit revenue, Gamuda (Singapore) Pte Ltd, a wholly owned subsidiary of Gamuda in Singapore, in partnership with Evia Real Estate (8) Pte Ltd won the tender for the land parcel at Anchorvale Crescent site earmarked for the executive condominium development for SGD318.9 million.

GAMUDA LAND

REVENUE

RM2.6

BILLION

INCREASE OF 39%

GAMUDA ENGINEERING

The construction division's revenue grew 22% to a record high of RM4.1 billion compared to RM3.3 billion in the preceding year. Core net profit for the year grew by 32% to a record-high of RM297 million compared to RM225 million in the preceding year. The better performance is mainly due to higher work progress from KVMRT Line 2 and works on the Pan Borneo Sarawak Highway – Pantu Junction to Batang Skrang is progressing on schedule.

To-date, 98% of the KVMRT Line 2 work packages has been awarded. The overall cumulative progress at end of August is on track at 28%. Rail systems final design and procurement is in progress. Manufacture of the trains is ongoing at the contractor's facility in Korea. For underground works package of KVMRT Line 2, the cumulative progress as at end of August is according to plan at 37%.



CORE NET PROFIT FOR THE YEAR GREW BY 32% TO A RECORD-HIGH OF RM297 MILLION COMPARED TO RM225 MILLION IN THE PRECEDING YEAR.



Pan Borneo Sarawak project's scope which includes the widening and upgrading of the existing 89.30 km long from 2-lane single carriage road to a 4-lane dual carriageway is progressing well with overall cumulative progress at end of August 2018 was 29%, and is expected to be completed on schedule.

On Penang Transport Master Plan (PTMP) project, the Penang State Government has extended the validity of the Letter of Award (appointing 60% owned SRS Consortium as Project Delivery Partner for the implementation of the PTMP) to 30 August 2019 due to additional time required to comply with Federal Government approval process. The necessary approval are expected to be obtained by the end of 2018.

GAMUDA ENGINEERING

REVENUE

RM4.1
BILLION

INCREASE OF 22%

Group Finance Director's Statement (Cont'd.)

GAMUDA INFRASTRUCTURE CONCESSION

The division reported a revenue of RM512 million (excluding share of associated companies' revenue) which is similar to last year's financial performance, while core net profits (excluding one-off loss incurred from sale of SPLASH) increase by 2% to RM316 million from RM310 million.

WATER

The long-awaited disposal of SPLASH has come to a satisfactory close. On 28 September 2018, the Group's 40% owned Syarikat Pengeluar Air Selangor Holdings Bhd (SPLASH Holdings) entered into a conditional share purchase agreement (SPA) with Air Selangor for the disposal of its wholly owned subsidiary, SPLASH, the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3 for a total cash consideration of RM2.55 billion. The disposal consideration shall be paid by Air Selangor to SPLASH Holdings with an upfront payment of RM1.9 billion upon completion of all condition precedents as prescribed in SPA. Thereafter, the balance purchase price of RM650 million shall be settled in nine annual instalments with an interest of 5.25% per annum.

On 27 August 2018, the Group's 80% Gamuda Water accepted Air Selangor's offer to;

- Settle Gamuda Water's outstanding receivables arising from its existing operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 (SSP3) at an amount equal 90% of the outstanding receivables as at the date to be mutually agreed by all the parties. 10% of the settlement sum shall be paid upfront and the balance shall be settled in nine equal annual instalments with an interest of 5.25% per annum; and

- Enter into a new operations and maintenance agreement (OMA) to replace the existing OMA for the continued operation and maintenance of SSP3. The rates in the new OMA represent an approximately 2 sen/m³ reduction to the rates in the existing OMA. The new OMA and settlement agreements are expected to be completed before end of 2018.

HIGHWAY

Except for SMART Expressway which experienced lower than expected traffic, the traffic volumes of other expressways continue to be resilient and continue to provide the Group of stable income stream.

OTHER COMPREHENSIVE LOSS – RM221 MILLION

Included in the other comprehensive loss for the year ended 31 July 2018 is a net foreign exchange loss of RM224 million. The net foreign exchange loss resulted from the loss on foreign currency translation of the Group's overseas net assets due to stronger Ringgit Malaysia.

GAMUDA INFRASTRUCTURE

REVENUE

RM512

MILLION

INCREASE OF 1%

CONSOLIDATED FINANCIAL POSITION ANALYSIS FOR FY2018

RM'million	2018	2017	Var
Non-current assets	9,401	9,336	1%
Current assets	7,438	6,434	16%
Total assets	16,839	15,770	7%
Non-current liabilities	5,115	5,358	-5%
Current liabilities	3,773	2,567	47%
Total liabilities	8,888	7,925	12%
Owners' equity	7,568	7,476	1%
Current ratio (times)	2.0	2.5	-0.5
Net assets per share attributable to equity holders (RM)	3.07	3.05	0.02

TOTAL ASSETS

The Group's total assets have increased 7% YOY to RM16,839 million due to increase in cash and bank balances and plant and equipments. Addition in plant and equipments comprises of the cost incurred for the second IBS factory of RM195 million, which is expected to complete end of 2018, and the costs related to tunnel boring machines of RM130 million for KVMRT Line 2.

GROUP

TOTAL ASSETS
RM16,839
MILLION
INCREASE OF 7%

Group Finance Director's Statement (Cont'd.)

TOTAL LIABILITIES

Total liabilities have increased 12% to RM8,888 million, mainly due to increase in borrowings and increase in payables of ongoing projects.

Borrowings are raised to finance the new townships locally such as Gamuda Gardens, twentyfive.7 and Gamuda Cove. The Group's net gearing improved from 0.54 times to 0.52 times end of the FY2018. 47% of the borrowings are due for repayment after end of 2 years.

RM'million	Borrowings due for repayment in			Total
	<1 year	1-2 years	>2 years	
Long Term Borrowings	-	1,571	2,679	4,250
Short Term Borrowings	1,487	-	-	1,487
Total Borrowings	1,487	1,571	2,679	5,737
	26%	27%	47%	100%

Current ratio (Current assets/Current liabilities)

At the end of the financial year, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 2x (2017: 2.5x) due to higher short-term borrowings which are due for repayment. The current ratio indicates that the Group has adequate liquidity to meet its short-term commitments.

OWNERS' EQUITY

Owners' equity increased by 1% to RM7,568 million due to the increase in core earnings, exercise of the Employees' Share Option Scheme (ESOS) and conversion of warrants, offset by one-off losses from disposal of SPLASH and impairment of investment in Gamuda Water, and the loss on foreign currency translation of the Group's overseas net assets due to the stronger Ringgit Malaysia during the year.

CONSOLIDATED CASHFLOW ANALYSIS FOR FY2018

RM'million	2018
Net cash generated from operating activities	502
Net cash used in investing activities	(320)
Net cash generated from financing activities	317
Net increase in cash and cash equivalents at year end	499
Effects of foreign rate exchanges	(21)
Cash and cash equivalents at beginning of year	499
Cash and cash equivalents at end of year	977
Add: Investment securities and deposits (Tenures of >3 months)	646
Total cash and bank balances and investment securities	1,623

Net cash generated from operating activities

The Group's net operating inflow of RM502 million resulted principally from the construction progress and strong overseas sales. Higher construction progress for KVMRT Line 2 as the project is running at full steam with overall cumulative progress of 28% (elevated and underground) at end of August 2018.

Strong property sales of RM3.6 billion with 70% sales from projects in Vietnam and Singapore, also contributed to the operating cashflow. The Vietnam projects are at matured stage and the Singapore's project, GEM Residences, is almost fully sold. On local front, the new township projects continue with their infrastructure and building works in Gamuda Gardens and Gamuda Cove. Gamuda Gardens has launched landed properties and is gearing to launch its serviced apartments. Gamuda Cove is expected to launch in the last quarter of 2018. These new townships are expected to contribute positively in the coming year.

Net cash used in investing activities

The Group's net cash outflow from investing activities arose mainly from payments for the construction of the second IBS factory of RM195 million and cost incurred for tunnel boring machines of RM130 million for KVMRT Line 2 project.

Net cashflow generated from financing activities

The Group's net financing cash inflow comprises of proceeds from exercise of ESOS and conversion of warrants (RM71 million), net drawdown of borrowings (RM576 million) and dividend payment to shareholders (RM295 million).

The drawdown from borrowings mainly utilised to finance the property development activities of several new townships in Malaysia.

CAPITAL EXPENDITURE REQUIREMENTS

Major capital expenditures for the coming year are for construction of second IBS factory and the purchase of the land parcel in Singapore at Anchorvale Crescent site earmarked for the executive condominium development for SGD318.9 million.

Group Finance Director's Statement (Cont'd.)

CAPITAL MANAGEMENT

RM'million	2018	2017
Total cash & bank balances, and investment securities	1,623	1,042
Total borrowings	5,737	5,243
Owners' equity and non-controlling interests	7,952	7,845
Net gearing ratio (times)	0.52	0.54

The Group's approach to capital management is to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group efficiently maintain a sizeable borrowing at competitive rates while optimizing shareholders' return on equity (ROE) and keep a prudent net gearing of not exceeding 0.7 times.

As at end of the financial year, 74% of the Group's borrowings are at fixed interest rates and 47% of the borrowings are due for repayment after end of 2 years.

The Group continues to maintain a healthy net gearing of 0.52 times which is lower than 0.54 times in the previous year. Although the borrowings have increased by 9% to RM5,737 million at end of the year, the Group has substantial liquid bank balances reserved for working capital and repayment of bank borrowings.

To provide a natural hedge on the Group's foreign currency exposure, overseas ventures will be financed by borrowings denominated in the local currency of the country in which the business is located.

DIVIDEND PAYOUT

	2018	2017
Dividend per share (sen)	12.00	12.00
Dividend payout to earnings ratio (%)	57	49
Dividend yield (%)	3.3	2.3

The Group declared a dividend of 12 sen per share this financial year (FY2017 – 12 sen per share) or RM295 million.

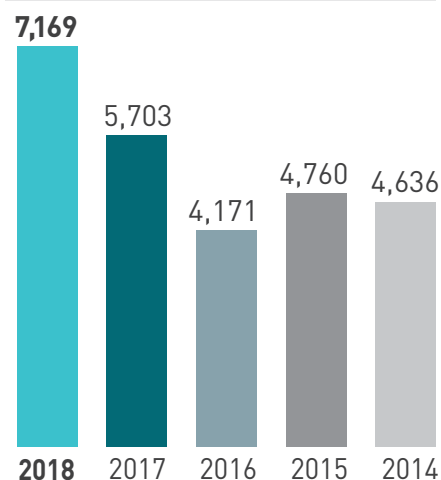
Gamuda's dividend payment guideline is to distribute at least 30% of its annual earnings. For FY2018, the dividend payout to earnings ratio was 57%. Over the past 5 years, the Group paid between 39% to 49% of its earnings as dividends to shareholders.

MR SAW WAH THENG

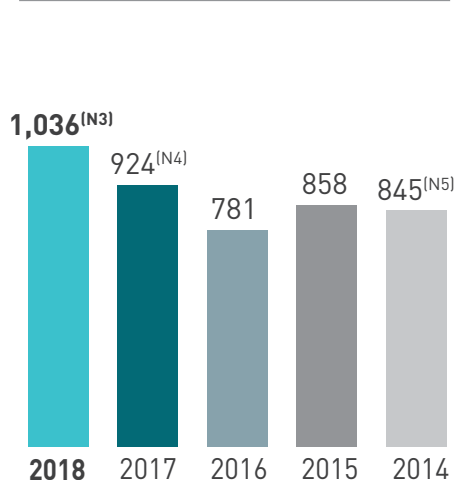
Group Finance Director

Five Years Group Financial Highlights

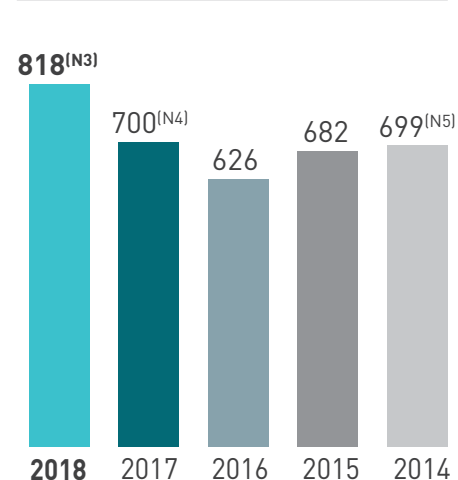
REVENUE^(N1)
RM7,169
MILLION



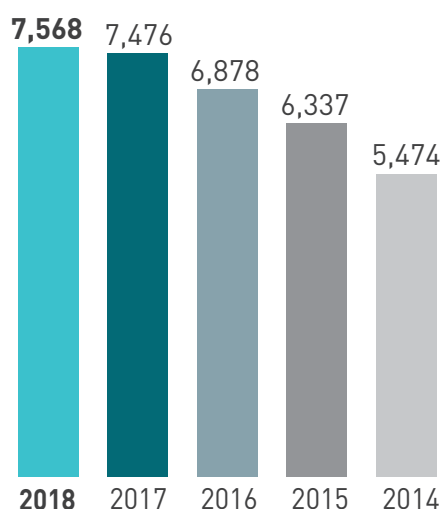
CORE PROFIT BEFORE
TAXATION^(N2)
RM1,036
MILLION



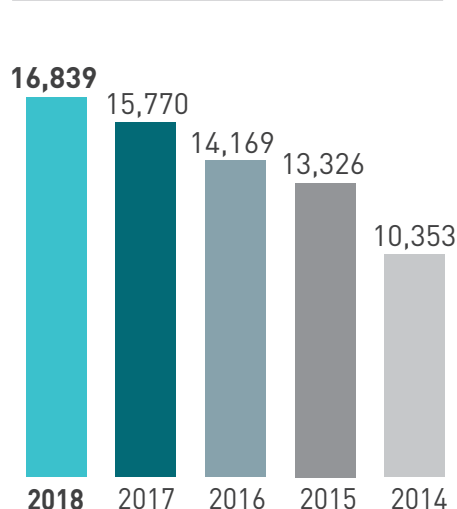
CORE NET PROFIT^(N2)
RM818
MILLION



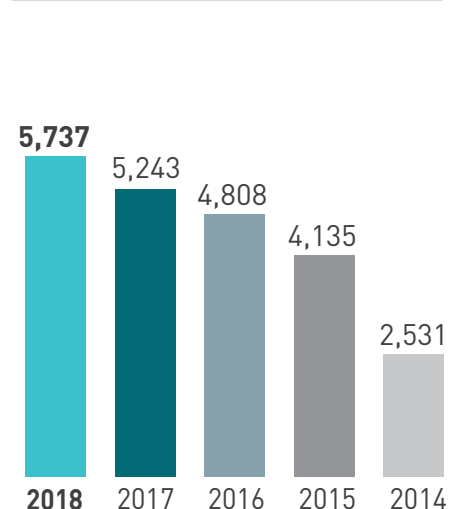
OWNERS' EQUITY
RM7,568
MILLION



TOTAL ASSETS
RM16,839
MILLION



TOTAL BORROWINGS
RM5,737
MILLION



^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

^(N2) Group profit before tax and net profit includes Group's share of profits of joint ventures and associated companies.

^(N3) Excluding one-off losses on disposal of SPLASH of RM300 million and impairment on investment in Gamuda Water of RM4 million.

^(N4) Excluding one-off impairment of RM98.5 million on SMART's expressway.

^(N5) Core profit before tax and core net profit excluded one-off gain on remeasurement of existing interest in a subsidiary (RM194 million) and one-off impairment of goodwill (RM187 million). Net impact is a decrease in core profit before tax by RM7 million and core net profit by RM20 million.

Summary of Five Years Financial Highlights

RM'million	Financial Year ended July				
	2018	2017	2016	2015	2014
FINANCIAL RESULTS					
Revenue as reported in audited financial statements	4,227	3,212	2,122	2,400	2,230
Share of joint ventures' revenue	2,942	2,491	2,049	2,360	2,406
Revenue^(N1)	7,169	5,703	4,171	4,760	4,636
Core Profit Before Tax^(N2)	1,036^(N3)	924 ^(N4)	781	858	845 ^(N5)
Less:					
- Loss on disposal of SPLASH	(300)	-	-	-	-
- Impairment loss on investment in Gamuda Water	(7)	-	-	-	-
- One-off impairment on SMART's Expressway	-	(98)	-	-	-
Profit Before Tax	729	826	781	858	845
Core Net Profit^(N2)	818^(N3)	700 ^(N4)	626	682	699 ^(N5)
Less:					
- Loss on disposal of SPLASH	(300)	-	-	-	-
- Impairment loss on investment in Gamuda Water	(4)	-	-	-	-
- One-off impairment on SMART's Expressway	-	(98)	-	-	-
Net Profit	514	602	626	682	699
KEY INFORMATION OF FINANCIAL POSITION					
Cash and Bank Balances and Investment Securities	1,623	1,042	1,473	1,438	920
Total Assets	16,839	15,770	14,169	13,326	10,353
Total Liabilities	8,888	7,925	6,955	6,633	4,191
Total Borrowings	5,737	5,243	4,808	4,135	2,531
Share Capital (Number of Shares)	2,468	2,451	2,419	2,406	2,323
Owners' Equity	7,568	7,476	6,878	6,337	5,474
Total Equity	7,952	7,845	7,214	6,693	6,162
FINANCIAL RATIOS					
Core Earnings Per Share (sen)	33.27	28.84	25.99	28.94	30.45
Basic Earnings Per Share (sen)	20.89	24.78	25.99	28.94	31.29
Share Price at Year End (RM)	3.60	5.30	4.87	4.82	4.78
Core Price Earnings Ratio (times)	10.82	18.39	18.74	16.66	15.70
Price Earnings Ratio (times)	17.23	21.39	18.74	16.66	15.28
Core Return on Owners' Equity (%)	11%	9%	9%	11%	13%
Return on Owners' Equity (%)	7%	8%	9%	11%	13%
Core Return on Total Assets (%)	5%	4%	4%	5%	7%
Return on Total Assets (%)	3%	4%	4%	5%	7%
Dividend Payout to Earnings Ratio (%)	57%	49%	46%	42%	39%
Net Gearing Ratio (times)	0.52	0.54	0.46	0.40	0.26

^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

^(N2) Group profit before tax and net profit include Group's share of profits of joint ventures and associated companies.

^(N3) Excluding one-off losses on disposal of SPLASH and impairment on investment in Gamuda Water.

^(N4) Excluding one-off impairment on SMART's expressway.

^(N5) Core profit before tax and core net profit excluded one-off gain on remeasurement of existing interest in a subsidiary (RM194 million) and one-off impairment of goodwill (RM187 million). Net impact is a decrease in core profit before tax by RM7 million and core net profit by RM20 million.

Group Segmental Performance

RM'million	Financial Year ended July				
	2018	2017	2016	2015	2014
REVENUE					
Engineering and Construction	4,065	3,327	2,571	3,173	3,157
Property Development	2,592	1,868	1,122	1,165	1,307
Water and Expressway	512	508	478	422	172
Total Revenue^(N1)	7,169	5,703	4,171	4,760	4,636
PROFIT BEFORE TAX^(N2)					
Engineering and Construction	367	269	192	222	260
Property Development	246	215	176	258	266
Water and Expressway	423	440	413	378	319
Core Profit Before Tax	1,036^(N3)	924^(N4)	781	858	845^(N5)
Less:					
- Loss on disposal of SPLASH	(300)	-	-	-	-
- Impairment loss on investment in Gamuda Water	(7)	-	-	-	-
- One-off impairment on SMART's Expressway	-	(98)	-	-	-
Profit Before Tax	729	826	781	858	845
NET PROFIT^(N2)					
CORE NET PROFIT	818^(N3)	700^(N4)	626	682	699^(N5)
- Loss on disposal of SPLASH	(300)	-	-	-	-
- Impairment loss on investment in Gamuda Water	(4)	-	-	-	-
- One-off impairment on SMART's Expressway	-	(98)	-	-	-
Net Profit	514	602	626	682	699

^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

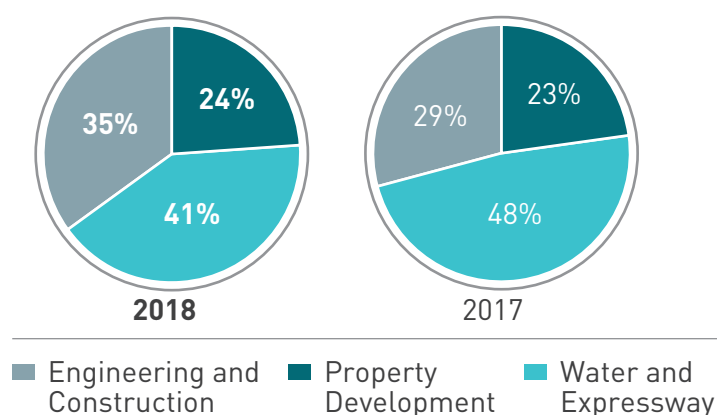
^(N2) Group profit before tax and net profit include Group's share of profits of joint ventures and associated companies.

^(N3) Excluding one-off losses on disposal of SPLASH and impairment on investment in Gamuda Water.

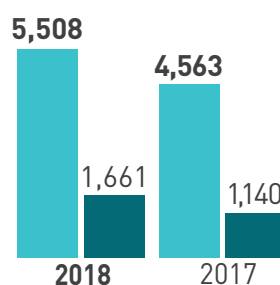
^(N4) Excluding one-off impairment on SMART's expressway.

^(N5) Core profit before tax and core net profit excluded one-off gain on remeasurement of existing interest in a subsidiary (RM194 million) and one-off impairment of goodwill (RM187 million). Net impact is a decrease in core profit before tax by RM7 million and core net profit by RM20 million.

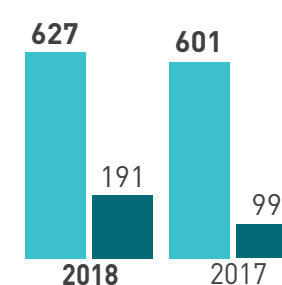
Core PBT contribution by segment



Revenue (RM'million)



Core Net Profit (RM'million)



■ Malaysia ■ Overseas

Group Quarterly Performance

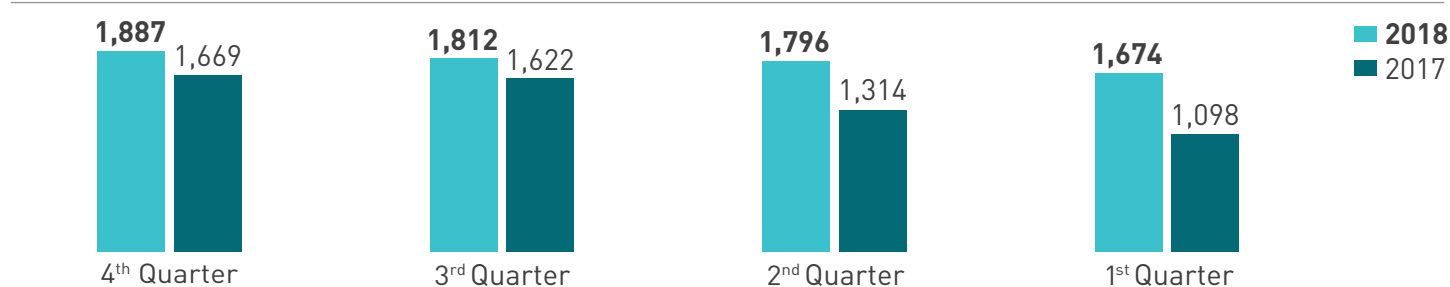
2018 RM'million (For the period ended)	2018 YTD	4th Quarter Jul-18	3rd Quarter Apr-18	2nd Quarter Jan-18	1st Quarter Oct-17
Revenue	4,227	1,215	1,237	1,003	772
Share of joint ventures' revenue	2,942	672	575	793	902
Total Revenue^(N1)	7,169	1,887	1,812	1,796	1,674
Core Profit Before Tax^(N2)	1,036^(N3)	255 ^(N3)	254	268	259
Less:					
- Loss on disposal of SPLASH	(300)	(300)	-	-	-
- Impairment loss on investment in Gamuda Water	(7)	(7)	-	-	-
Profit Before Tax	729	(52)	254	268	259
Core Net Profit^(N2)	818^(N3)	203 ^(N3)	201	211	203
Less:					
- Loss on disposal of SPLASH	(300)	(300)	-	-	-
- Impairment loss on investment in Gamuda Water	(4)	(4)	-	-	-
Net Profit	514	(101)	201	211	203
Core earnings per share (sen)	33.27	8.24	8.16	8.60	8.27
Basic earnings per share (sen)	20.89	(4.10)	8.16	8.60	8.27
Dividend per share – single tier (sen)	12.00	-	6.00	-	6.00
Net assets per share attributable to equity holders (RM)	3.07	3.07	3.15	3.07	3.12

^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

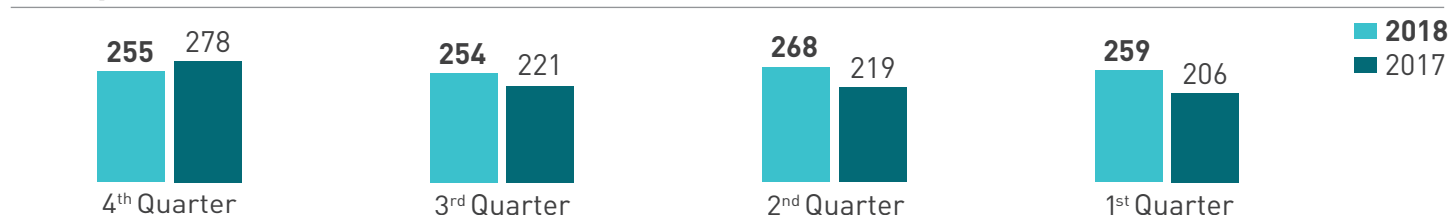
^(N2) Group profit before tax and net profit include Group's share of profits of joint ventures and associated companies.

^(N3) Excluding one-off losses on disposal of SPLASH and impairment on investment in Gamuda Water.

Revenue (RM'million)



Core profit before tax (RM'million)



2017 RM'million (For the period ended)	2017 YTD	4th Quarter Jul-17	3rd Quarter Apr-17	2nd Quarter Jan-17	1st Quarter Oct-16
Revenue	3,212	1,013	840	854	505
Share of joint ventures' revenue	2,491	656	782	460	593
Total Revenue^(N1)	5,703	1,669	1,622	1,314	1,098
Core Profit Before Tax^(N2)	924^(N3)	278 ^(N3)	221	219	206
Less: One-off impairment on SMART's Expressway	(98)	(98)	-	-	-
Profit Before Tax	826	180	221	219	206
Core Net Profit^(N2)	700^(N3)	201 ^(N3)	171	166	162
Less: One-off impairment on SMART's Expressway	(98)	(98)	-	-	-
Net Profit	602	103	171	166	162
Core earnings per share (sen)	28.84	8.23	7.04	6.86	6.70
Basic earnings per share (sen)	24.78	4.20	7.04	6.86	6.70
Dividend per share – single tier (sen)	12.00	-	6.00	-	6.00
Net assets per share attributable to equity holders (RM)	3.05	3.05	3.07	3.00	2.95

^(N1) Group revenue includes share of joint ventures' revenue (eg. KVMRT PDP works) but excludes revenue of associated companies.

^(N2) Group profit before tax and net profit include Group's share of profits of joint ventures and associated companies.

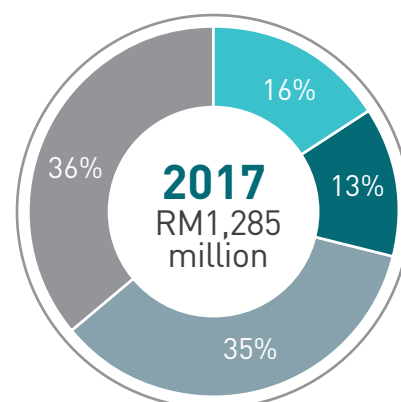
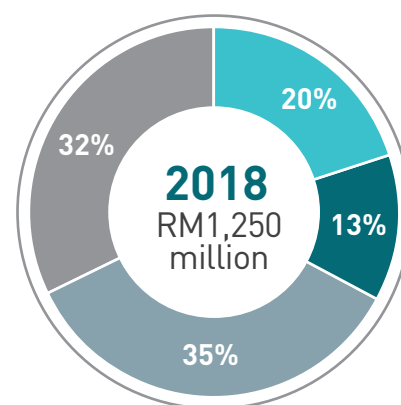
^(N3) Excluding one-off impairment on SMART's expressway.

Statement of Value Added and Distribution

The statement of value added shows the total wealth created by the Group and its distribution to stakeholders, with the balance retained in the Group for reinvestment and future growth.

RM'million	2018	2017
VALUE ADDED:		
Revenue ^(N1)	7,169	5,703
Operating expenses	(6,233)	(4,818)
Other income	185	152
Share of profits of associated companies and joint ventures	129	248
Total value added	1,250	1,285
DISTRIBUTION:		
To employees		
– Salaries and other staff costs	249	207
To Governments		
– Taxation	165	170
To providers of capital		
– Dividends	295	292
– Finance cost	96	104
– Non-controlling interest	50	54
Retained for future reinvestment and growth		
– Depreciation and amortisation	176	148
– Retained profits	219	310
Total distributed	1,250	1,285
RECONCILIATION:		
Net profit for the year attributable to equity holders	514	602
Add: Depreciation and amortisation	176	148
Finance cost	96	104
Staff costs	249	207
Taxation	165	170
Non-controlling interest	50	54
Total value added	1,250	1,285

^(N1) Group revenue includes share of joint ventures' revenue.



Distribution

- To employees
- To government
- To providers of capital
- Retained for future reinvestment and growth

Share Performance

STOCK EXCHANGE

Bursa Malaysia Securities Bhd

TRADING NAME

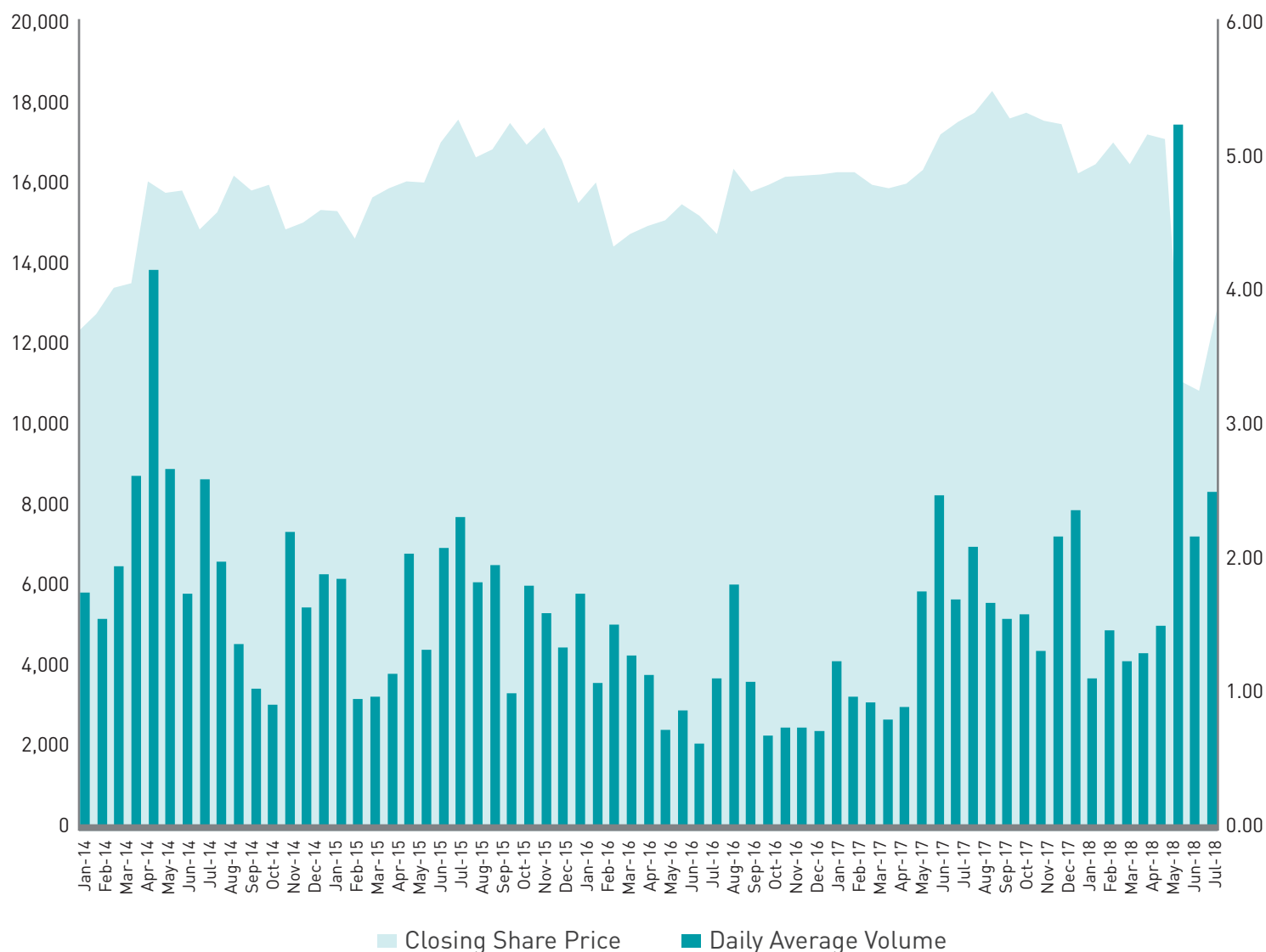
Gamuda

STOCK CODE

5398

Daily Average Volume ('000)

Share Price (RM)



Share Price	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
High (RM)	5.45	5.40	5.33	5.26	4.99	5.31	5.19	5.21	5.24	5.16	3.74	4.07
Low (RM)	5.31	5.24	5.01	4.58	4.63	4.85	4.82	4.90	4.85	3.00	3.14	3.14
Daily Average Volume ('000)	5,288	4,397	7,212	7,884	3,711	4,899	4,119	4,329	5,006	17,423	7,215	8,320

Investor Relations

INVESTOR RELATIONS – POLICY, PRACTICES AND PROGRAMMES

The Board recognises Investor Relations (IR) as a key component of its Corporate Governance obligations. To meet the high expectations of the investment community, the Board has set up a dedicated IR unit headed by the Group Managing Director, and assisted by the Senior Group General Manager, Investor Relations, to provide direct access to top management in all matters pertaining to Investor Relations.

The Board's primary objective is to provide all necessary information to the financial community such that shareholders, investors and potential investors can make an informed judgement on the fair value of the company's shares consistently over time. By doing so, this will help to create demand for the company's shares, and eventually optimise the company's cost of capital. To enhance the effectiveness of the IR unit, the Board has instituted a comprehensive IR policy and programme with the following objectives, guidelines and mandates:-

(1) Equal Access to Information

As a publicly listed group, the Board is acutely aware of the need to always provide fair and equal access to information for all classes of investors. Investors play an important role in the successful growth and development of the Group. The Board therefore treats all classes of investors equally, notwithstanding the wide range of investors, many of whom have differing investment objectives and mandates. The IR unit caters to the demands of all types of investors, including retail and institutional investors, short and long-term investors, and domestic and foreign investors.

In line with IR best practices, all investors are provided with the relevant corporate information as and when requested. Price sensitive information is always disclosed to Bursa Malaysia before being disclosed to any individual investor. As far as is practicable, all requests for investor meetings are completely fulfilled. In addition, the IR unit actively reaches out to overseas investors on a regular basis to meet with those who are not able to travel to Malaysia.

(2) Building Trust and Credibility

A highly regarded and credible management team is one of the prerequisites for any investor. The Board recognises that trust and credibility can only be built up over time, and requires a long-term commitment to protecting investors' interests. As such, the Board takes all necessary steps to ensure that critical investor issues are addressed promptly, effectively and accurately so that investors are always kept abreast of corporate developments and have a broad and clear understanding of strategic issues.

(3) Fostering High Quality Relationships

High quality relationships can only be nurtured by continuously engaging with the investment community, both through good times as well as during difficult periods. In this respect, the IR unit conducts regular scheduled dialogue sessions with investors to provide corporate updates, explain the group's strategic direction, outline business prospects, and clarify financial issues. Should circumstances require, unscheduled dialogue sessions are occasionally arranged to explain and clarify any major corporate developments. Through these dialogue sessions, valuable feedback on various issues is also often obtained from the investment community.

(4) Maintaining Open and Honest Communication Channels

Given the cyclical nature of the Group's key business sectors, business prospects are not always necessarily positive. Given this reality, the Board believes in portraying an honest assessment of the Group's business prospects, even if prospects may not be particularly bright. In doing so, it is hoped that investors will obtain a realistic understanding of the business cycles, and will be in a better position to make informed investment decisions.

PROGRAMMES AND ACTIVITIES

A dedicated Investor Relations (IR) unit has been set up by the Board to implement effective IR programmes and activities in line with its IR policies. This unit is ultimately headed by the Group Managing Director, whilst the day-to-day activities are handled by the unit's Senior Group General Manager.

As a proud founding member of the Malaysian Investor Relations Association (MIRA) several years ago, Gamuda today continues to actively support MIRA's IR objectives and activities as a Corporate Member.

IR Activities

Key IR activities during the year include holding regular investor briefings immediately after releasing the quarterly results and at other appropriate times during the year. These briefings are conducted by the IR unit, and provide the avenue for investors and financial analysts to understand, clarify and raise any questions or issues at hand. Occasionally, other senior management members may also be present at these briefings.

Other activities include participating in international and domestic investor conferences, going on marketing roadshows, hosting teleconferences, responding to email and telephone enquiries, catering to numerous requests for private meetings with investors and financial analysts, and organising trips for investors to visit our overseas and domestic project sites.

Over the year, investors continued to keenly track the progress of KVMRT Line 2 as the project gained momentum in FY2018. Also, following the launches of our new townships, Gamuda Gardens and Kundang Estates, several project site visits were organised to introduce these projects to the investment community. Investors have also been keen to visit our Industrialised Building Systems (IBS) plant in Sepang.

The following is a summary of all IR activities during FY2018.

Type of Event	Investment Centre	No. of Meetings
Investor Conferences	Kuala Lumpur, Taiwan, Hong Kong, London, Edinburgh, Singapore	10 trips
Investor Briefings	Kuala Lumpur	4
Project Site Visits	Kuala Lumpur	8 trips
Teleconference calls	Various	20
Private Meetings	Various	82

Key IR issues

During the first quarter of 2017, there was a significant increase in the level of investor interest in the Group, especially from those based overseas. To cater for several investors who were unable to visit the company personally, teleconference calls were arranged to update these investors.

On the Construction front, investors were keenly interested in tracking the progress of our KVMRT Line 2 and Pan Borneo Sarawak projects, as well as other potential upcoming infrastructure projects in the country. On the Property front, investors were interested in the launch schedules of our new township projects. Several project site briefings were organised to explain our development plans for these projects. Investors were also interested in the performance of our overseas projects in Vietnam and Singapore. On the Concessions front, investors were focussed on the progress made on the negotiations pertaining to the planned disposal of SPLASH.

Electronic Communication

Broader investor communication also takes place via our corporate website at www.gamuda.com.my as well as through the Annual Report, Annual General Meeting (AGM) and Extraordinary General Meeting (EGM).

There is a wealth of information online. All announcements made to Bursa Malaysia are updated on our corporate website as soon as practicable. In addition, slides and notes from the quarterly investor briefings are also uploaded on our website for the benefit of shareholders unable to attend these briefings.

Annual General Meeting

The Board seeks to encourage shareholder attendance at its AGM. The Chairmen of the Audit, Remuneration and Nomination Committees, together with other Directors will usually attend the AGM. Shareholders are encouraged to raise any pertinent issues at the meeting.

Financial Calendar



DIVIDENDS

First Interim Dividend of 6 Sen

Announcement – 15 December 2017
 Entitlement – 5 January 2018
 Payment – 25 January 2018

Second Interim Dividend of 6 Sen

Announcement – 27 June 2018
 Entitlement – 16 July 2018
 Payment – 31 July 2018



ANNOUNCEMENT OF CONSOLIDATED RESULTS

1st QUARTER 15 December 2017

2nd QUARTER 23 March 2018

3rd QUARTER 27 June 2018

4th QUARTER 28 September 2018



ANNUAL GENERAL MEETING

Notice of Annual General Meeting

9 November 2018

42nd Annual General Meeting

6 December 2018

Bonds and Credit Ratings

Rating: AA3/STABLE/P1
Outlook: STABLE

Gamuda Berhad

- RM800 million Islamic Medium-Term Notes Programme (2013/2038) and RM100 million Islamic Commercial Papers Programme (2013/2020) with a combined limit of RM800 million.
- RM800 million Islamic Medium-Term Notes Programme (2008/2028).
- RM5 billion Islamic Medium-Term Notes Programme (2015/2045) RM2 billion Islamic Commercial Papers Programme (2015/2022) with a combined limit of RM5 billion.

Rating: AA3/STABLE/P1
Outlook: STABLE

Bandar Serai Development Sdn. Bhd.

RM1 billion Islamic Medium-Term Notes Programme (2014/2044) and RM500 million Islamic Commercial Papers Programme (2014/2021) with a combined limit of RM1 billion.

Rating: AA2/STABLE
Outlook: STABLE

Kesas Sdn. Bhd.

RM735 million Islamic Medium-Term Notes Facility (“Sukuk Musharakah”) (2014/2023).

Rating: AA2/STABLE
Outlook: STABLE

Lingkaran Trans Kota Sdn. Bhd. (LITRAK)

- RM1.15 billion Islamic Medium-Term Notes I Facility (“Sukuk Musharakah”) (2008/2023).
- RM300 million Islamic Medium-Term Notes II Facility (“Sukuk Musharakah”) (2008/2023).

Group Organisation Structure

BOARD OF DIRECTORS

- **YBHG DATO' MOHAMMED HUSSEIN**
Chairman
- **YTM RAJA DATO' SERI ELEENA BINTI ALMARHUM SULTAN AZLAN MUHIBBUDDIN SHAH AL-MAGHFUR-LAH**
Non-Independent Non-Executive Director
- **YBHG DATO' LIN YUN LING**
Group Managing Director
- **YBHG TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG**
Independent Non-Executive Director
- **PUAN NAZLI BINTI MOHD KHIR JOHARI**
Independent Non-Executive Director

RESPECTIVE BOARD OF DIRECTORS AND EXCOS

YBHG DATO' LIN YUN LING
Group Managing Director

YBHG DATO' IR HA TIING TAI
Deputy Group Managing Director

YBHG DATO' HJ IR AZMI BIN MAT NOR
Group Executive Director,
Infrastructure Concessions

INFRASTRUCTURE CONCESSIONS

- KESAS
- LITRAK
- SPRINT
- SMART
- Gamuda Water

YBHG DATO' UBULL DIN OM
Managing Director,
Gamuda Engineering

CONSTRUCTION

- **Klang Valley Mass Rapid Transit (KVMRT)**
 1. Sungai Buloh-Kajang Line (Line 1)
 2. Sungai Buloh-Serdang-Putrajaya Line (Line 2)
- **Gamuda Industrialised Building System (digital IBS)**
- **Pan Borneo Highway Package WPC-04**
- **Penang Transport Master Plan (PTMP)**

- **YBHG DATO' IR HA TIING TAI**
Deputy Group Managing Director
- **YM TUNKU AFWIDA BINTI TUNKU A.MALEK**
Independent Non-Executive Director

ALTERNATE DIRECTORS:

- **ENCIK MOHAMMED RASHDAN BIN MOHD YUSOF**
Alternate to YBhg Dato' Lin Yun Ling and Deputy Group Managing Director
- **YBHG DATO' UBULL DIN OM**
Alternate to YBhg Dato' Ir Ha Tiing Tai and Managing Director of Gamuda Engineering

BOARD COMMITTEES

- Audit
- Risk Management
- Nomination
- Remuneration

ENCIK MOHAMMED RASHDAN MOHD YUSOF
Deputy Group Managing Director

YBHG DATO' IR CHOW CHEE WAH
Chairman, Gamuda Land

MR NGAN CHEE MENG
Chief Executive Officer, Gamuda Land

PROPERTY DEVELOPMENT

Malaysia

- Gamuda Cove
- Gamuda Gardens
- twentyfive.7
- Horizon Hills
- Jade Hills
- Bukit Bantayan Residences
- Kundang Estates
- Madge Mansions
- The Robertson
- HighPark Suites
- Gamuda Walk
- Gamuda GM Klang
- Gamuda GM Bukit Bintang
- Kota Kemuning
- Valencia
- Bandar Botanic
- Gamuda Biz Suites

Vietnam

- Celadon City, Ho Chi Minh City
- Gamuda City, Hanoi

Singapore

- GEM Residences
- Anchorvale

Australia

- 661 Chapel St., Melbourne

HEAD OFFICE

- Finance & Management Accounting
- Information Services
- Human Resource & Administration
- Legal & Company Secretary
- Group Corporate Communications
- Corporate Development
- Business Development
- Investor Relations
- Internal Audit

Profile of Board of Directors



YBHG DATO' MOHAMMED HUSSEIN

Aged 68, Malaysian (Male)
Independent Non-Executive Chairman

BOARD COMMITTEE MEMBERSHIP

- Member of Audit Committee
- Chairman of Remuneration Committee
- Chairman of Nomination Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Bank of America Malaysia Berhad
- Hap Seng Consolidated Berhad
- Tasek Corporation Berhad

YBhg Dato' Mohammed Hussein has been on the Board as Chairman since 12 December 2013.

Previously, Dato' Mohammed Hussein was with the Malayan Banking Berhad ("Maybank") Group for 31 years, during which time he held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director (Business Group). The last position held prior to his retirement from the Maybank Group in January 2008 was Deputy President/Executive Director/Chief Financial Officer. Presently, he is also a member of the Corporate Debt Restructuring Committee sponsored by Bank Negara Malaysia to facilitate the resolution and restructuring of major corporate debts.

YBhg Dato' Mohammed Hussein's wide and varied organisational experience in commercial and investment banking and his exposure to many other industries has enabled him to provide advice to the Board and make him ideally suited to chair the Board as well as the Remuneration and Nomination Committees.

Appreciating the spirit of the new Malaysian Code on Corporate Governance where the Chairman of Audit Committee is not the Chairman of Board, he relinquished his chairmanship in the Audit Committee on 28 September 2018 and was redesignated as a member of the Audit Committee.

YBhg Dato' Mohammed Hussein graduated with a degree in Bachelor of Commerce (Accounting) from the University of Newcastle, Australia in 1971. In 2003, he completed the Harvard Business School Advanced Management Program in Boston, USA. He is also a Fellow of the Asian Institute of Chartered Bankers.

YBhg Dato' Mohammed Hussein has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

YBhg Dato' Mohammed Hussein attended all 5 board meetings held during the financial year ended 31 July 2018.

YBHG DATO' LIN YUN LING

Aged 63, Malaysian (Male)
Group Managing Director

BOARD COMMITTEE MEMBERSHIP

- Chairman of Risk Management Committee
- Member of Remuneration Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Yayasan Gamuda



YBhg Dato' Lin Yun Ling has been on the Board as Managing Director since 10 February 1981.

A civil engineer, YBhg Dato' Lin joined Gamuda in 1978 as a senior project manager and became the Group Managing Director at the age of 26, four years later. He remains at the helm of the Group that has progressed from a small construction set-up to Malaysia's leading infrastructure and property developer.

With his entrepreneurial vision and strategic leadership skills, he is focussed on growing the core businesses of the Group, leveraging on the differentiated strengths of its talent pool. The strategies for the Group have resulted in a sustained period of growth in revenues and earnings in each of its core businesses.

The growth of the Group has also been led by consistent and continuous innovation, the latest being significant investment into automated digital production technology. Group-wide, processes and systems are being placed on a common digital platform to ensure future competitiveness.

YBhg Dato' Lin holds a Bachelor of Science (Honours) degree in Civil Engineering from King's College, London, University of London, UK.

YBhg Dato' Lin has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

YBhg Dato' Lin attended all 5 board meetings held during the financial year ended 31 July 2018.

Profile of Board of Directors (Cont'd.)



YBHG DATO' IR HA TIING TAI

Aged 64, Malaysian (Male)
Deputy Group Managing Director

BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Danau Permai Resort Berhad

YBhg Dato' Ir Ha has been on the Board since 1 February 1990. He was promoted to Deputy Group Managing Director on 1 June 2012.

A civil engineer, YBhg Dato' Ir Ha has 40 years of experience in the engineering and construction sectors. He has extensive experience in large-scale design-and-build (DAB) projects, build-operate-transfer (BOT) projects and project delivery partner implementation concept from project inception to project financing and implementation, both in Malaysia and overseas.

As Deputy Group Managing Director, YBhg Dato' Ir Ha assists the Group Managing Director in managing the Group's local and international engineering and construction and infrastructure concession business divisions. Currently, through the Company's role as Project Delivery Partner (PDP), and Underground Works contractor, he also directs, oversees and manages the implementation of the massive KVMRT project. His expertise and extensive experience particularly in large and complex projects enable him to contribute significantly to the Group's business and to the Board.

YBhg Dato' Ir Ha holds a Bachelor of Engineering (Honours) degree from University of Malaya. He is a Professional Engineer registered with the Board of Engineers, Malaysia; a Chartered Structural Engineer and a Chartered Engineer registered with the Engineering Council, UK; a Fellow of The Institution of Engineers Malaysia; a Fellow of the Institution of Civil Engineers, UK; a Fellow of The Institution of Structural Engineers, UK and a Fellow of the Chartered Institution of Highways And Transportation, UK.

YBhg Dato' Ir Ha has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

YBhg Dato' Ir Ha attended 4 out of the 5 board meetings held during the financial year ended 31 July 2018.

**YTM RAJA DATO' SERI ELEENA BINTI
ALMARHUM SULTAN AZLAN MUHIBBUDDIN
SHAH AL-MAGHFUR-LAH**

Aged 58, Malaysian (Female)
Non-Independent Non-Executive Director

BOARD COMMITTEE MEMBERSHIP

Member of Remuneration Committee •

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

KAF-Seagroatt & Campbell Berhad •
Yayasan Gamuda •
Yayasan Sultan Azlan Shah •
Yayasan Tuanku Bainun •



An advocate and solicitor, YTM Raja Dato' Seri Eleena has been on the Board since 1 June 1992.

YTM Raja Dato' Seri Eleena's extensive experience in legal practice enables her to contribute significantly to the Board.

YTM Raja Dato' Seri Eleena was a Barrister-at-Law from Lincoln's Inn, London, UK. She was called to the English Bar in 1985. Upon returning to Malaysia, she worked with an international firm in Kuala Lumpur and was called to the Malaysian Bar in 1986. She set up her own legal practice Messrs Raja Eleena, Siew, Ang & Associates in 1987 of which she is presently a senior partner.

YTM Raja Dato' Seri Eleena is also a trustee in several charitable organisations such as Yayasan Sultan Azlan Shah, Yayasan Tuanku Bainun, Yayasan Cemerlang, Yayasan Gamuda and Pusat Kreatif Kanak-Kanak Tuanku

Bainun. These organisations conduct a variety of activities which focus on community development, improving and upholding education at all levels, promotion of sports, exploring and expanding children's creativity through performing arts, and preservation of heritage and tradition, culture, social or art, which includes upkeep of the historical buildings and artefacts.

YTM Raja Dato' Seri Eleena has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

YTM Raja Dato' Seri Eleena attended all 5 board meetings held during the financial year ended 31 July 2018.

Profile of Board of Directors (Cont'd.)



YBHG TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG

Aged 69, Malaysian (Male)

Independent Non-Executive Director

BOARD COMMITTEE MEMBERSHIP

- None

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Lingkaran Trans Kota Holdings Berhad
- BIMB Holdings Berhad

YBhg Tan Sri Dato' Setia Haji Ambrin Bin Buang joined the Board on 28 September 2018.

YBhg Tan Sri Dato' Setia Haji Ambrin holds a Degree in Economics from the University of Malaya and a Masters in International Business from the University of South Carolina, USA.

He was appointed the Auditor General of Malaysia on 22 February 2006 upon his retirement after having served the Government (Malaysian Civil Service) for over 35 years. He completed his tenure as Auditor General of Malaysia on 22 February 2017.

His working career includes experience in the Ministry of Trade and Industry from 1971 to 1982 and was appointed as Deputy Director, Small Scale Industries Division in 1981. He has also served in the Malaysian Timber Industry Board from 1982 to 1987 and the National Institute of Public Administration from July 1987 to 1991.

YBhg Tan Sri Dato' Setia Haji Ambrin was also attached to the Malaysian Embassy in Tokyo, Japan from 1992 to March 1995 as Minister for Economic Affairs and Deputy Head of Mission. He was a Senior General Manager for the Kuala Lumpur International Airport Berhad from April 1995 to February 1999. He was the State Secretary of the Selangor State Government from March 1999 to September 2001 and Secretary General of the Ministry of Education till his appointment as Auditor General of Malaysia.

On 16 May 2016, YBhg Tan Sri Dato' Setia Haji Ambrin was conferred an Honorary Doctorate Award which carries the title Prof. (Dr.) by IIC University of Technology, Cambodia. In 2017, he was awarded an Honorary Doctorate in Accounting by Universiti Kebangsaan Malaysia and appointed Adjunct Professor by Universiti Utara Malaysia. He is currently a member of Dewan DiRaja Selangor. Formerly, he was a Board Member of the Malaysian Institute of Integrity.

For the past 11 years, he has been a frequent speaker presenting his views and perspective on public sector auditing, good governance and integrity at many seminars and conferences organised domestically and internationally.

YBhg Tan Sri Dato' Setia Haji Ambrin was appointed as the Chairman of the Special Investigation Committee on procurement, governance and finance on 3 July 2018.

YBhg Tan Sri Dato' Setia Haji Ambrin has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

As YBhg Tan Sri Dato' Setia Haji Ambrin was appointed on 28 September 2018, he did not attend any board meetings held during the financial year ended 31 July 2018.

YM TUNKU AFWIDA BINTI TUNKU A.MALEK

Aged 53, Malaysian (Female)
Independent Non-Executive Director

BOARD COMMITTEE MEMBERSHIP

- Chairperson of Audit Committee
- Member of Nomination Committee
- Member of Risk Management Committee

**OTHER DIRECTORSHIPS IN PUBLIC COMPANIES
AND LISTED ISSUER**

- Export-Import Bank of Malaysia Berhad
- Lafarge Malaysia Berhad
- Telekom Malaysia Berhad
- i-VCAP Management Sdn Bhd



A chartered accountant, YM Tunku Afwida joined the Board on 1 June 2012. She was redesignated as the Chairperson of Audit Committee on 28 September 2018.

YM Tunku Afwida has held senior roles in investment banks. From 2006 until 2008, she was Chief Executive Officer (CEO) and Executive Director (ED) of Kenanga Investment Bank Berhad. Prior to that, from 2003 to 2006, she was CEO and ED of MIMB Investment Bank Berhad (now known as Hong Leong Investment Bank Berhad) and from 1995 to 2003, she was ED/Chief Investment Officer of Commerce Asset Fund Managers Sdn Bhd. She is currently a Director and shareholder of Asia Equity Research Sdn Bhd, a company licensed by the Securities Commission of Malaysia to provide advisory services in corporate finance including compliance and funding advisory related services.

YM Tunku Afwida possesses vast financial, analytical and risk management experience, enabling her to provide invaluable input to the Board and Audit Committee.

YM Tunku Afwida holds a Bachelor of Science (Honours) degree in Economics and Accountancy from City University London, UK; qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants.

YM Tunku Afwida has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

YM Tunku Afwida attended 4 out of 5 board meetings held during the financial year ended 31 July 2018.

Profile of Board of Directors (Cont'd.)



PUAN NAZLI BINTI MOHD KHIR JOHARI

Aged 64, Malaysian (Female)
Independent Non-Executive Director

BOARD COMMITTEE MEMBERSHIP

- Member of Audit Committee
- Member of Nomination Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Lingkaran Trans Kota Holdings Berhad

Puan Nazli joined the Board on 7 March 2016.

After completing her tertiary education, Puan Nazli joined Aseambankers Malaysia Berhad [now known as Maybank Investment Bank Berhad] (ASEAM) from September 1981 to January 1996, holding various positions. Her last position before she left ASEAM was Head of Project Development.

In February 1996, Puan Nazli joined Percon Corporation Sdn Bhd (Percon), a wholly-owned subsidiary of Permodalan Nasional Berhad as the General Manager (Corporate Services). At Percon, she was tasked to put in place a financial and corporate restructuring scheme for the company. The job involved enhancing, strengthening and developing Percon's competitive position in the field of engineering and construction and at the same time, developing the corporate direction for Percon. At group level, Puan Nazli represented Percon's interests in various subsidiaries and associate companies ranging from road concession to property development, both locally and abroad. She left Percon in July 2002 and is not attached to any particular company at present.

Puan Nazli's vast exposure in a variety of industries had contributed positively to her analytical and conceptual approach in decision-making. Her extensive people-management and general management experience both at corporate and line-management levels also enables her to provide invaluable inputs to the Board and Audit Committee.

Puan Nazli holds a Bachelor of Science in Business Administration from The George Washington University, Washington D.C., USA and a Master of Business Administration from Syracuse University, Syracuse, New York, USA.

Puan Nazli has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She attended all 5 board meetings held during the financial year ended 31 July 2018.

ENCIK MOHAMMED RASHDAN BIN MOHD YUSOF

Aged 47, Malaysian (Male)
 Alternate Director to YBhg Dato' Lin Yun Ling and
 Deputy Group Managing Director

BOARD COMMITTEE MEMBERSHIP

None •

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

None •



Encik Mohammed Rashdan or widely known as Danny, joined Gamuda on 1 May 2018 and was appointed as the Alternate Director to YBhg Dato' Lin Yun Ling on 28 September 2018.

Encik Rashdan, has 26 years of experience in the corporate finance and investment banking industry, corporate consultancy and the financial services sector. He served as Executive Director (Investments) of Khazanah Nasional Berhad from 2010 to 2012 and as Chief Executive Officer of Maybank Investment Bank Berhad from 2008 to 2010. Prior to that, he was Managing Director of BinaFikir Sdn Bhd from 2003 to 2008 and was Managing Director in QuantePhi Sdn Bhd, a boutique corporate finance advisory firm he founded in 2012, until December 2017.

Encik Rashdan currently leads the property business of Gamuda Land by providing strategic direction and exploring collaborative partnerships with the aim of harnessing the value of Gamuda Land's vast landbank. He also spearheads Gamuda's significant investment

into technology and innovation under the Digital Transformation Roadmap to enhance the Group's competitive edge. In line with this, he plays a key role in growing the business for Gamuda IBS, the country's first digital and robotic Industrialised Building System facility in Malaysia.

Encik Rashdan holds a Master of Arts (Honours) Degree in Economics from the University of Cambridge, United Kingdom. He is a Chartered Accountant and a Member of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Association of Corporate Treasurers (ACT) of the United Kingdom.

Encik Rashdan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Board of Directors (Cont'd.)



YBHG DATO' UBULL DIN OM

Aged 56, Malaysian (Male)

Alternate Director to YBhg Dato' Ir Ha Tiing Tai and
Managing Director of Gamuda Engineering

BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

YBhg Dato' Ubull joined the Board as the Alternate Director to YBhg Dato' Ir Ha Tiing Tai on 2 January 2015.

YBhg Dato' Ubull joined Gamuda in 1988 and has held various positions in Gamuda group. For the next 29 years, he advanced rapidly through various business and operations roles within the Group and is currently the Managing Director of Gamuda Engineering Sdn Bhd. He has been involved in several notable projects, namely the Electrified Double Track Project (Ipoh-Padang Besar), Sungai Selangor Water Supply Scheme Phase 3, Shah Alam Expressway, Damansara-Puchong Expressway and SPRINT Highway. He is currently involved in the Tunnelling and Underground works for the KVMRT project.

YBhg Dato' Ubull holds a Bachelor Degree in Housing, Building and Planning from Universiti Sains Malaysia. He is the Vice President of Master Builders Association Malaysia.

YBhg Dato' Ubull has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Group Senior Management



YBHG DATO' GOON HENG WAH

Aged 62, Malaysian (Male)
Group Executive Director, Gamuda Berhad

YBhg Dato' Goon was on the Board since 1 June 1992. He resigned from the Board on 28 September 2018 but continue to be part of the Group's Senior Management Team as the Group Executive Director.

A civil engineer, YBhg Dato' Goon has years of experience in the fields of engineering, construction and infrastructure works and possesses a strong project implementation background. He held several senior management positions since joining Gamuda in 1978 and is responsible for the overall oversight, including the management and supervision of major projects such as the ongoing KVMRT project.

YBhg Dato' Goon also has substantial regional responsibilities over the Group's engineering and construction activities from India to the Middle East. His contribution is in his vast engineering expertise, in-depth knowledge and extensive experience in the construction industry, in particular large-scale infrastructure project mobilisation and implementation.

YBhg Dato' Goon holds a Bachelor of Engineering (Honours) degree from the Polytechnic of South Bank, UK (now known as London South Bank University).

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Danau Permai Resort Berhad



YBHG DATO' HAJI AZMI BIN MAT NOR

Aged 60, Malaysian (Male)
Group Executive Director, Gamuda Berhad

YBhg Dato' Haji Azmi was on the Board since 24 September 2001. He resigned from the Board on 28 September 2018 but continue to be part of the Group's Senior Management Team as the Group Executive Director.

A civil engineer, YBhg Dato' Haji Azmi has worked as Resident Engineer at the Public Works Department (JKR) of Pahang and Selangor. His last position with the Public Works Department (JKR) was as Assistant Director of the Central Zone Design Unit of JKR Kuala Lumpur (Road Branch).

YBhg Dato' Haji Azmi has extensive knowledge of developing and managing the implementation of complex infrastructure concession projects in Malaysia. He is heavily involved in the Company's role as Project Delivery Partner in the implementation of the KVMRT project. His other significant contribution is in overseeing the operations of the Group's infrastructure concessions, ranging from expressways to water-related and others.

YBhg Dato' Haji Azmi holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Highway Engineering, both from University of Strathclyde, Glasgow, Scotland, UK.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Lingkaran Trans Kota Holdings Berhad
- Syarikat Pengeluar Air Selangor Holdings Berhad
- Kesas Holdings Berhad

Profile of Group Senior Management (Cont'd.)



MR SAW WAH THENG

Aged 61, Malaysian (Male)
Group Executive Director/Finance Director, Gamuda Berhad

A chartered accountant, Mr Saw has been on the Board since 1 February 1998. He resigned from the Board on 28 September 2018 but continue to be part of the Group's Senior Management Team as the Group Executive Director.

As head of the finance function, Mr Saw is responsible for the Group's budgetary control, treasury, tax and corporate finance including mergers and corporate restructuring exercises.

He also oversees the head office central support functions, namely Human Resource, Legal and Information Services.

He has extensive working experience in accounting, and corporate finance while he was attached to accounting and auditing firms in the United Kingdom and Malaysia, and as the Group Financial Controller of Hong Leong Industries Berhad, prior to joining the Gamuda Group.

Mr Saw was admitted as an Associate of the Institute of Chartered Accountants in England and Wales in 1985 and is a member of the Malaysian Institute of Accountants.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Kesas Holdings Berhad
- Danau Permai Resort Berhad
- Horizon Hills Resort Berhad
- Syarikat Pengeluar Air Selangor Holdings Berhad



MR NGAN CHEE MENG

Aged 53, Malaysian (Male)
Chief Executive Officer, Gamuda Land

Mr Ngan was formerly the Chief Operating Officer before assuming the position as Chief Executive Officer of Gamuda Land on 1 January 2018.

Prior to joining Gamuda on 6 August 2001, he was a Senior Consultant with Coopers & Lybrand (now known as PricewaterhouseCoopers) and Group Accountant of the Building Materials Division at Hong Leong Industries Berhad. He had also served as senior finance manager with the SPRINT Highway concession.

Mr Ngan is a qualified accountant registered with the Malaysian Institute of Certified Public Accountants and a Chartered Accountant registered with the Malaysian Institute of Accountants.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Bandar Botanic Resort Berhad
- Jade Homes Resort Berhad



DATO' HJ ABDUL SAHAK BIN SAFI

Aged 58, Malaysian (Male)
Executive Director, Gamuda Land

Dato' Hj Abdul Sahak assumed his current role as Executive Director in the Group's property division on 1 July 2016. He is also an Alternate Director in UEM Sunrise-Gamuda Joint Venture of the Horizon Hills development in Johor Bahru.

Since joining the Group on 8 May 2001, he has been instrumental in the conceptualisation and planning of several landmark developments namely, Bandar Botanic in Klang, Valencia in Sungai Buloh and Horizon Hills in Nusajaya, Johor.

He is currently involved in the planning of Gamuda Cove, a new development in Selangor spanning over 1,530-acre, and Gamuda Gardens, an 810-acre mixed development located north of Kuala Lumpur.

Dato' Hj Abdul Sahak was formerly with The Lion Group – Property & Construction Division before joining Gamuda Land.

He holds a Bachelor of Science (Honours) degree in Housing Building and Planning (Arch) from Universiti Sains Malaysia.

He is also an associate fellow in the Institute of Local Government Studies (ILGS), Universiti Utara Malaysia.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None



MR SOO KOK WONG

Aged 49, Malaysian (Male)
Group Financial Controller, Gamuda Berhad

A chartered accountant, Mr Soo Kok Wong joined the Board as Alternate Director to Mr Saw Wah Theng on 8 March 2013. He ceased to be an Alternate Director on 28 September 2018 but continue to be part of the Group's Senior Management Team as the Group Financial Controller.

Mr Soo has vast experience in accounting, tax, audit, finance, treasury and budgetary control. He was attached to Price Waterhouse prior to joining the Company in 1996. He joined the Company as a Project Accountant in the Group's construction division and was eventually promoted to head the Group's Construction Division's finance department. He has also served as the Group's Head of Internal Audit. Presently, he heads the Company's Financial Management and Accounting Department and oversees the Group's finance and accounting functions.

Mr Soo is a Fellow member of the Association of Chartered Certified Accountants (ACCA), UK and a member of the Malaysian Institute of Accountants.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Profile of Group Senior Management (Cont'd.)



EN ADIL PUTRA BIN AHMAD

Aged 53, Malaysian (Male)
Executive Director, Gamuda Engineering

En Adil was appointed as the Executive Director on 1 January 2015, and was also the Project Coordinator for MMC-Gamuda KVMRT Line 2.

He has extensive experience in managing and constructing large scale infrastructure projects, including the Lebuhraya Damansara-Puchong, Shah Alam Expressway and KVMRT Line 1 and 2.

In the early years of his career (joined on 16 November 2001), he was involved in the construction of the Ipoh-Lumut Highway as well as part of the North-South Expressway.

En Adil graduated with a Bachelor of Science in Civil Engineering from the California State University in Long Beach, USA. He is registered with the Board of Engineers Malaysia and is a member of the Institution of Engineers, Malaysia.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None



MS LIM SOO LYE

Aged 53, Malaysian (Female)
Senior Group General Manager
Legal & Company Secretarial, Gamuda Berhad

Ms Lim joined Gamuda on 1 August 1996 as its Legal Manager and was promoted to her current position on 1 January 2011.

She commenced legal practice in 1990 and stayed on until 1995, after which she joined a public listed company as Head of its Legal Department.

Ms Lim graduated with an LLB degree from University of Malaya and qualified as an Advocate and Solicitor of the High Court of Malaya in 1990.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None



MS SREEJAYA MENON

Aged 50, Malaysian (Female)
Senior General Manager, Group Corporate Communications,
Gamuda Berhad

Ms Sreejaya joined Gamuda as Head of Corporate Communications on 13 June 2016 and is responsible for the Group's overall communication strategy, corporate branding and reputation management.

Prior to joining Gamuda, she was Head of Corporate Affairs at the Securities Commission, the regulator of the Malaysian capital market.

She has over 20 years' experience in corporate and government relations, corporate citizenship, media relations, internal communications and branding given her stints in Citibank Berhad, American Express and Ogilvy & Mather.

Ms Sreejaya holds a Master of Arts (MA) in Communication Management from the University of South Australia, Adelaide.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None



MS MURNIRA ABDUL MURY

Aged 45, Malaysian (Female)
General Manager, Human Resources and Administration,
Gamuda Land

Ms Murnira joined the Group as Head of Organisational Development and Talent Management on 1 July 2014. She was appointed to head the Gamuda Land Human Resources and Administration Department on 1 January 2017.

Ms Murnira was previously with Lafarge, heading the Organisational Development and Learning, and later resume the role of HR Business Partner for Industrial Operations.

Ms Murnira is a certified Organisational Development (OD) Practitioner and a Certified Accelerated Learning Practitioner with the International Association of Accelerated Learning Practitioners (IAALP).

She graduated with a Degree in Business Administration from Coventry University, UK.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

General Additional Information

1. None of the Group Senior Management have any family relationship with and is not related to any director and/or major shareholder of Gamuda Berhad.
2. None of the Group Senior Management have any conflict of interest with Gamuda Berhad.
3. None of the Group Senior Management have conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY

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Sustainability Statement

Introduction to Sustainability



Sustainable and inclusive development continue to be our core focus in order to remain resilient in today's dynamic business landscape. To future-proof our business and create inclusive economic growth for all stakeholders, we continuously refine our strategic alignment with the National Development Plan, tap on future market trends and strive to be the forerunner in innovative construction technologies and customer solutions.

This year, we further integrate the principles of sustainability across our businesses by delivering value through innovation, building sustainable cities and communities while developing our human capital. Our initiatives aim to achieve broader value creation for our key stakeholders, while aligning ourselves to the United Nations Sustainable Development Goals.

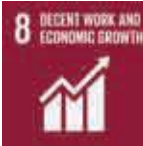
















Our leading track record in infrastructure construction is a testament to our capable human capital, which we have nurtured in our many construction projects. Echoing the 11th Malaysia Plan of strengthening human capital, it remains our priority to develop a multi-skilled local workforce with competitive expertise in underground construction work and high technology construction.

We embrace the circular economy by taking advantage of our ability to maximise our resources and minimise our environmental footprint, using novel processes afforded by technology. Our sustainable township development is underpinned by holistic environmental planning, which integrates the ecosystem and land use planning to connect our local communities with nature and improve liveability. We are officially the first developer in Malaysia to publicly pledge biodiversity audits for our new townships.

Moving forward, we believe that our sustainability strategy, human capital development and focus on innovation will underpin our growth in the region.

OUR SUSTAINABILITY HIGHLIGHTS AND CONTRIBUTIONS TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

DELIVERING VALUE THROUGH INNOVATION	SUSTAINABLE CITIES AND COMMUNITIES	HUMAN CAPITAL DEVELOPMENT
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<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div> <p>1,800 apartment units completed using digital IBS</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p>280 staff trained in BIM modelling</p> </div> </div> <p>Provided RM7.8 billion worth of underground-related contracts to 665 SMEs in KVMRT Line 2</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div> <div style="text-align: center;">  <p>5,847 trees and 676,438 shrubs planted across our development</p> </div> <div style="text-align: center;">  <p>5,181 of advanced tree planting</p> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>4 QUALITY EDUCATION</p> </div> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> </div> <p>Recorded 11 million man-hours without lost time injuries for PDP</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p>Awarded 34 Gamuda Scholarship worth RM3.1 million</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p>13.3 training hours per employee</p> </div> </div> <div style="display: flex; align-items: center;"> <p>43% women in Board of Directors</p>  </div>
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Our Initiatives

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ✓ Digital Industrialised Building System (IBS) ✓ Building Information Modelling (BIM) ✓ Innovative Design in Our Property Development ✓ Mobile Digital Platform (Viewpoint) | <ul style="list-style-type: none"> ✓ Group Digital Procurement Platform (SAP Ariba) ✓ Smart Cities and Green Buildings ✓ Biodiversity Conservation Efforts ✓ Infrastructure and Empowering Local SMEs ✓ Local Sourcing | <ul style="list-style-type: none"> ✓ Quality, Safety, Health and Environment (QSHE) Policy ✓ 4R Talent Management ✓ Yayasan Gamuda ✓ Enabling Academy (EA) ✓ Project Differently-Abled (DA) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Sustainability Statement (Cont'd.)

About This Statement



REPORTING PERIOD AND SCOPE

This is our third Sustainability Statement in our journey towards becoming a leader in sustainability advocacy. It highlights our economic, environmental and social efforts, progress and commitments to our various stakeholder groups.

A full year's data from 1 August 2017 to 31 July 2018 is included unless otherwise specified. The reporting period aligns with the Group's financial year.

Unless otherwise specified, all information provided refers to initiatives undertaken by all our business operations and employees in Malaysia which we have direct managerial control over, excluding the below:

- Our expressway concessions, Kesas Holdings Berhad
- Our water concession, Gamuda Water Sdn Bhd
- Our joint ventures and associate companies

We are putting in place the required systems and processes to progressively improve our ability to monitor, collect, analyse and report quantitative data, to enhance the integrity and accuracy of our statements over the years.



REPORTING FRAMEWORK

This statement has been developed in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements relating to Sustainability Statements in Annual Reports of Listed Issuers, with reference made to the Global Reporting Initiative (GRI) Standards. Going a step further, this year, we have mapped our sustainability strategies to the United Nations Sustainability Development Goals (SDGs).



INDEPENDENT ASSURANCE

We have not sought any external assurance for the current statement. However, we recognise the added value of an independent assessment and will consider such assurance as our reporting matures.



FEEDBACK

In line with our efforts to continuously engage with stakeholders and improve our sustainability reporting, we welcome your valuable feedback at gcc@gamuda.com.my.

Our Sustainability Framework

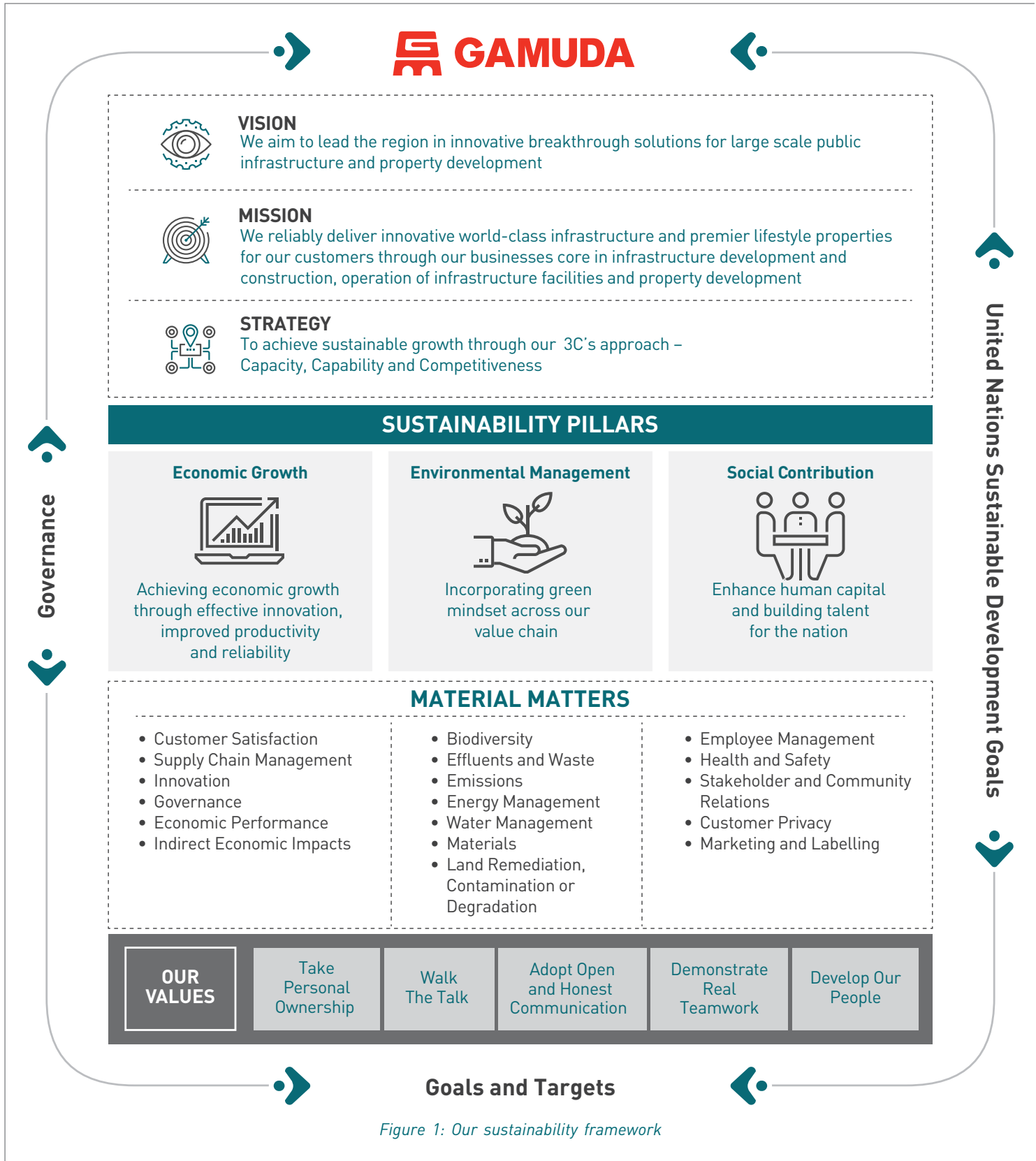
DURING THE YEAR, WE ENHANCED OUR SUSTAINABILITY AGENDA BY DEVELOPING A SUSTAINABILITY FRAMEWORK (THE FRAMEWORK), WHICH FOCUSES ON THE 3C'S OF OUR CORPORATE STRATEGY, NAMELY CAPACITY, CAPABILITY AND COMPETITIVENESS. THE 3C'S ALIGN OUR FOCUS TOWARDS DRIVING SUSTAINABLE GROWTH AND ULTIMATELY ACHIEVING OUR VISION AND MISSION.

Within the Framework, initiatives to manage our 18 material matters have been categorised according to their impact on the Sustainability Pillars of Economic Growth, Environmental Management and Social Contribution. Our initiatives are shaped by the targets in place for high priority material matters to achieve sustainability goals. These initiatives reflect the greater call by the United Nations to achieve sustainable development globally through the 17 SDGs.

Driving the entire Framework are our five core values that have helped us develop into the leading infrastructure and construction organisation that we are today. These values are further outlined in our Value Creation Strategy, on page 20 to 21 of this Annual Report. Adherence to these values, as well as with our Code of Ethics and Business Conduct and Whistleblowing Policy, ensures all our operations and dealings are conducted ethically.

For details of our Directors' Code of Conduct and Whistleblowing Policy, please refer to Section 5 (Corporate Governance) of this Annual Report.

Sustainability Statement (Cont'd.)



Sustainability Governance

Our sustainability governance model provides a foundation and a formal structure that ensures our sustainability strategies are implemented and integrated into our business, delivering long-term value to our stakeholders.

The Board of Directors drives our sustainability agenda by ensuring that our goals are met through actions taken at the management and operational levels. Our Group Managing Director, mandated by the Board of Directors, has the overall responsibility over our strategic direction while the Sustainability Committee is responsible for the implementation of sustainability strategy.

The Sustainability Committee, represented by heads across business units and Group function, is tasked to drive governance and delivery of the Group's sustainability agenda. Overseeing the functions in robustness of system and sustainability management, the Committee will champion the incorporation of sustainability into long-term strategic planning and our key business processes. To ensure quality and accuracy of reporting, the Sustainability Committee will also ensure that data integrity is upheld, driving accountability among our teams.

BOARD OF DIRECTORS

- Ultimate responsibility over sustainability
- Ensures business strategies consider sustainability

GROUP MANAGING DIRECTOR

- Sets the strategic direction and implementation of the Group's sustainability agenda
- Approves Sustainability Strategy and Framework

SUSTAINABILITY COMMITTEE

- Develops Sustainability Strategy
- Evaluates key risks and opportunities
- Oversees functions in robustness of system of sustainability management
- Reports on management targets and performance of processes and controls

Figure 2: Our sustainability governance

Sustainability Statement (Cont'd.)



ETHICAL BUSINESS CONDUCT

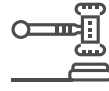
We recognise the importance of ethical business conduct across our operations to maintain our stakeholders' trust. We conduct business with integrity through good governance as guided by our corporate governance framework and terms of reference. The Group's corporate governance framework is supported by comprehensive guidelines, policies and procedures formulated by the Board.

We have zero-tolerance towards misconduct and encourage transparency and accountability within the Group. Our Whistleblowing Policy outlines the internal reporting procedure for employees to raise genuine concerns regarding wrongdoings.



RISK MANAGEMENT


We have a robust risk management framework in place to safeguard our business interest and that of our stakeholders. The framework is embedded in the Group's management systems, with clearly defined responsibilities, authorities and accountability for implementing our risk management processes and internal control system. To ensure compliance with these guidelines, our internal audit department regularly reviews the integrity and effectiveness of the Group's system of internal controls.



COMPLIANCE

Strong governance enables effective oversight of business compliance. With sound policies, systems, processes and internal controls in place, we adhere to all applicable laws and regulatory requirements, including environmental and social related regulations. We also strive to go beyond regulatory requirements, whenever possible.

In FY2018, there were zero reported incidents of major non-compliance with laws and regulations. No significant fine or non-monetary sanction was imposed on the Group.

 Further information on our corporate governance and risk management can be found in:

- *Corporate Governance Statement: pages 100 to 109*
- *Statement on Risk Management and Internal Control: pages 112 to 114*
- *Risk Management Committee Report: pages 115 to 117*

Stakeholder Engagement

We have a wide range of stakeholders, whom we identify as groups that have a significant impact on, and keen interest in our operations. We seek to develop strong relationships based on trust with each group through engagement on different platforms. The aim is to understand our stakeholders' needs and expectations for us to communicate in a transparent manner.

Stakeholder Group	Engagement Methods	Frequency	Topics of concern and interest	Our Responses	Material Matters
Employees	<ul style="list-style-type: none"> Town hall meetings, workshops, focus group discussions, SHE Committee meetings, surveys, events, internal communications and newsletter 	<ul style="list-style-type: none"> On-going 	Company direction and performance	<ul style="list-style-type: none"> Town hall sessions to share company's direction and performance 	<ul style="list-style-type: none"> Economic Performance Employee Management Health and Safety
			Career development and training opportunities	<ul style="list-style-type: none"> Provision of job-related training and workshops Career planning discussions 	
			<ul style="list-style-type: none"> Workplace health and safety Well-being of employees 	<ul style="list-style-type: none"> Conduct health and safety related training and activities Provision of centralised quarters for workers 	
Customers	<ul style="list-style-type: none"> Social media Newsletter Circulars Electronic direct mail 	<ul style="list-style-type: none"> Weekly Quarterly As needed As needed 	Customer service	<ul style="list-style-type: none"> Launch of Customer Portal 	<ul style="list-style-type: none"> Customer Satisfaction Health and Safety
			Customer experience	<ul style="list-style-type: none"> Implementation of Residence Management Application 	
			Product quality	<ul style="list-style-type: none"> Adherence to quality performance standards (QLASSIC, ISO, OHSAS certification and MyCESMM) Application of industry best practices Innovative technology (IBS and BIM) Implementation of SnagR 	
Investors and Financiers	<ul style="list-style-type: none"> Annual general meeting Investor briefings and marketing roadshows Corporate website 	Annually	Operational and financial performance	<ul style="list-style-type: none"> Provide timely updates of business performance e.g. well-attended quarterly and annual financial statements briefing session 	<ul style="list-style-type: none"> Economic Performance Governance
		On-going	Shareholder returns		
		On-going	Business sustainability, risk management and corporate governance	<ul style="list-style-type: none"> Regular engagement with investors, potential investors and providers of capital Communicate EES strategies 	

Sustainability Statement (Cont'd.)

Stakeholder Group	Engagement Methods	Frequency	Topics of concern and interest	Our Responses	Material Matters
Local Communities	<ul style="list-style-type: none"> Community development programmes Social media Info centres, info kiosks and mobile info truck for KVMRT Line 1 and Line 2 	On-going	Community development and support	<ul style="list-style-type: none"> Provision of scholarships and sponsorships Upskilling individuals with autism 	<ul style="list-style-type: none"> Stakeholder and Community Relations Health and Safety Environmental Management and Biodiversity
		On-going	Quality, safety, health and environment	<ul style="list-style-type: none"> Adherence to health and safety regulations Operational health and safety practices on site and in townships Improvement in product quality and environmental preservation 	
		On-going	Communication on our development plans and projects	<ul style="list-style-type: none"> Regular project updates through corporate website, media and roadshows 	
Government and Regulators	<ul style="list-style-type: none"> Industry workshops Meetings and consultations Reporting 	On-going	Regulatory compliance	<ul style="list-style-type: none"> Reliable reporting and marketing communications Monitoring of compliance through legal checklist 	<ul style="list-style-type: none"> Customer Satisfaction Innovation Governance
		On-going	Improving construction sector productivity	<ul style="list-style-type: none"> Workforce upskilling Leveraging IT solutions Application of new engineering and construction technologies 	
Suppliers	<ul style="list-style-type: none"> Procurement system Supplier training programmes 	On-going	Transparency in procurement processes	<ul style="list-style-type: none"> Implementation of robust supplier assessment, appointment and management system 	<ul style="list-style-type: none"> Supply Chain Management
		On-going	Knowledge sharing and capacity building	<ul style="list-style-type: none"> Workforce upskilling Leveraging IT solutions Application of new engineering and construction technologies 	
Media	<ul style="list-style-type: none"> Press conferences Press releases Networking events 	On-going	Company direction and performance	<ul style="list-style-type: none"> Direct engagement and press statements 	<ul style="list-style-type: none"> Economic Performance
		On-going	Timely and transparent communication		
		On-going	Complaints on products and services		

Table 1: Our stakeholder engagement

Our Material Matters

Materiality assessment provides the foundation of our sustainability direction, determining matters that have significant economic, environmental and social (EES) impacts on the Group and those that are considered important to our stakeholders.

MATERIALITY ASSESSMENT

In 2018, we set out to refine and improve our approach towards sustainability reporting. We engaged an external consultant to conduct a materiality assessment workshop to prioritise our EES matters. Our materiality assessment involved a structured process comprising the four steps below:



Figure 3: Materiality assessment process

Sustainability Statement (Cont'd.)

MATERIALITY MATRIX

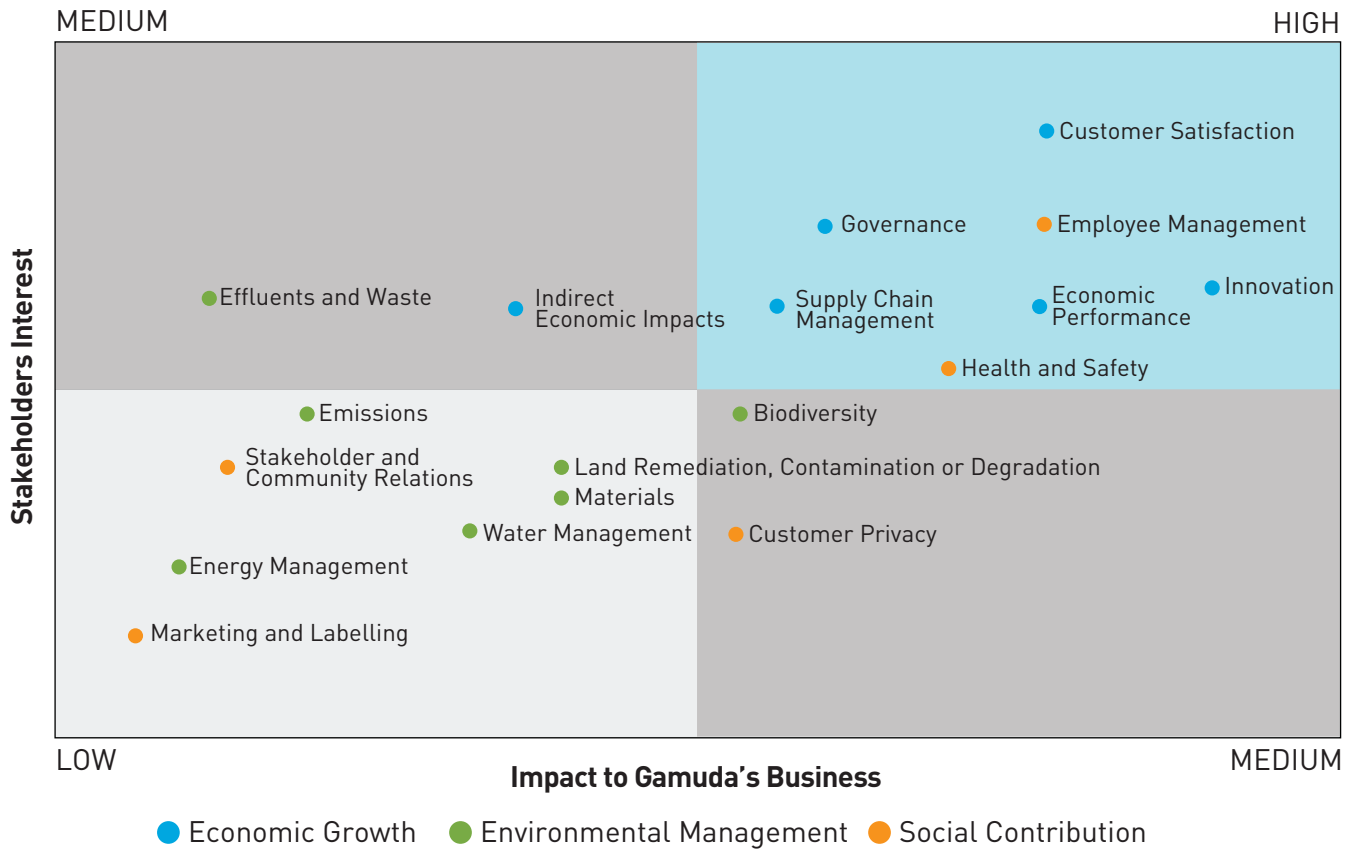


Figure 4: Materiality matrix

The seven high priority material matters indicated in the matrix above (top right quadrant) are seen to be key to our sustainability and form the focus of this year's reporting. Moving forward, we will enhance our sustainability reporting disclosures to include the remaining medium and low priority matters progressively.

OUR MATERIAL MATTERS

Themes	Material Matters	Definition	Topic Boundary*
Delivering Value through Innovation	Innovation	New ideas to create value which includes new design, technology, services or processes	Gamuda Group
	Customer Satisfaction	Measures in place to deliver and meet customer's needs and expectations	Gamuda Group
	Governance	Board and management oversight, ethics and transparency, anti-corruption	Gamuda Group
	Supply Chain Management	Creating value, efficiencies and competitiveness by developing a robust supply chain	Gamuda Group including MMC Gamuda
	Economic Performance	Economic value generated and distributed to stakeholders	Gamuda Group
Sustainable Cities and Communities	Biodiversity	Identification, assessment and management of risk associated with natural systems	Gamuda Land
Human Capital Development	Employee Management	Management of employees in terms of fair treatment, training, career development and diversity	Gamuda Group
	Health and Safety	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers	Gamuda Group including MMC Gamuda
	Stakeholder and Community Relations	Contribution to local communities' needs and mitigating impact on local communities	Gamuda Group

* Gamuda Group refers to all business operations in Malaysia excluding our concessions, associate companies and joint ventures

Table 2: Our list of material matters

Sustainability Statement (Cont'd.)

Delivering Value through Innovation

THE GROUP IS COGNISANT OF THE NEED TO EMBRACE INNOVATION IN LIGHT OF CURRENT SHIFTS IN THE BUSINESS LANDSCAPE. OUR FOCUS ON INNOVATION GIVES US A COMPETITIVE ADVANTAGE IN DELIVERING QUALITY PRODUCTS AND SERVICES.

CUSTOMER SATISFACTION

Customer satisfaction is essential to uphold our reputation as a leader in delivering innovative world-class infrastructure and premier lifestyle properties. We strive to deliver innovative designs, high standards of workmanship and value to meet our customers’ rising expectations.

We adopt the following best-in-class standards as part of our commitment towards delivering quality products and services.

		Engineering and Construction	Property Development
 Customer Satisfaction	 Effective Communication	<ul style="list-style-type: none"> • Responsive Complaint Management System (CMS) 	<ul style="list-style-type: none"> • Residence Management Application • Customer Response Portal
	 Quality Services	<p>Quality Performance Standards</p> <ul style="list-style-type: none"> • Malaysian Civil Engineering Standard Method of Measurement (MyCESMM) • ISO and OHSAS Certification • QLASSIC <p>Digital Tools</p> <ul style="list-style-type: none"> • BIM • IBS • SnagR <p>Management Tool</p> <ul style="list-style-type: none"> • Project Delivery Partner (PDP) 	

Figure 5: Our approach towards meeting customer’s expectation

Quality Performance Standards	Description
MyCESMM	MyCESMM is a standardised measurement system that handles project tender submissions and budgets.
Certifications	ISO certification is a quality management system standard. Gamuda Berhad, Gamuda Engineering and Gamuda Land is ISO 9001 Quality Management System certified and has recently achieved ISO 9001:2015 standard. The Group has also achieved the ISO 14001 Environmental Management System and the OHSAS 18001 Occupational Health and Safety Management System.
QLASSIC	Quality Assessment System in Construction (QLASSIC) is used by Construction Industry Development Board (CIDB) to evaluate the workmanship of a building's construction based on the Construction Industry Standard (CIS7:2014).

Table 3: Best-In-Class Standards

The value that we created year-on-year, through mindful planning has resulted in capital appreciation for our developments as attested by The Edge and The Association of Valuers, Property Managers, Estate Agent and Property Consultants in the Private Sectors Malaysia (PEPS) in the yearly The Edge-PEPS Value Creation Excellence Award. Gamuda Land has been the recipient of this award for 6 consecutive years, the only developer in the country to have achieved this feat.

ENGINEERING AND CONSTRUCTION

Responsive Complaint Management System (CMS)

The Group has established among the most responsive and effective CMS for large-scale infrastructure projects in Malaysia. The CMS functions not only as a tool to gauge public satisfaction, but it is also used to evaluate Work Package Contractors' (WPCs) quality of work as well as their ability to identify and rectify potential safety, health and environmental risks at our current KVMRT Line 1 and Line 2 worksites.

As the CMS works on real-time monitoring, it allows for quicker response and effective management of complaints, which eventually improves our overall performance and relationship with all affected stakeholders.

KVMRT Line 1 and Line 2 Stakeholder Engagement

KVMRT Stakeholder Engagement	FY2018	FY2017*	FY2016
Number of stakeholders engaged	623	2,953	1,440
Engagement sessions	187	209	120

* KVMRT Line 1 was fully completed in July 2017

Table 4: KVMRT Line 1 and Line 2 stakeholder engagement

We engage with relevant stakeholders affected by the KVMRT Line 1 and Line 2. Stakeholders are engaged before construction starts, and continuously throughout the construction period. Line 1 engagements ceased in July 2017 as the project was fully completed and started operating. Line 2 engagements were initiated in 2016. This is reflected in the table above which shows high engagement in 2017 and 2016 when both Line 1 and Line 2 were under construction.

Sustainability Statement (Cont'd.)

PROPERTY DEVELOPMENT

This year, we embarked on a series of new customer-centric digital platforms in order to enhance customer experience.



Figure 6: Initiatives to enhance customer experience

Customer Services	Description
SnagR	A web and mobile site inspection tool that allows management of issues and defects during the defect liability period.
Gamuda Land Residence Management Application	Enables residents to engage with our Township Management team on a single platform. Offers a variety of functions such as pre-registration of visitors, reporting of common facility defects, booking of common facilities, community chat and a home panic button.
Gamuda Land Customer Portal	A one-stop user-friendly platform for customers with features such as e-feedback and e-queries, property details, personal information and making seamless payment.

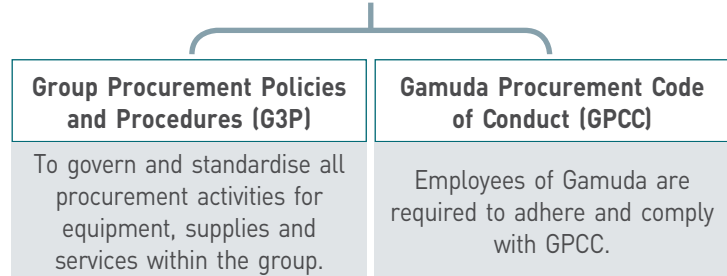
Our Loyalty Programme “GL Friends”

Launched in August 2018, the loyalty programme enables Gamuda Land customers to enjoy exclusive rewards, benefits and privileges, such as priority to select units before public launches and invitations to lifestyle events. This platform will allow us to continuously engage with and obtain feedback from our customers beyond the point of sale.

SUPPLY CHAIN MANAGEMENT

We are committed to enhancing our processes and engaging with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. Our procurement processes are guided by Group Procurement Policies and Procedures (G3P) as well as Our Procurement Code of Conduct (GPCC) which, together, ensure effective and fair business with the ultimate objective of obtaining the best products and services in the most cost effective and ethical manner.

Gamuda Principles of Good Procurement Governance



<http://gamuda.com.my/procurement-policy/>

Figure 7: Our principles of good procurement governance

E-Procurement

In 2018, we embarked on a digital platform provided by SAP Ariba to improve our procurement and supply chain management which will be fully implemented in FY2019. The system will enable us to announce open tenders on a cloud-based supplier marketplace, through which suppliers submit their bids electronically.

This will improve the quality of data, speed of processing and visibility across our supply chain. In addition, it will allow for efficient management of our large supplier database while promoting our efforts to go paperless.

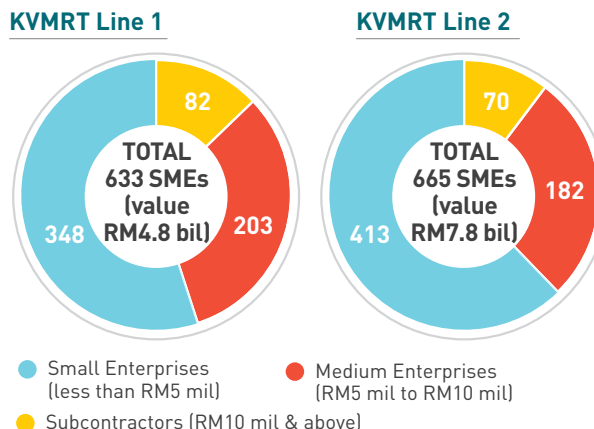
Supplier Management

We build fair, ethical and lasting relationships with our suppliers. We have an assessment system to ensure our suppliers comply with local as well as international management system standard such as ISO 9001, ISO 14001, MS 1722 and OHSAS 18001. Our suppliers' performance is monitored through regular Safety, Health and Environment (SHE) inspection, independent monthly audits and an online SHE Reporting System – Safetrack (that is used in KVMRT Line 1 and Line 2).

We emphasise on training and mentoring our suppliers to enhance their competency and competitiveness in the marketplace. Suppliers are invited to participate in related training programmes such as BIM and other operational efficiency related programmes.

As the PDP of the KVMRT Line 1 and Line 2, one of our primary roles is to manage the procurement process for all construction work packages jointly with the Government. Given that KVMRT Line 1 and Line 2 represent the largest infrastructure undertaking in the country to date, we have made a conscious effort to award as many packages as possible to local companies. In addition, we source our raw materials from local supply chain, boosting the local economy.

Work on the KVMRT Line 1 and Line 2 does not merely benefit local small and medium enterprise (SMEs) financially, but also increases their technical competency and capabilities, through the experience gained from underground tunnelling works which employ the latest, cutting edge systems. In addition, local companies stand to benefit from heightened awareness of best safety practices, and the ability to comply with the highest safety standards as a result of training provided through the KVMRT Training Centre, in collaboration with CIDB.



* KVMRT Line 1 was fully completed in July 2017

Figure 8: Underground KVMRT Line 1 and Line 2 works awarded to local SMEs

INNOVATION

Innovation for our products, solutions and services provides opportunities for our businesses to continuously differentiate ourselves and keep us ahead of the curve. It is this mindset that drives our business to adopt new technologies and solutions, making us pioneers in areas such as using digital IBS to provide differentiated housing products and the creation of the Variable Density Tunnel Boring Machine (VD TBM) designed to bore through Klang Valley's unique geological conditions.

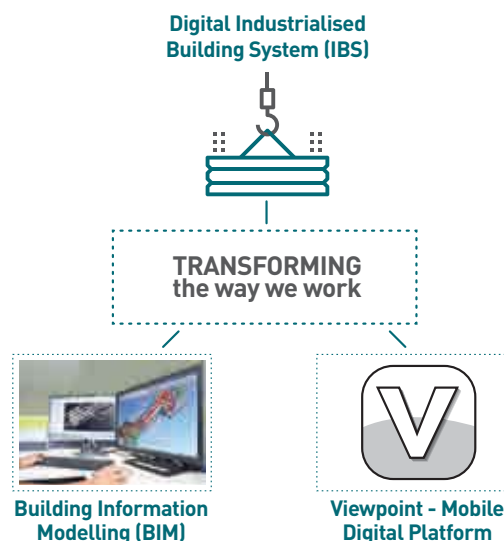


Figure 9: Our approach towards innovation

Sustainability Statement (Cont'd.)

Industrialised Building System (IBS)

IBS represents an advanced digital construction technology through which building components are prefabricated at a factory. It utilises an integrated BIM design which thrives on a Common Data Environment (CDE) that allows the sharing of integrated data among the project team during the entire construction process. IBS encourages the adoption of long-term design thinking, technology and innovation throughout the life cycle of a construction project.

We are the first engineering and construction organisation in Malaysia to have constructed a fully robotic IBS factory. Our first IBS factory in Sepang commenced operations on 15 June 2016. A second IBS factory is being constructed in Banting which will be ready by end 2018. Our investment in the two fully integrated digital IBS factories has allowed us to transition from the conventional construction method to a digital building system where components are prefabricated in a controlled environment and moved to the building site for installation.

As at July 2018, some 1,800 apartment units have been completed using our digital IBS. By the end of 2018, our IBS factories will have a combined capacity to produce 8,000 property units per year.

All Gamuda Land's high-rise developments will be fully designed using BIM and digital IBS by 2020, following which the innovative systems will be expanded to other property segments. Our digitally integrated system will enable us to deliver buildings in all market segments with the same superior quality, be it affordable homes or luxury developments.

Building Information Modelling (BIM)

Building Information Modelling (BIM) is a computerised system that integrates multi-stakeholder coordination while allowing for greater precision and speed in the design and implementation of projects. It functions as a platform with real-time access to all design information coupled with 3-D visualisation and animated walkthroughs.

We believe the implementation of BIM will enhance our competitiveness in the market by delivering innovative design and construction solutions.



Figure 10: Benefits of BIM

Training and Development

Recognising the importance of BIM, we established the BIM Training Academy in 2017. The training modules upskill our employees and those of our contractors to enhance our capabilities in line with the latest construction industry standards.

BIM Training Academy	FY2018	FY2017
Number of personnel trained	610	352

Table 5: Number of personnel trained by BIM Training Academy

Viewpoint

We have enhanced our on-site data sharing platform by introducing a digital data collection and field management platform, Viewpoint, for better coordination among our subsidiaries and business units in the supply chain process.

Going forward, we will roll out Viewpoint to all our business units to improve productivity and enable better decision-making.

ECONOMIC PERFORMANCE

Our financial growth is supported by our stakeholders confidence in our ability to deliver differentiated value through innovative product offerings and infrastructure solutions.

In FY2018, we registered revenue of RM7,169 million, core profit before tax of RM1,036 million, and core net profit of RM818 million. We have been delivering consistent results to our key stakeholders, as illustrated below:

Our digital adoption journey with MDEC

In FY2017, we participated in the Malaysia Digital Economic Corporation (MDEC)'s Value Innovation Programme (VIP). The programme enables established companies to engage with technology start-ups to help identify pain points and opportunities for growth within the digital space.

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

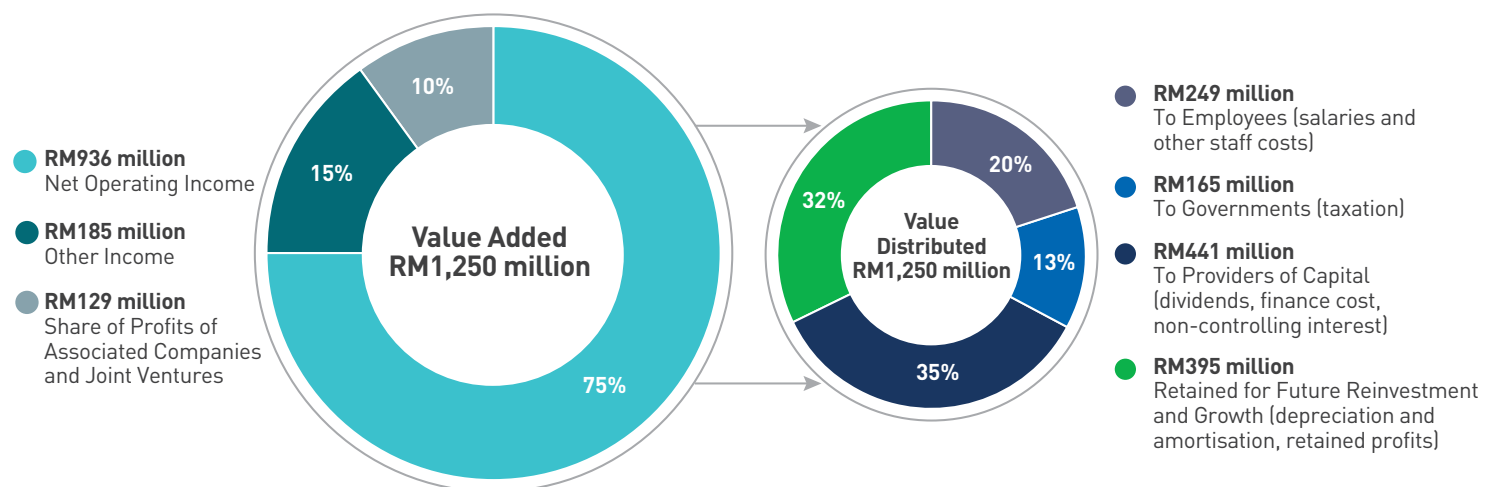


Figure 11: Our direct economic value distributed to stakeholders in FY2018

- Further information on our economic performance can be found in:
- Statement from the Group Managing Director: pages 10 to 18
 - Five Years Group Financial Highlights: page 33
 - Group Segmental Performance: page 35
 - Statement of Value Added and Distribution: page 38
 - Financial Statements: pages 126 to 323

Sustainability Statement (Cont'd.)

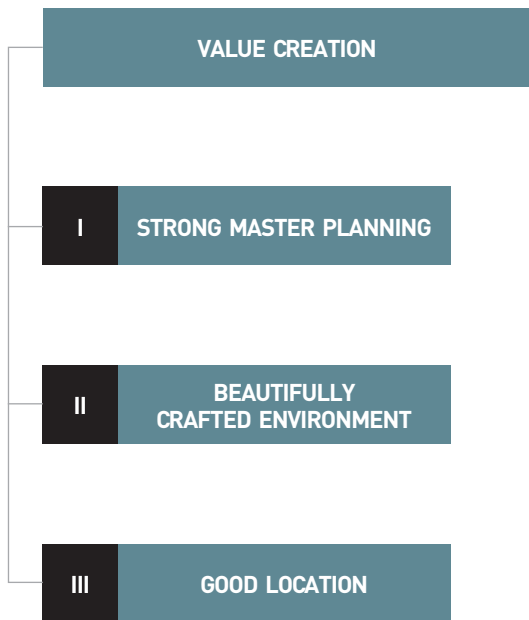
Sustainable Cities and Communities



SMART CITY

There is a marked trend globally towards the development of smart cities as a response to the needs and desires of citizens. This has been reflected in the 11th Malaysia Plan. We recognise the role we play in the Plan and we work towards achieving these goals by integrating smart city features in our property developments.

Through Gamuda Land, we aim to deliver sustainable value to communities underpinned by three key principles that guide the creation of all our property developments.



SMART SOLUTIONS FOR A MORE LIVEABLE ENVIRONMENT

Smart cities incorporate design, data and digital technologies into infrastructure and services with the goal of making the urban environment more liveable, sustainable and productive. This year, we embarked on the development of a Smart City Model which encompasses two main segments – Smart Living and Smart Resource Management. This model will be piloted at Gamuda Cove to bring smart cities to life and create a self-sustaining township.

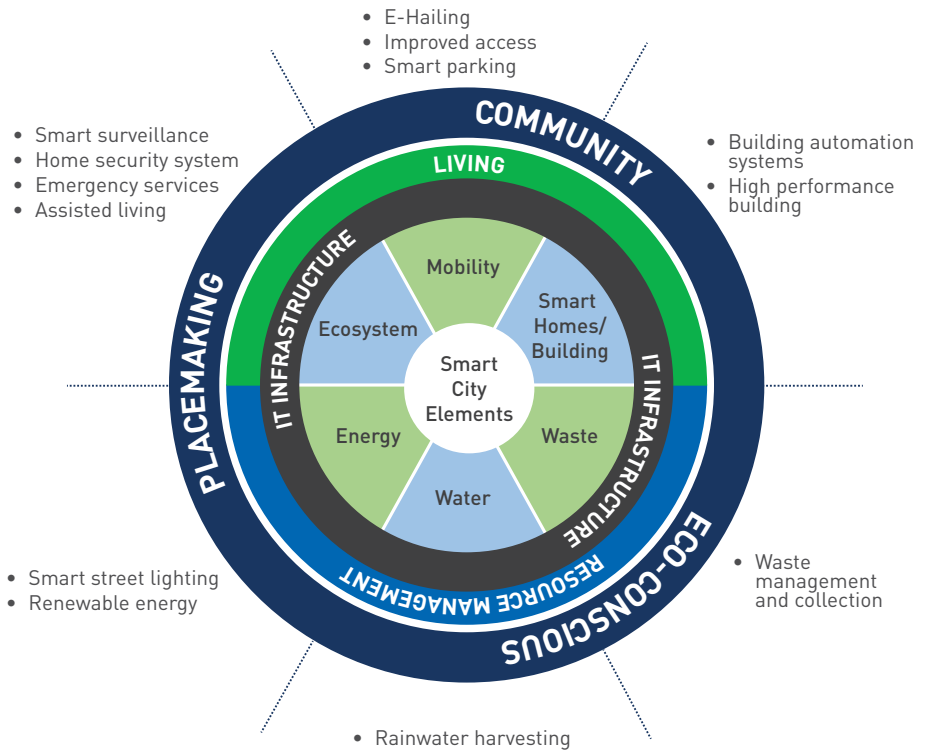


Figure 12: Our smart city model

A self-sustainable, connected and green smart township



Water Management

- Rainwater harvesting

Digital Connectivity

- Wi-Fi connectivity

Innovation

- 3D facades
- Digital IBS technology

Safe City

- Smart security system (CCTV)
- Security personnel
- Crime Prevention Through Environmental Design (CPTED)

Energy Management

- Sensors
- Energy efficient fittings
- Solar panels
- Smart parking
- Solar powered and energy saving street lights

CONNECT WITH NATURE

- Water Features (Lakes)
- Wetlands And Woodlands
- Landscape Design Rich With Flora And Fauna
- Biodiversity Conservation Efforts - Gamuda Parks And Biodiversity Audit

MOBILITY

- Tram
- Shuttle Bus
- Walking/Jogging/Cycling Paths
- Placemaking Nodes
- Smart Traffic System
- Electric Vehicle Charging Station

GREEN CERTIFIED TOWNSHIP

- Green Building Index (GBI) Gold rating for Gamuda Cove Central Business District

Green Buildings for Sustainable Cities

Integral to smart cities, green buildings are efficient buildings in terms of energy, water and materials usage, with reduced impact on human health and the environment.

Green Building Index (GBI) is a recognised industry standard for sustainable built environment in Malaysia. Our developments have obtained GBI certification as illustrated in Table 6.

Sustainability Statement (Cont'd.)

We ensure our developments have in-built energy and water savings mechanisms, are landscaped, provide good connectivity with public transport and infrastructure to ensure convenient accessibility.

Development	Award level	Key features
The Robertson	Gold	<ul style="list-style-type: none"> • Energy efficient materials to reduce heat absorption • Rainwater harvesting • Material reuse • Recycling points
HighPark Suites	Gold	<ul style="list-style-type: none"> • Rainwater harvesting • Landscape waste composting • Herb garden
Gamuda Cove Central Business District	Gold	<ul style="list-style-type: none"> • Sustainable biodiversity planning and design • Sustainable stormwater design and management • Green transport
Gamuda Gardens	Silver	<ul style="list-style-type: none"> • Sustainable biodiversity planning and design • Sustainable stormwater design and management

Table 6: Green Building Certification of our projects

Our aim is to excel beyond the minimum certification requirements for all our developments.

BIODIVERSITY

“ LISTENING TO WHAT THE LAND HAS TO TELL US.
A PHILOSOPHY OF DESIGNING FOR NATURE WITH NATURE ”

We have always sought to protect the natural environment of areas that we develop and are committed to creating more liveable environments for our communities. We listen to the land to be able to preserve the hills, wetlands, water rolling terrain and water quality. Guided by this philosophy, our developments have matured over the years to encompass healthy green lungs that not only support the existence of plant and animal life but also create a sense of well-being for residents.

Our biodiversity conservation efforts are integrated across our operations as illustrated in the diagram below.

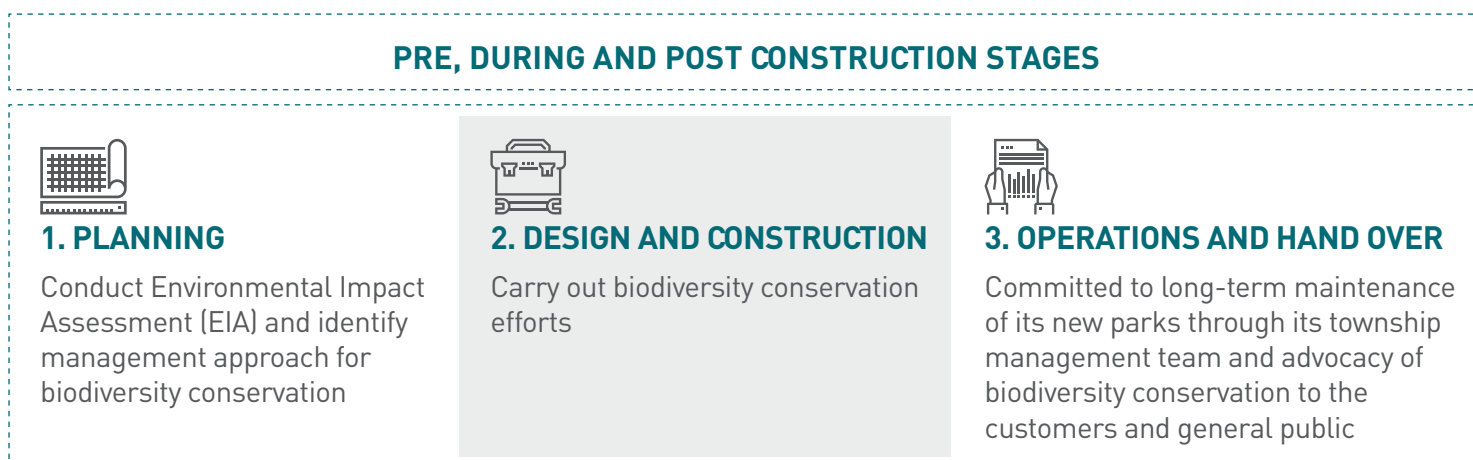


Figure 13: Biodiversity conservation efforts across different stages

Environmental Compliance

Environmental Impact Assessment (EIA) serves as an environmental management tool to evaluate and minimise environmental damage resulting from our developments through timely, adequate, corrective and protective mitigation measures.

Recent developments for which we have conducted EIAs are Gamuda Cove, Gamuda Gardens and twentyfive.7. In the process, we have identified a number of endangered species within our developments. Table 7 lists a summary of the endangered species on the International Union for Conservation of Nature (IUCN) Red List found at our project areas and our conservation efforts to protect local biodiversity.

Class	Types of species	Our conservation initiatives
Mammals	<ul style="list-style-type: none"> • Tree shrew 	<ul style="list-style-type: none"> • Established a biodiversity manual that will be adhered to during construction • We will monitor the natural ecosystem during construction and for a minimum of two years after completion
Birds	<ul style="list-style-type: none"> • Pink-necked pigeon • White-rumped munia • Magpie robin 	
Reptiles and Amphibians	<ul style="list-style-type: none"> • Common flying lizard • Paradise tree snake • Grass whip snake • Common rat snake • Malayan pond frog • Green tree frog • Monitor lizard 	

Table 7: Our initiatives to conserve IUCN Red List species in Gamuda Gardens

Sustainability Statement (Cont'd.)

Enhancing Biodiversity through Gamuda Parks

Conscious efforts to design a township that reflects its natural surroundings encourage people to explore the outdoors and take part in activities together with family and friends for a healthier lifestyle. With this in mind, in 2018 we established Gamuda Parks in collaboration with Wetland International Malaysia and Forest Research Institute Malaysia (FRIM).

Its main role is to monitor and coordinate measures to protect the biodiversity within a development while implementing design and maintenance standards to enhance the quality of living. In carrying out its function, Gamuda Parks takes into consideration three ecosystems which is softscape, waterscape, materials and resources.

Improving Green Spaces

Green spaces are integral to creating a holistic sense of well-being and providing natural habitats for wildlife that helps to conserve biodiversity. In designing our landscapes, our green coverage exceeds the minimum requirement of 10%.

Tree Planting Programme

Project	% of Green Spaces	Trees Planted	Shrubs Planted
HighPark Suites	15%	512	168,138
Jade Hills	14%	1,907	343,023
twentyfive.7	19%	1,180	82,938
Gamuda Gardens	17%	997	45,178
Kundang Estates	15%	1,251	37,161
Total:	-	5,847	676,438

Table 8: Green spaces, trees and shrubs planted across our developments

Advanced Tree Planting (ATR)

ATR involves the procurement of standard-sized young trees measuring 50mm to 75mm in diameter, nurturing them in an in-house nursery for at least two years before planting on site. We ensure an optimum mix of different plant species, including those that are native to the particular environment, in order to enhance the local ecosystem. ATR has been carried out in Gamuda Gardens, Gamuda Cove and Kundang Estates. Since 2016, we planted nearly 5,000 trees.

Retention Lakes and Ponds Design

Gamuda Land townships are well known for their parks and lakescapes. While these form part of planning compliance and play an important role in flood mitigation that is part of the Urban Stormwater Management Manual (MSMA), we sought to creatively transform this utilitarian necessity into unique landscape features that will be integral to the community.

Jade Hills, Kota Kemuning and Valencia are testaments of good masterplan designs which won numerous awards such as the Gold Award in Infrastructure Planning by the Singapore Institute of Planners. Please refer to Awards and Achievements on pages 124 to 125 in this report for more information.

Yen So Urban Rehabilitation Project, Vietnam



Gamuda Land completed the rehabilitation of Yen So Park and Yen So Lakes surrounding Gamuda City from a wasteland into a scenic parkland, in April 2013.

Yen So Park had been highly contaminated and the area was deemed inhospitable with growing public health concerns. To bring this wasteland back to life, we built a state-of-the-art sewage treatment plant to treat the highly polluted wastewater-plagued land in the eastern part of the Yen So Park township. Today, the plant treats up to 40% of Hanoi's total wastewater discharge daily, greatly enhancing the quality of the city's lakes and waterways. This has led to improved health and quality of life of the residents.



In May 2018, Yen So Park was awarded the **World Gold Award in the Environmental (Rehabilitation/Conservation)** category at the FIABCI World Prix d'Excellence Award 2018.

Sustainability Statement (Cont'd.)

ENSURING SUSTAINABLE BIODIVERSITY AND ADVOCACY

In our commitment to the long-term maintenance of our new parks, we actively engage with our residents. Our Gamuda Parks Biodiversity Policy (GBP) outlines standards and guidelines for the management and maintenance of the softscape, waterscape, materials and resources to ensure the sustainability of our township developments.

To enhance general awareness of the importance of biodiversity, we organised a public biodiversity workshop on 26 to 27 May 2018 across our towns and developments in various states. We have also carried out a biodiversity audit as a scientific measurement of liveability and habitability of the environment in Gamuda Gardens and Gamuda Cove, which will help us in our future targeted conservation measures.



A wetlands adjacent to Gamuda Cove

Gamuda Cove, a sprawling 1,530-acre mixed development in the Southern Klang Valley was previewed in September 2018. Surrounded by a forest reserve, the development when completed will encompass 153-acre of lush landscaped green spaces including parks as well as 97-acre of water features. In selecting the tree species to be planted, we will be guided by the surrounding forest and adjacent Paya Indah Wetlands. As they grow, these plants will support an increasingly broad range of birds, insects and butterflies that will enhance overall biodiversity.

To measure the biodiversity impact of Gamuda Cove, a conservation consultant, ESC Environ Solution Consultant was appointed to conduct a baseline flora and fauna audit of the site, prior to commencement of works, and will continue to monitor as the project develops. The team intends to engage residents and park users in the process as part of an educational and interpretive programme in future.

Human Capital Development

WE CONTINUE TO BUILD TALENTS FOR THE GROUP AS WELL AS THE NATION, OFFERING SUPPORT TO OUR LOCAL COMMUNITIES AND STRENGTHENING RELATIONSHIP WITH STAKEHOLDERS.

STAKEHOLDER AND COMMUNITY RELATIONS

We uplift the wellbeing of local communities through our corporate social responsibility initiatives. In line with SDG 4 - Quality Education, we invest in capacity-building of our local communities by offering both scholarships and development programmes to the underprivileged.

Yayasan Gamuda

Yayasan Gamuda, our foundation arm, was set up in 2016 to oversee the Group's charitable activities. The Foundation focuses on the provision of educational aid and community enhancement programmes.

In FY2018, a total of RM5,508,000 was donated to various worthy causes, including Gamuda Scholarship, our Enabling Academy and the Star Golden Heart Awards as detailed in the following sections.

Gamuda Scholarship

A significant portion of Yayasan Gamuda funds is channelled towards Gamuda Scholarship. Since 1996, the scholarship programme has enabled more than 340 academically outstanding Malaysian students to pursue tertiary education at international and local higher education institutions. Aside from construction industry related courses, scholarships are also awarded for Accounting, Business, Information Technology and Human Resources. The scholarship covers full tuition fees and living allowance as well as employment upon graduation.



Figure 14: Gamuda Scholarship Award 2018 presentation ceremony

100%
employment
rate of scholars

34
scholars awarded
in FY2018

33
scholars awarded
in FY2017

Targeting
40
scholarships for
FY2019

Sustainability Statement (Cont'd.)

Enabling Academy

Globally, individuals with autism spectrum disorder (ASD) face employment challenges. In view of the untapped potential of these individuals, the Group launched the Enabling Academy (EA) in 2017 through funding by Yayasan Gamuda. EA provides an end-to-end sustainable career development path while promoting inclusivity and diversity at the workplace.

EA provides a learning platform through the Employment Transition Programme (ETP) which is designed to equip those with ASD with relevant soft skills and practical job training that are essential for white-collar jobs. We collaborate with partner companies to provide sustainable employment to the EA graduates. To date, we have trained 19 persons with autism, of whom 17 have gained internship and employment in 15 partner companies.

EA conducts awareness seminars and job coaching workshops to prepare partner companies in developing a skilled team to support their differently-abled employees.

List of partner companies with Enabling Academy

- Brick Dotcom Sdn Bhd
- Macro Dimension Concrete Sdn Bhd
- Lafarge Shared Services Sdn Bhd
- LafargeHolcim Regional Service Centre
- Gamuda GM Klang Sdn Bhd
- Feruni Ceramiche Sdn Bhd
- Hap Seng Land Sdn Bhd
- CIMB Bank Bhd
- A & A Architects
- Ringo Low & Associates
- DRB-HICOM Bhd
- Agrifert Malaysia Sdn Bhd
- Thistle Hotel Port Dickson
- Golden Screen Cinema Sdn Bhd
- Gamuda Group (Gamuda Land and Gamuda Engineering)



Figure 15: Women, Family and Community Development Deputy Minister YB Puan Hannah Yeoh presented recognition certificates to partner companies that employed trainees from EA

We are progressing towards registering EA as a Practical Assessment Centre for Accreditation of Prior Achievement. This programme is offered by the Department of Skills Development under the Ministry of Human Resources. With this accreditation, our EA graduates could take their existing ETP qualification further by obtaining industry-recognised certificates, diplomas or advanced diplomas. This would assist them to move up the value chain from their existing administrative roles.

Project Differently-Abled

We hire individuals with ASD through the Enabling Academy as well as our in-house recruitment programme, the "Project Differently-Abled (DA)". This project is a forerunner of EA and was initiated back in 2013 as part of the Group's effort to embrace diversity and inclusiveness in the workplace.

To date, we have recruited 20 DA full-time employees in administration, engineering, research and IT programming across various departments in the Group.

Each DA employee is assigned an experienced supervisor and buddy who provides psychological and functional support. DA colleagues undergo the same career and training development as other Gamudians.

Upskilling Local Communities

We collaborate with external partners in several training programmes that focus on construction-related skills and competencies.



Programmes and Objectives	FY2018	FY2017	FY2016
Tunnelling Training Academy (TTA) Training on tunnelling related skills to support the rollout of the KVMRT Line 1 and Line 2 and other similar projects around the world	213	225	800*
KVMRT Training Centre To upskill KVMRT Line 1 and Line 2 workers and contractors, with a strong focus on safety, health and environmental protection standards	7,500	6,808	8,047
Gamuda Plant Operator School (GPOS) Competency training assessed by Department of Occupational Safety and Health (DOSH) and CIDB for crane and plant operators	802	957	950
Collaboration with Institut Kemahiran Belia Negara (IKBN) Skilled graduates for the construction industry	–	–	44
Collaboration with Kolej Komuniti (KK) IBS Production Technicians for the IBS factory	12	15	–
Gamuda IBS Training Centre Reskill graduates from technical and vocational training institutions in IBS application	110	175	80

* Cumulative since year 2012

Table 9: Number of trainees benefitted from various partnered training programmes

Sustainability Statement (Cont'd.)

EMPLOYEE MANAGEMENT

Our talents, or “Gamudians”, are our most important assets as their level of engagement and productivity are key to the Group’s overall performance in delivering quality work and innovative solutions. We place great importance in providing a work environment that inspires our people and allows them to realise their true potential. This is achieved through effective Human Resources (HR) policies guided by our talent management 4R approach.

Recruit

We seek to attract the right skills and talents to meet the various business needs of the Group. While we source for experienced hires, we also place emphasis on recruiting and grooming young talents into promising leaders for the Group. They are sourced and developed through various tailored programmes and initiatives such as Gamuda Graduate Programme, Graduate Internship Programme and partnership with various academic and governmental institutions.

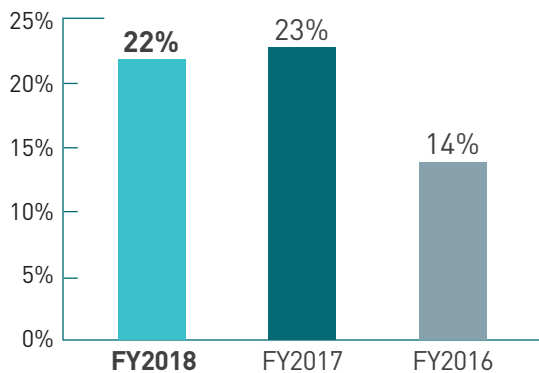


Figure 16: The Group's new hires rate

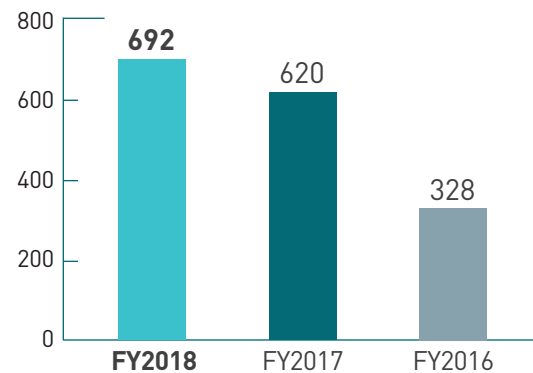


Figure 17: The Group's new hires headcount

Employee New Hires	FY2018		FY2017		FY2016	
	Number	Rate*	Number	Rate*	Number	Rate*
By age group						
Under 25	384	12%	143	5%	42	2%
25-34	200	6%	316	12%	198	9%
35-44	72	2%	95	4%	65	3%
45-54	32	1%	48	2%	20	1%
55-59	3	0%	12	0%	2	0%
60 and above	1	0%	6	0%	1	0%
By gender						
Female	199	6%	233	9%	117	5%
Male	493	15%	387	14%	211	9%
By region						
Malaysia	690	22%	618	23%	328	14%
Others	2	0%	2	0%	0	0%

* New hire rate is calculated based on number of new hires divided by headcount at the end of the year

Table 10: The Group's number and rate of new hires

Retain

We retain our employees by offering a dynamic work environment and attractive remuneration package. Through town halls and regular engagements, we promote a sense of belonging while respecting our employees' work-life balance needs.

Given the emphasis on employee retention, we have maintained a stable turnover rate, with Group attrition rate of 9% in FY2018. Our turnover rate for the past three years has been consistently below 10%, which is also below the industry average of 15%.

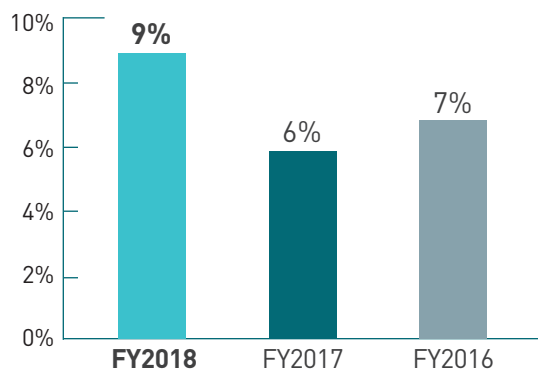


Figure 18: The Group's turnover rate

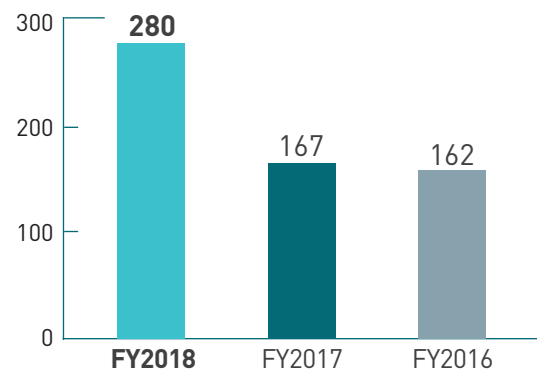


Figure 19: The Group's turnover headcount

EMPLOYEE ENGAGEMENT

We keep our employees updated on corporate developments through newsletters, intranet, town hall meetings and Workplace by Facebook. We are able to maintain open, two-way dialogue and engender a feeling of connectedness among each other and with the Group.

Complementing these communication platforms, we also organise various engagement activities among employees across all levels. Through our in-house Sports Club, employees take part in sporting activities, annual trips and social activities at subsidised rates.



Figure 20: Recreation trip at Siem Reap, Cambodia, July 2018

Sustainability Statement (Cont'd.)

COMPETITIVE REMUNERATION

We offer a competitive compensation package and attractive benefits within the industry that help reward and retain our talents.

We adopt a flat benefit structure where most of the benefits are provided to all employees regardless of grade or position. The key benefits offered to all full-time permanent employees are listed below, but not limited to:

Types of benefits	Details
Leave	Annual Leave, No Pay Leave, Sick or Hospitalisation Leave, Marriage Leave, Paternity Leave, Maternity Leave, Childcare Leave, Examination Leave, Compassionate Leave, Prolonged Illness Leave, Replacement Leave
Flexi-Wellness	Outpatient, additional Pre and Post Natal expenses, Annual Medical Check-up, Wellness Membership, Optical, Dental, Vaccination
Subsidy	Childcare Subsidy
Insurance	Group Term Life Insurance*, Surgical and Hospitalisation Insurance, Personal Accident Insurance
Flexi-Work Arrangement	Staggered Working Hours, Flexi Time, Seasonal Flexi-Time, Flexi Place, Flexi Lunch Hours, Replacement Hours
Others	Car Park Facility, Retirement benefits, Bona Fide benefits, Employee Education Assistance

* In FY2018, we have extended the Group Term Life Insurance to contract employees

Table 11: Summary of the Group's key benefits to full-time employees

We have set up Centralised Labour Quarters (CLQ) in recognising the well-being of our foreign construction workers. These gated-and-guarded quarters provide labourers working on the KVMRT Line 1 and Line 2 and Pan Borneo Highway projects clean accommodation complete with amenities for workers' safety and comfort.

Family-friendly Employer

As a family-friendly employer, we provide additional paternity leave and childcare leave to entitled employees, beyond regulatory requirements. With these policies in place, these entitled employees are able to fulfil their family duties with a peace of mind while balancing their work life. This has resulted in a high retention rate among our employees as shown below:

Family Leave	FY2018	FY2017	FY2016
Paternity Leave	72	52	24
Maternity Leave	54	40	28
Childcare Leave	95	60	45

Table 12: Number of employees who utilised parental and childcare leave

Post Paternity and Maternity Leave	FY2018		FY2017		FY2016	
	Female	Male	Female	Male	Female	Male
Return to work rates	100%	100%	100%	100%	100%	100%
Retention rates	96%	89%	85%	90%	95%	92%

Table 13: Gamudians' post-parental leave return to work and retention rate

Gamuda Long Service Awards

Loyal employees who have served the Group for at least a decade are recognised at the annual Long Service Awards Night. We are pleased to have recorded an average length of service of more than 10 years especially among our management level employees.

Gamuda Long Service Awards	FY2018	FY2017	FY2016
Number of employees awarded	220	237	219

Table 14: Number of employees who received Gamuda Long Service Awards

Employee Category	FY2018	FY2017	FY2016
Top Management	20	19	20
Senior Management	13	13	13
Middle Management	9	9	10
Executive	5	5	6
Others	6	7	8

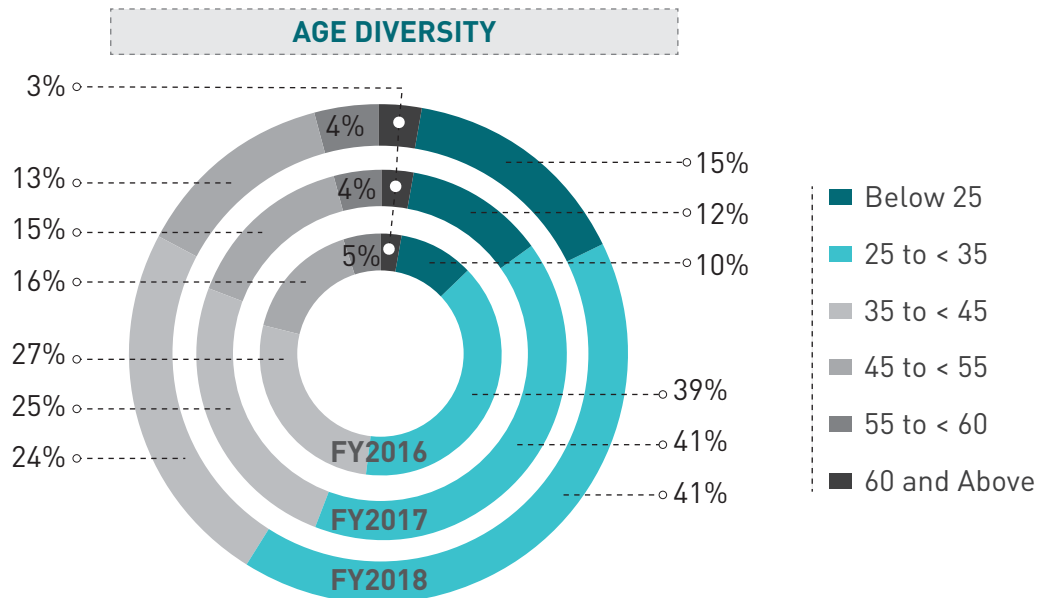
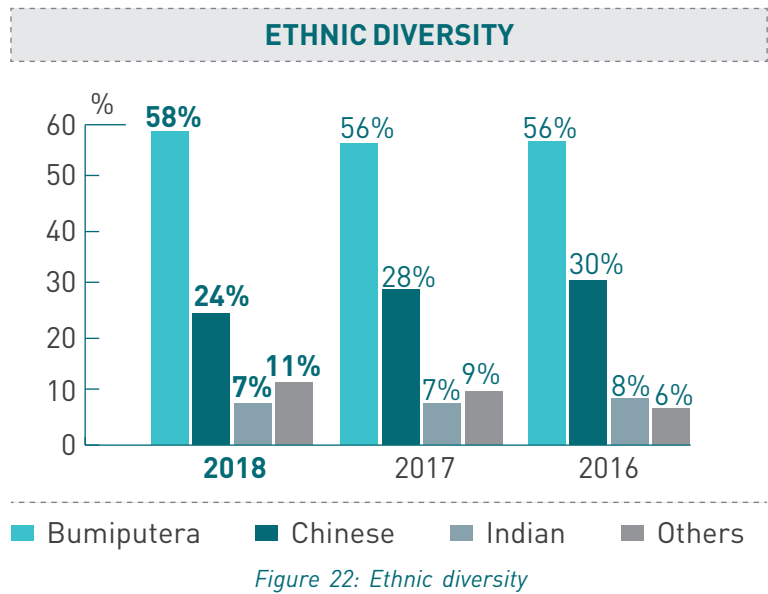
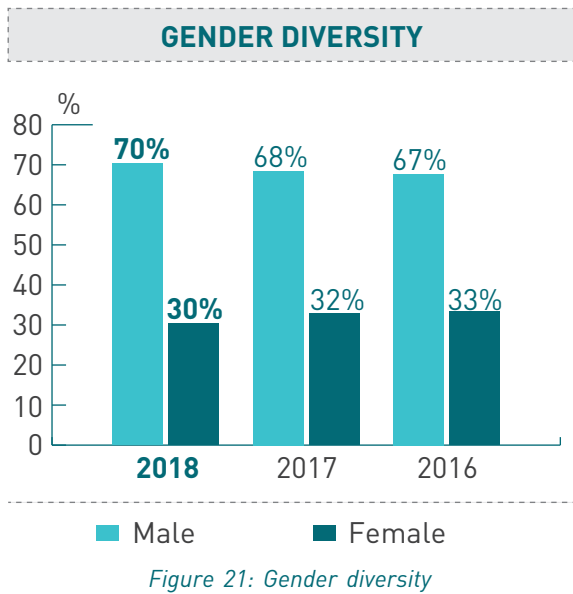
Table 15: Average years of service by employee category

Sustainability Statement (Cont'd.)

Replenish

By 'replenishing', we seek to strengthen our human capital through a diverse workforce. We believe that a diverse and inclusive workforce enriches our knowledge base by allowing us to harness the various perspectives of our people. We therefore nurture an environment that does not discriminate against race, gender, religion, age, socio-economic status or physical/neural ability. We employ based on merit and not background.

The racial composition within the Group is fairly representative of that of the nation. We are pleased to have a young and enthusiastic workforce, with 56% of our employees aged below 35.



* All diversity data covers headcounts of the Group's local and overseas operations and joint ventures.

Women @ Work

Our policy on gender equity is exemplified through our Women @ Work programme. This programme aims to encourage and support the participation of women in our workforce, which is in line with the national initiative of achieving 30% women representation on public-listed Boards by 2020 (“The 30% Club Malaysia Chapter”).

We recognise that young working mothers face additional commitment of having to care for their children. Thus, a women-centric benefits package is offered to our

working mothers which include 90-day maternity leave, childcare leave, childcare subsidy, day care centre, stork parking, nursing room as well as pre and post-natal expenses support.

These efforts have resulted in a fairly good gender mix within the Group, with female employees currently making up 30% of the total. At our Board level, female diversity has increased in FY2018, with 43% being female directors as compared to 33% in FY2017.

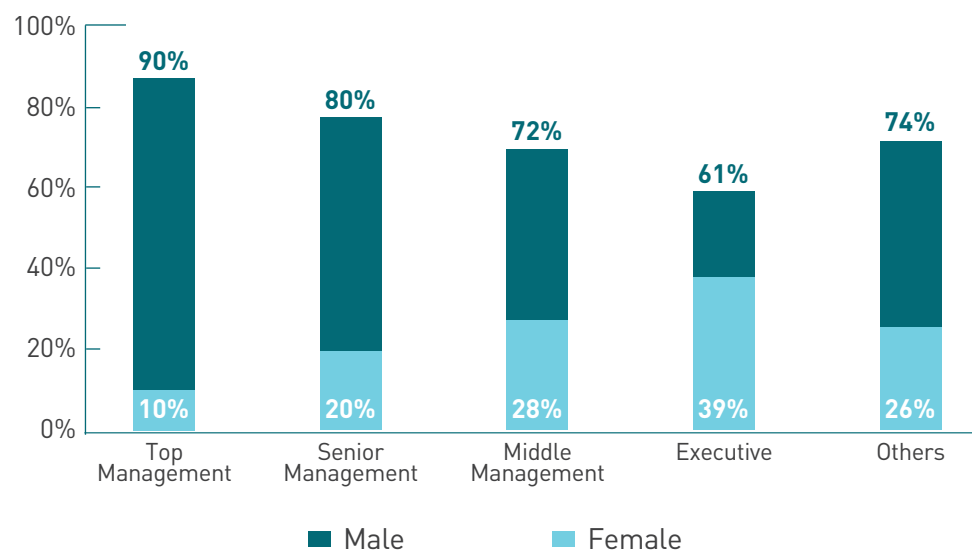


Figure 24: Gender diversity by employee category in FY2018

Gamuda Women’s Empowerment Network (GWEN)

We have launched GWEN this year to advance careers of women by providing a support network. GWEN aims to empower our women through a broader scope covering three pillars: Career Development, Engagement and Wellbeing.

We have kicked off the first initiative under GWEN that fine-tunes our existing mentorship programme by having a panel of external mentors in leadership positions from different sectors.

Leadership Development

We have adopted the Korn Ferry Hay Leadership Tool to measure current leadership style and future leadership potential within the organisation. The assessment has provided us a perspective to identify areas of improvement for succession planning and leadership development.

In line with our effort to develop our leaders, two leadership programmes have been introduced this year, namely “First-time Managers” and “Managerial Evolution”. Both programmes are designed to assist newly promoted managers as well as experienced managers to better transition into their new leadership roles.

Sustainability Statement (Cont'd.)

Renew

By ‘renewing’ our talent, we seek to develop multi-skilled employees by encouraging exposure to a range of functions, which gives our people a competitive edge and enables the Group to stay dynamic in the industry.

Career Development

The Career Development Unit (CDU) has been set up to provide internal career guidance and coaching to enhance employees’ competencies in current and future roles. The Strengths-Development-Opportunities-Career (SDOC) Staller tool is used to discover Gamudians’ personal strengths and development needs. With this, employees are able to identify and map out individualised career development plans.

Training and Capability Building

Our in-house Gamuda Learning Centre (GLC), the Group’s dedicated training arm utilises the career development plan to conduct Training Need Analysis. We provide skills-based and technical training for staff from all career levels and job streams.

Skills-based Training

The Construction Management Programme (CMP) was introduced to train our young site supervisors and engineers through real site work exposure. This annual programme focuses on internationally benchmarked construction skills adopted from best practices in Australia, Europe and Singapore. CMP courses are accredited by CIDB for Civil and Structural or Building and Architectural Works.

Most of the eligible employees have undertaken the CMP training within two years since its launch in 2016. In FY2018, the trainees mostly are new hires and employees that have previously deferred their training.

CMP Training	FY2018	FY2017	FY2016
Number of employees trained	40	111	109

Table 16: Number of employees trained in CMP

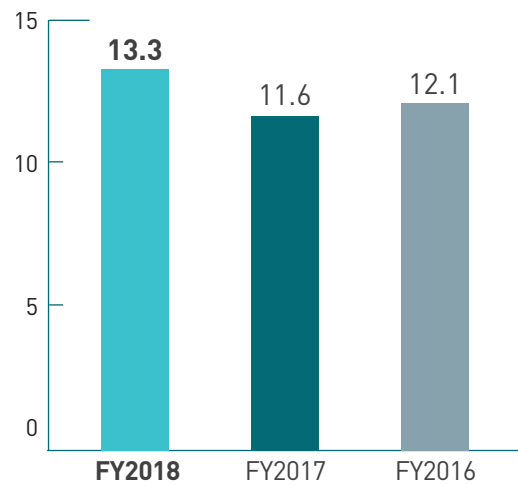


Figure 25: Average training hours per employee

Performance Management and Reward

Performance reviews are conducted for all Gamudians at least once a year to assess the quality of their work as well as to guide their career development. Our employees’ job performance and development potential are evaluated systematically based on respective team and personal Key Performance Indicators (KPIs). Rewards and compensation are offered on a merit basis, according to employees’ performance.

HEALTH AND SAFETY

We place health and safety as a top priority in our operations as we strive to safeguard all our employees, contractors, customers, suppliers, local communities, and other stakeholders. Steered by a robust Quality, Safety, Health and Environment (QSHE) management system, we strive to achieve zero fatality through continuous management, monitoring and improvement of the Group's health and safety performance.

Safety and Health Management System

Our safety and health policies outline the relevant processes and procedures to continuously improve the sustainability of our operations by providing high-quality, cost-effective, reliable, safe and environment-friendly services. Policy reviews are done regularly to ensure that they remain relevant, appropriate and aligned with our business objectives.

The policies are supported by an effective management system to manage and continuously eliminate hazards and minimise safety and health risks. All our key business units have in place safety and health management systems that are certified to local and international standards. These certifications are renewed periodically to remain relevant with the latest industrial standards. For instance, Gamuda Berhad and Gamuda Engineering are certified by the Integrated Management System (IMS) which covers safety and health related standards, OHSAS 18001:2007 Occupational Health and Safety, and MS 1722:2011 Occupational Safety and Health Management Systems. We are also currently transitioning to ISO 45001:2018 Occupational Health and Safety Management System.

Hazard Identification, Risk Assessment and Determining Control

As part of our safety and health management system requirements, all activities must undergo the Hazard Identification, Risk Assessment and Determining Control (HIRADC) process before the commencement of any project.

All employees and workers shall promptly report all work-related hazards and hazardous situations encountered. Employees and workers shall remove themselves from work situations that may cause injury or ill health. Should they fear reprisals on account of their actions, they may report the matter directly to the Head of Project or SHE personnel for further investigation. Employees and workers shall discuss with their superiors to mitigate the risks before resuming work.

Reported incidents will be handled in accordance with our Incident Investigation and Reporting procedures. Analysed data and trends compiled from these incidents are reviewed critically and used to enhance existing strategies and procedures.



Figure 26: Key steps in the Group's HIRADC process

Sustainability Statement (Cont'd.)

Workers Participation, Consultation and Communication on Safety and Health related issues

Employees and workers are provided with the opportunity and platform to actively participate in the consultation, review and improvements in safety and health at the workplace. Employees may provide feedback to management through the following channels:

- Toolbox and pre-task briefing
- Involvement in HIRADC during Job Safety Analysis and Method Statement review
- During incident investigation process
- Discussions during corporate and project level SHE Committee meetings

Safety and Health Management for Contractors under Gamuda Engineering

As we work with a significant number of subcontractors, we conduct pre-qualifying screening to ensure standards on safety and health performance are met. In addition, continuous training, periodic inspections and audit are carried out throughout the construction period of a project.

Safety and Health Performance

With zero fatality as the ultimate goal, we strive to reduce the number of accidents throughout our operations through monitoring and constant process improvement.

In FY2018, we recorded improvement in safety performance at our PDP project site for KVMRT Line 2 (Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line), and hit a milestone of 11 million man-hours without lost time injury (LTI).

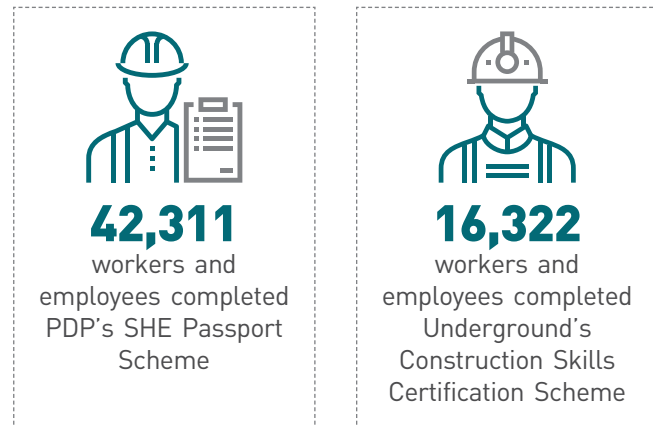
Our underground team for KVMRT Line 2 Line has recorded 2.6 million man-hours without LTI, since commencement of the project while Gamuda Building Unit recorded 7.9 million man-hours without LTI to-date at their project sites.

In FY2018, our manufacturing factory, Gamuda IBS recorded 1.6 million man-hours without LTI while Gamuda Land recorded 1.1 million man-hours without LTI across project sites.

Raising Safety and Health Awareness

We regularly engage and educate our employees to inculcate a culture of safety and compliance through safety and health training and initiatives.

In FY2018, the key safety and health training conducted at respective business units include Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) training, chemical hazard risk control, scheduled waste handling training. At Gamuda Engineering, we have also rolled out several safety schemes to enhance safe working environment such as the Gamuda Construction Safety Passport (GCSP), which is accredited by CIDB that is equivalent to CIDB green card. Additional safety schemes include the KVMRT Line 1 and Line 2 PDP's SHE Passport Scheme and Underground Construction Skills Certification Scheme.



Safety and Health Training	Gamuda Engineering	Gamuda Land	Gamuda IBS
Number of employees and workers attended	437	33	107

Table 17: Number of employees and workers who attended safety and health training in FY2018

Our Safety and Health Activities Highlights:

World Occupational Safety and Health (OSH) Day Campaign

In conjunction with the World OSH Day 2018, MRT Corporation (MRTC) and MMC Gamuda KVMRT (PDP) Sdn Bhd conducted our second OSH campaign in April 2018. The theme this year was “Injury Incident and Prevention Programme”.

The programme aimed to increase awareness among workers on how to prevent incidents that could cause injuries. The two-day campaign took place at our KVMRT Training Centre.

More than 250 participants from over fifteen Work Package Contractors joined the programme.

QSHE In Construction Seminar 2018

Our inaugural QSHE In Construction Seminar 2018 was held on 29-30 January 2018. It was officiated by the then Deputy Director General of DOSH, Tuan Haji Omar B. Mat Piah (now the Director General of DOSH).

The event attracted a total of 120 participants. The seminar served as a platform for the sharing of knowledge and experiences among QSHE practitioners, subcontractors and related government agencies.



Figure 27: Launching of GCSP Programme by CIDB and DOSH



Figure 28: Regular safety drills are held in KVMRT Line 2 for continuous education as part of elevating QSHE standards

Corporate Governance Overview Statement

THE BOARD OF DIRECTORS (“BOARD”) OF GAMUDA BERHAD (“GAMUDA” OR “COMPANY”) PRESENTS THIS STATEMENT TO PROVIDE SHAREHOLDERS AND INVESTORS WITH AN OVERVIEW OF THE CORPORATE GOVERNANCE PRACTICES OF THE COMPANY UNDER THE LEADERSHIP OF THE BOARD DURING THE FINANCIAL YEAR 2018 AND UP TO THE DATE OF THIS STATEMENT. THIS OVERVIEW TAKES GUIDANCE FROM THE KEY CORPORATE GOVERNANCE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (“MCCG”).

The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guidance was drawn from Practice Note 9 of Bursa Securities’ Listing Requirements and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities. It should be read together with the Corporate Governance Report (“CG Report”) prepared based on a prescribed format as enumerated in Paragraph 15.25(2) of the Listing Requirements so as to provide a detailed articulation on the application of the Company’s corporate governance practices vis-à-vis the MCCG. The CG Report is available on the Company’s website: www.gamuda.com.my

COMMITMENT FROM THE BOARD

The Board recognises the importance of maintaining a high standard of corporate governance practices within Gamuda and its subsidiary companies (collectively “Group”) and devotes considerable effort to identify and formalise

best practices. Good corporate governance is crucial to sustain the Group in the long-run through the ever changing regulatory and market environment. The Board sees corporate governance as an integral part of the Group’s business strategy. By putting in place the right governance framework, the Board has set a culture of integrity, transparency and accountability that permeates throughout the Group. This in turn fosters and maintains shareholders’ and stakeholders’ confidence in the Company.

The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.

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

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices. Gamuda has applied all the Practices encapsulated in the MCCG for the financial year ended 31 July 2018 except:-

- Practice 11.2:
Adoption of integrated reporting
- Practice 12.2:
Full attendance of Directors at general meetings

In line with the latitude accorded in the application mechanism of MCCG, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management.

It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

A framework of delegated authority is in place consistent with the structure of delegation below the Board level. The Board reserves to itself certain key matters to approve, including the Group's strategic plans, major capital expenditure, corporate governance issues, dividend policy and external financial reporting.

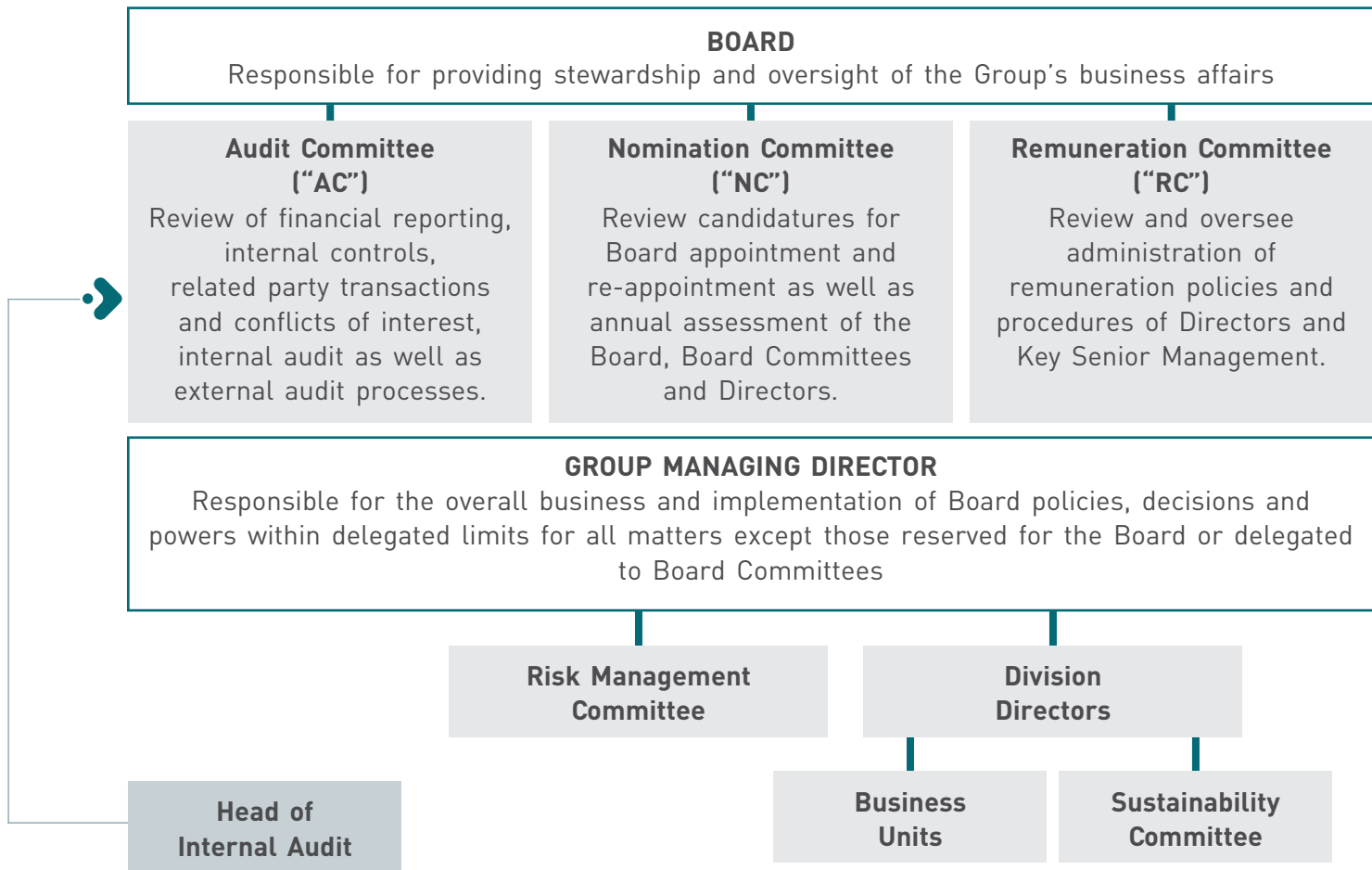
The Board delegates responsibility for the day-to-day operation of the businesses to the Group Managing Director who is assisted by the Deputy Group Managing Directors and the Executive Directors and recognises its responsibility for ensuring that the Company operates within a framework of prudent and effective controls.

In discharging its duties with due care, skill and diligence, the Company led by the Group Managing Director are driven and guided by the Value Creation Strategy as illustrated in page 20 of this Annual Report.

This Value Creation Strategy has been formalised and is disseminated to employees and continuously reinforced through their tenure with the Group.

As depicted in the following page illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of references and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

Corporate Governance Overview Statement (Cont'd.)



The Board articulates its roles and responsibilities in its Directors' Handbook, and describes those areas reserved for the Board's determination. The Board had adopted the Directors' Handbook in 2002. The Directors' Handbook specifies how Gamuda is governed so as to promote Gamuda and protect the interests of shareholders, including Board roles and responsibilities, membership and operations, and decision-making structures.

The Board believes that the Directors' Handbook, which sets out the roles, duties and responsibilities of the Company Directors and the broader issues of directors' ethics, amongst others, collectively with the various policies, procedures and practices that have been in place for a long time, the Constitution of the Company

and statutory and regulatory requirements, have effectively encapsulated the essence of the suggested contents of a Board charter.

There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power, as the roles of the Chairman and the Group Managing Director are distinct and separate. The Chairman of the Company is an Independent Non-Executive Director, which provides effective oversight over Management and reflects the Company's commitment to uphold corporate governance. The division of responsibilities between the Chairman and the Group Managing Director is clearly established and agreed by the Board.

The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance. Where necessary, the Chairman will conduct a separate session with the Non-Executive Directors (“NEDs”) prior to the commencement of a Board meeting, to allow for discussion on any pertinent issues raised by the NEDs and/or issues from the Management, as may be shared by the Chairman with the other NEDs. For the financial year under review, the Chairman has conducted a separate session with the NEDs on 27 June 2018 on the extension of the Group Managing Director’s contract of employment to ensure their views are not affected by the Management.

The Board is supported by suitably qualified and competent Company Secretaries who are members of the relevant professional bodies. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. The Constitution of the Company permits the removal of Company Secretaries by the Board. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties. The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group.

Besides the Directors’ Handbook, the Board has adopted a Directors’ Code of Conduct on 28 September 2016. In addition to the Company Directors’ Code of Ethics established by the Companies Commission of Malaysia, the Directors’ Code of Conduct is the Board’s commitment towards establishing a corporate culture which prescribes ethical conduct that permeates throughout the Company and ensuring the implementation of appropriate internal systems to support, promote and ensure its compliance. The Directors’ Code of Conduct is available for reference on Gamuda’s corporate website at www.gamuda.com.my.

The Board recognises the importance of prompt and timely dissemination of accurate and sufficient information concerning the Company and its Group to shareholders, investors and other stakeholders to enable them to make an informed decision. A Corporate Disclosure Policy for the Group was adopted on 28 September 2016 to set out the policies and procedures on disclosure of material information of the Group is being addressed, following emphasis by Bursa Securities as outlined in Bursa Securities’ Corporate Disclosure Guide. Accordingly, the Group Managing Director and/or the Executive Director evaluate the release of all major communications to investors or Bursa Securities. The Corporate Disclosure Policy is also available for reference on Gamuda’s corporate website at www.gamuda.com.my.

A Whistleblowing reporting procedure which encourages transparency and accountability within the Group is also in place. The Whistleblowing Policy of the Company was adopted in August 2011 following the introduction of the Whistleblower Protection Act 2010 to enhance the coverage and protection to whistleblowers, which encompasses report of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The aim of this policy is to encourage the reporting of such matters, in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal. The Whistleblowing Policy is available on Gamuda Employee Services (“GES”) for ease of access for reporting by employees and associates of the Group. Reports are submitted to the Head of Internal Audit via a Whistleblowing procedure that protects the integrity of the Group, and the security of the whistleblower.

Recognising the importance of Information Technology (“IT”) Governance, information security and cybersecurity threats to the Group, a half-day awareness session on Information Security was organised with a speaker from PricewaterhouseCoopers, to increase the awareness of information and cyber security issues for the Board members in February 2018.

Corporate Governance Overview Statement (Cont'd.)

This was followed with the release of the updated Information Security Policy ("ISP") on 1 April 2018. The ISP was renamed to Enterprise Wide Information Security Policy ("EWISP"). The main objective is to preserve Confidentiality, Integrity, Availability and Governance of Gamuda's information assets and to serve the following purposes:-

1. Employees understand and adhere to the policy statements.
2. Acquaint employees with information security risks and the expected way to address these risks.
3. Provide guidance to third parties with whom Gamuda exchanges and share information.
4. Clarify employees' responsibilities and duties with respect to the protection of information resources.
5. Enable managers and other employees to make appropriate decisions in relation to information security.
6. Reduce threats and vulnerability caused by improper control.

The EWISP is also available on the GES for ease of access by the Company's employees.

The Board views procurement as a critical area that needs to undergo transformation to a more strategic discipline and value-adding function to Gamuda's business. In order to survive the current industry volatility and responding to the pressure to deliver projects in a more transparent and cost-effective manner, steps will be undertaken to re-invent procurement and ensuring that the Group stay resilient. Procurement and supply chains are of the highest importance from the very beginning of every project that Gamuda undertake as a Group. In financial year 2018, a Group Digital Procurement Platform was rolled out to make procurement more effective; by using a consistent, collaborative approach leveraging on the SAP Ariba platform that embraces supply chain and procurement best practices to improve value and sustainable savings.

Board Composition

During the financial year under review, the Board comprises one (1) Group Managing Director, one (1) Deputy Group Managing Director, three (3) Executive Directors and a significant presence of four (4) NEDs of whom three (3) are Independent Directors. Hence, the Board's composition has fully complied with the provisions of the Listing Requirements of Bursa Securities for independent non-executive directors to make up at least one third (1/3rd) of the Board membership and for a director who is qualified under Paragraph 15.09 (1) (c) of Bursa Securities' Listing Requirements to sit on the Audit Committee.

Based on the review of the Board composition conducted through the Nomination Committee, the Board's composition was revamped effective 28 September 2018 in line with Practice 4.1 of the MCCG.

As of the date of this statement, the Board comprises one (1) Group Managing Director, one (1) Deputy Group Managing Director and a significant presence of five (5) NEDs of whom four (4) are Independent Directors.

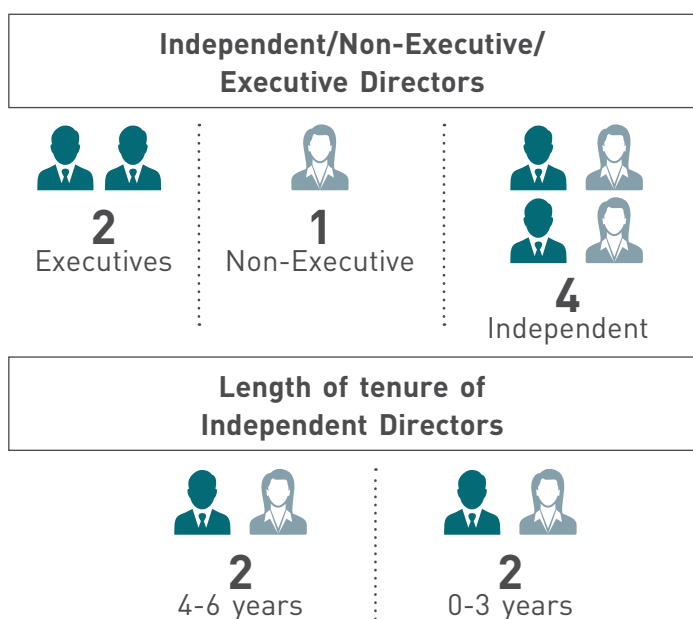
In evaluating candidates for appointment to the Board, the Nomination Committee and the Board will always evaluate and match the criteria of the candidate based on experience, skills, competencies, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).

Among the changes made to the Board composition are as follows:-

- a. Appointment of YBhg Tan Sri Dato' Setia Haji Ambrin bin Buang as an additional Independent Non-Executive Director of the Company.
- b. Resignation of the following Executive Directors (including their Alternate Directors) from the Board, namely:-
 - i. YBhg Dato' Haji Azmi bin Mat Nor Executive Director;
 - ii. YBhg Dato' Goon Heng Wah Executive Director (Alternate Director: Mr Chan Kong Wah); and
 - iii. Mr Saw Wah Theng Executive Director (Alternate Director: Mr Soo Kok Wong).

The aforesaid Executive Directors shall be re-designated as Key Senior Management and shall continue to carry their designations as Executive Directors to ensure continuity in management.

- c. Appointment of Encik Mohammed Rashdan bin Mohd Yusof ("Danny Rashdan") as the Alternate Director to YBhg Dato' Lin Yun Ling in place of YBhg Dato' Chow Chee Wah who shall cease as Alternate Director to YBhg Dato' Lin.



The biographical particulars of the Directors are set out in the Profile of Board of Directors section of this Annual Report. An updated list of Directors of the Company and their respective roles and functions has been maintained on the website of the Company together with the updated biographical particulars of each Director.

Following revamp to the Board composition, the Board size was reduced from nine members to seven members to enable effective and independent oversight by the Board. The organic movement of its Board members arose since Gamuda, being classified as a Large Company is conscious of the need to maintain a Board that is significantly independent.

The Board is satisfied that the new composition with majority Independent Directors does fairly represent the investment of the majority and minority shareholders in the Company. The new Board brings with it a broad range of business, financial, technical and public service background.

The Board is a firm believer in promoting diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board.

Recognising the benefits of diversity in its broad spectrum, the Board has adopted a Diversity and Inclusion Policy on 28 September 2016. The Board has consistently maintained the 30% women directors on its Board as it believes that women directors will add value to Board discussions by bringing new perspectives, approaches and ideas to help the Group succeed. Under the revamped Board composition, women representation on the Board is 43%, which has exceeded the 30% requirement.

The Company Directors are professionals in the fields of construction and engineering, finance, accounting, legal and toll infrastructure and experienced senior public administrators.

Corporate Governance Overview Statement (Cont'd.)

Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.

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

	Industry/ Background Experience					Age Composition		Ethnic Composition		Gender	
	Construction and Engineering	Public Services	Banking	Accounting/ Finance	Legal	50 to 59 years	60 to 69 years	Bumiputera	Non-bumiputera	Male	Female
Directors											
Dato' Mohammed Hussein			✓				✓	✓		✓	
Dato' Lin Yun Ling	✓						✓		✓	✓	
Dato' Ir Ha Tiing Tai	✓						✓		✓	✓	
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al Maghfur-lah					✓	✓		✓			✓
Tan Seri Dato' Setia Haji Ambrin Bin Buang		✓					✓	✓		✓	
Tunku Afwida binti Tunku A.Malek			✓	✓		✓		✓			✓
Nazli binti Mohd Khir Johari	✓			✓			✓	✓			✓

The profile of the Board members are set out on pages 46 to 54 of this Annual Report.

To ensure the continued effectiveness of the Board, the Company undertakes a formal evaluation each year in order to assess the effectiveness of the Board and the Audit Committee.

During the financial year 2018, an annual evaluation of the effectiveness of the Board as a whole and an annual self-evaluation of the Audit Committee were conducted. The evaluation process is led by the Nomination Committee's Chairman and supported by the Company Secretaries. The evaluation results are considered by the Nomination Committee, which then make

recommendations to the Board and are aimed at helping the Board to discharge its duties and responsibilities. The evaluation is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

The 2017/2018 Evaluations of the Board's performance and the 2017/2018 Audit Committee Self-Assessment have been structured to ensure a balanced and objective review by the Directors and the Audit Committee, respectively for the above key areas.

Following the two (2) evaluations, the Board concluded that the Board as a whole and its Board Committees have been effective in their overall discharge of function and duties. There was no apparent weaknesses/shortcoming identified that warrants specific action plan to address the same. Nevertheless, the Board agreed on enhancement areas relating to the training needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge to meet the needs of the Board.

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

Remuneration

The Board has in place a Remuneration Policy for Directors and Key Senior Management which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Gamuda Group. In this regard, the Remuneration Committee is responsible to review the said policy from time to time, to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The said policy was approved by the Board for adoption on 27 June 2018 and is available for reference on Gamuda's corporate website at www.gamuda.com.my.

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

In April 2018, the Remuneration Committee undertook the following reviews of the remuneration packages prepared by the Human Resource Department:-

1. The Group Managing Director's, Deputy Group Managing Director's and Executive Directors' remunerations.
2. The NEDs (include Independent Director) remuneration.
3. The proposed remuneration package of the new Deputy Group Managing Director who was appointed on 1 May 2018.

The objective of the above reviews was to align the Executive Directors' and NEDs' remuneration packages with the remuneration of Executive Directors and NEDs from peer companies in the same industries.

Detailed information on the Directors' remuneration for the financial year 2018 on a named basis are disclosed under Note 6 of the Financial Statements section in this Annual Report. The detailed information on the Company's top five Group Senior Management on a named basis are disclosed under Practice 7.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

On 28 September 2018, the composition of the Audit Committee was also reviewed and revised by the Board through the Nomination Committee to be in line with Practice 8.1 of the MCCG which requires that the Audit Committee Chairman and the Board Chairman to be held by different Independent Director of the Company.

Corporate Governance Overview Statement (Cont'd.)

A full Audit Committee Report enumerating its composition and its activities and the Internal Audit functions and activities during the financial year under review are set out on page 118 of this Annual Report.

The effectiveness, performance and independence of the external auditor i.e. Messrs Ernst & Young ("EY") is reviewed annually by the Audit Committee. The lead audit partner is required to rotate after a maximum of five years. If it becomes necessary to replace the external auditor for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditor has been delegated to the Audit Committee by the Board pursuant to the External Auditor Policy which was approved by the Board on 28 September 2017.

EY has provided the required confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement during the financial year ended 31 July 2018 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The Audit Committee has on 25 June 2018 and 24 September 2018, reviewed the suitability and independence of EY and is satisfied that EY has met the relevant criteria prescribed under Paragraph 15.21 of Bursa Securities' Listing Requirements. Thus, the Audit Committee has recommended that the Board approves EY's re-appointment for the ensuing financial year.

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

The Audit Committee also meets EY without the presence of the Executive Directors and Management as this allows for free and honest exchange of views and opinions on matters related to external auditors' audit and their findings. For this purpose, the Audit Committee and the external auditors met twice (September 2017 and June 2018) during the financial year under review.

The Audit Committee has considered the provision of the non-audit services by EY during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity as the amount of the fees paid for these services were not significant when compared to the total fees paid to the external auditors of RM1,324,000 (2017: RM1,250,000). The non-audit fees incurred for services rendered to the Group by the external auditors and its affiliates for the financial year ended 31 July 2018 was RM198,000 (2017: RM375,000).

Significant related party transactions of the Group for the financial year are disclosed in Note 41 of the Financial Statements section in this Annual Report. Except for those disclosed in the Financial Statements, there were no material contracts of the Group involving Directors' and major shareholders' interest during the period.

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

Risk Management and Internal Control Framework

The Board is responsible for all aspects of the Group's internal controls. The system of internal control, which is fully embedded into the operations of the Group, has been in place throughout the year, up to the date of this Annual Report. It includes financial, operating and compliance controls and risk management procedures.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives. In pursuing these objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement or loss.

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

The Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal control within the Group, is set out on pages 112 to 114 of this Annual Report.

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders and Investors

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

As part of its corporate governance initiatives, the Company has set up a full-time Investor Relations ("IR") unit which primary role is to implement effective IR policies and programmes. A comprehensive IR report enumerating its policy, practices and programmes, during the financial year under review are as set out on pages 40 to 41 of this Annual Report.

Conduct of General Meetings

Gamuda's annual general meeting is an important means of communicating with its shareholders. To ensure effective participation of, and engagement with shareholders at the Forty-first ("41st") Annual General Meeting ("AGM") of Gamuda held on 7 December 2017, all members of the Board except YBhg Dato' Haji Azmi bin Mat Nor, were present at the meeting to respond to the questions raised by the shareholders or proxies. YBhg Dato' Haji Azmi was in London to attend the New Civil Engineer Tunnelling Awards 2017 as the Company's joint venture project, the Klang Valley Mass Rapid Transit: Sungai Buloh – Kajang Line – Underground Work Package was named the "Highly Commended Project" under the Community Engagement Award Category.

The Chairman of the Board chaired the 41st AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The Finance Director presented the overall performance of the Company to the shareholders. The senior management of the Company was also present to respond to any enquiries from the shareholders. Further, in line with good Corporate Governance practices, more than 21 days' notice for AGMs has always been given to the shareholders of the Company.

Commercing from the Fortieth AGM in 2016, poll voting was conducted through electronic voting system. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at its AGMs.

This Corporate Governance Overview Statement was approved by the Board of Gamuda on 28 September 2018.

Training Programmes Attended by Directors

THE COMPANY BELIEVES THAT TRAINING FOR DIRECTORS IS AN ON-GOING PROCESS AS THE DIRECTORS NEED TO CONTINUALLY DEVELOP AND REFRESH THEIR KNOWLEDGE AND SKILLS, AND TO UPDATE THEMSELVES ON DEVELOPMENTS IN THE FINANCIAL AND BUSINESS LANDSCAPE BOTH DOMESTICALLY AND INTERNATIONALLY.

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

The Company Secretaries facilitate Directors' attendances at training programmes, conducted either in-house or by external parties and keep a complete record of the training received or attended by the Directors.

All Directors have successfully completed the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, newly appointed Directors (if appointed for the first time in a listed issuer) are required to attend MAP in full and procure a certificate from the programme organiser approved by Bursa Malaysia Securities Berhad confirming his/her completion of the MAP within four (4) months of his/her appointment.

The following two Directors were appointed on 28 September 2018, namely:-

1. YBhg Tan Sri Dato' Setia Haji Ambrin bin Buang; and
2. Encik Mohammed Rashdan bin Mohd Yusof.

As YBhg Tan Sri Dato' Setia Haji Ambrin has completed and attended the MAP on 6 and 7 November 2017, he is not required to attend the MAP again. As for Encik Mohammed Rashdan, the Company Secretaries will arrange for his MAP within four months from his date of appointment.

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

For the financial year ended 31 July 2018, all Directors have attended the following training programmes:-

Director	Topic
Dato' Mohammed Hussein	<ul style="list-style-type: none"> • Asian Institute of Chartered Bankers – Global Banking Conference • Gamuda Cyber Security Awareness 2018 • Navigating the VUCA World • Bank Negara Malaysia Dialogue Forum Re: Transformasi Nasional 2050 (TN50) Dialogue Session For The Finance Cluster • Bank Negara Malaysia's 2017 Annual Report/ Financial Stability and Payment Systems Report
Dato' Lin Yun Ling	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018
Dato' Ir Ha Tiing Tai	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018
Tunku Afwida binti Tunku A.Malek	<ul style="list-style-type: none"> • Cryptocurrency and Blockchain Technology • International Directors Summit 2017 • Gamuda Cyber Security Awareness 2018
Nazli binti Mohd Khir Johari	<ul style="list-style-type: none"> • Malaysian Code on Corporate Governance 2: Dealing with Issues and Expectations on Board Leadership and Effectiveness • 2018 Budget: Implications to the Malaysian Economy and Capital Market • Gamuda Cyber Security Awareness 2018
Tan Sri Dato' Setia Haji Ambrin bin Buang*	<ul style="list-style-type: none"> • The Mandatory Accreditation Programme (MAP)
Dato' Ubull Din Om <i>(Alternate to Dato' Ir Ha Tiing Tai)</i>	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018
Mohammed Rasdan bin Mohd Yusof* <i>(Alternate to Dato' Lin Yun Ling)</i>	<ul style="list-style-type: none"> • Food and Thought Event – “An Evening with Martin Gilbert”
Dato' Haji Azmi bin Mat Nor#	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018
Dato' Goon Heng Wah#	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018
Saw Wah Theng#	<ul style="list-style-type: none"> • Gamuda Cyber Security Awareness 2018

* Appointed on 28 September 2018

Resigned on 28 September 2018

Statement on Risk Management and Internal Control

BOARD'S RESPONSIBILITY

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

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

ONGOING PROCESS

- IDENTIFY RISKS
- EVALUATE RISKS
- MANAGE ALL SIGNIFICANT RISKS

RISK MANAGEMENT

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

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

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

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

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

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

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

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

Statement on Risk Management and Internal Control

- The Board of our associated companies include our representatives. Information on the financial performance of these associated companies is provided regularly to the Management and Board of the Company via regular management reports and presentations at Board meetings.
- In respect of joint ventures entered into by the Group, the Management of the joint ventures, which consist of representations from the Group and other joint venture partners, are responsible to oversee the administration, operation and performance of the joint venture. Financial and operational reports of these joint ventures are provided regularly to the Management of the Company.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

This Statement is made in accordance with the resolution of the Board dated 28 September 2018.

Risk Management Committee Report

MEMBERSHIP

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



01 YBhg Dato' Lin Yun Ling
Chairman/Group
Managing Director



05 Mr Saw Wah Theng
Member/
Group Executive Director



02 YBhg Dato' Ir Ha Tiing Tai
Member/Deputy Group
Managing Director



**06 YM Tunku Afwida binti
Tunku A.Malek**
Member/Independent
Non-Executive Director



**03 YBhg Dato' Haji Azmi
bin Mat Nor**
Member/Executive Director,
Head of Infrastructure
Concessions



07 YBhg Dato' Chow Chee Wah
Member/Chairman, Property
Development



04 YBhg Dato' Goon Heng Wah
Member/
Group Executive Director



08 YBhg Dato' Ubull Din Om
Member/Managing Director,
Engineering and Construction

Risk Management Committee Report (Cont'd.)

TERMS OF REFERENCE

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

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

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

MANAGING OPERATIONAL RISK

Risk Management Framework

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

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

- External Risk
- Internal Risk

Risk Identification, Evaluation and Ranking

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

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

Risk identification process shall also take into consideration of:

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

Thereafter, identified risks are evaluated as follow:

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

Risk Mitigation Measures

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

Major Risk Mitigation Measures	Engineering and Construction Division	Property Division	Infrastructure Concessions Division
Market			
Tracking economic and market conditions		✓	
Effective strategies on product, pricing and promotions		✓	
Operations			
Robust procurement system	✓	✓	✓
Close monitoring of construction work progress	✓	✓	
Stringent quality and safety standards	✓	✓	✓
Competent and experienced personnel	✓	✓	✓
Engaging with relevant government agencies	✓	✓	✓
Compliance with statutory requirements	✓	✓	✓
Adequate insurance coverage	✓	✓	✓
Public			
Sustaining good client relationship	✓	✓	
Adequate security measures	✓	✓	✓
Responsive Public Relations units	✓		✓
Effective emergency response teams	✓		✓

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

Risk Reporting and Monitoring

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

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

Audit Committee Report

MEMBERSHIP

The current composition of the Audit Committee is as follows:

1. **YM TUNKU AFWIDA BINTI TUNKU A.MALEK**
Chairperson/Independent Non-Executive Director
2. **YBHG DATO' MOHAMMED HUSSEIN**
Member/Independent Non-Executive Director
3. **PUAN NAZLI BINTI MOHD KHIR JOHARI**
Member/Independent Non-Executive Director

ATTENDANCE OF MEETINGS

During the financial year ended 31 July 2018, the Audit Committee met four times. The attendance of the Committee members is as follows:

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

TERMS OF REFERENCE

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

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

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

- i. the Group's quarterly and year-end financial results prior to submission to the Board for consideration and approval, focusing particularly on matters relating to changes in major accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirements;
- ii. the audit planning memorandum of the External Auditors in a meeting to discuss their audit strategy, audit focus and resources prior to commencement of their annual audit;
- iii. matters arising from the audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group;
- iv. the performance of the External Auditors and the recommendations to the Board on their reappointment and remuneration;
- v. the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- vi. the Statement of Corporate Governance, Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;
- vii. the risk-based annual audit plan and resource requirement proposed by the Internal Auditors for the Group;
- viii. the audit reports presented by the Internal Auditors on major findings, recommendations and Management's responses thereto;
- ix. the results of follow-up audits conducted by the Internal Auditors on the Management's implementation of audit recommendations;
- x. related party transactions as required under the Listing Requirements to ascertain that the transactions are conducted at arm's length prior to submission for the Board's consideration and, where appropriate, shareholders' approval; and
- xi. share option allocations pursuant to the ESOS of the Company during the financial year under review that was verified by the Internal Auditors. The Audit Committee was satisfied that the allocation of share options pursuant to the ESOS during the financial year ended 31 July 2018 was in compliance with the criteria set out in the ESOS by-laws and by the ESOS Committee.

Statement on Internal Audit

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

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

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

PRACTICES AND FRAMEWORK

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

SCOPE AND COVERAGE

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

- i. Marketing and Sales;
- ii. Collection and Credit Control;
- iii. Customer Service;
- iv. Public Relations and Communications;
- v. Contracts Management;
- vi. Procurement Management;
- vii. Project Management;

- viii. Production Management
- ix. Human Resource Management;
- x. Office Administration;
- xi. Management of Assets;
- xii. Statutory Compliance.

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

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

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

RESOURCES AND CONTINUOUS DEVELOPMENT

There are 18 internal auditors in the Group. The total cost incurred during the year was RM1,931,740 (this includes 10 auditors based at business units and projects. Cost incurred: RM480,040).

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

Additional Compliance Information

1. MEETING RECORDS OF DIRECTORS FOR FINANCIAL YEAR (“FY”) 2018

Name of Director	Board of Directors	NED*	Board Committee			
			Audit Committee#	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Mohammed Hussein	5/5	1/1	4/4	2/2	2/2	
Dato' Lin Yun Ling	5/5				2/2	1/1
Dato' Ir Ha Tiing Tai	4/5					1/1
Raja Dato' Seri Eleena Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	5/5	1/1			2/2	
Tan Sri Dato' Setia Haji Ambrin Buang ¹	-					
Tunku Afwida Tunku A.Malek	4/5	1/1	4/4	2/2		1/1
Nazli Mohd Khir Johari	5/5	1/1	4/4	2/2		
Dato' Haji Azmi Mat Nor ²	5/5					1/1
Dato' Goon Heng Wah ²	4/5					1/1
Saw Wah Theng ²	5/5					1/1
Total number of meetings for FY 2018	5	1	4	2	2	1

■ Chairman

■ Redesignated from Chairman to member in line with Practice 8.1 of the Malaysian Code on Corporate Governance

■ Redesignated as Chairperson in line with Practice 8.1 of the Malaysian Code on Corporate Governance

■ Member

□ Non-Member

Notes:-

¹ Appointed as Independent Non-Executive Director on 28 September 2018

² Resigned from the Board on 28 September 2018

* One Non-Executive Directors session was held on 27 June 2018

Two private sessions were held between the Audit Committee and the external auditors, Messrs Ernst & Young i.e. on 28 September 2017 and 25 June 2018

2. UTILISATION OF PROCEEDS

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

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Group by the external auditors, or a firm or corporation affiliated to the external auditors' firm companies for the financial year ended 31 July 2018 were RM1,324,000 and RM198,000 respectively.

As such, the non-audit fees incurred was not significant as it only accounted for 13% of the total fees payable.

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

Save as disclosed under Note 41 of the Financial Statements in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries involving the interest of its Directors, Chief Executive who is not a Director or major shareholders still subsisting at the end of the financial year ended 31 July 2018.

5. EMPLOYEES' SHARE OPTION SCHEME

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

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

Description	Number of Options (since commencement of ESOS to 31 July 2018)	
	Grand Total (RM'000)	Directors (RM'000)
(a) Granted	231,419	11,262
(b) Exercised	49,903	3,160
(c) Outstanding	181,516	8,102

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

Directors and Senior Management	During the financial year 2018	Since commencement up to 31 July 2018
(a) Aggregate maximum allocation	50%	50%
(b) Actual granted and accepted	0.3%	10%

The Company did not grant any options over the ordinary shares pursuant to the ESOS to the Non-Executive Directors of the Company.

Media Highlights



Gem Residences is 100% sold and Gamuda Land embarks on second site after successful bid win

The developer has successfully sold all units in the Gem Residences project, marking a significant milestone in its residential portfolio. Following this success, Gamuda Land has secured a second site for development, demonstrating its strong market presence and commitment to providing high-quality housing solutions.



Shifting construction to meet nation's housing needs

As the nation's population continues to grow, the demand for affordable housing remains high. Gamuda is actively shifting its construction focus to address these needs, ensuring that its projects align with national development goals and provide sustainable living environments for its residents.



Gamuda Cove keeps nature intact

New residential property to be developed with no effect on area's ecosystem

Gamuda Cove is a prime example of sustainable development, where modern residential infrastructure is seamlessly integrated with the natural environment. The project is designed to preserve the area's rich biodiversity and green spaces, ensuring a harmonious balance between urban living and nature.



Gamuda core net profit rises to RM818mil

Results boosted by jump in overseas property sales

Gamuda's financial performance has shown significant growth, with its core net profit reaching RM818 million. This increase is primarily driven by a strong surge in overseas property sales, reflecting the company's expanding international footprint and its ability to capture global market opportunities.



ALL READY TO CREATE WAVES

The company is well-prepared to tackle the challenges of the construction industry, with a focus on innovation and efficiency. By leveraging advanced technologies and skilled talent, Gamuda is positioned to create waves in the market and deliver exceptional value to its stakeholders.



NATURE SANCTUARY, FUTURE CITY

Concept: Live, work & leisure together in green spaces with urban design

The Nature Sanctuary project represents a vision of the future city, where urban living is intertwined with nature. The concept focuses on creating vibrant green spaces and integrated urban design, providing residents with a high quality of life and a sustainable living environment.



BUILDING TALENT FOR THE FUTURE

Enhancing technical skills and industry capabilities to drive innovation & growth

Gamuda IBS is committed to building a strong talent pipeline for the future. Through various training programs and industry collaborations, the company is enhancing the technical skills and industry capabilities of its workforce, ensuring they are equipped to drive innovation and growth in the construction sector.



Gamuda IBS optimises efficiency

The company is implementing advanced technologies and processes to streamline its operations and improve efficiency. By optimizing its internal systems and workflows, Gamuda IBS is able to deliver projects more effectively and reduce costs, ensuring a competitive edge in the market.



Kelebihan pod bilik mandi siap pasang

The company's modular bathroom pods offer a significant advantage in construction efficiency. These pre-fabricated units can be quickly installed on-site, reducing construction time and labor costs. This innovative approach allows for faster project completion and improved quality control, ensuring a superior end product for the customer.



AUTISM-FRIENDLY WORKPLACE

The company is committed to creating an inclusive and supportive work environment for all employees, including those with autism. By implementing autism-friendly workplace practices, Gamuda is fostering a culture of diversity and inclusion, where every employee can thrive and contribute to the company's success.



SPLASH deal may lead to more water projects for Gamuda

The acquisition of SPLASH is expected to open up new opportunities for Gamuda in the water infrastructure sector. This strategic deal may lead to more water projects, allowing the company to leverage its expertise in construction and infrastructure development to address the growing demand for water services.

Maintain outperform with a lower target price of RM4.30, from RM4.35: 1.6x1 Thursday, Gamuda Ltd announced that its 40%-owned associate Sparkel Prasarana Air Sungai Selangor Sdn Bhd (SPLASH) is expected to accept the takeover offer from Air Selangor for RM2.55 billion.

To recap, the proposed acquisition of SPLASH by Air Selangor includes 100% of SPLASH's ordinary shares and 100% of SPLASH's convertible subordinated loan stocks, with RM1.0 billion to be paid as upfront payment while the remaining RM1650 million will be settled with nine-year installments as part of their sale and purchase agreement (SPA) terms. Both Air Selangor and SPLASH are expected to finalise the terms and conditions of the SPA by Sept 14, 2018.

As highlighted in our previous report dated Aug 8, 2018, the offer price of RM2.55 billion from Air Selangor represents a 38% discount to its net book value of RM4.1 billion as of December 31, 2017, which we believe is a sweet deal for the Selangor state government. That said, the current offer is still higher than the net offer made back in 2014 of RM2260 million.

While the offer price of RM2.55 billion seems lower than expected, we believe this makes sense for Gamuda as the water saga in Selangor finally comes to an end, and they can now fully focus on their ongoing construction and development projects. That said, we also believe that Gamuda might potentially benefit from the resolution as we expect more water-related projects to be initiated in the future, within the next one to two years, as both federal and state governments could potentially allocate more budget in improving the infrastructure in the water sector, that is, more water treatment plant, pipe replacement etc.

We do not expect any special dividend arising from the proceeds from the disposal, as we believe that Gamuda may use it to pay down debts, which would bring down its net gearing from 0.55x to 0.42x. Its outstanding order book comfortably stands at RM6.4 billion with earnings visibility for the next three years. As for its property division, Gamuda ranked in RM1.5 billion worth of sales in H1B, bringing its annualised sales to RM2.4 billion with three-year earnings visibility.

For FY18, we reduce our net profit forecast by 30%, and core net profit by 5%, after factoring in the one-off loss of RM300 million and the loss of recurring income arising from the sale of SPLASH.

We believe that after the resolution of the water saga in Selangor, Gamuda would be able to move on and focus on future projects like the Fongus Transport Master Plan, and the third mass rapid transit project.

Downside risks to our conclusion: 1) unexpected delay of the second mass rapid transit project; 2) another deadlock in SPLASH takeover deal; 3) higher-than-expected input costs; and 4) lower-than-expected property sales.

— Easynote Research, Aug 10

Projek pertama Gamuda Land di Singapura dapat sambutan

Kemunculan subur di Singapura keputusan tepat

Malaysia Value
Malaysia
 Gamuda Land, anak syarikat pembangunan perumahan terbesar di Malaysia, telah melancarkan projek pertamanya di Singapura, The Park at Suntec City. Projek ini merupakan langkah pertama Gamuda Land untuk memperluas jangkauan ke pasaran Singapura. Projek ini menawarkan gaya hidup moden dengan kemudahan moden dan akses mudah ke pusat perniagaan dan hiburan. Gamuda Land percaya bahawa projek ini akan menjadi titik tolak untuk pembangunan perumahan di Singapura.



RESILIENT DEVELOPER REAPS BENEFITS IN VIETNAM

Gamuda Land Vietnam has successfully completed the construction of its first residential project in Hanoi, Vietnam. The project, known as The Park at Suntec City, has received positive feedback from the local market. Gamuda Land Vietnam is committed to providing high-quality residential developments in Vietnam.

Developer launches loyalty programme at fancy dinner

Discounts await buyers who make repeat purchases or recommendations



Enabling autistics to hold corporate jobs

Gamuda Land is committed to ensuring employment sustainability of its differently-abled trainees. The company has implemented various initiatives to support and empower autistic individuals in the workplace. This includes providing specialized training and creating an inclusive work environment. Gamuda Land believes in the potential of all individuals and is dedicated to fostering a diverse and talented workforce.



CREATIVE DESIGNS THE IBS WAY

Customising homes using Gamuda digital technology

Gamuda Land has introduced a new digital technology platform to customize home designs. This platform allows customers to explore various design options and make personalized choices for their homes. The use of digital technology streamlines the design process and ensures that customers receive high-quality, tailored living spaces. Gamuda Land is committed to innovation and providing exceptional customer experiences.

Landed homes with Gamuda IBS

Digital route to fast, flexible and quality designs

Gamuda Land's Integrated Building System (IBS) has revolutionized the construction of landed homes. By utilizing digital technology, the company can deliver faster, more flexible, and higher-quality designs. This approach optimizes the construction process, reduces costs, and ensures that customers receive modern and comfortable living environments. Gamuda Land is proud to showcase the results of its innovative IBS technology.



LIFE-CHANGING ACADEMY

IBS' Gamuda's Building Training Academy has been building future leaders



Gamuda Gardens to get its first high-rise project

Gamuda Gardens is set to launch its first high-rise residential project. The project, located in a prime location, offers modern living spaces with stunning views and world-class amenities. Gamuda Gardens is committed to providing high-quality residential developments that meet the needs of discerning homebuyers. The new high-rise project represents a significant milestone for Gamuda Gardens in the residential market.



TVET boost for local workforce

IBS' Gamuda's Building Training Academy enhances industry standards

Gamuda Land's Building Training Academy (BTA) has been instrumental in enhancing the skills and standards of the local workforce. Through its TVET (Technical, Vocational, and Entrepreneurial Training) programs, the academy provides comprehensive training for young professionals entering the industry. This initiative is crucial for addressing the skills gap and ensuring that the workforce is equipped with the latest industry knowledge and practical experience. Gamuda Land is committed to supporting the growth and development of the local workforce.



Gamuda Cove

Nature sanctuary, future idylly

Gamuda Cove is a nature sanctuary and future idyllic living space. The development features lush greenery, water features, and modern residential buildings, offering a harmonious blend of nature and urban living. Gamuda Cove is designed to provide a high-quality living environment that promotes well-being and sustainability. The project is a testament to Gamuda Land's commitment to creating beautiful and functional communities.



SUCCESSFUL FORAY INTO SINGAPORE MARKET

Gamuda Land's strong market presence leads to ground-breaking projects

Gamuda Land has successfully entered the Singapore market, marking a significant milestone for the company. The company's strong market presence and commitment to quality have led to several ground-breaking projects in Singapore. This success is a result of Gamuda Land's expertise in residential development and its ability to adapt to the local market. Gamuda Land is excited to continue its growth and provide high-quality residential developments in Singapore.



AWARDS and ACHIEVEMENTS

- * GAMUDA
- * GAMUDA LAND
- * MMC GAMUDA JOINT VENTURE



GAMUDA

- Best Project Award (Infrastructure), Malaysian Construction Industry Excellence Awards (MCIEA) 2017
- The Edge-Billion Ringgit Club Awards 2017 – The Highest Return on Equity Over Three Years (Construction)
- Builder of the Year Award, Malaysian Construction Industry Excellence Awards (MCIEA) 2016
- Best Corporate Responsibility (CR), Initiatives Award in the Big Cap Companies category at The Edge, Billion Ringgit Club (BRC) Corporate Awards 2016
- The Edge Billion Ringgit Club Awards 2015 – Most Profitable company (Highest Return on Equity Over Three Years) and Best Performing Stock (Highest Returns to Shareholders Over Three Years)
- International Achievement Award, Yen So Sewage Treatment Plant, Malaysian Construction Industry Excellence Awards (MCIEA) 2015
- 5-Star SCORE Rating, SCORE Programme 2014, Construction Industry Development Board Malaysia
- Highest Profit Growth Company (Construction), The Edge Billion Ringgit Club Awards 2013 and 2014
- MBAM Honorary Builder – Master Builders Association Malaysia Awards 2014
- Overall Best Managed Company in Malaysia – Mid Cap, Asia Money Awards 2013
- Best Performing Stock (Construction), The Edge Billion Ringgit Club Awards 2013
- Property and Construction Sector, Malaysia's 100 Leading Graduate Employers 2012
- Asia's Best Managed Companies, Euromoney
- Best Under a Billion 200 Companies, Forbes Global
- Best Managed Company and Strongest Commitment to Enhancing Shareholder Value, FinanceAsia
- Kaohsiung KVMRT, Air Quality Protection Model Award, The Environmental Bureau of Kaohsiung Country Government, Republic of China

GAMUDA LAND

- Yen So Sewage Treatment, Gamuda City, Vietnam – World Gold Award for Environmental (Rehabilitation/Conservation), FIABCI World Prix d'Excellence Awards 2018
- Horizon Hills Phase 2C – Winner of The Edge-PEPS Value Creation Excellence Award, The Edge Malaysia Property Excellence Awards 2017
- Madge Mansions – Winner of Residential (Mid-Rise) Category, FIABCI Malaysia Property Awards 2017
- Horizon Hills – Best Comprehensive Township, StarProperty.my Awards: Jewels of Johor 2017
- twentyfive.7 – Best Waterfront Development, iProperty Development Excellence Awards (iDEA) 2017
- Horizon Hills – Best Southern Development, iProperty Development Excellence Awards (iDEA) 2017
- The ZEN Residence at Gamuda Gardens Precinct, Gamuda City Vietnam – Best Universal Design Development Award, Vietnam Property Award 2017
- The ZEN Residence at Gamuda Gardens Precinct, Gamuda City Vietnam – Best Mid End Condo (Hanoi) Award, Vietnam Property Award 2017
- Gem Residences – Winner of Asia Property Awards Architecture & Development (Residential High-Rise) Category 2017 – 2018, International Property Awards
- Gamuda Land – All-Star Top Ranked Developers of the Year Award, StarProperty.my Awards 2017
- Valencia – Gold Award for Non-Strata Residential, Malaysia's Best Managed Property Award 2017
- Kota Permai Golf and Country Club – Malaysia's Best Maintained Golf Course, Malaysian Golf Awards 2017
- Horizon Hills Golf and Country Club – Winner of HAPA Golf Course of the Year, Hospitality Asia Platinum Awards (HAPA) Regional Series Awards 2016-2018
- Kota Permai Golf and Country Club – Winner of HAPA Golf Course of the Year, Hospitality Asia Platinum Awards (HAPA) Regional Series Awards 2016 – 2018

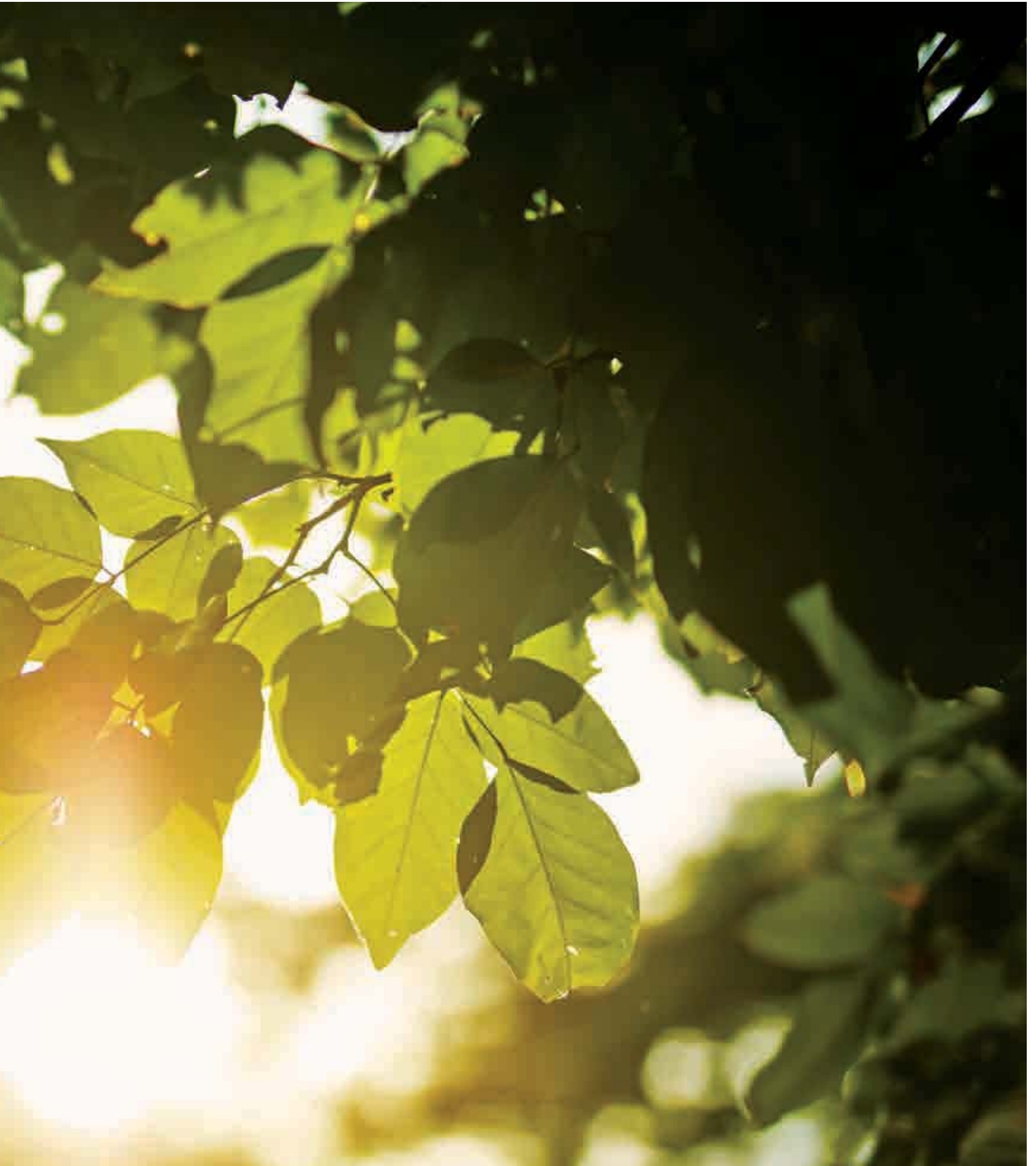
MMC GAMUDA JOINT VENTURE

- Innovation Award for Variable Density in Tunnelling Technique, Malaysian Construction Industry Excellence Awards (MCIEA) 2017
- Young Tunneller of the Year Award International Tunnelling Awards 2016
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Winner for Technical Innovation of the Year Category for the Variable Density Tunnel Boring Machine (VD TBM), International Tunnelling and Underground Space Awards 2014
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Winner of the International Safety Award 2015 (with Distinction) from the British Safety Council
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Honorary Certification for Safety and Health 2015 during construction at TRX Station by Department of Occupational Safety and Health (DOSH)
- Electrified Double Track Project (EDTP) (Ipoh-Padang Besar), Best Major Infrastructure Project (Special Mention) Malaysian Construction Industry Excellence Awards (MCIEA) 2015
- Electrified Double Track Project (EDTP) (Ipoh-Padang Besar), Construction Category, National Occupational Safety and Health (OSH) Excellence Award 2012
- SMART, United Nations Scroll of Honour Award, World Habitat Day
- SMART, Specialised Project (Purpose Built) Category, Runner Up, FIABCI Prix d'Excellence Awards, International Real Estate Federation (FIABCI)
- SMART, Best International Project, British Construction Industry Award
- SMART, Design and Construction Excellence Award, Institution of Engineers Malaysia
- SMART, Special Award for National Contribution, Malaysia Property Award, International Real Estate Federation (FIABCI), Malaysian Chapter
- SMART, Best Contractor Award, CIDB Malaysian Construction Industry Excellence Award
- SMART, Special Award for Innovation, CIDB Malaysian Construction Industry Excellence Award
- SMART, Special Award for Environment, CIDB Malaysian Construction Industry Excellence Award



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Directors' Responsibility Statement

In respect of Audited Financial Statements for the financial year ended 31 July 2018

The Directors are required by the Companies Act, 2016 ("Act") to prepare the financial statements for each financial year in accordance with applicable Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

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

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

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 2018.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	564,357	322,556
Attributable to:		
Owners of the Company	513,883	322,556
Non-controlling interests	50,474	–
	564,357	322,556

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2017 were as follows:

	RM'000
In respect of the financial year ended 31 July 2018:	
First interim dividend of 6 sen per ordinary share declared on 15 December 2017 and paid on 25 January 2018	147,347
Second interim dividend of 6 sen per ordinary share declared on 27 June 2018 and paid on 31 July 2018	148,080
	295,427

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

Directors' Report (Cont'd.)

DIRECTORS OF THE COMPANY

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

Y Bhg Dato' Mohammed bin Haji Che Hussein	
Y Bhg Dato' Lin Yun Ling*	
Y Bhg Dato' Ir. Ha Tiing Tai*	
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	
YM Tunku Afwida binti Tunku A.Malek	
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang	(Appointed w.e.f. 28.09.2018)
Puan Nazli binti Mohd Khir Johari	
Encik Mohammed Rashdan bin Mohd Yusof (alternate to Y Bhg Dato' Lin Yun Ling)	(Appointed w.e.f. 28.09.2018)
Y Bhg Dato' Ubull a/l Din Om* (alternate to Y Bhg Dato' Ir Ha Tiing Tai)	
Y Bhg Dato' Goon Heng Wah#	(Resigned w.e.f. 28.09.2018)
Y Bhg Dato' Haji Azmi bin Mat Nor#	(Resigned w.e.f. 28.09.2018)
Mr Saw Wah Theng#	(Resigned w.e.f. 28.09.2018)
Y Bhg Dato' Ir. Chow Chee Wah# (alternate to Y Bhg Dato' Lin Yun Ling)	(Resigned w.e.f. 28.09.2018)
Ir. Chan Kong Wah# (alternate to Y Bhg Dato' Goon Heng Wah)	(Resigned w.e.f. 28.09.2018)
Mr Soo Kok Wong# (alternate to Mr Saw Wah Theng)	(Resigned w.e.f. 28.09.2018)

* Directors of the Company and certain subsidiary(ies)

Their resignations were to facilitate compliance to Practice 4.1 of the Malaysian Code on Corporate Governance which recommends that the Board members of a large company to comprise a majority of independent directors. They remained directors of certain subsidiaries of the Company.

DIRECTORS OF THE SUBSIDIARIES

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

Adil Putra bin Ahmad
Andrew Edward Kesik
Azmi bin Mohamad
Caroline Baker

Directors' Report (Cont'd.)

DIRECTORS OF THE SUBSIDIARIES (CONT'D.)

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

Chew Wee Hwang
 Chua Chong Num
 Dato' Haji Abdul Sahak bin Safi
 Dato' Mohammad Imran bin Ismail
 Dato' Noordin bin Alaudin
 Dato' Seri Ir. Kamarul Zaman bin Mohd Ali
 Datuk Hasmi bin Hasnan
 Devananda Naraidoo
 Dr. Ooi Lean Hock
 Goh Chee Young
 Goh Khir Chaye
 Hajjah Norita binti Mohd Sidek
 Khoo Kay Chong
 Khor Thiam Chay
 Liang Kai Chong
 Looi Hong Weei
 Low Kim Teik
 Mohamed Reza bin Abdul Rahim
 Mohd Roslan bin Sarip
 Ng Hau Wei
 Ng Kit Cheong
 Ngan Chee Meng
 Nor Azlina binti Azman
 Reshi Kumar Emrit
 Sazally bin Saidi
 Sim Kwong Yong
 Szeto Wai Loong
 Tan Ek Khai
 Tan Sri Datuk Ooi Kee Liang
 Tang Meng Loon
 Tariq Syed Usman
 Teh Teck Seong
 Vaneeta Bickoo Brelu-Brelu
 Wong Mun Keong
 Wong Ping Eng
 Wong Tsien Loong
 Yap Peng Loong
 Yeoh Hin Kok

Directors' Report (Cont'd.)

DIRECTORS OF THE SUBSIDIARIES (CONT'D.)

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

Alvin Goh Gin Leng	(Resigned w.e.f. 30.04.2018)
Lee Han Ming	(Resigned w.e.f. 31.07.2018)
Richard Lim Kim Ong	(Resigned w.e.f. 02.01.2018)
Sivakumar a/l Ramasamy	(Resigned w.e.f. 28.02.2018)
Stephen Goh Chin Seng	(Resigned w.e.f. 19.07.2018)
Yap Yen Fung	(Resigned w.e.f. 19.09.2018)

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 or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 41 to the financial statements.

Directors' benefits are as disclosed in Note 6 to the financial statements.

The Company maintains a liability insurance for the directors and officers of the Company and its subsidiaries throughout the financial year, which provides insurance cover of RM30,000,000. The amount of insurance premium paid by the Company for the year ended 31 July 2018 was RM37,773 (2017: RM37,776).

Directors' Report (Cont'd.)

DIRECTORS' INTERESTS

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

Gamuda Berhad	← Number of ordinary shares →			
	1 August 2017	Bought/ exercise of ESOS/ Conversion of Warrants	Sold	31 July 2018
Direct holding				
Y Bhg Dato' Lin Yun Ling	73,535,736	1,500,000	–	75,035,736
Y Bhg Dato' Ir. Ha Tiing Tai	21,554,276	5,382,000	–	26,936,276
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	–	–	225,000
Y Bhg Dato' Goon Heng Wah	15,628,300	–	–	15,628,300
Y Bhg Dato' Haji Azmi bin Mat Nor	316,600	–	–	316,600
Mr Saw Wah Theng	804,775	–	–	804,775
Y Bhg Dato' Ir. Chow Chee Wah	435,000	–	–	435,000
Ir. Chan Kong Wah	460,000	40,000	(50,000)	450,000
Mr Soo Kok Wong	315,800	–	–	315,800
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai [#]	16,000	–	–	16,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah [*]	118,000,000	–	–	118,000,000
Y Bhg Dato' Goon Heng Wah [#]	5,755,432	–	–	5,755,432

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

Deemed interest through spouse

Directors' Report (Cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

Employees' Share Option Scheme

	Exercise price RM	Number of options		31 July 2018
		1 August 2017	Granted Exercised	
Y Bhg Dato' Lin Yun Ling	4.46	1,500,000	-	1,500,000
	3.84	1,500,000	-	-
Y Bhg Dato' Ir. Ha Tiing Tai	4.46	800,000	-	-
	3.84	800,000	-	-
Y Bhg Dato' Goon Heng Wah	4.46	600,000	-	600,000
	3.84	600,000	-	600,000
Y Bhg Dato' Haji Azmi bin Mat Nor	4.46	500,000	-	500,000
	3.84	500,000	-	500,000
Mr Saw Wah Theng	4.46	600,000	-	600,000
	3.84	600,000	-	600,000
Y Bhg Dato' Ubull a/l Din Om	4.46	325,000	-	325,000
	3.84	325,000	-	325,000
	4.78	65,000	-	65,000
Y Bhg Dato' Ir Chow Chee Wah	4.46	500,000	-	500,000
	3.84	500,000	-	500,000
Ir. Chan Kong Wah	4.46	500,000	-	500,000
	3.84	440,000	-	440,000
Mr Soo Kok Wong	4.46	253,000	-	253,000
	3.84	252,000	-	252,000
	3.38	-	102,000	102,000

Directors' Report (Cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

Warrants 2016/2021

	Number of warrants			31 July 2018
	1 August 2017	Bought	Converted/ Sold	
Direct holding				
Y Bhg Dato' Lin Yun Ling	12,883,600	-	-	12,883,600
Y Bhg Dato' Ir. Ha Tiing Tai	3,782,000	-	(3,782,000)	-
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	-	-	40,300
Y Bhg Dato' Goon Heng Wah	2,741,600	-	-	2,741,600
Y Bhg Dato' Haji Azmi bin Mat Nor	58,200	-	-	58,200
Mr Saw Wah Theng	143,500	-	-	143,500
Y Bhg Dato' Ir. Chow Chee Wah	78,000	-	-	78,000
Ir. Chan Kong Wah	71,900	-	-	71,900
Mr Soo Kok Wong	57,000	-	-	57,000
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai [#]	2,800	-	-	2,800
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah [*]	18,663,000	-	(863,000)	17,800,000
Y Bhg Dato' Goon Heng Wah [#]	1,000,000	-	-	1,000,000

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

[#] Deemed interest through spouse

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

Directors' Report (Cont'd.)

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM2,450,745,143 to RM2,467,991,951 (excluding share premium) by way of:

- (a) issuance of 13,099,000 new ordinary shares for cash arising from the exercise of options under the Company's ESOS as disclosed in Note 27(f) to the financial statements.
- (b) issuance of 4,147,808 new ordinary shares for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016 as disclosed in Note 27(d) to the financial statements.

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

EMPLOYEES' SHARE OPTION SCHEME

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

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

WARRANTS 2016/2021

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

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 6 March 2021. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll dated 22 January 2016. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 388,800,613 Warrants remained unexercised.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Group and the Company might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report (Cont'd.)

OTHER STATUTORY INFORMATION (CONT'D.)

(g) The Company has been granted exemption by the Companies Commission of Malaysia for its three subsidiaries from having to comply with Section 247(3) of the Companies Act 2016 to adopt a financial year end which coincides with that of its holding company for the financial year ended 31 July 2018 as follows:

- (i) Gamuda Land Vietnam Limited Liability Company and Gamuda Land (HCMC) Joint Stock Company with June financial year end; and
- (ii) Gamuda – WCT (India) Private Limited with March financial year end.

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

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

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	1,324	266
Other auditors	50	31
	1,374	297

INDEMNIFICATION OF AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2018.

Dato' Mohammed bin Haji Che Hussein
Chairman

Dato' Ir. Ha Tiing Tai
Deputy Group Managing Director

Statement by Directors

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

We, Dato' Mohammed bin Haji Che Hussein and Dato' Ir. Ha Tiing Tai, 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 148 to 323 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2018.

Dato' Mohammed bin Haji Che Hussein
Chairman

Dato' Ir. Ha Tiing Tai
Deputy Group Managing Director

Statutory Declaration

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

I, Saw Wah Theng, being the officer primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 148 to 323 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 Puchong in Selangor Darul
Ehsan on 20 October 2018

Saw Wah Theng

Before me,
Ng Say Jin (No. B195)
Commissioner for Oaths

Independent Auditors' Report

to the members of Gamuda Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gamuda Berhad, which comprise the statements of financial position as at 31 July 2018 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 148 to 323.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis For Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

Key Audit Matters (cont'd.)

1. *Revenue and cost of sales from property development activities*

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 July 2018, property development revenue of RM1,785,569,000 and cost of sales of RM1,369,031,000 accounted for approximately 42% and 46% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

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

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

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

- i. Obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost including the provisions and allocations of low cost housing and common infrastructure costs over the life of township development, profit margin and percentage-of-completion of property development activities;
- ii. Performed detailed procedures, for individually significant projects, on the contractual terms and conditions and their relationship to revenue and costs incurred. These procedures include, perusing the terms and conditions stipulated in the sales and purchase agreements entered into with customers and construction agreements including letters of award entered into with main and sub-contractors. We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;
- iii. Observed the progress of the property development phases by performing site visit and examined physical progress reports. We have also discussed the status of on-going property development phases with management, finance personnel and project officials;

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

Key Audit Matters (cont'd.)

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

In addressing this area of focus, we performed, amongst others, the following procedures: (cont'd.)

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

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

2. *Revenue and cost of sales from construction contracts*

A significant proportion of the Group's revenues and profits are derived from construction contracts which span more than one accounting period. For the financial year ended 31 July 2018, construction contracts revenue of RM1,655,031,000 and contract costs of RM1,238,615,000 in respect of the construction contracts accounted for approximately 39% and 41% of the Group's total revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for the construction contracts.

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

- i. Judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue; and
- ii. Estimates made in respect of the total estimated contract costs (which forms part of the computation of percentage-of-completion for the construction contracts).

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

- i. Read the contract to obtain an understanding of the specific terms and conditions;
- ii. Obtained an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by the management in estimating variation orders, claims, total contract costs, profit margin and percentage-of-completion of the contract;
- iii. Observed the progress of the constructions by performing site visit and examined physical progress reports. We have also discussed the status of on-going constructions with management, finance personnel and project officials;

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

Key Audit Matters (cont'd.)

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

In addressing this area of focus, we performed, amongst others, the following procedures: (cont'd.)

- iv. Agreed the amounts to approved variation order forms with respect to variations in contract works and claims for costs not included in the contract price;
- v. Evaluated the assumptions applied in the determination of percentage-of-completion in light of supporting evidence such as letters of award, approved purchase orders, sub-contractors' claims and invoices; and
- vi. Reviewed management's workings on the computation of percentage-of-completion.

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

3. *Investment in an associate - Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")*

The carrying amount of the Group's investment in SPLASH as at 31 July 2018 accounted for approximately 61.2% and 6.6% of the Group's total investments in associates and the Group's total assets respectively.

Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH SB") a wholly-owned subsidiary of SPLASH is the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. As part of the National Water Services Industry Restructuring Initiatives, SPLASH had on 28 September 2018 entered into a conditional share purchase agreement with Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") in respect of Air Selangor's proposed purchase of 100% equity and 100% redeemable unsecured loan stocks "RULS" in SPLASH SB ("the SPA") for a purchase consideration of RM2,550,000,000.

The Group has assessed that there are indications of impairment for its investment in SPLASH, when comparing the carrying amount of SPLASH's investment in SPLASH SB against the purchase consideration of the SPA. Due to the significance of the investment in SPLASH and subjectivity involved in the impairment test, we consider this impairment test to be an area of audit focus.

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

- i. We discussed the status of the proposed disposal with the management of the Group and SPLASH;
- ii. We obtained an understanding of the relevant internal controls of the Group over estimating the recoverable amount of investment in SPLASH;
- iii. We reviewed the share purchase agreement between SPLASH and Air Selangor for the proposed disposal of SPLASH's entire equity interest and RULS in SPLASH SB for the recoverable amount of investment in SPLASH based on the purchase consideration of the SPA; and
- iv. We evaluated the Group's carrying amount of investment in SPLASH as at 31 July 2018.

The Group's disclosure on investment in associates is included in Note 18 to the financial statements.

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

Key Audit Matters (cont'd.)

4. Impairment of expressway development expenditure ("EDE") in a joint venture - Projek SMART Holdings Sdn. Bhd.

As at 31 July 2018, the carrying amount of the Group's interest in a joint venture, Projek SMART Holdings Sdn. Bhd. ("PSHSB") was RM47,563,324. The Group's share of PSHSB's losses for the current year amounted to RM2,867,221 which was mainly attributed to the continued decline in traffic volume of the expressway managed by PSHSB. This indicated that the carrying amount of the Group's investment in PSHSB may be impaired.

Accordingly, the Group performed an impairment test of the investment in joint venture by estimating the recoverable amount using value-in-use ("VIU") with the involvement of an independent traffic volume consultant. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating units, and discounting them at an appropriate rate.

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

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

- i. Obtained an understanding of the relevant internal controls over estimating the recoverable amount of the EDE in PSHSB;
- ii. We considered the objectivity, independence, expertise and experience of the independent traffic volume consultant engaged by the Group;
- iii. Obtained an understanding of the methodology adopted by management in estimating the recoverable amount and assessed whether such methodologies are consistent with those used in the industry; and
- iv. Assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

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

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

Information Other than the Financial Statements and Auditor's Report

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

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

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

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

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

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

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

OTHER MATTERS

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

Ernst & Young

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

20 October 2018

Tan Shium Jye

No. 02991/05/2020 J

Chartered Accountant

Consolidated Income Statement

For the financial year ended 31 July 2018

	Note	2018 RM'000	2017 RM'000
Revenue	4	4,227,060	3,211,403
Other income		185,267	152,167
Construction contract costs recognised as contract expenses		(1,238,615)	(811,568)
Land and development costs		(1,369,031)	(1,139,409)
Highway maintenance and toll operations		(32,896)	(32,584)
Changes in inventory of finished goods and work in progress		(7,506)	(6,941)
Purchases – raw materials		(103,864)	(50,523)
– trading materials		(162,987)	(57,520)
Production overheads		(86,955)	(71,166)
Staff costs	5	(249,115)	(206,567)
Depreciation and amortisation		(176,203)	(147,884)
Other operating expenses		(288,523)	(157,158)
Profit from operations	7	696,632	682,250
Finance costs	8	(96,070)	(104,321)
Share of (losses)/profits of associated companies	(i)	(94,823)	208,713
Share of profits of joint ventures	(ii)	223,563	39,360
Profit before tax		729,302	826,002
Income tax expense	9	(164,945)	(169,777)
Profit for the year		564,357	656,225
Profit attributable to:			
Owners of the Company		513,883	602,093
Non-controlling interests		50,474	54,132
		564,357	656,225
Earnings per share attributable to owners of the Company (sen)			
Basic	10(a)	20.89	24.78
Diluted	10(b)	20.88	23.82
Net dividends per ordinary share (sen)	11	12.0	12.0

Notes:

- (i) Included in share of losses of associated companies is an impairment loss of RM300,051,000, arising from the disposal of SPLASH for year ended 31 July 2018.
- (ii) Included in share of profits of joint ventures is an impairment loss on expressway development expenditure amounting to RM98,452,000 for year ended 31 July 2017.

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 2018

	2018 RM'000	2017 RM'000
Profit for the year	564,357	656,225
Other comprehensive (loss)/income:		
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation	(204,383)	102,514
Share of associated companies' foreign currency translation	(19,666)	8,612
Net asset accretion in an associated company arising from capital contribution	3,251	14,859
Other comprehensive (loss)/income for the year, net of tax	(220,798)	125,985
Total comprehensive income for the year	343,559	782,210
Total comprehensive income attributable to:		
Owners of the Company	294,808	726,763
Non-controlling interests	48,751	55,447
	343,559	782,210

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

Consolidated Statement of Financial Position

As at 31 July 2018

	Note	2018 RM'000	2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	1,009,191	617,250
Land held for property development	13(a)	2,783,457	2,907,537
Investment properties	14	363,578	309,599
Land use rights	15	1,895	2,320
Expressway development expenditure	16	1,421,203	1,545,042
Interests in associated companies	18	1,814,717	2,018,336
Interests in joint arrangements	19	961,294	895,877
Other investments	20	812	812
Deferred tax assets	32	39,219	74,369
Receivables	22(b)	1,005,967	964,511
		9,401,333	9,335,653
Current assets			
Property development costs	13(b)	2,175,988	2,305,261
Inventories	21	491,758	228,163
Receivables	22(a)	3,104,930	2,845,496
Tax recoverable		42,293	13,475
Investment securities	23	384,271	462,400
Cash and bank balances	26	1,238,634	579,728
		7,437,874	6,434,523
Total assets		16,839,207	15,770,176

Consolidated Statement of Financial Position (Cont'd.)

As at 31 July 2018

	Note	2018 RM'000	2017 RM'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	27	3,452,940	3,372,368
Reserves		4,114,905	4,103,622
Owners' equity		7,567,845	7,475,990
Non-controlling interests		383,681	369,130
Total equity		7,951,526	7,845,120
Non-current liabilities			
Payables	31(a)	205,185	194,545
Provision for liabilities	37	258,705	130,097
Deferred tax liabilities	32	400,672	419,181
Long term borrowings	33	4,249,964	4,614,646
		5,114,526	5,358,469
Current liabilities			
Short term borrowings	34	1,486,736	628,647
Payables	31(b)	2,167,037	1,814,292
Provision for liabilities	37	74,320	56,809
Tax payable		45,062	66,839
		3,773,155	2,566,587
Total liabilities		8,887,681	7,925,056
Total equity and liabilities		16,839,207	15,770,176

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 2018

Group	Attributable to owners of the Company							Non-controlling interests RM'000	Total equity RM'000
	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 2017	3,372,368	-	44,794	525,606	3,533,222	7,475,990	369,130	7,845,120	
Total comprehensive income	-	-	-	(219,075)	513,883	294,808	48,751	343,559	
Transactions with owners:									
Issuance of ordinary shares pursuant to:									
Exercise of ESOS (Note 27(f))	53,790	-	-	-	-	53,790	-	53,790	
Conversion of Warrants (Notes 27(d) and 28)	17,836	-	-	(1,037)	-	16,799	-	16,799	
Share options granted under ESOS	-	-	21,885	-	-	21,885	-	21,885	
Share options exercised under ESOS	8,946	-	(8,946)	-	-	-	-	-	
Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	(34,200)	(34,200)	
Dividends (Note 11)	-	-	-	-	(295,427)	(295,427)	-	(295,427)	
Total transactions with owners									
At 31 July 2018	80,572	-	12,939	(1,037)	(295,427)	(202,953)	(34,200)	(237,153)	
At 31 July 2018	3,452,940	-	57,733	305,494	3,751,678	7,567,845	383,681	7,951,526	

Consolidated Statement of Changes in Equity (Cont'd.)

For the financial year ended 31 July 2018

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

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

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2018

	2018 RM'000	2017 RM'000
Cash flows from operating activities		
Profit before tax	729,302	826,002
Adjustments for:		
Amortisation of land use rights	425	425
Amortisation of expressway development expenditure	126,689	109,263
Depreciation		
– Property, plant and equipment	42,693	31,253
– Investment properties	6,673	6,943
Property, plant and equipment written off	117	14
Inventories written down	–	4,221
Provision for liabilities	6,979	5,060
Provision for retirement benefits	5,470	4,800
Provision for short term accumulating compensated absences	1,860	1,181
Net gain on disposal of property, plant and equipment	(3,514)	(3,030)
Net gain on disposal of investment properties	(2,443)	(3,817)
Share of losses/(profits) from associated companies	94,823	(208,713)
Share of profits from joint ventures	(223,563)	(39,360)
Share options granted under ESOS	21,885	28,533
Unrealised (gain)/loss on foreign exchange	(370)	712
Impairment loss on:		
– Trade receivables	63,311	26,060
– Discount provided on settlement scheme	70,056	–
Net fair value (gain)/loss on derivatives	(1,495)	3,309
Distribution from investment securities	(16,309)	(20,439)
Net unwinding of discount	(72,404)	(2,784)
Interest income	(34,446)	(23,504)
Interest expense	88,767	77,815
Operating profit before working capital changes	904,506	823,944
Increase in development properties	(21,022)	(337,440)
Decrease/(Increase) in inventories	128,466	(29,438)
Increase in receivables	(348,260)	(1,062,357)
Increase in payables	276,007	499,632
Cash generated from/(used in) operations	939,697	(105,659)
Income taxes paid	(198,901)	(180,561)
Interest paid	(237,676)	(222,678)
Retirement benefits paid	(743)	(444)
Net cash generated from/(used in) operating activities	502,377	(509,342)

Consolidated Statement of Cash Flows (Cont'd.)

For the financial year ended 31 July 2018

	2018 RM'000	2017 RM'000
Cash flows from investing activities		
Purchase of land held for property development	–	(208,719)
Purchase of property, plant and equipment	(453,248)	(233,615)
Purchase of investment properties	(53,760)	(24,214)
Proceeds from disposal of property, plant and equipment	4,400	5,890
Proceeds from disposal of investment properties	3,442	4,851
Additions to expressway development expenditures	(2,850)	(30,963)
Net proceeds from disposal of investment securities	78,129	181,787
Capital repayment from associated companies	2,500	14,764
Dissolution of subsidiaries	–	1,760
Redemption/(additional) of interest in a joint venture	53,938	(850)
Placement of deposits with tenure more than 3 months	(181,315)	(7,610)
Distribution received from investment securities	16,309	20,439
Acquisition of interest in an associated company	–	(3,000)
Dividend received from associated companies	89,881	80,366
Dividend received from a joint venture	88,000	158,500
Interest received	34,446	23,504
Net cash used in investing activities	(320,128)	(17,110)
Cash flows from financing activities		
Repayment of borrowings	(777,522)	(589,159)
Drawdown of borrowings	1,353,159	1,042,367
Proceeds from exercise of ESOS	53,790	123,243
Proceeds from conversion of warrants	16,799	5,256
Dividends paid to shareholders	(295,427)	(292,436)
Dividends paid to non-controlling interests	(34,200)	(18,000)
Issuance of shares by subsidiaries to non-controlling interest	–	350
Net cash generated from financing activities	316,599	271,621
Net increase/(decrease) in cash and cash equivalents	498,848	(254,831)
Effects of exchange rate changes	(21,257)	(1,777)
Cash and cash equivalents at beginning of year	499,477	756,085
Cash and cash equivalents at end of year (Note 26)	977,068	499,477

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	2018 RM'000
At 1 August 2017	5,243,293
Repayment of borrowings	(777,522)
Drawdown of borrowings	1,353,159
Effects of exchange rate changes	(82,230)
At 31 July 2018	5,736,700

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

Income Statement

For the financial year ended 31 July 2018

	Note	2018 RM'000	2017 RM'000
Revenue	4	1,603,102	1,170,904
Other income		167,697	182,989
Construction contract costs recognised as contract expenses		(1,152,144)	(751,080)
Staff costs	5	(74,425)	(70,987)
Depreciation		(7,035)	(6,014)
Other operating expenses*		(61,114)	(136,168)
Profit from operations	7	476,081	389,644
Finance costs	8	(100,316)	(98,184)
Profit before tax		375,765	291,460
Income tax expense	9	(53,209)	(67,886)
Profit for the year		322,556	223,574
Net dividends per ordinary share (sen)	11	12.0	12.0

* Included in other operating expenses of the prior year was an impairment loss on interest in a joint venture amounting to RM112,000,000 (2018: RM Nil).

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 2018

	2018 RM'000	2017 RM'000
Profit for the year	322,556	223,574
Other comprehensive (loss)/income:		
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation	(7,324)	5,404
Other comprehensive (loss)/income for the year, net of tax	(7,324)	5,404
Total comprehensive income for the year	315,232	228,978

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

Statement of Financial Position

As at 31 July 2018

	Note	2018 RM'000	2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	302,416	179,102
Investment properties	14	10,120	10,272
Investments in subsidiaries	17	4,638,316	4,078,297
Interests in associated companies	18	443,364	445,864
Interests in joint arrangements	19	147,477	147,477
Other investments	20	733	733
Deferred tax assets	32	-	16,423
Receivables	22(b)	200,435	21,536
Due from subsidiaries	25	594,080	618,091
		6,336,941	5,517,795
Current assets			
Inventories	21	4,692	14,509
Receivables	22(a)	740,124	987,016
Due from subsidiaries	25	1,069,512	961,847
Investment securities	23	21,504	19,072
Cash and bank balances	26	79,233	28,136
		1,915,065	2,010,580
Total assets		8,252,006	7,528,375

Statement of Financial Position (Cont'd.)

As at 31 July 2018

	Note	2018 RM'000	2017 RM'000
Equity and liabilities			
Share capital	27	3,452,940	3,372,368
Reserves		1,500,001	1,468,294
Owners' equity		4,952,941	4,840,662
Non-current liabilities			
Payables	31(a)	33,574	38,439
Deferred tax liabilities	32	3,929	-
Long term borrowings	33	1,500,000	1,400,000
		1,537,503	1,438,439
Current liabilities			
Short term borrowings	34	950,000	455,647
Payables	31(b)	743,103	711,233
Due to subsidiaries	36	62,040	55,991
Provision for liabilities	37	2,994	-
Tax payable		3,425	26,403
		1,761,562	1,249,274
Total liabilities		3,299,065	2,687,713
Total equity and liabilities		8,252,006	7,528,375

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 2018

	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	
Company						
At 1 August 2017	3,372,368	-	44,794	111,028	1,312,472	4,840,662
Total comprehensive income	-	-	-	(7,324)	322,556	315,232
Transactions with owners:						
Issue of ordinary shares pursuant to:						
Exercise of ESOS (Note 27(f))	53,790	-	-	-	-	53,790
Conversion of Warrants (Notes 27(d) and 28)	17,836	-	-	(1,037)	-	16,799
Share options granted under ESOS	-	-	21,885	-	-	21,885
Share options exercised under ESOS	8,946	-	(8,946)	-	-	-
Dividends (Note 11)	-	-	-	-	(295,427)	(295,427)
Total transactions with owners	80,572	-	12,939	(1,037)	(295,427)	(202,953)
At 31 July 2018	3,452,940	-	57,733	102,667	1,339,601	4,952,941
Company						
At 1 August 2016	2,418,993	813,365	27,447	105,949	1,372,902	4,738,656
Total comprehensive income	-	-	-	5,404	223,574	228,978
Transactions with owners:						
Issue of ordinary shares pursuant to:						
Exercise of ESOS (Note 27(f))	30,454	92,789	-	-	-	123,243
Conversion of Warrants (Notes 27(d) and 28)	1,298	4,283	-	(325)	-	5,256
Share options granted under ESOS	-	-	28,533	-	-	28,533
Share options exercised under ESOS	-	11,186	(11,186)	-	-	-
Dissolution of a branch	-	-	-	-	8,432	8,432
Dividends (Note 11)	-	-	-	-	(292,436)	(292,436)
Effect of implementation of Companies Act 2016 (Note 27(b))	921,623	(921,623)	-	-	-	-
Total transactions with owners	953,375	(813,365)	17,347	(325)	(284,004)	(126,972)
At 31 July 2017	3,372,368	-	44,794	111,028	1,312,472	4,840,662

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

Statement of Cash Flows

For the financial year ended 31 July 2018

	2018 RM'000	2017 RM'000
Cash flows from operating activities		
Profit before taxation	375,765	291,460
Adjustments for:		
Depreciation		
– Property, plant and equipment	6,882	5,862
– Investment properties	152	152
Provision for retirement benefits	816	481
Provision of short term accumulating absences	440	104
Net (gain)/loss on disposal of property, plant and equipment	(2,869)	134
Property, plant and equipment written off	–	3
Unrealised loss/(gain) on foreign exchange	43,144	(45,516)
Impairment losses on trade receivables	–	26,525
Impairment losses on investment	–	112,000
Share options granted under ESOS	21,885	28,533
Dividend income	(233,639)	(271,584)
Distribution from investment securities	(1,577)	(4,835)
Net unwinding of discount	(4,264)	12,018
Interest income	(129,457)	(121,011)
Interest expense	98,279	84,465
Operating profits before working capital changes	175,557	118,791
(Increase)/decrease in due from subsidiaries	(83,654)	419,831
Increase in due to subsidiaries	6,049	35,467
Decrease/(increase) in inventories	9,817	(14,501)
Decrease/(increase) in receivables	75,819	(222,587)
(Decrease)/increase in payables	(64,943)	188,894
Cash generated from operations	118,645	525,895
Dividend received	233,639	271,584
Income taxes paid	(55,834)	(73,520)
Interest paid	(66,370)	(58,308)
Retirement benefit obligations paid	(331)	(34)
Net cash generated from operating activities	229,749	665,617

Statement of Cash Flows (Cont'd.)

For the financial year ended 31 July 2018

	2018 RM'000	2017 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(136,845)	(34,320)
Proceeds from disposal of property, plant and equipment	3,234	1,257
Net (purchase)/proceeds from disposal of investment securities	(2,432)	92,363
Additional investment in subsidiaries	(610,335)	(320,720)
Capital repayment from subsidiaries	50,316	10,953
Additional investment in associates	-	(3,000)
Proceeds on redemption of redeemable preference shares by subsidiaries	-	66,482
Proceeds on redemption of redeemable preference shares by associated companies	2,500	7,500
Distribution received from investment securities	1,577	4,835
Interest received	129,457	3,483
Net cash used in investing activities	(562,528)	(171,167)
Cash flows from financing activities		
Repayment of borrowings	(440,994)	(496,870)
Drawdown of borrowings	1,050,000	50,000
Proceeds from exercise of ESOS	53,790	123,243
Proceeds from conversion of warrants	16,799	5,256
Dividend paid to shareholders	(295,427)	(292,436)
Net cash generated from/(used in) financing activities	384,168	(610,807)
Net increase/(decrease) in cash and cash equivalents	51,389	(116,357)
Effects of exchange rate changes	(292)	80
Cash and cash equivalents at beginning of year	28,136	144,413
Cash and cash equivalents at end of year (Note 26)	79,233	28,136

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	2018 RM'000
At 1 August 2017	1,855,647
Repayment of borrowings	(440,994)
Drawdown of borrowings	1,050,000
Effects of exchange rate changes	(14,653)
At 31 July 2018	2,450,000

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

Notes to the Financial Statements

– 31 July 2018

1. CORPORATE INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 October 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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

On 1 August 2017, the Group adopted the following amended FRSs mandatory for annual periods beginning on or after 1 January 2017.

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

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRSs 2014 – 2016 Cycle

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.2 Changes in accounting policies (cont'd.)

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

Amendments to FRS 107: Disclosure Initiative

The amendments to FRS 107 Statement of Cash Flows requires 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. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Statements of Cash Flows, the application of these amendments has had no impact on the Group and on the Company.

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

The amendments 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 explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to FRS Standards 2014–2016 Cycle

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

The Group 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.3 Standards and interpretations issued but not yet effective

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

- (i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan.

The Group considers the assessment and planning phase to be completed as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

- (i) develop training programs for the staff;
- (ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- (iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- (iv) develop disclosures required by the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 July 2018 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 July 2019.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.4 Basis of consolidation

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

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

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Changes in the Group's ownership interests 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.4 Basis of consolidation (cont'd.)

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

2.5 Business combinations

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

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

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

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

2.6 Subsidiaries

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.7 Investment in associated companies and joint ventures

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

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

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

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

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

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

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

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

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

2.8 Investment in joint operations

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

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

- (i) their assets, including their shares of any assets held jointly;
- (ii) their liabilities, including their shares of any liabilities incurred jointly;
- (iii) their revenue from the sale of their shares of the output arising from the joint operations;
- (iv) their shares of the revenue from the sale of the output by the joint operations; and
- (v) their expenses, including their shares of any expenses incurred jointly.

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 (Cont'd.)

– 31 July 2018

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.

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

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.9 Intangible assets (cont'd.)

(b) Other intangible assets (cont'd.)

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

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

2.10 Property, plant and equipment and depreciation

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

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

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

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

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

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 are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.12 Service concession arrangements (cont'd.)

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 (Cont'd.)

– 31 July 2018

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.15 Impairment of non-financial assets

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

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

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

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

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

2.16 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 costs of finished goods and work-in-progress comprise of 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.17 Leases

(a) As lessee

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

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

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

(b) As lessor

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

2.18 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.19 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.19 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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

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

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

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

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

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

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

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

2.20 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.20 Employee benefits (cont'd.)

(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 (“EPF”) in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

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

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

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

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

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.20 Employee benefits (cont'd.)

(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:

(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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

(a) Revenue (cont'd.)

(iii) Sale of goods and services

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

(iv) Supply of water and related services

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

(v) Toll concession revenue

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

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

(vi) Dividend income

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

(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 (Cont'd.)

– 31 July 2018

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.22 Foreign currencies (cont'd.)****(c) Foreign operations (cont'd.)**

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

	2018 RM	2017 RM
United States Dollar	4.065	4.281
Indian Rupee	0.059	0.067
New Taiwan Dollar	0.132	0.142
Qatari Riyal	1.106	1.174
Bahraini Dinar	10.686	11.341
100 Vietnam Dong	0.018	0.019
Australian Dollar	3.016	3.413
Singapore Dollar	2.985	3.155

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.23 Financial assets (cont'd.)

(a) Financial assets at fair value through profit or loss (cont'd.)

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 (Cont'd.)

– 31 July 2018

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.27 Financial liabilities

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.28 Derivative financial instruments and hedge accounting

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

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

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

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

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

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

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

To manage its risks, particularly interest rate risks and foreign currency risk, the Group has entered into cross-currency interest rate swap arrangements with financial institutions.

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

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

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

2.29 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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:

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

2.31 Fair value measurement (cont'd.)

- (a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.32 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. The land use rights are amortised over their lease terms.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In the process of applying the Group's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

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

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

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Key sources of estimation uncertainty (cont'd.)

(a) 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 RM78,030,000 (2017: RM63,552,000).

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 RM77,853,000 (2017: RM48,253,000).

(b) 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.

(c) Provision for development cost

The Group recognises a provision for development cost in respect of development projects undertaken by its subsidiaries. In determining the provision, the Group has made assumptions in relation to the development cost incurred on the completed phases. The carrying amount of provision for development cost at the reporting date is disclosed in Note 37(a).

If the actual claims differ by 10% from management's estimates, the Group's profit for the year will increase/decrease by RM3,704,000 (2017: RM3,038,000).

(d) 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:

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Key sources of estimation uncertainty (cont'd.)

(d) Provision for affordable housing (cont'd.)

- The master and building plans is approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

The carrying amount of the Group's provision for affordable housing as at reporting date is disclosed in Note 37(b).

(e) 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 RM907,696,000 (2017: RM849,942,000).

Pursuant to the agreement with SPLASH, Gamuda Water Sdn. Bhd. ("Gamuda Water"), the Group's 80% owned subsidiary, has agreed trade credit term is 7 days from the date SPLASH receives its payment from SYABAS. The slower recovery of debt by Gamuda Water from SPLASH is primarily due to partial payments received by SPLASH from SYABAS.

The slower recovery of receivables by SPLASH from SYABAS is primarily due to partial payments received from SYABAS.

(f) Recoverability of investment in an associate – Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")

The Group assesses at each reporting date whether the carrying amount of its investment in SPLASH Holdings is impaired as the recoverable amount of the investment is highly dependent on the finalisation of the water industry restructuring plan and the consideration to be offered by the State Government of Selangor to SPLASH Holdings's shareholders.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Key sources of estimation uncertainty (cont'd.)

(f) Recoverability of investment in an associate – Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”) (cont'd.)

On 3 August 2018, SPLASH Holdings received a Letter of Offer from Pengurusan Air Selangor Sdn. Bhd. (“Air Selangor”) in respect of the Air Selangor’s proposed purchase of 100% equity in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (“SPLASH”), a wholly-owned subsidiary of the SPLASH Holdings. On 9 August 2018, SPLASH Holdings accepted the offer from Air Selangor. The completion of the sales and purchase agreement is subject to the completion of a due diligence inquiry of SPLASH, regulatory approvals from the Selangor state and relevant authorities and other conditions customary of such transaction.

The conditional sales and purchase agreement was signed on 28 September 2018. Pursuant to the acquisition of SPLASH by Air Selangor for a combined total purchase consideration of RM2.55 billion, the Directors are of the opinion to write down the carrying amount of its investment in SPLASH Holdings to its recoverable amount by recognising the impairment loss of RM300,051,000 (Note 7).

The Group’s interest in associate is disclosed in Note 18.

(g) 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 amounting to RM649,317,000 (2017: RM599,969,000) for the supply of treated water.

Pertaining to the acquisition of SPLASH by Pengurusan Air Selangor Sdn. Bhd. (“Air Selangor”) announced on 9 August 2018, Gamuda Water had accepted the Letter of Offer from Air Selangor on 27 August 2018 to:

- settle Gamuda Water’s outstanding receivables arising from its existing operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 (“SSP 3”) at an amount equal to 90% of the outstanding receivables as at a date to be mutually agreed by all parties. 10% of the settlement sum shall be paid upfront and the balance shall be settled in 9 equal annual instalments and interest shall be payable annually in arrears on the remaining settlement sum which remains outstanding at the rate of 5.25% per annum; and
- enter into a new operations and maintenance agreement (“OMA”) to replace the existing OMA for the continued operation and maintenance of SSP 3. The rates in the new OMA represents an approximately 2 sen/m³ reduction to the rates in the existing OMA.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Key sources of estimation uncertainty (cont'd.)

(g) Timing of settlement of trade receivables in a subsidiary (cont'd.)

The new OMA and settlement agreements are expected to be completed before end of 2018.

In respect of the settlement term stated in the offer letter, Gamuda Water had recognised the impairment loss of RM70,055,513 on trade receivables for amount due from SPLASH during the financial year which is disclosed in Note 7.

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

The Group and the Company assess at each reporting date whether the carrying amounts of its investments in subsidiaries, associated companies and joint ventures are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

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

Joint venture

Based on management's review, there was an impairment of RM112,000,000 on the Company's interest in a joint venture in the previous financial year (2018: RM Nil).

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

4. REVENUE

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Engineering and construction contracts	1,655,031	1,072,704	1,369,463	898,396
Sales of development properties	1,785,569	1,468,157	–	–
Quarry sales	44,939	45,919	–	–
Trading of construction materials	169,211	62,588	–	–
Sales of manufactured products	39,924	32,907	–	–
Supply of water and related services	167,392	151,696	–	–
Toll concession revenue	328,258	339,640	–	–
Dividend income from subsidiaries	–	–	233,639	271,584
Others	36,736	37,792	–	924
	4,227,060	3,211,403	1,603,102	1,170,904

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

	2018 RM'000	2017 RM'000
Revenue of the Group	4,227,060	3,211,403
Share of revenue of joint ventures:		
Engineering and construction contracts	2,140,996	2,092,237
Property development and club operations	784,793	382,107
Water and expressway concessions	16,170	16,769
	7,169,019	5,702,516

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

5. STAFF COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	233,839	164,798	78,109	47,105
– Company	22,727	16,816	22,727	16,816
– Joint operations	55,382	30,289	55,382	30,289
– Subsidiaries	155,730	117,693	–	–
Bonus	34,295	29,885	4,383	2,785
Directors' remuneration (Note 6)	18,354	16,915	13,268	12,520
Short term accumulating compensated absences	1,860	1,181	440	104
Defined contribution plans	22,106	17,336	3,600	3,264
Provision for retirement benefit obligations	5,417	4,751	796	462
Share options granted under ESOS	21,293	27,070	21,293	27,070
Social security costs	2,797	2,872	123	162
Other staff related expenses	58,195	42,859	10,384	11,190
	398,156	307,667	132,396	104,662
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	(37,145)	(29,973)	–	–
Investment properties (Note 14)	(1,801)	(1,803)	–	–
Costs of construction contracts (Note 24)	(97,950)	(57,739)	(57,971)	(33,675)
Less: Amount classified as highway maintenance and toll operations	(12,145)	(11,585)	–	–
	249,115	206,567	74,425	70,987

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

6. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors				
Executive:				
Salaries	12,122	10,871	8,863	7,844
Bonus	2,919	2,308	2,282	1,656
Defined contribution plans	2,238	1,948	1,632	1,372
Provision for retirement benefit obligations	53	49	20	19
Share options granted under ESOS	591	1,463	302	1,463
Other emoluments				
– Allowances	431	276	169	166
– Benefits-in-kind	1,132	282	724	153
	19,486	17,197	13,992	12,673
Non-executive:				
Fees	590	550	590	550
Other emoluments				
– Allowances	156	122	156	122
– Benefits-in-kind	47	7	47	7
	793	679	793	679
Total	20,279	17,876	14,785	13,352
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	18,354	16,915	13,268	12,520
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	746	672	746	672
Total directors' remuneration excluding benefits-in-kind	19,100	17,587	14,014	13,192

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018 and 31 July 2017 are as follows:

2018	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	5,268	–	237	5,505
Y Bhg Dato' Ir. Ha Tiing Tai	2,978	–	254	3,232
Y Bhg Dato' Goon Heng Wah	2,418	–	138	2,556
Y Bhg Dato' Haji Azmi bin Mat Nor	1,700	–	129	1,829
Mr Saw Wah Theng	1,481	–	162	1,643
Y Bhg Dato' Ubull a/l Din Om	799	–	271	1,070
Y Bhg Dato' Ir. Chow Chee Wah	1,010	–	137	1,147
Ir. Chan Kong Wah	993	–	133	1,126
Mr Soo Kok Wong	632	–	102	734
	17,279	–	1,563	18,842
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	215	141	356
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	105	14	119
YM Tunku Afwida binti Tunku A.Malek	–	135	26	161
Puan Nazli binti Mohd Khir Johari	–	135	22	157
	–	590	203	793

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018 and 31 July 2017 are as follows: (cont'd.)

2017	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	4,716	–	90	4,806
Y Bhg Dato' Ir. Ha Tiing Tai	2,685	–	76	2,761
Y Bhg Dato' Goon Heng Wah	1,533	–	62	1,595
Y Bhg Dato' Haji Azmi bin Mat Nor	1,517	–	57	1,574
Mr Saw Wah Theng	1,339	–	61	1,400
Y Bhg Dato' Ubull a/l Din Om	783	–	58	841
Y Bhg Dato' Ir. Chow Chee Wah	986	–	63	1,049
Ir. Chan Kong Wah	969	–	61	1,030
Mr Soo Kok Wong	599	–	30	629
	15,127	–	558	15,685
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	175	95	270
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	105	7	112
YM Tunku Afwida binti Tunku A.Malek	–	135	15	150
Puan Nazli binti Mohd Khir Johari	–	135	12	147
	–	550	129	679

* Included in other emoluments are allowances and benefits-in-kind.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

7. PROFIT FROM OPERATIONS

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amortisation of land use rights (Note 15)	425	425	–	–
Amortisation of expressway development expenditure (Note 16)	126,689	109,263	–	–
Auditors' remuneration				
– Statutory audits				
– Group's auditors	1,324	1,250	266	246
– Other auditors	50	73	31	45
– Other services	198	375	53	82
Investment properties (Note 14):				
– Depreciation	6,673	6,943	152	152
– Net gain on disposal	(2,443)	(3,817)	–	–
Non-executive directors' remuneration (Note 6)	746	672	746	672
Property, plant and equipment (Note 12):				
– Depreciation	42,693	31,253	6,882	5,862
– Written off	117	14	–	3
– Net (gain)/loss on disposal	(3,514)	(3,030)	(2,869)	134
Net provision for liabilities (Note 37)	6,979	5,060	–	–
Rental expense:				
– Land	2,355	2,028	–	–
– Premises	1,036	883	487	251
Hire of plant and equipment	274	184	–	–
(Gain)/loss of foreign exchange:				
– Realised	(1,815)	(1,175)	(4,367)	14,255
– Unrealised	(370)	712	43,144	(45,516)
Professional fees	5,605	5,754	1,359	1,930
Rental income				
– Subsidiaries	–	–	(5,250)	(4,279)
– Others	(7,840)	(8,981)	(1,298)	(1,373)
Impairment loss on:				
– Trade receivables (Note 22(a)(i))	63,311	26,060	–	26,525
– Interests in joint arrangements (Note 19)	–	–	–	112,000
– Discount provided on settlement scheme	70,056	–	–	–
Less: Reversal on FRS 139 adjustment	(62,772)	–	–	–
	7,284	–	–	–

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

7. PROFIT FROM OPERATIONS (CONT'D.)

The following items have been included in arriving at profit from operations: (cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share of profits of associated companies	205,228	208,713	-	-
Less: Impairment loss on investment in an associate - SPLASH Holdings	(300,051)	-	-	-
	(94,823)	208,713	-	-
Share of profits of joint ventures	223,563	137,812	-	-
Less: Impairment loss on investment in a joint venture - PSHSB	-	(98,452)	-	-
	223,563	39,360	-	-
Unrealised (gain)/loss of foreign exchange on loan	(43,200)	20,900	-	-
Fair value loss/(gain) on derivatives	41,705	(17,591)	-	-
	(1,495)	3,309	-	-
Inventories written down (Note 21)	-	4,221	-	4,221
Distribution from investment securities:				
- Islamic	(12,481)	(15,679)	(816)	(3,907)
- Non Islamic	(3,828)	(4,760)	(761)	(928)
Interest income				
- Islamic	(5,535)	(5,611)	(984)	(637)
- Non Islamic	(28,911)	(17,893)	(981)	(2,846)
- Subsidiaries	-	-	(127,492)	(117,528)
Unwinding of discount				
- Notional interest income	(16,934)	(29,290)	(6,301)	(1,701)

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

8. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
Islamic medium term notes	147,521	132,707	97,255	79,543
Commercial papers	188	571	188	571
Revolving credits	5,728	6,851	836	4,351
Term loans	83,370	85,108	–	–
Unwinding of discount				
– Notional interest expense	7,302	26,506	2,037	13,719
Others	870	465	–	–
Total interest expense	244,979	252,208	100,316	98,184
Less:				
Amount capitalised in qualifying assets:				
Cost of construction contracts (Note 24)	(4,760)	(1,536)	–	–
Property development costs (Note 13(b))	(143,487)	(144,863)	–	–
Investment properties (Note 14)	(662)	(1,488)	–	–
	96,070	104,321	100,316	98,184

9. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax:				
Malaysian income tax	133,267	182,731	35,501	67,625
Foreign income tax	17,726	–	3	–
(Over)/under provision in prior years	(6,084)	28,576	(2,647)	12,991
	144,909	211,307	32,857	80,616
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	10,324	(30,503)	19,850	(11,258)
Under/(over) provision in prior years	9,712	(11,027)	502	(1,472)
	20,036	(41,530)	20,352	(12,730)
	164,945	169,777	53,209	67,886

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

9. INCOME TAX EXPENSE (CONT'D.)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

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:

	2018 RM'000	2017 RM'000
Group		
Profit before tax	729,302	826,002
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	175,032	198,240
Effect of different tax rates in other countries	(7,042)	(5,284)
Effect of change in Malaysia tax rate	–	(9,146)
Income not subject to tax	(5,019)	(18,526)
Expenses not deductible for tax purposes	19,025	37,367
Effects of share of profits of associated companies and joint ventures	(30,898)	(59,538)
Utilisation of previously unrecognised tax losses	(1,714)	(456)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	11,933	9,571
(Over)/under provision of income tax in prior years	(6,084)	28,576
Under/(over) provision of deferred tax in prior years	9,712	(11,027)
Income tax expense for the year	164,945	169,777
Company		
Profit before tax	375,765	291,460
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	90,184	69,950
Effect of different tax rates in other countries	(2,282)	1,152
Effect of utilisation of Malaysia tax	–	(6,863)
Income not subject to tax	(56,505)	(88,242)
Expenses not deductible for tax purposes	23,957	80,370
(Over)/under provision of income tax in prior years	(2,647)	12,991
Under/(over) provision of deferred tax in prior years	502	(1,472)
Income tax expense for the year	53,209	67,886

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

9. INCOME TAX EXPENSE (CONT'D.)

Tax savings during the financial year arising from:

	Group	
	2018 RM'000	2017 RM'000
Utilisation of previously unrecognised tax losses	(1,714)	(456)

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

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

	2018	2017
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	513,883	602,093
Weighted average number of ordinary shares in issue ('000)	2,459,548	2,429,431
Basic earnings per share (sen)	20.89	24.78

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONT'D.)**(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.

	2018	2017
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	513,883	602,093
Weighted average number of ordinary shares in issue ('000)	2,459,548	2,429,431
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	2,057	20,809
Assumed shares issued from the conversion of Warrants 2016/2021 ('000)	–	77,186
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,461,605	2,527,426
Fully diluted earnings per share (sen)	20.88	23.82

The unexercised ESOS has dilutive effect on the earnings per share as the ESOS's exercise price is lower than the market price per ordinary share at the reporting date.

126,153,000 (2017: 13,422,000) 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

11. DIVIDENDS

	Group and Company			
	Amount		Net dividends per ordinary share	
	2018 RM'000	2017 RM'000	2018 sen	2017 sen
Dividends paid in respect of financial year ended 31 July 2018				
– First interim dividend declared on 15 December 2017 and paid on 25 January 2018	147,347	–	6.0	–
– Second interim dividend declared on 27 June 2018 and paid on 31 July 2018	148,080	–	6.0	–
Dividends paid in respect of financial year ended 31 July 2017				
– First interim dividend declared on 16 December 2016 and paid on 25 January 2017	–	145,461	–	6.0
– Second interim dividend declared on 23 June 2017 and paid on 28 July 2017	–	146,975	–	6.0
	295,427	292,436	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 (Cont'd.)

- 31 July 2018

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 2018				
Cost				
At 1 August 2017	454,347	352,346	67,687	874,380
Additions	60,256	177,580	215,412	453,248
Disposals	(76)	(23,795)	-	(23,871)
Write-offs	(72)	(14,141)	-	(14,213)
Transfer to investment property (Note 14)	-	-	(650)	(650)
Reclassification upon completion	20,850	3,151	(24,001)	-
Exchange differences	(9,789)	(1,016)	(263)	(11,068)
At 31 July 2018	525,516	494,125	258,185	1,277,826
Accumulated depreciation and impairment loss				
At 1 August 2017	56,590	200,540	-	257,130
Charge for the year:				
Recognised in profit or loss (Note 7)	16,615	26,078	-	42,693
Capitalised in construction costs (Note 24)	-	7,612	-	7,612
Disposals	(17)	(22,968)	-	(22,985)
Write-offs	(16)	(14,080)	-	(14,096)
Exchange differences	(975)	(744)	-	(1,719)
At 31 July 2018	72,197	196,438	-	268,635
Net carrying amount				
At 31 July 2018	453,319	297,687	258,185	1,009,191

Included in the additions to property, plant and equipment are mainly as follows:

	RM'000
Industrial Building System plants	195,427
Plant and machinery	192,949
Sales gallery and site office	64,872
	453,248

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	300,736	291,268	56,655	648,659
Additions	115,341	71,057	47,217	233,615
Disposals	(1,174)	(10,029)	–	(11,203)
Write-offs	(10)	(587)	–	(597)
Reclassification upon completion	36,126	–	(36,126)	–
Exchange differences	3,328	637	(59)	3,906
At 31 July 2017	454,347	352,346	67,687	874,380
Accumulated depreciation and impairment loss				
At 1 August 2016	44,143	184,868	–	229,011
Charge for the year:				
Recognised in profit or loss (Note 7)	12,140	19,113	–	31,253
Capitalised in construction costs (Note 24)	–	4,893	–	4,893
Disposals	(60)	(8,282)	–	(8,342)
Write-offs	(5)	(578)	–	(583)
Exchange differences	372	526	–	898
At 31 July 2017	56,590	200,540	–	257,130
Net carrying amount				
At 31 July 2017	397,757	151,806	67,687	617,250

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018				
Cost				
At 1 August 2017	95,853	25,999	332,495	454,347
Additions	–	–	60,256	60,256
Disposals	–	–	(76)	(76)
Write-offs	–	–	(72)	(72)
Reclassification upon completion	–	–	20,850	20,850
Exchange differences	–	(3,183)	(6,606)	(9,789)
At 31 July 2018	95,853	22,816	406,847	525,516
Accumulated depreciation and impairment loss				
At 1 August 2017	–	1,163	55,427	56,590
Charge for the year:				
Recognised in profit or loss	–	155	16,460	16,615
Disposals	–	–	(17)	(17)
Write-offs	–	–	(16)	(16)
Exchange differences	–	(18)	(957)	(975)
At 31 July 2018	–	1,300	70,897	72,197
Net carrying amount				
At 31 July 2018	95,853	21,516	335,950	453,319

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2017				
Cost				
At 1 August 2016	13,995	22,557	264,184	300,736
Additions	81,935	–	33,406	115,341
Disposals	(77)	–	(1,097)	(1,174)
Write-offs	–	–	(10)	(10)
Reclassification upon completion	–	2,782	33,344	36,126
Exchange differences	–	660	2,668	3,328
At 31 July 2017	95,853	25,999	332,495	454,347
Accumulated depreciation and impairment loss				
At 1 August 2016	–	957	43,186	44,143
Charge for the year:				
Recognised in profit or loss	–	200	11,940	12,140
Disposals	–	–	(60)	(60)
Write-offs	–	–	(5)	(5)
Exchange differences	–	6	366	372
At 31 July 2017	–	1,163	55,427	56,590
Net carrying amount				
At 31 July 2017	95,853	24,836	277,068	397,757

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018				
Cost				
At 1 August 2017	30,634	86,162	235,550	352,346
Additions	15,652	14,372	147,556	177,580
Disposals	(1,737)	(3,541)	(18,517)	(23,795)
Write-offs	(82)	(1,815)	(12,244)	(14,141)
Reclassification upon completion	–	3,151	–	3,151
Exchange differences	(61)	(798)	(157)	(1,016)
At 31 July 2018	44,406	97,531	352,188	494,125
Accumulated depreciation and impairment loss				
At 1 August 2017	19,019	59,796	121,725	200,540
Charge for the year:				
Recognised in profit or loss	2,668	12,502	10,908	26,078
Capitalised in construction costs	1,448	374	5,790	7,612
Disposals	(1,404)	(3,442)	(18,122)	(22,968)
Write-offs	(82)	(1,716)	(12,282)	(14,080)
Exchange differences	(43)	(569)	(132)	(744)
At 31 July 2018	21,606	66,945	107,887	196,438
Net carrying amount				
At 31 July 2018	22,800	30,586	244,301	297,687

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2017				
Cost				
At 1 August 2016	26,436	69,390	195,442	291,268
Additions	9,501	17,478	44,078	71,057
Disposals	(5,350)	(616)	(4,063)	(10,029)
Write-offs	(3)	(530)	(54)	(587)
Exchange differences	50	440	147	637
At 31 July 2017	30,634	86,162	235,550	352,346
Accumulated depreciation and impairment loss				
At 1 August 2016	20,346	51,155	113,367	184,868
Charge for the year:				
Recognised in profit or loss	1,324	9,057	8,732	19,113
Capitalised in construction costs	1,122	366	3,405	4,893
Disposals	(3,809)	(583)	(3,890)	(8,282)
Write-offs	–	(533)	(45)	(578)
Exchange differences	36	334	156	526
At 31 July 2017	19,019	59,796	121,725	200,540
Net carrying amount				
At 31 July 2017	11,615	26,366	113,825	151,806

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2018				
Cost				
At 1 August 2017	161,838	88,039	3,151	253,028
Additions	3,177	11,780	121,888	136,845
Disposals	-	(15,132)	-	(15,132)
Write-offs	-	(47)	-	(47)
Reclassification upon completion	-	3,151	(3,151)	-
Transfer to related companies	-	(3,037)	-	(3,037)
Exchange differences	-	(224)	-	(224)
At 31 July 2018	165,015	84,530	121,888	371,433
Accumulated depreciation and impairment loss				
At 1 August 2017	20,454	53,472	-	73,926
Charge for the year:				
Recognised in profit or loss (Note 7)	3,187	3,695	-	6,882
Capitalised in construction costs (Note 24)	-	3,562	-	3,562
Disposals	-	(14,767)	-	(14,767)
Write-offs	-	(47)	-	(47)
Transfer to related companies	-	(337)	-	(337)
Exchange differences	-	(202)	-	(202)
At 31 July 2018	23,641	45,376	-	69,017
Net carrying amount				
At 31 July 2018	141,374	39,154	121,888	302,416

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2017				
Cost				
At 1 August 2016	161,703	62,190	–	223,893
Additions	135	31,034	3,151	34,320
Disposals	–	(5,060)	–	(5,060)
Write-offs	–	(379)	–	(379)
Exchange differences	–	254	–	254
At 31 July 2017	161,838	88,039	3,151	253,028
Accumulated depreciation and impairment loss				
At 1 August 2016	17,278	51,802	–	69,080
Charge for the year:				
Recognised in profit or loss (Note 7)	3,176	2,686	–	5,862
Capitalised in construction costs (Note 24)	–	2,796	–	2,796
Disposals	–	(3,669)	–	(3,669)
Write-offs	–	(376)	–	(376)
Exchange differences	–	233	–	233
At 31 July 2017	20,454	53,472	–	73,926
Net carrying amount				
At 31 July 2017	141,384	34,567	3,151	179,102

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018				
Cost				
At 1 August 2017	659	5,611	155,568	161,838
Additions	–	–	3,177	3,177
At 31 July 2018	659	5,611	158,745	165,015
Accumulated depreciation and impairment loss				
At 1 August 2017	–	817	19,637	20,454
Charge for the year	–	68	3,119	3,187
At 31 July 2018	–	885	22,756	23,641
Net carrying amount				
At 31 July 2018	659	4,726	135,989	141,374

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2017				
Cost				
At 1 August 2016	659	5,611	155,433	161,703
Additions	–	–	135	135
At 31 July 2017	659	5,611	155,568	161,838
Accumulated depreciation and impairment loss				
At 1 August 2016	–	749	16,529	17,278
Charge for the year	–	68	3,108	3,176
At 31 July 2017	–	817	19,637	20,454
Net carrying amount				
At 31 July 2017	659	4,794	135,931	141,384

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018				
Cost				
At 1 August 2017	2,695	34,461	50,883	88,039
Additions	6	4,463	7,311	11,780
Disposals	(744)	(31)	(14,357)	(15,132)
Write-offs	-	(47)	-	(47)
Reclassification upon completion	-	3,151	-	3,151
Transfer to related companies	(200)	(1,388)	(1,449)	(3,037)
Exchange differences	(37)	(89)	(98)	(224)
At 31 July 2018	1,720	40,520	42,290	84,530
Accumulated depreciation				
At 1 August 2017	2,347	27,674	23,451	53,472
Charge for the year:				
Recognised in profit or loss	74	3,280	341	3,695
Capitalised in construction costs	-	252	3,310	3,562
Disposals	(608)	(28)	(14,131)	(14,767)
Write-offs	-	(47)	-	(47)
Transfer to related companies	(199)	(138)	-	(337)
Exchange differences	(56)	(59)	(87)	(202)
At 31 July 2018	1,558	30,934	12,884	45,376
Net carrying amount				
At 31 July 2018	162	9,586	29,406	39,154

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2017				
Cost				
At 1 August 2016	6,740	30,334	25,116	62,190
Additions	–	4,401	26,633	31,034
Disposals	(4,084)	(17)	(959)	(5,060)
Write-offs	–	(372)	(7)	(379)
Exchange differences	39	115	100	254
At 31 July 2017	2,695	34,461	50,883	88,039
Accumulated depreciation				
At 1 August 2016	4,898	25,681	21,223	51,802
Charge for the year:				
Recognised in profit or loss	3	2,116	567	2,686
Capitalised in construction costs	107	177	2,512	2,796
Disposals	(2,718)	(17)	(934)	(3,669)
Write-offs	–	(372)	(4)	(376)
Exchange differences	57	89	87	233
At 31 July 2017	2,347	27,674	23,451	53,472
Net carrying amount				
At 31 July 2017	348	6,787	27,432	34,567

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

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 2018				
Cost				
At 1 August 2017	55,100	2,487,887	364,550	2,907,537
Additions	-	62,037	431,045	493,082
Transfer to property development costs (Note 13(b))	(15,016)	(379,834)	(160,073)	(554,923)
Transfer to investment properties (Note 14)	-	(14,119)	-	(14,119)
Exchange differences	-	(44,617)	(3,503)	(48,120)
At 31 July 2018	40,084	2,111,354	632,019	2,783,457
At 31 July 2017				
Cost				
At 1 August 2016	202,276	2,584,242	258,158	3,044,676
Additions	-	39,493	156,996	196,489
Transfer to property development costs (Note 13(b))	(162,431)	(143,704)	(45,841)	(351,976)
Transfer to investment properties (Note 14)	-	(25,343)	(9,448)	(34,791)
Exchange differences	15,255	33,199	4,685	53,139
At 31 July 2017	55,100	2,487,887	364,550	2,907,537

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018				
Cumulative property development costs				
At 1 August 2017	395,770	2,033,111	3,355,307	5,784,188
Costs incurred during the year	–	935	998,520	999,455
Transfer from land held for property development (Note 13(a))	15,016	379,834	160,073	554,923
Reversal of completed projects	(147,244)	–	(515,435)	(662,679)
Transfer to inventories	(88,770)	(39,387)	(263,904)	(392,061)
Exchange differences	(16,860)	(85,099)	(207,373)	(309,332)
At 31 July 2018	157,912	2,289,394	3,527,188	5,974,494
Cumulative costs recognised in profit or loss				
At 1 August 2017	(122,942)	(731,766)	(2,624,219)	(3,478,927)
Recognised during the year	(77,929)	(223,235)	(882,238)	(1,183,402)
Reversal of completed projects	147,244	–	515,435	662,679
Exchange differences	1,566	32,150	167,428	201,144
At 31 July 2018	(52,061)	(922,851)	(2,823,594)	(3,798,506)
Property development costs at 31 July 2018	105,851	1,366,543	703,594	2,175,988

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2017				
Cumulative property development costs				
At 1 August 2016	257,473	1,292,779	2,871,777	4,422,029
Costs incurred during the year	2,931	603,914	791,204	1,398,049
Transfer from land held for property development (Note 13(a))	162,431	143,704	45,841	351,976
Reversal of completed projects	(21,946)	(44,089)	(396,208)	(462,243)
Transfer to inventories	(5,120)	–	(80,735)	(85,855)
Exchange differences	1	36,803	123,428	160,232
At 31 July 2017	395,770	2,033,111	3,355,307	5,784,188
Cumulative costs recognised in profit or loss				
At 1 August 2016	(55,853)	(535,100)	(1,989,521)	(2,580,474)
Recognised during the year	(89,035)	(236,272)	(955,172)	(1,280,479)
Reversal of completed projects	21,946	44,089	396,208	462,243
Exchange differences	–	(4,483)	(75,734)	(80,217)
At 31 July 2017	(122,942)	(731,766)	(2,624,219)	(3,478,927)
Property development costs at 31 July 2017				
	272,828	1,301,345	731,088	2,305,261

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

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

	Group	
	2018 RM'000	2017 RM'000
Staff costs (Note 5)	37,145	29,973
Finance costs (Note 8)	143,487	144,863

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 RM374,799,000 (2017: RM389,478,000) and RM657,046,000 (2017: RM506,670,000) 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 RM72,696,000 (2017: RM99,527,000) has been pledged as securities for loan facility as set out in Note 33(d)(i).

The leasehold lands under development of the Group with a carrying value of RM1,160,592,000 (2017: RM1,054,255,000) has been pledged as securities for term loans as disclosed in Note 33(b)(i), Note 33(b)(ii) and Note 33(b)(iii).

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2018					
Cost					
At 1 August 2017	25,577	51,422	203,801	43,516	324,316
Additions	-	-	6,874	46,886	53,760
Transfer from property, plant and equipment (Note 12)	-	-	650	-	650
Transfer from land held for property development (Note 13(a))	-	14,119	-	-	14,119
Disposals	(316)	-	(860)	-	(1,176)
Reclassification upon completion	-	-	16,863	(16,863)	-
Exchange differences	-	(1,914)	(4,848)	(605)	(7,367)
At 31 July 2018	25,261	63,627	222,480	72,934	384,302
Accumulated depreciation					
At 1 August 2017	-	1,128	13,589	-	14,717
Charge for the year (Note 7)	-	900	5,763	10	6,673
Disposals	-	-	(177)	-	(177)
Exchange differences	-	(97)	(392)	-	(489)
At 31 July 2018	-	1,931	18,783	10	20,724
Net carrying amount					
At 31 July 2018	25,261	61,696	203,697	72,924	363,578
Fair value					
At 31 July 2018	63,184	68,732	320,431	72,924	525,271

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 2017					
Cost					
At 1 August 2016	25,354	24,522	167,396	44,247	261,519
Additions	799	–	10,075	13,340	24,214
Reclassification from construction in-progress to buildings upon completion	–	–	23,887	(23,887)	–
Transfer from land held for property development (Note 13(a))	–	25,343	–	9,448	34,791
Disposals	(576)	–	(502)	–	(1,078)
Exchange differences	–	1,557	2,945	368	4,870
At 31 July 2017	25,577	51,422	203,801	43,516	324,316
Accumulated depreciation					
At 1 August 2016	–	–	7,782	–	7,782
Charge for the year (Note 7)	–	1,139	5,804	–	6,943
Disposals	–	–	(44)	–	(44)
Exchange differences	–	(11)	47	–	36
At 31 July 2017	–	1,128	13,589	–	14,717
Net carrying amount					
At 31 July 2017	25,577	50,294	190,212	43,516	309,599
Fair value					
At 31 July 2017	52,913	54,733	310,133	43,516	461,295

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

14. INVESTMENT PROPERTIES (CONT'D.)

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2018			
Cost			
At 1 August 2017/31 July 2018	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2017	–	3,008	3,008
Charge for the year (Note 7)	–	152	152
At 31 July 2018	–	3,160	3,160
Net carrying amount			
At 31 July 2018	5,697	4,423	10,120
Fair value			
At 31 July 2018	31,221	15,896	47,117
At 31 July 2017			
Cost			
At 1 August 2016/31 July 2017	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2016	–	2,856	2,856
Charge for the year (Note 7)	–	152	152
At 31 July 2017	–	3,008	3,008
Net carrying amount			
At 31 July 2017	5,697	4,575	10,272
Fair value			
At 31 July 2017	31,175	16,736	47,911

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

14. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental income	15,433	14,815	1,112	1,126
Direct operating expenses	(7,235)	(5,859)	(90)	(94)

Included in investment properties incurred during the year are:

	Group	
	2018 RM'000	2017 RM'000
Staff costs (Note 5)	1,801	1,803
Finance costs (Note 8)	662	1,488

Fair value of investment properties was estimated by the directors based on internal appraisal of market values of comparable properties and are based on valuation performed by an independent professional valuer.

Other details of fair value of investment properties are further disclosed in Note 43.

15. LAND USE RIGHTS

	Group	
	2018 RM'000	2017 RM'000
At 1 August 2017/2016	2,320	2,745
Amortisation for the year (Note 7)	(425)	(425)
At 31 July	1,895	2,320

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

16. EXPRESSWAY DEVELOPMENT EXPENDITURE

	Group	
	2018 RM'000	2017 RM'000
Cost		
At 1 August 2017/2016	1,835,432	1,804,469
Additions	2,850	30,963
At 31 July	1,838,282	1,835,432
Accumulated amortisation		
At 1 August 2017/2016	290,390	181,127
Amortisation for the year (Note 7)	126,689	109,263
At 31 July	417,079	290,390
Net carrying amount		
At 31 July	1,421,203	1,545,042

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Redeemable unsecured loan stocks	1,200,000	1,200,000
Unquoted shares, at cost	3,508,531	2,948,512
Less: Accumulated impairment losses	(70,215)	(70,215)
	4,638,316	4,078,297

Current financial year

(a) Capital injection in subsidiaries

The Company injected additional capital via the subscription on new ordinary shares in the following subsidiaries during the financial year:

	RM'000
Gammau Construction Sdn. Bhd.	6,500
Gamuda Industrial Building System Sdn. Bhd.	93,335
Gamuda Land Sdn. Bhd.	5,250
Megah Capital Sdn. Bhd.	500,000
	605,085

(b) Redemption of shares

The Company redeemed ordinary shares of the following subsidiaries during the financial year:

	RM'000
Ganaz Bina Sdn. Bhd.	(30,116)
Idaman Robertson Sdn. Bhd.	(20,200)
	(50,316)

(c) Bonus issue of new ordinary shares

On 14 November 2017, Gamuda Engineering Sdn. Bhd., a wholly owned subsidiary of the Company has issued a bonus issue of 5,250,000 new ordinary shares and allotted to the Company by way of capitalising an amount of up to RM5,250,000 out of the retained earnings.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)**Previous financial year****(a) Acquisition of 65% interest in Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd. (“GNEC”)**

On 16 August 2016, the Company acquired one ordinary share in GNEC for a cash consideration of RM1. On 18 August 2016, the Company increased its equity interest in GNEC to 65% by subscribing for an additional 64,999 ordinary shares in GNEC, for a total consideration of RM64,999.

(b) Incorporation of Gamuda Land Leisure Sdn. Bhd. (“GLLSB”)

On 13 July 2017, the Company subscribed 2 ordinary shares in GLLSB representing 100% equity interest for a total cash consideration of RM2.

(c) Capital injection in subsidiaries

The Company has injected additional capital into the following subsidiaries:

	RM'000
Bandar Serai Development Sdn. Bhd.	38,500
Gamuda Industrial Building System Sdn. Bhd.	124,000
Idaman Robertson Sdn. Bhd.	54,850
Highpark Development Sdn. Bhd.	28,790
Gamuda Land (Kemuning) Sdn. Bhd.	73,080
Gamuda Land Sdn. Bhd.	850
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	585
	320,655

(d) Redemption of redeemable preference shares (“RPS”) held by the Company in subsidiaries

In previous financial year, Gamuda Land (HCMC) Sdn. Bhd. and Lifestyle Heritage Sdn. Bhd., both wholly owned subsidiaries of the Company had redeemed 78,600 and 586,220 RPS held by the Company respectively, for cash consideration of RM7,860,000 and RM58,622,000 respectively.

(e) Dissolution of Gamuda – Nam Long Development Limited Liability Company (“GNL”)

Following completion of the said project and there is no project identified for GNL, the shareholders of GNL have proceeded to dissolve GNL. GNL has on 9 August 2017, received the written confirmation from the Department of Planning and Investment, Ho Chi Minh City, Business Registration Office confirming that GNL has been dissolved on 7 June 2017.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries

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

Name of company	Proportion of ownership		Principal activities
	2018 %	2017 %	
Subsidiaries incorporated in Malaysia			
Gammau Construction Sdn. Bhd.	100	100	Property investment and holding
Gamuda Engineering Sdn. Bhd.	100	100	Civil engineering and construction
Gamuda Geo Sdn. Bhd. <i>formerly known as GL (MM2H) Sdn. Bhd.*</i>	100	100	Sub-structure and geotechnical works and civil engineering and construction
Gamuda M&E Sdn. Bhd. <i>formerly known as Semarak Kuasa Sdn. Bhd.*</i>	100	100	Mechanical and Electrical
Ganaz Bina Sdn. Bhd.	100	100	Civil engineering and construction
Gamuda Land Sdn. Bhd.	100	100	Investment holding company
Gamuda Land Leisure Sdn. Bhd.*	100	100	Operate amusement park and/or theme park
Gamuda Paper Industries Sdn. Bhd.	95	95	Rental of properties
GPI Trading Sdn. Bhd.	95	95	Dormant
Gamuda Water Sdn. Bhd. ("Gamuda Water")	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

Notes to the Financial Statements (Cont'd.)

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2018 %	2017 %	
Subsidiaries incorporated in Malaysia (Cont'd.)			
Gamuda Land (Botanic) Sdn. Bhd.	100	100	Property investment and development
Bandar Botanic Resort Berhad	100	100	Proprietor and operator of a clubhouse
Botanic Property Services Sdn. Bhd.*	100	100	Property maintenance services
Masterpave Sdn. Bhd.	100	100	Manufacture, supply and laying of road surfacing materials
Megah Capital Sdn. Bhd. ("Megah Capital")	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	100	100	Insurance agency
Megah Sewa Sdn. Bhd.	100	100	Hire and rental of plant and machinery
Valencia Development Sdn. Bhd.*	100	100	Property investment and development
Valencia Township Sdn. Bhd.*	100	100	Management of township and golf club and related maintenance services
Gamuda Land Property Services Sdn. Bhd.*	100	100	Property maintenance and management services
Madge Mansions Sdn. Bhd.	100	100	Property investment and development
Highpark Development Sdn. Bhd.	100	100	Property investment and development
Idaman Robertson Sdn. Bhd.	100	100	Property investment and development
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning")	100	100	Property investment and development
Gamuda Land (HCMC) Sdn. Bhd.	100	100	Property investment and development
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	100	100	Property investment and development
Dinamik Atlantik Sdn. Bhd.	100	100	Property investment and development
Lifestyle Heritage Sdn. Bhd.*	100	100	Property investment and development
Gamuda Land (T12) Sdn. Bhd.	100	100	Property investment and development

Notes to the Financial Statements (Cont'd.)

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2018 %	2017 %	
Subsidiaries incorporated in Malaysia (Cont'd.)			
Kesas Holdings Berhad ("Kesas")	70	70	Investment holding; holding company to the concession holder of an expressway
Kesas Sdn. Bhd.	70	70	Design, construction and maintenance of Shah Alam Expressway, and development and management of toll operations
G.B. Kuari Sdn. Bhd.	100	100	Operation of quarry, laying of road and manufacture of premix
Gamuda Trading Sdn. Bhd.	100	100	Trading of construction materials
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	65	65	Undertake construction works in East Malaysia
SRS Consortium Sdn. Bhd.*	60	60	Project delivery partner for implementation of Penang Transport Master Plan
Subsidiary incorporated in British Virgin Islands			
Gamuda Overseas Investment Ltd.	100	100	Investment holding
Subsidiary incorporated in Mauritius			
Gamuda (Offshore) Private Limited*	100	100	Investment holding
Subsidiary incorporated in India			
Held by Gamuda (Offshore) Private Limited:			
Gamuda – WCT (India) Private Limited**	70	70	Civil engineering and construction

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(f) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2018 %	2017 %	
Subsidiary incorporated in Saudi Arabia			
Gamuda Saudi Arabia L.L.C.	100	100	In the process of winding up
Subsidiaries incorporated in the Socialist Republic of Vietnam			
Gamuda Land Vietnam Limited Liability Company ("GLVN")#^	100	100	Undertakes the Yen So Park, sewage treatment plant and Gamuda City Development in Hanoi, Socialist Republic of Vietnam
Held by Gamuda Land (HCMC) Sdn. Bhd.:			
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC")#^	100	100	Undertakes development of Celadon City in Ho Chi Minh City, Socialist Republic of Vietnam
Subsidiaries incorporated in Singapore			
Gamuda (Singapore) Pte. Ltd. ("GB Singapore")^	100	100	Investment holding
Subsidiaries incorporated in Australia			
Gamuda (Australia) Pty Ltd ("GB Australia")^	100	100	Property development

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

Financial year end which does not coincide with that of its holding company

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

For the purpose of consolidating the subsidiaries with different financial year ends, the audited financial statements of the subsidiaries for the financial period from 1 August 2017 to 31 July 2018 have been used for consolidation for the Group's financial statements.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(g) Non-controlling interests (“NCI”) in subsidiaries

The summarised financial information of the subsidiaries that has non-controlling interests which are material to the Company before intra-group elimination are as follows:

	Gamuda Water		Kesas		Other individually immaterial subsidiaries		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
NCI percentage of ownership interest and voting interest (%)	20	20	30	30	-	-	-	-
Dividend paid to NCI	-	-	(34,200)	(18,000)	-	-	(34,200)	(18,000)
Carrying amount of NCI	114,639	100,858	244,524	245,671	24,518	22,601	383,681	369,130
Total comprehensive income allocated to NCI	13,781	14,590	33,053	37,879	1,917	2,978	48,751	55,447
Summarised statements of financial position								
Non-current assets	520,220	528,639	1,430,026	1,552,282	45,970	33,462	1,996,216	2,114,383
Current assets	153,537	29,120	356,288	360,937	238,255	160,719	748,080	550,776
Non-current liabilities	(1,381)	(1,282)	(844,431)	(963,000)	(1,266)	(763)	(847,078)	(965,045)
Current liabilities	(99,183)	(52,188)	(126,804)	(131,315)	(206,988)	(122,530)	(432,975)	(306,033)
Net assets	573,193	504,289	815,079	818,904	75,971	70,888	1,464,243	1,394,081
Summarised statements of comprehensive income								
Revenue	167,392	151,696	328,258	339,640	255,225	137,145	750,875	628,481
Profit for the year	68,904	72,950	110,175	126,263	10,827	3,325	189,906	202,538
Total comprehensive income	68,904	72,950	110,175	126,263	10,827	13,483	189,906	212,696
Summarised statements of cash flows								
Cash flows generated from/(used in) operating activities	3,743	(21,082)	198,315	147,787	110,279	(11,265)	312,337	115,440
Cash flows (used in)/generated from investing activities	(3,277)	21,201	442	3,944	(159,946)	(74,961)	(162,781)	(49,816)
Cash flows (used in)/generated from financing activities	-	-	(204,000)	(150,000)	51,000	84,000	(153,000)	(66,000)
Net increase/(decrease) in cash and cash equivalents	466	119	(5,243)	1,731	1,333	(2,226)	(3,444)	(376)

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

18. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares, in Malaysia:				
At cost:				
– Ordinary shares	73,800	73,800	73,800	73,800
– Redeemable preference shares	309,940	312,440	309,940	312,440
	383,740	386,240	383,740	386,240
Group's share of post-acquisition reserves, net of dividends receivable	1,136,487	1,035,532	–	–
Less: Accumulated impairment losses	(300,051)	–	–	–
	1,220,176	1,421,772	383,740	386,240
Unquoted shares, outside Malaysia:				
At cost:				
– Ordinary shares	11	11	–	–
– Redeemable preference shares	36,991	36,991	–	–
	37,002	37,002	–	–
Group's share of post-acquisition reserves, net of dividends receivable	74,219	121,906	–	–
	111,221	158,908	–	–
Total unquoted shares	1,331,397	1,580,680	383,740	386,240
Quoted shares, in Malaysia:				
At cost:				
– Ordinary shares	59,624	59,624	59,624	59,624
Group's share of post-acquisition capital reserves	142,620	139,369	–	–
Group's share of post-acquisition reserves, net of dividends receivable	281,076	238,663	–	–
	483,320	437,656	59,624	59,624
Total	1,814,717	2,018,336	443,364	445,864
Market value:				
Quoted shares, in Malaysia	1,035,258	1,359,639	1,035,258	1,359,639

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

(a) Redemption of redeemable preferences shares (“RPS”) held by the Company in an associated company

During the financial year, Hicom-Gamuda Development Sdn. Bhd. has redeemed 25,000 RPS held by the Company for cash consideration of RM2,500,000 (2017: RM7,500,000).

(b) Redemption of redeemable preferences shares (“RPS”) held by Gamuda (Offshore) Private Limited in associated companies

During the previous financial year, Suria Holding (O) Pvt. Ltd. and Gamuda - WCT (Offshore) Private Limited had redeemed RPS held by Gamuda (Offshore) Private Limited for a total cash consideration of RM7,264,000.

(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
	2018 %	2017 %	
Associated companies incorporated in Malaysia			
Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”)	40	40	Investment holding and provision of management services; holding company to the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3
Hicom-Gamuda Development Sdn. Bhd.	50	50	Property development
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.	52	52	Investment holding; holding company to the concession holder of an expressway - SPRINT Highway
Lingkar Trans Kota Holdings Berhad (“Litrak”) (Quoted shares in Malaysia)	44	44	Investment holding and provision of management services; holding company to the concession holder of an expressway - Damansara - Puchong Highway (“LDP”)
Naim Gamuda (NAGA) JV Sdn. Bhd. (“NAGA”)	30	30	Civil engineering and construction

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

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

Name of company	Proportion of ownership		Principal activities
	2018 %	2017 %	
Associated companies unincorporated in Malaysia			
Naim Engineering Sdn. Bhd. – Gamuda Berhad JV (“Naim-GB JV”)	30	30	Civil engineering and construction
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng – Gamuda Engineering Joint Venture	30	30	Civil engineering and construction
Associated companies incorporated in Mauritius			
Held by Gamuda (Offshore) Private Limited:			
Suria Holding (O) Pvt. Ltd.*#	50	50	Investment holding; holding company to the concession holder of Durgapur Expressway, India
Gamuda – WCT (Offshore) Private Limited*#	50	50	Investment holding; holding company to the concession holder of Panagarh – Palsit, India

* 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 (Cont'd.)

– 31 July 2018

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

(d) Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”)

- (i) The Group’s 40%-owned associated company, Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”) has accepted the offer by Pengurusan Air Selangor Sdn. Bhd. (“Air Selangor”) in respect of Air Selangor’s proposed purchase of a 100% equity in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (“SPLASH”). SPLASH, the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3, is a wholly-owned subsidiary of SPLASH Holdings.

SPLASH Holdings had on 28 September 2018 entered into a conditional share purchase agreement (“SPA”) with Air Selangor, as disclosed in the Note 42(a) to the financial statements.

- (ii) The proposed acquisition of SPLASH by Air Selangor consist of:
- 50,000,000 ordinary shares in SPLASH (“SPLASH Shares”), being 100% of the issued and paid up ordinary share capital of SPLASH; and
 - 350,000,000 Redeemable Unsecured Loan Stocks issued by SPLASH to SPLASH Holdings (“SPLASH RULS”), being 100% of SPLASH RULS.

for a combined total purchase consideration of RM2.55 billion, which shall be paid in the following manner:

- an upfront payment of RM1.9 billion; and
- the balance purchase price of RM650 million to be settled in 9 annual instalments, with an interest of 5.25% per annum.

The investment in SPLASH Holdings is carried at its recoverable amount as at 31 July 2018.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Summarised statements of financial position								
Non-current assets	5,754,722	6,072,893	1,495,864	1,595,087	1,715,190	1,869,519	8,965,776	9,537,499
Current assets	446,518	398,490	691,119	639,183	865,105	873,856	2,002,742	1,911,529
Non-current liabilities	(2,009,805)	(2,011,171)	(994,757)	(1,240,420)	(1,507,312)	(1,534,621)	(4,511,874)	(4,786,212)
Current liabilities	(1,413,192)	(1,183,383)	(290,811)	(197,132)	(478,744)	(518,149)	(2,182,747)	(1,898,664)
Net assets	2,778,243	3,276,829	901,415	796,718	594,239	690,605	4,273,897	4,764,152
Summarised statements of comprehensive income								
Results								
Revenue	529,719	491,825	520,797	528,827	646,741	681,433	1,697,257	1,702,085
(Loss)/profit for the year	(498,587)	243,518	229,295	216,819	7,808	36,114	(261,484)	496,451
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	1,111,297	1,310,732	399,907	354,243	220,100	269,948	1,731,304	1,934,923
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	1,111,297	1,310,732	483,320	437,656	220,100	269,948	1,814,717	2,018,336
Group's net share of (loss)/ profit for the year*	(199,435)	97,407	99,927	94,685	4,685	16,621	(94,823)	208,713
Other information								
- Group's share of dividend	-	-	57,514	57,514	32,367	22,852	89,881	80,366

* Included impairment loss of RM300,051,000 arising from the disposal of SPLASH for year ended 31 July 2018.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

19. INTERESTS IN JOINT ARRANGEMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares at cost:				
– Malaysia	306,828	301,578	259,477	259,477
– Outside Malaysia	117,298	176,486	–	–
Group's share of post-acquisition reserves, net of dividends receivable	635,620	516,265	–	–
Less: Accumulated impairment losses	(98,452)	(98,452)	(112,000)	(112,000)
	961,294	895,877	147,477	147,477

(a) Additional investment in joint arrangement

Gamuda Land Sdn. Bhd., a wholly-owned subsidiary of the Company subscribed for 5,250,000 ordinary shares for a cash consideration of RM5,250,000 in Gamuda GM Sdn. Bhd., a 50% joint venture to finance the commercial complex in Tower 1, purchased from Idaman Robertson Sdn. Bhd..

(b) Repayment of loan by joint arrangement

GEM Homes Pte. Ltd., a 50% owned joint venture of the Group had repaid an amount of RM59,188,000 to its holding company, Gamuda (Singapore) Pte. Ltd..

(c) Details of the joint arrangements are as follows:

Name of joint operations	Proportion of ownership		Economic activities
	2018 %	2017 %	
Unincorporated in Malaysia			
Malaysia Mining Corporation Berhad – Gamuda Berhad Joint Venture (“MMC – Gamuda JV”)	50	50	Undertake engineering, procurement and construction of the Stormwater Management and Road Tunnel Project (“SMART”)
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”)

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

Name of joint operations	Proportion of ownership		Economic activities
	2018 %	2017 %	
Unincorporated in Malaysia (Cont'd.)			
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng – Gamuda Engineering (Stonor 3) Joint Venture*	50	50	Undertake the construction works for the high rise project at Jalan Stonor
Lim Hoo Seng – Gamuda Engineering (SCM) Joint Venture*	50	–	Undertake the construction works for the project to expand the existing Setia City Mall located at Setia Alam, Selangor
Held by Gamuda M&E Sdn. Bhd.:			
GME-CI (GIBS2) Joint Venture*	55	–	Undertake the Mechanical and Electrical works of new Gamuda Industrial Building System (“GIBS”) factory
GME-CI (Serai) Joint Venture*	55	–	Undertake the Mechanical and Electrical works for Gamuda Garden
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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

Name of joint ventures	Proportion of ownership		Economic activities
	2018 %	2017 %	
Incorporated in Malaysia			
Projek SMART Holdings Sdn. Bhd.	50	50	Undertake, carry out and implement the Stormwater Management and Road Tunnel Project (“SMART”)
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 commercial and development for residential purposes and a golf club, Horizon Hills Golf and Country 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. (“KVMRT (PDP SSP)”)	50	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for KVMRT Line 2
MMC Gamuda KVMRT (T) Sdn. Bhd.	50	50	Undertake the 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 The Robertson Suites, Bukit Bintang commercial complex
Gamuda GM Klang Sdn. Bhd.#	50	50	Developer and operator of a wholesale hub in GM Klang Wholesale City located at Bandar Botanic, Klang

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

Name of joint ventures	Proportion of ownership		Economic activities
	2018 %	2017 %	
Incorporated in Singapore			
Held by Gamuda (Singapore) Pte. Ltd.:			
GEM Homes Pte. Ltd.^#	50	50	Property investment and development of GEM Residences in Singapore
Anchorvale Pte. Ltd.®	50	–	Property investment and development of Anchorvale in Singapore

* Audited by firms other than Ernst & Young

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

Financial year end of 31 July

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

@ Anchorvale Pte. Ltd. was incorporated on 19 October 2018 to carry out the development project of Anchorvale

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 (Cont'd.)

– 31 July 2018

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

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows:

	Horizon Hills RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (PDP) (Line 1) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	Projek SMART Holdings Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2018							
Summarised statements of financial position							
Non-current assets	202,791	203,965	4,964	1,062,669	397,459	574,399	2,446,247
Current assets	1,140,838	901,567	466,587	1,824,458	51,322	1,330,494	5,715,266
Non-current liabilities	(285,439)	(202,329)	(136,476)	(292,571)	(334,505)	(828,103)	(2,079,423)
Current liabilities	(244,698)	(773,648)	(245,580)	(2,414,275)	(19,149)	(357,730)	(4,055,080)
Net assets	813,492	129,555	89,495	180,281	95,127	719,060	2,027,010
The above amounts of assets and liabilities include the following:							
Cash and cash equivalents	168,146	18,932	221,571	50,117	43,488	200,242	702,496
Current financial liabilities (excluding trade and other payables and provision)	-	(57,800)	(15,000)	(199,834)	-	-	(272,634)
Non-current financial liabilities (excluding trade and other payables and provision)	(250,000)	-	-	-	(324,205)	(446,905)	(1,021,110)
Summarised statements of comprehensive income							
Results							
Revenue	345,285	2,261,882	729,415	3,400,698	32,340	1,646,933	8,416,553
Profit/(loss) for the year	94,214	90,378	28,524	84,518	(5,734)	155,226	447,126
The above profit for the year includes the following:							
Depreciation and amortisation	(2,367)	(3,236)	(1,359)	(10,352)	(9,407)	(4,937)	(31,658)
Interest income	12,547	3,134	1,207	22,216	1,897	4,408	45,409
Income tax (expense)/credit	(32,366)	(26,858)	(3,103)	(21,212)	12	(38,477)	(122,004)
Finance costs	(6,775)	(409)	(7,415)	(9,231)	(18,341)	(9,023)	(51,194)

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows: (cont'd.)

	Horizon Hills RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (PDP) (Line 1) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	Projek SMART Holdings Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2017							
Summarised statements of financial position							
Non-current assets	200,873	64,578	31,885	923,221	405,682	343,576	1,969,815
Current assets	1,544,511	356,990	815,372	2,169,797	54,162	1,541,434	6,482,266
Non-current liabilities	(279,012)	(58,724)	(138,074)	(62,505)	(339,505)	(896,402)	(1,774,222)
Current liabilities	(646,832)	(310,668)	(585,211)	(2,934,750)	(19,478)	(291,788)	(4,788,727)
Net assets	819,540	52,176	123,972	95,763	100,861	696,820	1,889,132
The above amounts of assets and liabilities include the following:							
Cash and cash equivalents	237,169	19,130	408,438	36,242	46,066	150,542	897,587
Current financial liabilities (excluding trade and other payables and provision)	-	-	(67,994)	(125,000)	-	-	(192,994)
Non-current financial liabilities (excluding trade and other payables and provision)	(250,000)	-	-	-	(329,205)	(768,637)	(1,347,842)
Summarised statements of comprehensive income							
Results							
Revenue	377,263	1,239,407	2,189,284	2,539,128	33,538	400,376	6,778,996
Profit/(loss) for the year	94,607	67,098	65,467	60,782	(208,777)	(457)	78,720
The above profit for the year includes the following:							
Depreciation and amortisation	(1,583)	(1,790)	(2,959)	(10,264)	(14,019)	(2,881)	(33,496)
Interest income	10,659	619	1,539	19,419	1,708	2,518	36,462
Income tax expense	(35,240)	(22,976)	(33,020)	(25,904)	(12)	(14,648)	(131,800)
Finance costs	(6,669)	(127)	(12,202)	(1,454)	(18,422)	(4,498)	(43,372)

Notes to the Financial Statements (Cont'd.)

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

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows: (cont'd.)

	Horizon Hills RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (PDP) (Line 1) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	Projek SMART Holdings Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2018							
Reconciliation of net assets to carrying amount as at year end							
Group's share of net assets	406,746	64,777	44,748	90,141	47,563	359,530	1,013,505
Elimination of unrealised profits	-	-	-	-	-	(52,211)	(52,211)
Carrying amount in the statements of financial position	406,746	64,777	44,748	90,141	47,563	307,319	961,294
Group's share of profit/(loss) for the year	47,107	45,189	14,262	42,259	(2,867)	77,613	223,563
Other information - Group's share of dividend	50,000	6,500	31,500	-	-	-	88,000
2017							
Reconciliation of net assets to carrying amount as at year end							
Group's share of net assets	409,770	26,088	61,986	47,882	50,430	348,410	944,566
Elimination of unrealised profits	-	-	-	-	-	(48,689)	(48,689)
Carrying amount in the statements of financial position	409,770	26,088	61,986	47,882	50,430	299,721	895,877
Group's share of profit/(loss) for the year*	47,304	33,549	32,734	30,391	(104,389)	(229)	39,360
Other information - Group's share of dividend	110,000	13,500	35,000	-	-	-	158,500

* Included impairment loss on investment in Projek SMART Holdings Sdn. Bhd. due to lower expected toll revenue projections amounting to RM98,452,000.

Notes to the Financial Statements (Cont'd.)

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20. OTHER INVESTMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost				
Unquoted shares, in Malaysia	50	50	50	50
Investment in transferable club memberships	762	762	683	683
	812	812	733	733

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

21. INVENTORIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Raw materials	4,641	11,123	–	–
Crusher run and aggregates	5,841	4,183	–	–
Consumable stores and spares	8,690	17,046	4,692	14,509
Properties held for sale	472,586	195,811	–	–
	491,758	228,163	4,692	14,509

During the financial year, the amount of inventories recognised as an expense by the Group was RM278,451,000 (2017: RM143,544,000).

In the previous financial year, the amount of inventories written down by the Group and the Company was RM4,221,000 (2018: RM Nil).

Notes to the Financial Statements (Cont'd.)

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22. RECEIVABLES

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

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a) Current					
Trade					
Trade receivables					
Third parties	(i)	759,018	785,704	28,172	29,494
Associated companies	(ii)	147,684	81,001	–	–
Joint venture partners		1,153	11,852	–	11,852
Joint ventures	(iii)	430,931	549,892	381,144	434,548
Advances to subcontractors		224,890	336,903	214,225	274,519
Retention sums		100,294	104,975	33,094	99,713
Stakeholder funds		55,949	12,272	–	–
Accrued billings		717,462	373,746	–	–
Due from customers on contracts (Note 24)		545,280	408,246	21,492	54,666
		2,982,661	2,664,591	678,127	904,792
Less: Allowance for impairment		(88,408)	(26,628)	(24,994)	(26,525)
		2,894,253	2,637,963	653,133	878,267
Non-trade					
Associated companies	(ii)	3,227	4,904	877	680
Joint venture partners		14,386	477	14,142	477
Joint ventures	(iii)	83,993	68,503	33,277	41,067
Deposits		12,578	14,542	1,460	2,461
Prepayments		43,105	66,496	4,532	38,111
Sundry receivables		53,388	52,611	32,703	25,953
		210,677	207,533	86,991	108,749
		3,104,930	2,845,496	740,124	987,016

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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 (2017: 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	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	1,362,768	1,439,762
1 to 30 days past due not impaired	40,284	172,874
31 to 60 days past due not impaired	41,492	23,097
61 to 90 days past due not impaired	43,633	10,056
91 to 120 days past due not impaired	11,570	42,626
More than 121 days past due not impaired	131,764	167,556
	268,743	416,209
Impaired	88,408	26,628
	1,719,919	1,882,599
	Company	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	595,682	820,632
1 to 30 days past due not impaired	530	–
31 to 60 days past due not impaired	–	–
61 to 90 days past due not impaired	–	–
91 to 120 days past due not impaired	–	–
More than 121 days past due not impaired	35,429	2,969
	35,959	2,969
Impaired	24,994	26,525
	656,635	850,126

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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.

The Group and the Company have trade receivables amounting to RM268,743,000 (2017: RM416,209,000) and RM35,959,000 (2017: RM2,969,000) respectively that are past due at the reporting date but not impaired. The receivables are related to customers with on-going transactions and/or progressive payments, and unsecured in nature.

Receivables that are impaired

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

	Group Individually impaired	
	2018 RM'000	2017 RM'000
Trade receivables – nominal amounts	88,408	26,628
Less: Allowance for impairment	(88,408)	(26,628)
	–	–
Movement in allowance accounts:		
At 1 August 2017/2016	26,628	568
Charge for the year (Note 7)	63,311	26,060
Exchange difference	(1,531)	–
At 31 July	88,408	26,628

During the year, there was an impairment of RM63.3 million on retention sum receivable provided by the joint operation of the Group as the balance is deemed not recoverable.

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

22. RECEIVABLES (CONT'D.)**(a) Current (cont'd.)****(i) Trade receivables (cont'd.)**

Receivables that are impaired (cont'd.)

	Company Individually impaired	
	2018 RM'000	2017 RM'000
Trade receivables – nominal amounts	24,994	26,525
Less: Allowance for impairment	(24,994)	(26,525)
	-	-
Movement in allowance accounts:		
At 1 August 2017/2016	26,525	-
Charge for the year (Note 7)	-	26,525
Exchange difference	(1,531)	-
At 31 July	24,994	26,525

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

(ii) Due from associated companies

During the financial year, Gamuda Water, the Group's 80% owned subsidiary recognised a discount on settlement scheme of RM70.1 million and reversal on FRS139 adjustment of RM62.8 million on amount due from an associated company, SPLASH. Hence, Gamuda Water recognised a net write off of RM7.3 million as Gamuda Water has mutually agreed with SPLASH to settle the outstanding receivables at an amount equal to 90% of the total receivables.

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 (Cont'd.)

– 31 July 2018

22. RECEIVABLES (CONT'D.)

(b) Non-current

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade					
Trade receivables					
Third parties		207,895	313,339	4,113	–
Associated companies	(i)	533,622	528,723	–	–
Joint ventures	(ii)	98,184	73,800	62,356	–
Retention sums		136,566	23,952	133,966	21,536
Stakeholder funds		440	1,848	–	–
		976,707	941,662	200,435	21,536
Non-trade					
Joint ventures	(ii)	21,976	16,500	–	–
Deposits		5,747	4,865	–	–
Sundry receivables		8	90	–	–
Prepayments		1,529	1,394	–	–
		29,260	22,849	–	–
		1,005,967	964,511	200,435	21,536

(i) Due from associated companies

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current					
Trade	22(a)(ii)	147,684	81,001	–	–
Non-trade	22(a)(ii)	3,227	4,904	877	680
		150,911	85,905	877	680
Non-current					
Trade		533,622	528,723	–	–
		684,533	614,628	877	680

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

22. RECEIVABLES (CONT'D.)

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

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

Included in amounts due from associated companies is an amount of RM649,317,000 (2017: RM599,969,000) for the supply of bulk quantity of treated water to SPLASH by Gamuda Water that are subject to impairment at reporting date. The balance has been accounted for the time value of money in accordance with the requirements of FRS139: Financial Instruments: Recognition and Measurement, at an effective interest rate of 7.1% (2017: 7.1%).

(ii) Due from a joint venture

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current					
Trade	22(a)(iii)	430,931	549,892	381,144	434,548
Non-trade	22(a)(iii)	83,993	68,503	33,277	41,067
		514,924	618,395	414,421	475,615
Non-current					
Trade		98,184	73,800	62,356	-
Non-Trade		21,976	16,500	-	-
		120,160	90,300	62,356	-
		635,084	708,695	476,777	475,615

Included in trade amount due from a joint venture is in respect of the consideration receivable from the sale of lands to Gamuda GM Klang Sdn. Bhd. ("GMKSB"), a joint venture, by Gamuda Land (Botanic) Sdn. Bhd., a subsidiary of the Company. The amount of RM83,250,000 is unsecured, non-interest bearing and repayable in 2 tranches on 28 April 2019 (current) and 28 April 2020 (non-current) respectively.

Included in non-trade amount due from a joint venture represents a loan amounting to RM21,976,000 (2017: RM16,500,000) given to GMKSB by Megah Capital Sdn. Bhd., a subsidiary of the Company. The loan is unsecured and repayable in 5 years or such other day mutually agreed upon. The interest of the loan is charged at 5.08% (2017: 4.95%) per annum.

Other details of fair value of non-current receivables are further disclosed in Note 43.

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 RM649,317,000 (2017: RM599,969,000) due from SPLASH.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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.

Group	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
At 31 July 2018				
Investment securities	23	384,271	–	384,271
Current receivables	22(a)			
Third parties		–	759,018	759,018
Associated companies		–	150,911	150,911
Joint venture partners		–	15,539	15,539
Joint ventures		–	514,924	514,924
Retention sums		–	100,294	100,294
Stakeholder funds		–	55,949	55,949
Deposits		–	12,578	12,578
Sundry receivables		–	29,404	29,404
Non-current receivables	22(b)			
Third parties		–	207,895	207,895
Associated companies		–	533,622	533,622
Joint ventures		–	120,160	120,160
Retention sums		–	136,566	136,566
Stakeholder funds		–	440	440
Deposits		–	5,747	5,747
Sundry Receivables		–	8	8
Cash and bank balances	26	–	1,238,634	1,238,634
Total financial assets		384,271	3,881,689	4,265,960

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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. (cont'd.)

Group	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
At 31 July 2017				
Investment securities	23	462,400	–	462,400
Current receivables	22(a)			
Third parties		–	785,704	785,704
Associated companies		–	85,905	85,905
Joint venture partners		–	12,329	12,329
Joint ventures		–	618,395	618,395
Retention sums		–	104,975	104,975
Stakeholder funds		–	12,272	12,272
Deposits		–	14,542	14,542
Sundry receivables		–	28,240	28,240
Non-current receivables	22(b)			
Third parties		–	313,339	313,339
Associated companies		–	528,723	528,723
Joint ventures		–	90,300	90,300
Retention sums		–	23,952	23,952
Stakeholder funds		–	1,848	1,848
Deposits		–	4,865	4,865
Sundry receivables		–	90	90
Cash and bank balances	26	–	579,728	579,728
Total financial assets		462,400	3,205,207	3,667,607

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

22. RECEIVABLES (CONT'D.)

Company	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
At 31 July 2018				
Investment securities	23	21,504	–	21,504
Current receivables	22(a)			
Third parties		–	28,172	28,172
Associated companies		–	877	877
Joint venture partners		–	14,142	14,142
Joint ventures		–	414,421	414,421
Retention sums		–	33,094	33,094
Deposits		–	1,460	1,460
Sundry receivables		–	31,923	31,923
Non-current receivables	22(b)			
Retention sums		–	133,966	133,966
Third parties		–	4,113	4,113
Joint ventures		–	62,356	62,356
Due from subsidiaries	25	–	1,663,592	1,663,592
Cash and bank balances	26	–	79,233	79,233
Total financial assets		21,504	2,467,349	2,488,853
At 31 July 2017				
Investment securities	23	19,072	–	19,072
Current receivables	22(a)			
Third parties		–	29,494	29,494
Associated companies		–	680	680
Joint venture partners		–	12,329	12,329
Joint ventures		–	475,615	475,615
Retention sums		–	99,713	99,713
Deposits		–	2,461	2,461
Sundry receivables		–	22,406	22,406
Non-current receivables	22(b)			
Retention sums		–	21,536	21,536
Due from subsidiaries	25	–	1,579,938	1,579,938
Cash and bank balances	26	–	28,136	28,136
Total financial assets		19,072	2,272,308	2,291,380

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

23. INVESTMENT SECURITIES

	2018		2017	
	Carrying amount RM'000	Fair value of quoted investments RM'000	Carrying amount RM'000	Fair value of quoted investments RM'000
Group				
Current				
Portfolios:				
Held as fixed deposit placements				
– Islamic	265,278	265,278	373,124	373,124
– Non-islamic	54,379	54,379	52,133	52,133
Others				
– Islamic	10,648	10,648	10,268	10,268
– Non-islamic	53,966	53,966	26,875	26,875
	384,271	384,271	462,400	462,400
Company				
Current				
Portfolios:				
Held as fixed deposit placements				
– Islamic	5,480	5,480	15,307	15,307
– Non-islamic	16,018	16,018	3,681	3,681
Others				
– Islamic	1	1	1	1
– Non-islamic	5	5	83	83
	21,504	21,504	19,072	19,072

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 43.

Notes to the Financial Statements (Cont'd.)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction contract costs				
incurred to date	12,976,788	11,543,875	11,144,752	10,301,184
Recognised profits less recognised losses	1,366,811	1,428,021	1,293,467	1,157,051
Progress billings received and receivable	(14,323,179)	(12,976,264)	(12,845,764)	(11,781,003)
	20,420	(4,368)	(407,545)	(322,768)
Represented by:				
Due from customers on contracts (Note 22(a))	545,280	408,246	21,492	54,666
Due to customers on contracts (Note 31(b))	(524,860)	(412,614)	(429,037)	(377,434)
	20,420	(4,368)	(407,545)	(322,768)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Finance costs (Note 8)	4,760	1,536	–	–
Depreciation (Note 12)	7,612	4,893	3,562	2,796
Staff costs (Note 5)	97,950	57,739	57,971	33,675
Rental of premises	31	36	–	–
Hire of plant and equipment	2,148	2,059	–	–

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 RM185,157,000 (2017: RM199,822,000) 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

25. DUE FROM SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Non-current		
Due from subsidiaries – non-trade	594,080	618,091
Current		
Due from subsidiaries		
– trade	829	1,741
– non-trade	1,068,683	960,106
	1,069,512	961,847
	1,663,592	1,579,938

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2017: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand except for advances of RM1,125,328,000 (2017: RM1,088,856,000) given to subsidiaries which bear interest at 4.55% to 5.18% (2017: 4.55% to 5.15%) per annum.

26. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	217,358	76,465	38,461	21,812
Housing Development Accounts				
– Islamic	46,739	30,020	–	–
– Non-Islamic	36,992	41,259	–	–
Total cash on hand and at banks	301,089	147,744	38,461	21,812
Deposits with licensed banks with				
– tenures of less than 3 months				
– Islamic	156,148	119,930	1,296	1,575
– Non-Islamic	519,831	231,803	39,476	4,749
– tenures of more than 3 months				
– Islamic	7,535	3,411	–	–
– Non-Islamic	254,031	76,840	–	–
Total cash and bank balances	1,238,634	579,728	79,233	28,136

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total cash and bank balances	1,238,634	579,728	79,233	28,136
Less: Deposits with tenures of more than 3 months	(261,566)	(80,251)	–	–
Total cash and cash equivalents	977,068	499,477	79,233	28,136

Included in total cash on hand and at banks of the Group and of the Company are interest bearing balances amounting to RM199,557,000 (2017: RM114,332,000) and RM26,459,000 (2017: RM14,865,000) 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	
	2018 %	2017 %	2018 %	2017 %
Licensed banks				
Malaysia – RM	3.00	2.91	3.15	3.02
– USD	1.05	0.95	1.05	0.95
India	6.68	7.03	–	–
Australia	1.75	–	–	–
Singapore	0.65	0.45	–	–
Vietnam	5.59	5.33	–	–

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

	Group		Company	
	2018 Days	2017 Days	2018 Days	2017 Days
Licensed banks	1 - 365	1 - 365	7 - 31	1 - 29

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

27. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Issued and fully paid:				
At 1 August 2017/2016	2,450,745	2,418,993	3,372,368	2,418,993
Transfer of share premium on 31 January 2017	-	-	-	910,437
Exercise of ESOS	13,099	30,454	53,790	30,454
Conversion of warrants	4,148	1,298	17,836	1,298
Share options exercised under ESOS	-	-	8,946	11,186
At 31 July	2,467,992	2,450,745	3,452,940	3,372,368

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

- (a) Under Companies Act 2016 in Malaysia, which came into effect on 31 January 2017, the concept of authorised share capital is no longer applicable.
- (b) In accordance with Section 74 of the Companies Act 2016 in Malaysia, the Company's shares no longer have a par or nominal value with effect from 31 January 2017.

Pursuant to Section 618 of the Companies Act 2016 in Malaysia, the amount standing to the credit of the Company's share premium account became part of the Company's share capital. There is no impact on the number of shares in issue or the relative entitlement of any members of the Company as a result of this transition.

- (c) During the financial year, the Company increased its issued and paid-up share capital from RM2,450,745,143 to RM2,467,991,951 by way of:
- (i) issuance of 13,099,000 new ordinary shares for cash arising from the exercise of options under the Company's ESOS; and
- (ii) issuance of 4,147,808 new ordinary shares for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

27. SHARE CAPITAL (CONT'D.)

- (d) On 7 March 2016, the Company allotted and issued 400,984,509 new Warrants 2016/2021 (“Warrants”) at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in the Company (“Rights Issue of Warrants”). The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 6 March 2021. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll dated 22 January 2016. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

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

	Warrants 2016/2021	
	2018 '000	2017 '000
At 1 August 2017/2016	392,948	394,246
Converted	(4,148)	(1,298)
At 31 July	388,800	392,948

- (e) The Gamuda Berhad Employees’ Share Option Scheme (“ESOS”) was approved by the shareholders at the Extraordinary General Meeting held on 4 December 2014 and became effective on 10 April 2015. With effect from 10 April 2015, the Company issued options under the new ESOS for the eligible executive directors and employees of Gamuda Berhad and its subsidiaries.

The principal features of the ESOS were as follows:

- (i) Full-time and confirmed employees within Gamuda Group and executive directors of Gamuda (“eligible person”) are eligible to participate in the ESOS. Participation, however, is subject to the discretion of the Option Committee.
- (ii) The ESOS shall be in force for a period of 5 years from 10 April 2015 provided that before the final year of the ESOS, the Option Committee may extend for up to another 5 years the duration of ESOS commencing from the expiration of the original 5 years. The duration of the ESOS shall not be more than 10 years from its effective date.
- (iii) The total number of new shares to be allotted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

27. SHARE CAPITAL (CONT'D.)

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

- (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.
- (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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

27. SHARE CAPITAL (CONT'D.)

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

(xi) No grantee shall participate at any time in more than one ESOS implemented by any company within the Gamuda Group.

(xii) Options to subscribe for ordinary shares under the ESOS were granted on the following dates:

Grant date	Exercise price RM	Number of options '000	Exercise period
10 April 2015	4.46	69,947	10 April 2015 – 9 April 2020
24 November 2015	3.84	74,351	24 November 2015 – 9 April 2020
3 June 2016	4.78	44,815	3 June 2016 – 9 April 2020
8 November 2016	4.88	5,963	8 November 2016 – 9 April 2020
13 June 2017	5.36	13,349	13 June 2017 – 9 April 2020
28 November 2017	4.65	8,324	28 November 2017 – 9 April 2020
6 June 2018	3.38	14,670	6 June 2018 – 9 April 2020

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

	2018 RM'000	2017 RM'000
Ordinary shares	13,099	30,454
Share premium	40,691	92,789
Aggregate proceeds received on shares issued	53,790	123,243
Aggregate fair value of ordinary shares at exercise date	64,494	159,333

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

27. SHARE CAPITAL (CONT'D.)

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

ESOS exercise price	← Number of share options Movement during the year →			Outstanding and exercisable at 31 July 2018 '000
	Outstanding and exercisable at 1 August 2017 '000	Granted '000	Exercised '000	
	RM4.46	61,297	–	
RM3.84	47,544	–	(7,881)	39,663
RM4.78	43,640	–	(604)	43,036
RM4.88	5,791	–	(126)	5,665
RM5.36	13,349	–	–	13,349
RM4.65	–	8,324	(46)	8,278
RM3.38	–	14,670	–	14,670
	171,621	22,994	(13,099)	181,516
WAEP	4.45	3.84	4.11	4.40

ESOS exercise price	← Number of share options Movement during the year →			Outstanding and exercisable at 31 July 2017 '000
	Outstanding and exercisable at 1 August 2016 '000	Granted '000	Exercised '000	
	RM4.46	69,387	–	
RM3.84	68,561	–	(21,017)	47,544
RM4.78	44,815	–	(1,175)	43,640
RM4.88	–	5,963	(172)	5,791
RM5.36	–	13,349	–	13,349
	182,763	19,312	(30,454)	171,621
WAEP	4.31	5.21	4.05	4.45

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

27. SHARE CAPITAL (CONT'D.)

(h) Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. During the financial year, modification made to the share options is the price adjustment pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

BATCH	ESOS						
	1	2	3	4	5	6	7
Exercise price, after rights issue of warrants (RM)	4.46	3.84	4.78	4.88	5.36	4.65	3.38
Fair value of share options, at the following grant dates and modification dates (RM)							
– Grant date	0.41	0.38	–	–	–	–	–
– 12 February 2016	0.35	0.59	–	–	–	–	–
– Grant date	–	–	0.43	0.40	0.44	0.49	0.45
Weighted average share price (RM)							
– Grant date	5.19	4.50	4.86	4.90	5.38	4.65	3.38
– 12 February 2016	4.43	4.43	–	–	–	–	–
Expected volatility							
– Grant date	19.00%	23.00%	23.00%	20.00%	20.00%	20.00%	20.00%
– 12 February 2016	23.00%	23.00%	–	–	–	–	–
Risk free rate							
– Grant date	3.22%	3.24%	3.03%	2.97%	3.08%	2.94%	3.45%
– 12 February 2016	3.25%	3.25%	–	–	–	–	–
Expected dividend yield [#]	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

28. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital reserve				
At 1 August 2017/2016	137,818	122,959	–	–
Movement in capital reserve in an associated company	3,251	14,859	–	–
At 31 July	141,069	137,818	–	–
Foreign exchange reserve				
At 1 August 2017/2016	289,552	179,741	12,792	7,388
Foreign currency translation	(204,383)	102,514	(7,324)	5,404
Share of associated companies' foreign currency translation	(19,666)	8,612	–	–
Non-controlling interests	1,723	(1,315)	–	–
At 31 July	67,226	289,552	5,468	12,792
Warrants reserve				
At 1 August 2017/2016	98,236	98,561	98,236	98,561
Conversion of warrants	(1,037)	(325)	(1,037)	(325)
At 31 July	97,199	98,236	97,199	98,236
Total other reserves	305,494	525,606	102,667	111,028

29. RETAINED PROFITS

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Present value of unfunded defined benefit obligations, representing net liability	43,367	38,680	4,065	3,580
Analysed as:				
Current (Note 31(b))	2,150	369	331	35
Non-current:				
Later than 1 year but not later than 2 years	2,382	1,337	44	–
Later than 2 years but not later than 5 years	9,108	7,525	722	543
Later than 5 years	29,727	29,449	2,968	3,002
Amount included in payables (Note 31(a))	41,217	38,311	3,734	3,545
Total	43,367	38,680	4,065	3,580

The amounts recognised in profit or loss are determined as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current service cost	3,574	3,210	626	315
Interest cost	1,896	1,590	190	166
Total, included in staff costs and directors' remuneration (Notes 5 and 6)	5,470	4,800	816	481

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

30. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 August 2017/2016	38,680	34,299	3,580	3,133
Recognised in profit or loss	5,470	4,800	816	481
Contributions paid	(743)	(444)	(331)	(34)
Exchange differences	(40)	25	–	–
At 31 July	43,367	38,680	4,065	3,580

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:

Group	Increase/ (decrease)	2018 RM'000	Increase/ (decrease)	2017 RM'000
Discount rate	+1%	(3,425)	+1%	(3,425)
	-1%	3,425	-1%	3,425
Expected rate of salary increases	+1%	3,959	+1%	3,959
	-1%	(3,959)	-1%	(3,959)

Principal actuarial assumptions used:

	2018 %	2017 %
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 (Cont'd.)

– 31 July 2018

31. PAYABLES

(a) Non-current

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade				
Trade payables	–	242	–	242
Retention sums	100,064	85,691	29,840	34,652
Accruals	–	503	–	–
	100,064	86,436	29,840	34,894
Non-trade				
Associated companies	–	4	–	–
Advance membership fees	20,066	20,503	–	–
Deferred income	41,736	43,777	–	–
Retirement benefit obligations (Note 30)	41,217	38,311	3,734	3,545
Sundry payables	887	154	–	–
Accruals	1,215	5,360	–	–
	105,121	108,109	3,734	3,545
	205,185	194,545	33,574	38,439

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, licence fees, and government compensation in relation to Kesas Sdn. Bhd..

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

31. PAYABLES (CONT'D.)

(b) Current

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade				
Trade payables	617,665	365,560	47,819	15,131
Joint venture partners	–	4,110	–	–
Retention sums	133,533	107,085	9,396	3,768
Progress billings	14,645	18,852	–	–
Due to customers on contracts (Note 24)	524,860	412,614	429,037	377,434
Accruals	549,286	709,793	189,750	267,950
	1,839,989	1,618,014	676,002	664,283
Non-trade				
Associated companies	212	35	–	–
Joint venture partners	108	1,000	–	–
Advance membership fees	1,229	300	–	–
Retirement benefit obligations (Note 30)	2,150	369	331	35
Sundry payables	143,309	57,804	15,251	3,873
Accruals	180,040	136,770	51,519	43,042
	327,048	196,278	67,101	46,950
	2,167,037	1,814,292	743,103	711,233

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2017: 30 to 90 days).

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial liabilities at amortised costs					
Current payables	31(b)				
Trade payables		617,665	365,560	47,819	15,131
Associated companies		212	35	–	–
Joint venture partners		108	5,110	–	–
Retention sums		133,533	107,085	9,396	3,768
Sundry payables		114,922	53,517	14,926	3,569
Accruals		729,326	846,563	241,269	310,992
Non-current payables	31(a)				
Trade payables		–	242	–	242
Associated companies		–	4	–	–
Retention sums		100,064	85,691	29,840	34,652
Sundry payables		887	154	–	–
Accruals		1,215	5,863	–	–
Long term borrowings	33	4,249,964	4,614,646	1,500,000	1,400,000
Short term borrowings	34	1,486,736	628,647	950,000	455,647
Due to subsidiaries	36	–	–	62,040	55,991
		7,434,632	6,713,117	2,855,290	2,279,992

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

32. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 August 2017/2016	344,812	386,310	(16,423)	(3,693)
Recognised in profit or loss (Note 9)	20,036	(41,530)	20,352	(12,730)
Exchange differences	(3,395)	32	-	-
At 31 July	361,453	344,812	3,929	(16,423)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(39,219)	(74,369)	-	(16,423)
Deferred tax liabilities	400,672	419,181	3,929	-
	361,453	344,812	3,929	(16,423)

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 2017	53,429	178,804	170,192	31,715	434,140
Recognised in profit or loss	6,542	10,539	(13,944)	(14,140)	(11,003)
Exchange differences	(4,223)	-	-	-	(4,223)
At 31 July 2018	55,748	189,343	156,248	17,575	418,914
At 1 August 2016	34,689	198,203	181,345	31,715	445,952
Recognised in profit or loss	18,708	(19,399)	(11,153)	-	(11,844)
Exchange differences	32	-	-	-	32
At 31 July 2017	53,429	178,804	170,192	31,715	434,140

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax assets of the Group:

	Unutilised tax losses RM'000	Unutilised capital allowances RM'000	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2017	(13,790)	(5,271)	(8,136)	(62,131)	(89,328)
Recognised in profit or loss	6,446	621	(255)	24,227	31,039
Exchange differences	823	1	–	4	828
At 31 July 2018	(6,521)	(4,649)	(8,391)	(37,900)	(57,461)
At 1 August 2016	(1,875)	(229)	(7,295)	(50,243)	(59,642)
Recognised in profit or loss	(11,915)	(5,042)	(841)	(11,888)	(29,686)
At 31 July 2017	(13,790)	(5,271)	(8,136)	(62,131)	(89,328)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 August 2017	–
Recognised in profit or loss	13,264
At 31 July 2018	13,264
At 1 August 2016	3,508
Recognised in profit or loss	(3,508)
At 31 July 2017	–

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

32. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)**Deferred tax assets of the Company:**

	Accelerated capital allowances RM'000	Property, plant and equipment RM'000	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2017	(8,042)	(5,031)	(859)	(2,491)	(16,423)
Recognised in profit or loss	8,042	(313)	(116)	(525)	7,088
At 31 July 2018	–	(5,344)	(975)	(3,016)	(9,335)
At 1 August 2016	–	(3,492)	(752)	(2,957)	(7,201)
Recognised in profit or loss	(8,042)	(1,539)	(107)	466	(9,222)
At 31 July 2017	(8,042)	(5,031)	(859)	(2,491)	(16,423)

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

	Group	
	2018 RM'000	2017 RM'000
Unutilised tax losses	58,228	32,275
Unabsorbed capital allowances	53,467	40,666
Unutilised reinvestment allowances	1,457	1,457
Other deductible temporary differences	6,552	2,726
	119,704	77,124

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Medium term notes	(a)				
– secured		465,000	555,000	–	–
– unsecured		2,000,000	1,900,000	1,500,000	1,400,000
		2,465,000	2,455,000	1,500,000	1,400,000
Term loans					
– secured	(b)	735,617	892,162	–	–
– unsecured	(c)	967,717	1,162,857	–	–
		1,703,334	2,055,019	–	–
Revolving credits	(d)				
– secured		81,630	73,081	–	–
– unsecured		–	31,546	–	–
		81,630	104,627	–	–
		4,249,964	4,614,646	1,500,000	1,400,000

(a) Medium term notes (“MTNs”)

The MTNs are drawdown by:

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gamuda Berhad	(i)	1,500,000	1,400,000	1,500,000	1,400,000
Bandar Serai Development Sdn. Bhd. (“Bandar Serai”)	(i)	500,000	500,000	–	–
Kesas Sdn. Bhd. (“Kesas”)	(ii)	465,000	555,000	–	–
		2,465,000	2,455,000	1,500,000	1,400,000

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)

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

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows:

(i) Murabahah MTN – unsecured

Gamuda Berhad

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Current				
Issue No. 5	400,000	28.10.2013	26.10.2018	4.22
Issue No. 6	400,000	13.3.2014	13.3.2019	4.62
	<u>800,000</u>			
Non-current				
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
Issue No. 9	500,000	23.11.2017	23.11.2022	4.83
Issue No. 10	400,000	16.3.2018	16.3.2023	4.79
	<u>1,500,000</u>			

Issue No. 1 to No. 4 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
	<u>500,000</u>			

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)

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

(i) Murabahah MTN – unsecured (cont'd.)

The Islamic MTNs were drawdown by 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.

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

	Group	
	2018 RM'000	2017 RM'000
Primary Sukuk	555,000	645,000
Secondary Sukuk	188,184	188,184
	743,184	833,184
Less: Unamortised profit element	(71,509)	(97,871)
	671,675	735,313
Less: Accumulated profit element charged to profit or loss	(116,675)	(90,313)
	555,000	645,000

The remaining maturities of the borrowings as at 31 July 2018 are as follows:

	Group	
	2018 RM'000	2017 RM'000
Less than one year	90,000	90,000
More than one year and less than two years	90,000	90,000
More than two years and less than five years	270,000	270,000
Five years or more	105,000	195,000
	555,000	645,000

On 2 October 2014, Kesas has issued its Islamic MTNs 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 4.38% to 4.85% (2017: 4.20% to 4.85%) per annum.

The Sukuk was issued to fully redeem its previously issued bonds (BalDS), government support loan and redeemable convertible unsecured loan stock (“RCULS”).

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)

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

(ii) Sukuk Musharakah Medium Term Notes (“Sukuk”) – secured (cont'd.)

The borrowings are secured by the following:

- (i) whole or any part of the undertakings, revenues, rights and all the assets and properties of the subsidiary (both present and future);
- (ii) subject to any necessary authorisation under Section 7 of the Federal Roads (Private Management) Act 1984, all the rights to demand, collect and retain toll as more particularly stated in Clause 2.1(c) (Grant of Concession) of the Concession Agreement;
- (iii) all the subsidiary’s rights, title and benefits in respect of other contracts entered or to be entered by the subsidiary in relation to the operation and maintenance of the Expressway and proceeds received thereunder; and
- (iv) all the subsidiary’s rights, interests, title and benefits in respect of the Designated Accounts.

In accordance with Clause 13.2(t) of the Sukuk Musharakah Trust Deed, no declaration or distribution of dividend (“Distribution”) is allowed unless all of the following conditions have been complied with:

- (i) no Dissolution Event has occurred or would occur following such payment or distribution of the Distributions;
- (ii) the Projected Financial Service Cover Ratios (“FSCR”) as calculated on each Distribution Date shall not fall below two point two five (2.25) times after such payment of the Distributions and for the purposes of testing the compliance of the projected FSCR, the subsidiary shall submit a Compliance Certificate duly signed by a director of the subsidiary in relation to the compliance of the Projected FSCR to the Facility Agent and the Sukuk Trustee;
- (iii) the balance standing to the credit of the FSCR Account after such payment of the Distributions will not be less than the minimum required balance; and
- (iv) such Distribution, in the reasonable opinion of the Sukuk Trustee would not have a material adverse effect.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)

(b) Term loans – secured

The term loans are drawdown by:

	Note	Group	
		2018 RM'000	2017 RM'000
Gamuda Land Vietnam Limited Liability Company ("GLVN")	(i)	124,028	233,662
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC")	(ii)	250,958	360,718
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning")	(iii)	360,631	297,782
		735,617	892,162

(i) On 1 March 2016, 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 bore interest rate ranging from 4.43% to 4.54% (2017: 5.97% to 5.98%) per annum.

The term loan is secured by leasehold land under development as disclosed in Note 13.

(ii) On 30 March 2016, HCMCJSC, a subsidiary of the Company has drawdown the term loan for the purpose of financing the working capital of the Celadon City project. The term loan bore interest rate ranging from 4.09% to 5.23% (2017: 5.82% to 6.89%) per annum.

The term loan is secured by leasehold land under development as disclosed in Note 13.

(iii) On 30 June 2016, GL Kemuning, a subsidiary of the Company has drawdown the term loan for the purpose of part financing the acquisition of a leasehold land. On 17 November 2017, the Company has drawdown bridging loans for the purpose of part financing of project development. The term loan and the bridging loan bore interest rate of 4.52% (2017: 4.70%) and a range of 4.57% to 4.59% per annum respectively.

The term loan is secured by leasehold land under development as disclosed in Note 13.

Term loans are repayable as follows:

	Group	
	2018 RM'000	2017 RM'000
Later than one year but not later than two years	330,189	148,595
More than two years and less than five years	405,428	668,937
Five years or more	–	74,630
	735,617	892,162

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)**(c) Term loans - unsecured**

The term loans are drawdown by:

	Note	Group	
		2018 RM'000	2017 RM'000
Megah Capital Sdn. Bhd. ("Megah Capital")	(i)	818,487	819,982
Gamuda (Australia) Pty Ltd ("GB Australia")	(ii)	-	153,599
Gamuda (Singapore) Pte. Ltd. ("GB Singapore")	(iii)	149,230	189,276
		967,717	1,162,857

- (i) On 16 July 2015, as disclosed in Note 35, Megah Capital has swapped its term loan of USD100,000,000 at floating USD interest rate of LIBOR plus 1.30% per annum through cross currency interest rate swap into RM379,500,000 at fixed rate of 4.58% per annum.

On 30 October 2016 and 21 March 2017, as disclosed in Note 35, Megah Capital has swapped its term loans of USD50,000,000 and USD50,000,000 respectively, at floating USD interest rate through cross currency interest rate swap into RM207,000,000 and RM221,500,000 at fixed rate of 4.33% and 4.48% per annum, respectively.

The term loans mature five years from the date of first drawdown and is subject to offsetting arrangements as disclosed in Note 43.

- (ii) On 16 June 2016, GB Australia, a subsidiary has drawdown the term loan for the purpose of part financing the construction of a residential property development. The term loan is unconditionally guaranteed by the Company and bore interest rate of 2.91% (2017: 3.00%) per annum.
- (iii) On 26 September 2016, GB Singapore, a subsidiary of the Company has drawdown the term loan from Malayan Banking Berhad in Singapore, to finance the working capital of GEM Residences project. The term loan is secured by a corporate guarantee of Gamuda Berhad and bore interest rate of 2.65% (2017: 2.10%) per annum.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)

(c) Term loans - unsecured (cont'd.)

Term loans are repayable as follows:

	Group	
	2018 RM'000	2017 RM'000
Later than one year but not later than two years	530,732	153,599
More than two years and less than five years	436,985	1,009,258
	967,717	1,162,857

(d) Revolving credits

The revolving credits are drawdown by:

	Note	Group	
		2018 RM'000	2017 RM'000
Secured			
Jade Homes Sdn. Bhd. ("Jade Homes")	(i)	81,630	73,081
Unsecured			
GB Singapore	(ii)	–	31,546

Revolving credits are repayable as follows:

	Group	
	2018 RM'000	2017 RM'000
Later than one year but not later than two years	20,040	16,700
More than two years and less than five years	60,120	87,927
More than five years	1,470	–
	81,630	104,627

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

33. LONG TERM BORROWINGS (CONT'D.)**(d) Revolving credits (cont'd.)**

- (i) On 1 August 2016, Jade Homes, a subsidiary of the Company has drawdown the revolving credit from Public Bank Berhad for the development cost of Phase CP3, Phase 5A and the construction of an international school. The revolving credit is secured with vacant development land and bore interest rate of 4.63% (2017: 4.49%) per annum.
- (ii) On 26 September 2016, GB Singapore, a subsidiary of the Company has drawdown the revolving credit from Malayan Banking Berhad in Singapore, to finance the working capital of GEM Residences project. The revolving credit is secured by a corporate guarantee of Gamuda Berhad and bore interest rate of 2.64% (2017: 2.08%) per annum.

34. SHORT TERM BORROWINGS

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Secured					
Medium term notes (Note 33(a)(ii))		90,000	90,000	–	–
Term loans	(a)	137,781	–	–	–
Revolving credits	(b)	2,167	–	–	–
		229,948	90,000	–	–
Unsecured					
Medium term notes (Note 33(a)(i))		800,000	400,000	800,000	400,000
Term loans	(a)	142,942	–	–	–
Revolving credits	(b)	213,846	138,647	50,000	55,647
Commercial papers		100,000	–	100,000	–
		1,256,788	538,647	950,000	455,647
		1,486,736	628,647	950,000	455,647

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

34. SHORT TERM BORROWINGS (CONT'D.)

(a) Term loan

The term loans are drawdown by:

	Group	
	2018 RM'000	2017 RM'000
Secured		
GLVN (Note 33(b)(i))	54,128	–
HCMCJSC (Note 33(b)(ii))	83,653	–
	137,781	–
Unsecured		
GB Australia (Note 33(c)(ii))	113,096	–
GB Singapore (Note 33(c)(iii))	29,846	–
	142,942	–

(b) Revolving credits

The revolving credits are drawdown by:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Secured				
Jade Homes	2,167	–	–	–
Unsecured				
Gamuda Berhad	50,000	55,647	50,000	55,647
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	134,000	83,000	–	–
GB Singapore	29,846	–	–	–
	213,846	138,647	50,000	55,647

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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	
	2018 %	2017 %	2018 %	2017 %
MTNs	4.62	4.50	4.61	4.42
Commercial papers	4.03	–	4.03	–
Revolving credits				
– US Dollar	–	1.70	–	1.70
– Ringgit Malaysia	4.22	4.13	4.18	–
– Singapore Dollar	2.64	2.08	–	–
Term loans				
– US Dollar	2.39	1.76	–	–
– Vietnam Dong	4.65	6.01	–	–
– Ringgit Malaysia	4.53	4.70	–	–
– Australian Dollar	2.91	2.78	–	–
– Singapore Dollar	2.65	2.10	–	–

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

35. DERIVATIVES

	Group (Liabilities)/Assets	
	2018 RM'000	2017 RM'000
Cross currency interest rate swaps	(4,377)	36,118

The Group uses cross currency interest rate swap to manage some of the transaction exposure.

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

During the previous financial year, the Group obtained new loans denominated in United States Dollar ("USD") amounting to USD100,000,000 ("USD loan") and at the same time entered into a cross currency interest rate swap ("CCIRS"). The CCIRS is to hedge against interest rate and foreign exchange movements for the USD loan.

For the financial year 2017/2018

Contract amount	CCIRS	Maturity
USD100,000,000 (RM379,500,000)	The Group: (i) Pays fixed RM interest rate of 4.58% per annum on the RM contract amount in exchange for receiving floating USD interest rate of 1-month LIBOR plus 1.30% per annum on the USD contract amount; and	16 July 2020
	(ii) Receives USD in exchange for paying RM at a predetermined rate of RM3.795 to USD1.000; according to the scheduled principal and interest repayment.	16 July 2020

Effectively, the Group has swapped the USD100,000,000 loan at floating USD interest rate of LIBOR plus 1.30% per annum into RM379,500,000 loan at RM fixed interest rate of 4.58% per annum.

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

35. DERIVATIVES (CONT'D.)**For the financial year 2017/2018 (cont'd.)**

Contract amount	CCIRS	Maturity
	The Group:	
USD50,000,000 (RM207,000,000)	(i) Pays fixed RM interest rate of 4.33% per annum on the RM contract amount in exchange for receiving floating USD interest rate on the USD contract amount; and	29 Oct 2021
	(ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.14 to USD1.000; according to the scheduled principal and interest repayment.	29 Oct 2021

Effectively, the Company has swapped the USD50,000,000 loan to RM207,000,000 loan at RM fixed interest rate of 4.33% per annum.

Contract amount	CCIRS	Maturity
	The Group:	
USD50,000,000 (RM221,500,000)	(i) Pays RM fixed interest rate of 4.48% per annum on the RM contract amount in exchange for receiving floating USD interest rate on the USD contract amount; and	29 Oct 2021
	(ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.43 to USD1.000; according to the scheduled principal and interest repayment.	29 Oct 2021

Effectively, the Company has swapped the USD50,000,000 loan to RM221,500,000 loan at RM fixed interest rate of 4.48% per annum.

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 loss of RM41,705,000 (2017: gain of RM17,591,000) 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 43.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

36. DUE TO SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Current		
Due to subsidiaries		
– trade	30,226	19,324
– non-trade	31,814	36,667
	62,040	55,991

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2017: 30 to 90 days).

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

37. PROVISION FOR LIABILITIES

Provision for liabilities of the Group is analysed as follows:

	Group	
	2018 RM'000	2017 RM'000
Current	74,320	56,809
Non-current	258,705	130,097
	333,025	186,906

	Company	
	2018 RM'000	2017 RM'000
Current	2,994	–

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

37. PROVISION FOR LIABILITIES (CONT'D.)

Group	Provision for development costs Note (a) RM'000	Provision for affordable housing Note (b) RM'000	Provision for club membership Note (c) RM'000	Provision for heavy repairs Note (d) RM'000	Provision for foreseeable loss Note (e) RM'000	Total RM'000
At 1 August 2017	30,378	134,589	2,908	19,031	-	186,906
Provision during the year	14,325	165,727	971	4,680	2,976	188,679
Utilisation during the year	(1,160)	(27,185)	(160)	(4,680)	-	(33,185)
Unused amount reversed	(6,504)	(1,241)	(1,648)	-	-	(9,393)
Exchange differences	-	-	-	-	18	18
At 31 July 2018	37,039	271,890	2,071	19,031	2,994	333,025
At 1 August 2016	29,105	8,143	2,991	19,031	-	59,270
Provision during the year	14,060	127,061	380	4,680	-	146,181
Utilisation during the year	(615)	(615)	(463)	(4,680)	-	(6,373)
Unused amount reversed	(12,172)	-	-	-	-	(12,172)
At 31 July 2017	30,378	134,589	2,908	19,031	-	186,906

Recognised in profit or loss during the financial year: (Note 7)

	2018 RM'000	2017 RM'000
Net provision for club membership	(677)	380
Provision for heavy repairs	4,680	4,680
Provision for foreseeable loss	2,976	-
	6,979	5,060

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

37. PROVISION FOR LIABILITIES (CONT'D.)

(a) Provision for development costs

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

(b) Provision for affordable housing

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

(c) Provision for club membership

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

(d) Provision for heavy repairs

Provision for heavy repairs relate to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

(e) Provision for foreseeable loss

Provision for foreseeable loss relates to an estimate of the cost to complete for the contract in progress at the reporting date.

38. COMMITMENTS

(a) Capital commitments

	Group	
	2018 RM'000	2017 RM'000
Approved and contracted for:		
Property, plant and equipment	1,075,530	86,435

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

38. COMMITMENTS (CONT'D.)**(b) Operating lease commitments – as lessee**

The Group has entered into leases on certain investment properties, plant and equipment. These leases have an average tenure of between two and five years with no renewal option or contingent rent provision included in the contracts.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than 1 year	4,129	2,677	6	6
Later than 1 year but not later than 5 years	9,845	8,472	369	245
Later than 5 years	5,320	5,320	–	–
	19,294	16,469	375	251

(c) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between two and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than 1 year	6,465	6,313	130	251
Later than 1 year but not later than 5 years	2,024	2,668	7,067	7,006
	8,489	8,981	7,197	7,257

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

39. GUARANTEES

- (a) The Company and its joint venture partner, MMC Corporation Berhad (“MMC”), issued parent company guarantees to guarantee the due performance and obligations of MMC – Gamuda KVMRT (T) Sdn. Bhd. (“Tunnel JV”) in the underground works 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.
- (b) The Company and its joint venture partner, MMC, have also issued parent company guarantees to guarantee the due performance and obligations of MMC – Gamuda KVMRT (PDP SSP) Sdn. Bhd. (“PDP SSP”) as the Project Delivery Partner (“PDP”) of KVMRT Line 2. PDP SSP is equally owned by MMC and the Company.
- (c) The Company and its partner, WCT Holdings Berhad formed a 51% : 49% joint venture (“GWJV”) to undertake the design and to construct the airfield facilities, tunnel and detention ponds of the New Doha International Airport Project in the state of Qatar. Pursuant to the conditions of contract, GWJV is required to issue a performance bond of QAR336 million (approximately RM370 million at the prevailing exchange rate on 31 July 2018) to the client to guarantee the due performance and obligations of GWJV in the project.

In January 2014, GWJV was issued with the initial acceptance certificate signifying the completion of the project, pending issuance of the final acceptance certificate upon expiry of the maintenance period in January 2015. The airport commenced operations in April 2014.

To-date, the performance bond has not been returned to GWJV even though the project has been completed. The performance bond remains enforceable unless it is returned by the client for cancellation.

GWJV has performed the works and has met all its obligations in accordance with the terms of the contract.

The parent company guarantees for the contracts in (a) and (b) and the performance bond issued in (c) have not been called because Tunnel JV, PDP SSP and GWJV have performed and met their obligations in compliance with the terms of the contract.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

40. MATERIAL LITIGATIONS

- (a) On 27 June 2016, Gamuda Berhad announced that its jointly controlled entity, MMC Gamuda KVMRT (PDP) Sdn. Bhd. (“PDP”) had, 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 5 August 2016, the PDP filed an application to strike out the Accolade’s Writ and Statement of Claim on the premise that it discloses no reasonable cause of action, is scandalous, frivolous and vexatious and amounts to an abuse of process (“PDP’s 1st Striking Out Application”). On 15 September 2016, the PDP filed an application to strike out parts of Accolade’s Amended Reply to the PDP’s Defence on the premise that they are scandalous, frivolous and vexatious and amounts to an abuse of process (“PDP’s 2nd Striking Out Application”). The PDP’s 1st Striking out Application and 2nd Striking Out Application were heard before the Judge on 23 November 2016 and 28 February 2017. On 20 April 2017, the Judge allowed the PDP’s 1st Striking Out Application. As a result of the Judge’s decision, the PDP’s 2nd Striking Out Application was struck out as the same has become academic. On 16 May 2017, Accolade filed a Notice of Appeal against the decision of the Judge. Accolade’s appeal is now fixed for hearing before the Court of Appeal on 24 October 2018.

- (b) On 9 March 2018, Gamuda Berhad announced that its 80% owned subsidiary, Gamuda Water has received four writs of summons filed by Tenaga National Berhad (“TNB”). The suits are premised on the failure by Gamuda Water in paying electricity bills amounted to RM39,512,063. On 18 May 2018, upon the application of Gamuda Water, the Court granted an order to consolidate all four writs. Gamuda Water filed an application for stay of proceedings (“Stay Application”) on 12 June 2018. On 19 July 2018, TNB served on Gamuda Water its application for summary judgment (“Summary Judgment”). The hearing date for the Stay Application and the case management for Summary Judgment are fixed on 22 October 2018.
- (c) On 2 April 2018, Gamuda Berhad announced that Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (a 40% associate company) (“SPLASH”) was served with two third party notices (“Third Party Suits”) by Sungai Harmoni Sdn. Bhd. (“SHSB”) in respect of the two suits filed by TNB against SHSB for outstanding electricity charges. In the Third Party Suits, SHSB is claiming against SPLASH (1) the sum of RM621,576,213 for the supply of treated water (less the indemnified sum claimed by TNB in the two suits) and an indemnification sum of RM8,014,838 against TNB’s claim together with interest and cost, and (2) an indemnification sum of RM27,692,528 against TNB’s claim together with interest and cost. On 26 April 2018, SPLASH served on SHSB its application to stay the proceedings of the Third Party Suits (“Stay Application”). On 31 July 2018, the court allowed the Stay Application.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

40. MATERIAL LITIGATIONS (CONT'D.)

- (d) On 9 April 2018, Gamuda Berhad announced that SPLASH has commenced legal proceedings against Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”) for the recovery of RM4,217,911,713 outstanding receivables owing by SYABAS to SPLASH together with interest and costs. On 26 April 2018, SYABAS filed its Defence and Counter Claim. On 27 April 2018, SYABAS served on SPLASH its application to strike out SPLASH’s claim (“Striking Out Application”). SPLASH served on SYABAS its summary judgment application (“Summary Judgment Application”) on 21 May 2018. On 18 July 2018, a Written Consent for Discontinuance was filed wherein SPLASH and SYABAS have wholly discontinued their respective claims against each other in the legal proceedings with liberty to file afresh.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 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	1,254	2	–	–
Sales of commercial complex to a joint venture	–	(27,703)	–	–
Contract services rendered to an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	(167,392)	(151,696)	–	–
Rental received from subsidiaries	–	–	(5,250)	(4,279)
Interest receivable from subsidiaries	–	–	(127,492)	(117,528)

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

Notes to the Financial Statements (Cont'd.)

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

(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	
	2018 RM’000	2017 RM’000	2018 RM’000	2017 RM’000
Total	18,354	16,915	13,268	12,520

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

42. SIGNIFICANT EVENTS

(a) The Group’s 40%-owned associated company, Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”) has accepted the offer by Pengurusan Air Selangor Sdn. Bhd. (“Air Selangor”) in respect of Air Selangor’s proposed purchase of 100% equity in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (“SPLASH”) (“Proposed Disposal”). SPLASH, the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3, is a wholly-owned subsidiary of SPLASH Holdings.

The acquisition of SPLASH by Air Selangor consist of:

- 50,000,000 ordinary shares in SPLASH (“SPLASH Shares”), being 100% of the issued and paid up ordinary share capital of SPLASH; and
- 350,000,000 redeemable unsecured loan stocks (“RULS”) issued by SPLASH to SPLASH Holdings (“SPLASH RULS”), being 100% of SPLASH RULS,

for a combined total purchase consideration of RM2.55 billion (“Disposal Consideration”).

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

42. SIGNIFICANT EVENTS (CONT'D.)

(a) The Disposal Consideration shall be paid by Air Selangor to SPLASH Holdings in the following manner:

- (i) a sum of RM1,900,000,000 (“Upfront Sum”) on the Completion Date; and
- (ii) the balance sum of RM650,000,000 (“Deferred Sum”) in 9 annual instalments comprising:
 - (a) 8 equal annual instalments of RM72,222,222 each; and
 - (b) 1 final annual instalment of RM72,222,224,

(collectively referred to as “Annual Instalments”),

of which Air Selangor shall pay the first annual instalment no later than the first anniversary of the Completion Date and the remaining annual instalments and interest charges no later than each anniversary thereafter.

Interest shall be payable by Air Selangor on the amount of the Deferred Sum less all Annual Instalments paid (if any) at the rate of 5.25% per annum which shall be applicable from the date falling immediately after the Completion Date until the due dates of the respective annual instalments (or any earlier date in the event Air Selangor prepays any part of the Deferred Sum).

SPLASH Holdings had on 28 September 2018 entered into a conditional share purchase agreement (“SPA”) with Air Selangor.

The Proposed Disposal is conditional upon and subject to the fulfilment or waiver of the following conditions precedent (“Conditions Precedent”) within a period of 3 months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings (“Cut-Off Date”):

- (i) the approval of the board of directors and shareholders (if necessary) of SPLASH Holdings having been obtained in respect of the execution of the SPA, the sale of the SPLASH Securities by SPLASH Holdings to Air Selangor and all other transactions contemplated by the SPA upon the terms and subject to the conditions contained in the SPA;

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

42. SIGNIFICANT EVENTS (CONT'D.)

- (a) The Proposed Disposal is conditional upon and subject to the fulfilment or waiver of the following conditions precedent (“Conditions Precedent”) within a period of 3 months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings (“Cut-Off Date”): (cont'd.)
- (ii) the approval and consent of the following authorities or regulatory bodies having been obtained, for all transactions contemplated in the SPA requiring such approval:
- (a) the Selangor State Government through the Selangor Economic Planning Unit (UPEN) in respect of the change in shareholding of SPLASH; and
- (b) the Minister pursuant to Section 109 of the Water Services Industry Act 2006 through the National Water Service Commission (SPAN) in respect of the change in control of SPLASH,
- and if required, the approval of any other public authority or otherwise written confirmation from SPLASH Holdings that no other approval is required for the transactions contemplated under the SPA;
- (iii) the consent of Malaysian Trustees Berhad, as trustee acting on the instruction of ACQUA SPV Berhad (“ACQUA”) and the facility agent, and the consent of Malaysian Trustees Berhad, as trustee acting on the instruction of ACQUA and the project agent, for the change of shareholding in SPLASH and the sale of the SPLASH Securities by SPLASH Holdings to Air Selangor as required under the terms of the documentation in connection with the issuance of the debt securities to ACQUA by SPLASH;
- (iv) the approval of any financial institution, where required, or otherwise written confirmation from SPLASH Holdings that no approval from any financial institution is required for the transactions contemplated under the SPA;
- (v) the completion of the financial, tax and technical due diligence on SPLASH and the results of the due diligence exercise being satisfactory to Air Selangor in its sole and absolute discretion;
- (vi) the execution of the proposed third supplemental agreement to the master agreement executed by Air Selangor, Pengurusan Aset Air Berhad (“PAAB”), the State Government of Selangor and the Federal Government of Malaysia on 12 September 2014 (as amended by Supplemental Agreement No. 1 dated 10 July 2015 and Supplemental Agreement No. 2 dated 21 September 2017) (“Master Agreement”);

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

42. SIGNIFICANT EVENTS (CONT'D.)

- (a) The Proposed Disposal is conditional upon and subject to the fulfilment or waiver of the following conditions precedent (“Conditions Precedent”) within a period of 3 months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings (“Cut-Off Date”): (cont'd.)
- (vii) the due receipt by Air Selangor of the Upfront Sum from PAAB pursuant to the provisions of the Master Agreement; and
 - (viii) the approval of the board of directors and shareholders of Air Selangor (where applicable) having been obtained in respect of the execution of the SPA, the purchase of the SPLASH Securities from SPLASH Holdings and all other transactions contemplated by the SPA.

If any Condition Precedent is not fulfilled or waived by the Cut-Off Date, Air Selangor and SPLASH Holdings may agree in writing to extend the Cut-Off Date on terms to be mutually agreed.

- (b) The Group’s 80%-owned subsidiary, Gamuda Water has accepted Air Selangor’s offer on 27 August 2018 to:
- settle Gamuda Water’s outstanding receivables arising from its existing operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 (“SSP 3”) at an amount equal to 90% of the outstanding receivables as at a date to be mutually agreed by all parties. 10% of the settlement sum shall be paid upfront and the balance shall be settled in 9 equal annual instalments and interest shall be payable annually in arrears on the remaining settlement sum which remains outstanding at the rate of 5.25% per annum; and
 - enter into a new operations and maintenance agreement (“OMA”) to replace the existing OMA for the continued operation and maintenance of SSP 3. The rates in the new OMA represent an approximately 2 sen/m³ reduction to the rates in the existing OMA.

The new OMA and settlement agreements are expected to be completed before end of 2018.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

43. FAIR VALUE

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

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 July 2018					
Non-financial assets:					
Unquoted investment in subsidiaries	17	–	–	4,638,316	*
Unquoted interests in associated companies (exclude SPLASH Holdings)	18	220,100	*	223,740	*
Quoted interest in an associated company	18	483,320	1,035,258	59,624	1,035,258
Unquoted interests in joint arrangements	19	961,294	*	147,477	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferrable club membership		762	1,928	683	1,740
Loan to a joint venture by a subsidiary	22(b)	21,976	22,439	–	–
Financial liabilities:					
Long term borrowings:					
– Medium term notes	33	2,465,000	2,466,896	1,500,000	1,508,174
– Term loans	33	1,703,334	1,703,334	–	–
– Revolving credits	33	81,630	81,630	–	–

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

43. FAIR VALUE (CONT'D.)

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

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 July 2017					
Non-financial assets:					
Unquoted investment in subsidiaries	17	–	–	4,078,297	*
Unquoted interests in associated companies	18	1,580,680	*	386,240	*
Quoted interest in an associated company	18	437,656	1,359,639	59,624	1,359,639
Unquoted interests in joint arrangements	19	895,877	*	147,477	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferrable club membership		762	1,548	683	1,410
Loan to a joint venture by a subsidiary	22(b)	16,500	16,642	–	–
Financial liabilities:					
Long term borrowings:					
– Medium term notes	33	2,455,000	2,457,998	1,400,000	1,407,580
– Term loans	33	2,055,219	2,055,019	–	–
– Revolving credits	33	104,627	104,627	–	–

* 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 (Cont'd.)

– 31 July 2018

43. FAIR VALUE (CONT'D.)

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

(i) Quoted interests in an associated company, other investments and investment securities

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

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

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

(iii) Cash and bank balances, current receivables and current payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(iv) Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

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 (Cont'd.)

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43. FAIR VALUE (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

Group	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
31 July 2018				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	525,271	-	-	525,271
Quoted interest in an associated company (Note 18)	1,035,258	1,035,258	-	-
Other investments (Note 20):				
– Investment in transferable club memberships	1,928	-	1,928	-
Loan to a joint venture by a subsidiary (Note 22(b))	22,439	-	-	22,439
Assets measured at fair value				
Derivative assets (Note 35)	(4,377)	-	(4,377)	-
Unquoted interest in an associated company – SPLASH Holdings (Note 18)	1,111,297	1,111,297	-	-
Investment securities (Note 23)	384,271	384,271	-	-
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	2,466,896	-	-	2,466,896
– Term loans	1,703,334	-	-	1,703,334
– Revolving credits	81,630	-	-	81,630

Notes to the Financial Statements (Cont'd.)

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43. FAIR VALUE (CONT'D.)

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

Group	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
31 July 2017				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	461,295	–	–	461,295
Quoted interests in an associated company (Note 18)	1,359,639	1,359,639	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	1,548	–	1,548	–
Loan to a joint venture by a subsidiary (Note 22(b))	16,642	–	–	16,642
Assets measured at fair value				
Derivative assets (Note 35)	36,118	–	36,118	–
Investment securities (Note 23)	462,400	462,400	–	–
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	2,457,998	–	–	2,457,998
– Term loans	2,055,019	–	–	2,055,019
– Revolving credits	104,627	–	–	104,627

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

43. FAIR VALUE (CONT'D.)

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

Company	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
31 July 2018				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	47,117	–	–	47,117
Quoted interests in an associated company (Note 18)	1,035,258	1,035,258	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	1,740	–	1,740	–
Assets measured at fair value				
Investment securities (Note 23)	21,504	21,504	–	–
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	1,508,174	–	–	1,508,174

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

43. FAIR VALUE (CONT'D.)

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

Company	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
31 July 2017				
Assets not carried at fair values but for which fair values are disclosed				
Investment properties (Note 14)	47,911	–	–	47,911
Quoted interests in an associated company (Note 18)	1,359,639	1,359,639	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	1,410	–	1,410	–
Assets measured at fair value				
Investment securities (Note 23)	19,072	19,072	–	–
Liabilities not carried at fair values but for which fair values are disclosed				
Long term borrowings (Note 33):				
– Medium term notes	1,407,580	–	–	1,407,580

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

43. FAIR VALUE (CONT'D.)

Financial instruments subject to offsetting arrangements

The Group entered into a Cross Currency Interest Rate Swap (“CCIRS”) to hedge against foreign currency and interest rate movements for term loans which have an arrangement to settle simultaneously on due dates at a net basis.

The Group’s borrowings and derivatives that are off-set are as follows:

	Gross carrying amount RM'000	Gross amounts offset RM'000	Net amounts RM'000
As at 31 July 2018			
Derivatives (Note 35)	(4,377)	4,377	–
Borrowings (Note 33(c)(i))	(814,110)	(4,377)	(818,487)
As at 31 July 2017			
Derivatives (Note 35)	36,118	(36,118)	–
Borrowings (Note 33(c)(i))	(856,100)	36,118	(819,982)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risk

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(a) Credit risk (cont'd.)**

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

Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

Credit risk concentration profile

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

Company	Group			
	2018		2017	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	1,715,759	82%	1,648,917	71%
Vietnam	341,290	16%	625,096	27%
India	31,963	2%	37,589	2%
Others	1,067	0%	6,081	0%
	2,090,079	100%	2,317,683	100%
By industry sectors:				
Engineering and construction	611,842	29%	557,195	24%
Property development and club operations	589,643	28%	977,275	42%
Water and expressway concessions	888,594	43%	783,213	34%
	2,090,079	100%	2,317,683	100%

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

(a) Credit risk (cont'd.)

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

	Group	
	2018 RM'000	2017 RM'000
Trade receivables	878,505	1,072,415
Due from associated companies – trade	681,306	609,724
Due from joint venture partners – trade	1,153	11,852
Due from joint ventures – trade	529,115	623,692
	2,090,079	2,317,683

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with licensed banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(b) Liquidity risk

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

At the reporting date, approximately 26% (2017: 12%) 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 39% (2017: 24%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

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

Group	2018			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	1,595,766	102,166	–	1,697,932
Loans and borrowings				
– Principal	1,486,736	4,134,855	106,470	5,728,061
– Interest	228,851	375,296	1,067	605,214
Total undiscounted financial liabilities	3,311,353	4,612,317	107,537	8,031,207
Group	2017			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	1,377,870	96,328	–	1,474,198
Loans and borrowings				
– Principal	628,647	4,334,881	270,000	5,233,528
– Interest	225,482	406,199	10,275	641,956
Total undiscounted financial liabilities	2,231,999	4,837,408	280,275	7,349,682

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

(b) Liquidity risk (cont'd.)

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

Company	2018			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	313,410	29,840	–	343,250
Due to subsidiaries	62,040	–	–	62,040
Loans and borrowings				
– Principal	950,000	1,500,000	–	2,450,000
– Interest	92,655	182,585	–	275,240
Total undiscounted financial liabilities	1,418,105	1,712,425	–	3,130,530
Company	2017			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	333,460	37,369	–	370,829
Due to subsidiaries	55,991	–	–	55,991
Loans and borrowings				
– Principal	455,647	1,400,000	–	1,855,647
– Interest	74,222	76,061	–	150,283
Total undiscounted financial liabilities	919,320	1,513,430	–	2,432,750

Notes to the Financial Statements (Cont'd.)

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

(c) Interest rate risk

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

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

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 74% (2017: 72%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM2,784,000 (2017: RM2,790,000) 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 RM19,210,000 (2017: RM23,120,000) and RM1,075,000 (2017: RM954,000) 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 (Cont'd.)

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

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

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

Group	Vietnam Dong RM'000	Indian Rupee RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Total RM'000
At 31 July 2018								
Cash and bank balances	654,006	15,523	187	8,282	1,365	69,903	76,993	826,259
Receivables	1,005,746	33,042	7	50,846	37,489	23	1,097	1,128,250
Payables	408,391	1,526	98	51,200	10,298	141	18,116	489,770
Borrowings	512,768	-	-	-	-	208,922	113,096	834,786

At 31 July 2017								
Cash and bank balances	266,842	14,118	146	3,471	374	20,032	1,960	306,943
Receivables	1,159,064	39,467	1,432	183,122	39,738	162	6,597	1,429,582
Payables	415,864	1,733	39	117,716	10,814	254	24,859	571,279
Borrowings	594,380	-	55,647	-	-	220,822	153,599	1,024,448

Company	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Singapore Dollar RM'000	Total RM'000
At 31 July 2018:					
Cash and bank balances	187	8,282	1,365	1,229	11,063
Receivables	-	50,846	37,489	23	88,358
Payables	-	51,200	10,298	44	61,542

At 31 July 2017:					
Cash and bank balances	146	3,471	374	1,172	5,163
Receivables	-	183,122	39,738	162	223,022
Payables	-	117,716	10,814	127	128,657
Borrowings	55,647	-	-	-	55,647

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 (Cont'd.)

– 31 July 2018

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

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the VND, USD, BHD, 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	
			Increase/(decrease)		Increase/(decrease)	
			2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
VND/RM	strengthened 5%	(2017: 5%)	36,930	20,783	–	–
	weakened 5%	(2017: 5%)	(36,930)	(20,783)	–	–
USD/RM	strengthened 5%	(2017: 5%)	5	(2,705)	9	(2,775)
	weakened 5%	(2017: 5%)	(5)	2,705	(9)	2,775
BHD/RM	strengthened 5%	(2017: 5%)	1,428	1,465	1,428	1,465
	weakened 5%	(2017: 5%)	(1,428)	(1,465)	(1,428)	(1,465)
QR/RM	strengthened 5%	(2017: 5%)	396	3,444	396	3,444
	weakened 5%	(2017: 5%)	(396)	(3,444)	(396)	(3,444)
INR/RM	strengthened 5%	(2017: 5%)	2,352	2,593	2,352	–
	weakened 5%	(2017: 5%)	(2,352)	(2,593)	(2,352)	–
SGD/RM	strengthened 5%	(2017: 5%)	(6,957)	(10,044)	60	60
	weakened 5%	(2017: 5%)	6,957	10,044	(60)	(60)
AUD/RM	strengthened 5%	(2017: 5%)	(2,656)	(8,495)	(2,656)	–
	weakened 5%	(2017: 5%)	2,656	8,495	2,656	–

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

45. CAPITAL MANAGEMENT

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

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

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and borrowings	5,736,700	5,243,293	2,450,000	1,855,647
Less: Cash and bank balances	(1,238,634)	(579,728)	(79,233)	(28,136)
Investment securities	(384,271)	(462,400)	(21,504)	(19,072)
Net debt	4,113,795	4,201,165	2,349,263	1,808,439
Equity attributable to the owners of the Company	7,567,845	7,475,990	4,952,941	4,840,662
Non-controlling interests	383,681	369,130	–	–
Total capital	7,951,526	7,845,120	4,952,941	4,840,662
Net gearing ratio	52%	54%	47%	37%

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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
2018						
Revenue						
Revenue as reported	1,924,558	1,806,851	495,651	-		4,227,060
Share of revenue of joint ventures	2,140,996	784,793	16,170	-		2,941,959
	4,065,554	2,591,644	511,821	-		7,169,019
Inter-segment sales	438,071	-	-	(438,071)	A	-
Total revenue	4,503,625	2,591,644	511,821	(438,071)		7,169,019
Result						
Profit from operations	252,543	191,370	252,719	-		696,632
Finance costs	(10,917)	(48,580)	(36,573)	-		(96,070)
Share of profits of associated companies	1,411	1,480	(97,714)	-		(94,823)
Share of profits of joint ventures	124,456	101,974	(2,867)	-		223,563
Profit before tax*	367,493	246,244	115,565	-		729,302
Income tax expense						(164,945)
Profit for the year						564,357
*Profit before tax as reported	367,493	246,244	115,565	-		729,302
Add: Loss on disposal of SPLASH	-	-	300,051	-		300,051
Impairment loss on SPLASH receivables in a subsidiary	-	-	7,284	-		7,284
Core profit before tax	367,493	246,244	422,900	-		1,036,637

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

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
2018						
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	2,963,140	8,591,400	2,508,656	-		14,063,196
Interests in associated companies	8,115	40,893	1,765,709	-		1,814,717
Interests in joint arrangements	256,095	657,636	47,563	-		961,294
						<u>16,839,207</u>
Segment liabilities	(2,391,016)	(5,430,871)	(1,065,794)	-		<u>(8,887,681)</u>
Other information						
Depreciation and amortisation	28,014	20,768	127,698	-		176,480
Additions to non-current assets	389,271	609,356	4,313	-	B	1,002,940
Non-cash items other than depreciation and amortisation	67,159	1,979	75,259	-	C	144,397

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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
2017						
Revenue						
Revenue as reported	1,234,162	1,485,905	491,336	-		3,211,403
Share of revenue of joint ventures	2,092,237	382,107	16,769	-		2,491,113
	3,326,399	1,868,012	508,105	-		5,702,516
Inter-segment sales	187,571	-	-	(187,571)	A	-
Total revenue	3,513,970	1,868,012	508,105	(187,571)		5,702,516
Result						
Profit from operations	203,850	179,017	299,383	-		682,250
Finance costs	(11,351)	(36,854)	(56,116)	-		(104,321)
Share of profits of associated companies	3,182	2,370	203,161	-		208,713
Share of profits of joint ventures	73,415	70,333	(104,388)	-		39,360
Profit before tax*	269,096	214,866	342,040	-		826,002
Income tax expense						(169,777)
Profit for the year						656,225
*Profit before tax as reported	269,096	214,866	342,040	-		826,002
Add: Impairment loss on expressway development expenditure	-	-	98,452	-		98,452
Core profit before tax	269,096	214,866	440,492	-		924,454

Notes to the Financial Statements (Cont'd.)

- 31 July 2018

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
2017						
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	2,406,110	7,932,873	2,516,980	-		12,855,963
Interests in associated companies	6,704	41,913	1,969,719	-		2,018,336
Interests in joint arrangements	169,639	675,807	50,431	-		895,877
						<u>15,770,176</u>
Segment liabilities	(1,750,698)	(4,999,520)	(1,174,838)	-		<u>(7,925,056)</u>
Other information						
Depreciation and amortisation	21,839	15,777	110,268	-		147,884
Additions to non-current assets	190,572	263,517	31,192	-	B	485,281
Non-cash items other than depreciation and amortisation	32,289	3,741	5,850	-	C	41,880

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

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	2018 RM'000	2017 RM'000
Property, plant and equipment	12	453,248	233,615
Investment properties	14	53,760	24,214
Land held for property development	13(a)	493,082	196,489
Expressway development expenditure	16	2,850	30,963
		1,002,940	485,281

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

	2018 RM'000	2017 RM'000
Property, plant and equipment written off	117	14
Unrealised (gain)/loss on foreign exchange	(370)	712
Net fair value gains on derivatives	(1,495)	3,309
Provisions	76,089	37,845
Discounts on receivables	70,056	-
	144,397	41,880

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

46. SEGMENT INFORMATION (CONT'D.)

Geographical information

	Revenues		Non-current assets	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysia	3,167,610	2,240,919	5,790,630	5,196,654
Outside Malaysia				
Qatar	77,026	–	102	4,359
Bahrain	–	–	152	161
Vietnam	807,496	970,484	819,924	1,203,586
Mauritius	–	–	14,182	15,944
Australia	174,928	–	332	736
	1,059,450	970,484	834,692	1,224,786
Consolidated	4,227,060	3,211,403	6,625,322	6,421,440
Share of revenue of joint ventures				
Malaysia	2,340,337	2,321,716		
Singapore	601,622	169,397		
Total revenue	7,169,019	5,702,516		

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

	2018 RM'000	2017 RM'000
Property, plant and equipment	1,009,191	617,250
Land held for property development	2,783,457	2,907,537
Investment properties	363,578	309,599
Land use rights	1,895	2,320
Expressway development expenditure	1,421,203	1,545,042
Other investments	812	812
Deferred tax assets	39,219	74,369
Receivables	1,005,967	964,511
	6,625,322	6,421,440

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

47. SUBSEQUENT EVENTS

- (a) The Housing Development Board of Singapore issued a letter of award dated 27 September 2018 confirming acceptance of the tender submission by Gamuda (Singapore) Pte. Ltd., a wholly owned subsidiary of the Company in Singapore for the land parcel at Anchorvale Crescent site earmarked for executive condominium development in partnership with Evia Real Estate (8) Pte. Ltd., measuring about 17,137.30 square meters for SGD318.9 million. On 19 October 2018, a joint venture company, Anchorvale Pte. Ltd. was incorporated with equity participation in the joint venture consists of Gamuda (Singapore) Pte. Ltd. (50%), H10 Holdings Pte. Ltd. (30%) and Evia Real Estate (8) Pte. Ltd. (20%) to carry out the development project.
- (b) On 5 October 2018, Gamuda Engineering Sdn. Bhd. (“Gamuda Engineering”), a wholly-owned subsidiary of the Company, has acquired one ordinary share in Gamuda Building Ventures Sdn. Bhd. (formerly known as Iimbangan Integrasi Sdn. Bhd.) (“Gamuda Building Ventures”) representing 100% of the total issued share capital of Gamuda Building Ventures, for a total cash consideration of RM1.00 only (“Acquisition”). Gamuda Building Ventures was incorporated in Malaysia on 27 March 2018 as a private limited company.

Following the Acquisition, Gamuda Building Ventures has become a wholly-owned subsidiary of Gamuda Engineering, which in turn is a wholly-owned subsidiary of Gamuda. Gamuda Building Ventures’ principal activity is to undertake infrastructure and building works.

- (c) On 13 July 2015, the Company’s 50%-owned MMC Gamuda KVMRT (PDP SSP) Sdn. Bhd. (“PDP SSP”), executed the Project Delivery Partner Agreement with Mass Rapid Transit Corporation Sdn. Bhd. (“MRT Corp”) in respect of the implementation of MRT 2 Project. The role as a project delivery partner is to deliver to MRT Corp, the elevated and system works of the MRT 2 Project within the agreed target cost and completion dates. At 31 August 2018, almost 98% of overall works packages have been awarded to work package contractors and the overall cumulative progress was on track at 28% completion.

MRT Corp awarded the underground works package of the MRT 2 Project to MMC Gamuda on 31 March 2016 following an international competitive tender that, due to the challenging ground conditions, had stringent pre-qualification requirements with only 5 contractors pre-qualified by MRT Corp to tender, of which MMC Gamuda was the only local contractor. The bids were evaluated by the Reference Design Consultant, Arup Singapore Pte. Ltd., appointed by MRT Corp. MMC Gamuda’s bid scored the highest technical score and offered the lowest price. MMC Gamuda’s price was lower than the pre-tender estimate prepared by Arup Singapore Pte. Ltd.. The extent of the geological challenges presented in MRT Line 2 are reflected by the fact that of the 12 Tunnel Boring Machines (“TBMs”) as required, 10 TBMs of which need to be of the variable density type to effectively mitigate the karstic risk. This also increases the quantum of enabling works of grouting and ground improvement prior to the tunnelling. On 21 September 2016, the Company’s 50%-owned MMC Gamuda KVMRT (T) Sdn. Bhd., executed the Turnkey Contract with MRT Corp in respect of the underground works package of the MRT 2 Project. The underground works has progressed well and MMC Gamuda had not received any complaints from MRT Corp regarding the execution of the underground works. 2 of the 10 Tunnel Boring Machines required are already mining with the balance being assembled and ready to mine.

Notes to the Financial Statements (Cont'd.)

– 31 July 2018

47. SUBSEQUENT EVENTS (CONT'D.)

- (c) In spite of the agreed contract price, in view of the present austerity measures pursued by the new administration and in support, in particular of the new Government's review of its financial commitment on major infrastructure projects, MMC Gamuda has been engaged in discussions and negotiations with MRT Corp and Ministry of Finance ("MOF") over the past few months to review the scope of works and specifications of the elevated works and underground works with the aim of reaching a compromise on a reduction in costs. Following therefrom and at the request of MOF, MMC Gamuda has agreed to convert the PDP model to a single Turnkey Contract for the elevated works with a price reduction of 23% from the original cost of RM22.64 billion to RM17.42 billion. In respect of the underground works, the awarded contract price was RM15.47 billion. As at the end of September 2018, the progress of works certified was at 40% completion with the balance of uncompleted underground works valued at RM9.6 billion. MMC Gamuda has offered a reduction of RM2.3 billion which represents 24% of this value. The reduction was achieved through a reduction in the scope of works and lowering specifications for mechanical, electrical and architectural finishes of the stations. It was also achieved by reducing the number of entrances to stations and the number of active stations constructed. From a total number of 10 stations, 4 will be shelved.

Through its media statement on 7 October 2018, the MOF has announced that it has accepted the offer in respect of the elevated and system works only. In the same media statement, MOF announced its intention to terminate the Underground Works Contract and all uncompleted underground works will be re-tendered out through an international open tender process. On 9 October 2018, the Prime Minister, as reported in various press reports, has decided to review the cancellation of the MRT 2 Underground Works Contract with MMC Gamuda and at the time of writing, the MRT 2 Project is undergoing a cost review by a Cabinet Committee.

Save and except for the aforesaid MOF media statement and press reports, MMC Gamuda has so far not received any communication nor notification from MRT Corp, the counter-party to the award of the MRT 2 Project. Thus, there has been no official confirmation from MRT Corp that MMC Gamuda has been terminated as the underground contractor.

MMC Gamuda remains committed to further discussion with the Government and to cooperate with the Government in reaching an agreeable reduction of cost. MMC Gamuda expressed hope that the Government would invite it back to the negotiating table as part of the review process, and it shall adopt an open-book approach with the appointment of an international engineering consultant firm that possesses the necessary experience and track record in assessing tunnelling works around the world, and as such, be in the best position to re-examine where savings can be derived.

Analysis of Securities of Company

As at 2 October 2018

ANALYSIS OF SHAREHOLDINGS

Total Number of Issued Shares : 2,468,048,951 ordinary shares
 Type of shares : Ordinary shares
 Voting rights : 1 vote per share on a poll
 No. of shareholders : 16,687

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	381	2.28	6,336	0.00
100 – 1,000	4,195	25.14	3,306,885	0.13
1,001 – 10,000	8,862	53.11	36,744,129	1.49
10,001 – 100,000	2,387	14.30	74,806,129	3.03
100,001 – 123,402,446 (less than 5% of issued shares)	861	5.16	2,138,667,467	86.66
123,402,447 and above (5% and above of issued shares)	1	0.01	214,518,005	8.69
Total	16,687	100.00	2,468,048,951	100.00

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders and exclude bare trustee)

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Employees Provident Fund Board	270,911,905	10.98	–	–

DIRECTORS' INTEREST IN ORDINARY SHARES OF THE COMPANY

(as per Register of Directors' Shareholdings)

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Mohammed Hussein	-	-	-	-
Dato' Lin Yun Ling	75,035,736	3.04	-	-
Dato' Ir Ha Tiing Tai	26,936,276 ^{*3}	1.09	16,000 ^{*1}	^{*5}
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	0.01	118,000,000 ^{*2}	4.78
Tunku Afwida binti Tunku A.Malek	-	-	-	-
Nazli binti Mohd Khir Johari	-	-	-	-
Tan Sri Dato' Setia Haji Ambrin bin Buang	4,000	^{*5}	-	-
Dato' Ubull a/l Din Om (Alternate to Dato' Ir Ha Tiing Tai)	-	-	-	-
Mohammed Rashdan bin Mohd Yusof (Alternate to Dato' Lin Yun Ling)	450,000 ^{*4}	0.02	-	-

Notes:^{*1} Through spouse^{*2} Through Generasi Setia (M) Sdn Bhd^{*3} Held in own name and in nominee name^{*4} Held in nominee name^{*5} Negligible

Analysis of Securities of Company (Cont'd.)

As at 2 October 2018

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Shares Held	%
1	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	214,518,005	8.69
2	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	111,780,400	4.53
3	Generasi Setia (M) Sdn Bhd	108,500,000	4.40
4	Kumpulan Wang Persaraan (Diperbadankan)	102,166,700	4.14
5	Lembaga Tabung Haji	90,495,000	3.67
6	Dato' Lin Yun Ling	75,035,736	3.04
7	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	70,000,000	2.84
8	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	64,522,203	2.61
9	Amanahraya Trustees Berhad – AS 1Malaysia	55,134,900	2.23
10	Amanahraya Trustees Berhad – Amanah Saham Malaysia	53,179,700	2.15
11	Amanahraya Trustees Berhad – Amanah Saham Didik	49,113,600	1.99
12	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	40,706,478	1.65
13	Permodalan Nasional Berhad	38,638,900	1.57
14	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	36,472,600	1.48
15	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Emerging Markets Stock Index Fund	34,174,217	1.38
16	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	34,069,863	1.38
17	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	33,500,000	1.36
18	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Total International Stock Index Fund	32,189,500	1.30

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Shares Held	%
19	Citigroup Nominees (Asing) Sdn Bhd – CBHK for Kuwait Investment Authority (Fund 208)	31,126,019	1.26
20	Ng Kee Leen	28,001,560	1.13
21	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (NOMURA)	26,123,800	1.06
22	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	26,123,408	1.06
23	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	26,000,000	1.05
24	HSBC Nominees (Asing) Sdn Bhd – HSBC BK PLC for Saudi Arabian Monetary Authority	24,509,200	0.99
25	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 9)	22,522,083	0.91
26	Dato' Ir. Ha Tiing Tai	21,311,276	0.86
27	HSBC Nominees (Asing) Sdn Bhd – TNTC for United Nations Joint Staff Pension Fund	20,906,050	0.85
28	Amanahraya Trustees Berhad – Public Islamic Dividend Fund	17,188,600	0.70
29	Dato' Goon Heng Wah	15,628,300	0.63
30	Amanahraya Trustees Berhad – Public Ittikal Sequel Fund	15,139,900	0.61
Total		1,518,777,998	61.52

SHARE OPTIONS HELD BY DIRECTORS OF THE COMPANY

(Share Options held under the Gamuda Berhad Employees' Share Option Scheme)

Name of Director	No. of Share Options Held
Dato' Lin Yun Ling	1,500,000
Dato' Ubull a/l Din Om (Alternate to Dato' Ir Ha Tiing Tai)	715,000
Mohammed Rashdan Bin Mohd Yusof (Alternate to Dato' Lin Yun Ling)	1,600,000

Analysis of Securities of Company (Cont'd.)

As at 2 October 2018

ANALYSIS OF WARRANT HOLDINGS

WARRANTS 2016/2021 ("WARRANTS")

No. of Warrants unexercised	: 388,800,613
Exercise price	: RM4.05
Expiry date	: 6 March 2021
Voting rights at a meeting of Warrant Holders	: 1 vote per warrant holder on a show of hands 1 vote per warrant on a poll
No. of Warrant Holders	: 6,825

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	66	0.97	3,398	0.00
100 – 1,000	1,951	28.59	969,276	0.25
1,001 – 10,000	2,644	38.74	13,507,093	3.48
10,001 – 100,000	1,802	26.40	64,127,951	16.49
100,001 – 19,440,029 (less than 5% of total Warrants unexercised)	361	5.29	171,068,295	44.00
19,440,030 and above (5% and above of total Warrants unexercised)	1	0.01	139,124,600	35.78
Total	6,825	100.00	388,800,613	100.00

DIRECTORS' INTEREST IN WARRANTS

(as per Register of Directors' Warrant Holdings)

Name of Director	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Mohammed Hussein	-	-	-	-
Dato' Lin Yun Ling	12,883,600	3.31	-	-
Dato' Ir Ha Tiing Tai	-	-	2,800 ^{*1}	^{*4}
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	0.01	17,800,000 ^{*2}	4.58
Tunku Afwida binti Tunku A.Malek	-	-	-	-
Nazli binti Mohd Khir Johari	-	-	-	-
Tan Sri Dato' Setia Haji Ambrin bin Buang	-	-	-	-
Dato' Ubull a/l Din Om (Alternate to Dato' Ir Ha Tiing Tai)	-	-	-	-
Mohammed Rashdan bin Mohd Yusof (Alternate to Dato' Lin Yun Ling)	550,000 ^{*3}	0.14	-	-

Notes:^{*1} Through spouse^{*2} Through Generasi Setia (M) Sdn Bhd^{*3} Held in nominee name^{*4} Negligible

Analysis of Securities of Company (Cont'd.)

As at 2 October 2018

TOP 30 WARRANT HOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Warrants Held	%
1.	Lembaga Tabung Haji	139,124,600	35.78
2.	Generasi Setia (M) Sdn Bhd	17,800,000	4.58
3.	Dato' Lin Yun Ling	12,883,600	3.31
4.	Ng Kee Leen	9,411,000	2.42
5.	Permodalan Nasional Berhad	5,862,400	1.51
6.	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Heng Teng Kuang	5,600,000	1.44
7.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	4,534,150	1.17
8.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd.	3,858,502	0.99
9.	Heng Teng Kuang	2,953,023	0.76
10.	Dato' Goon Heng Wah	2,741,600	0.71
11.	Gan Lu Ter	2,406,100	0.62
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	1,778,500	0.46
13.	Su Ming Keat	1,561,367	0.40
14.	DB (Malaysia) Nominee (Asing) Sdn Bhd – Deutsche Bank AG Singapore for IAM Traditional Asian Growth Fund	1,475,500	0.38
15.	Soong Chee Keong	1,400,000	0.36
16.	Loh Siew Hooi	1,330,000	0.34
17.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tong Kim Eng (E-SPG)	1,322,000	0.34
18.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Ng Teck Yow (NGT0240C)	1,250,000	0.32
19.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB for Lim Chee Meng (PB)	1,221,700	0.31
20.	Lee Foong Ngoh	1,179,833	0.30

TOP 30 WARRANT HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

(without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Warrants Held	%
21	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 1)	1,102,016	0.28
22.	Cheong Ho Kuan	1,085,000	0.28
23.	Low Chu Mooi	1,080,000	0.28
24	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chia Siya Heng (E-SS2)	1,016,800	0.26
25.	Lim Chin Ann	1,000,000	0.26
26	RHB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Susy Ding	1,000,000	0.26
27	CIMB Group Nominees (Asing) Sdn Bhd – Exempt An for DBS Bank Ltd (SFS)	900,000	0.23
28	Maybank Securities Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ho Yock Main (REM857-Margin)	889,200	0.23
29	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yong Kin Siong	878,100	0.23
30	TA Securities Holdings Berhad – CLR (DIL) for Lembaga Tabung Haji	850,800	0.22
	Total	229,495,791	59.03

Issued Share Capital

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative No. of Issued Shares
06.10.1976	2	Cash – Subscribers' shares	2
26.12.1976	199,998	Cash	200,000
10.10.1977	200,000	Cash	400,000
30.07.1981	100,000	Cash	500,000
21.07.1984	500,000	Bonus Issue on the basis of 1 new ordinary share for every 1 existing ordinary share held	1,000,000
24.07.1985	250,000	Cash	1,250,000
29.07.1985	500,000	Issued as consideration for the acquisition of several companies	1,750,000
31.07.1986	750,000	Cash	2,500,000
30.07.1987	750,000	Bonus Issue in the proportion of 3 new ordinary shares for every 10 existing ordinary shares held	3,250,000
30.07.1988	1,750,000	Bonus Issue in the proportion of 7 new ordinary shares for every 10 existing ordinary shares held	5,000,000
30.07.1990	3,000,000	Bonus Issue in the proportion of 3 new ordinary shares for every 5 existing ordinary shares held	8,000,000
29.04.1992	11,000,000	Bonus Issue in the proportion of 1,375 new ordinary shares for every 1,000 existing ordinary shares held	19,000,000
29.04.1992	23,976,667	Issued as consideration for the acquisition of Gammau Construction Sdn Bhd and Ganaz Bina Sdn Bhd	42,976,667
05.06.1992	19,086,333	Right Issue in the proportion of 2,386 new ordinary shares for every 1,000 existing ordinary shares held	62,063,000
18.01.1995	20,687,667	Bonus Issue in the proportion of 1 new ordinary share for every 3 existing ordinary shares held	82,750,667
20.03.1995	7,757,875	Rights Issue in the proportion of 1 new ordinary share for every 8 existing ordinary shares held	90,508,542
24.01.1996 – 26.12.1996	24,547,169	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	115,055,711

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative No. of Issued Shares
16.01.1997	153,407,614	Bonus Issue in the proportion of 4 new ordinary shares for every 3 existing ordinary shares held	268,463,325
12.03.1997	19,175,951	Rights Issue in the proportion of 1 new ordinary share for every 6 existing ordinary shares held	287,639,276
20.01.1997 – 24.11.1997	2,057,133	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	289,696,409
22.10.1998 – 31.12.1998	99,000	Issued pursuant to exercise of options under ESOS	289,795,409
07.01.1999 – 30.12.1999	15,979,428	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	305,774,837
05.01.2000 – 16.07.2000	37,201,999	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	342,976,836
03.03.2000	322,213,836	Bonus Issue in the proportion of 1 new ordinary share for every 1 existing ordinary share held	665,190,672
31.01.2001 – 19.12.2001	807,000	Issued pursuant to exercise of options under ESOS	665,997,672
02.01.2002 – 27.12.2002	8,646,002	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	674,643,674
13.01.2003 – 31.12.2003	51,251,218	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	725,894,892
07.01.2004 – 23.12.2004	13,209,252	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2001/2007	739,104,144
05.01.2005 – 29.12.2005	14,128,000	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2001/2007	753,232,144
26.10.2006 – 29.12.2006	37,982,965	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	791,215,109
08.01.2007 – 28.12.2007	207,268,945	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1996/2006 and 2001/2007	998,484,054
25.10.2007	994,963,054	Bonus Issue on the basis of 1 new ordinary share for every 1 existing ordinary share held	1,993,447,108
09.01.2008 – 19.12.2008	12,736,000	Issued pursuant to exercise of options under ESOS	2,006,183,108
23.01.2009 – 22.12.2009	10,589,000	Issued pursuant to exercise of options under ESOS	2,016,772,108

Issued Share Capital (Cont'd.)

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative No. of Issued Shares
11.01.2010 – 29.12.2010	29,439,485	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,046,211,593
04.01.2011 – 30.12.2011	21,563,311	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,067,774,904
03.01.2012 – 31.12.2012	18,690,762	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,086,465,666
07.01.2013 – 30.12.2013	205,859,001	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,292,324,667
06.01.2014 – 29.12.2014	49,464,512	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,341,789,179
06.01.2015 – 22.06.2015	64,115,876	Conversion of Warrants 2010/2015	2,405,905,055
07.01.2016 – 28.12.2016	18,193,855	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,424,098,910
05.01.2017 – 29.12.2017	31,451,816	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,455,550,726
08.01.2018 – 07.09.2018	12,498,225	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,468,048,951

List of Major Properties

Held as at 31 July 2018

No	Location	Tenure	Usage	Area	Year of Valuation/ Acquisition	Year of expiry	Approximate age of building (Years)	NBV (RM'000)
1	Block D, PJ Trade Centre No. 8, Jalan PJU 8/8A Bandar Damansara Perdana 47820 Petaling Jaya Selangor	Leasehold	20 storey office tower/ Menara Gamuda	2,048 sq m	2011	2104	9	134,492
2	No. 30, Jalan SS2/44 47300 Petaling Jaya Selangor	Freehold	Bungalow/ Charity	501 sq m	1991	-	32	287
3	No. 36/38, Jalan SS21/62 47400 Petaling Jaya Selangor	Freehold	2 blocks, 4 storey shoplot/office	286 sq m	1991	-	24	889
4	No. 39, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	4 storey shoplot/office	153 sq m	2007	-	24	544
5	No. 53, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	4 storey shoplot/office	153 sq m	2006	-	29	1,200
6	No. 55-61, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	4 blocks, 4 storey shoplot/office	612 sq m	1992	-	27	7,635
7	No. 54-58, Jalan SS22/25 47400 Petaling Jaya Selangor	Freehold	3 blocks, 4 storey shoplot/office	460 sq m	2006	-	26	4,243
8	Eaton International School Persiaran Puncak Utama 43000 Kajang Selangor	Freehold	2 blocks 4-storey private International school	12,673 sq m	2016	-	2	39,125
9	HS (D) 54871 PT No. 56274 Mukim & District of Kelang Selangor	Freehold	Industrial estate/workshop	16,898 sq m	1995	-	-	6,919

List of Major Properties (Cont'd.)

Held as at 31 July 2018

No	Location	Tenure	Usage	Area	Year of Valuation/ Acquisition	Year of expiry	Approximate age of building (Years)	NBV (RM'000)
10	Lot 195821, 195822 195823, 195824, 195825 195826, 195827, 46482 57417 all in the Mukim of Kampar District of Kinta 31350 Ipoh, Perak	Leasehold	Granite hill, limestone hill and industrial land/quarry	469,493 sq m	1991	2022	-	1,894
11	PT 183485 Meru Industrial Estate Jelapang, 30020 Ipoh, Perak	Leasehold	Industrial estate/ workshop	12,144 sq m	1991	2050	22	491
12	PT 51683, Jalan Jelapang 30020 Ipoh, Perak	Leasehold	Industrial estate/ workshop	4,353 sq m	1991	2043	28	319
13	No. 152, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	3 storey shoplot/office	164 sq m	1991	2078	32	131
14	No. 158, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	3 storey shoplot/office	163 sq m	1991	2078	32	136

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of Gamuda Berhad (“Company”) will be held at Permai Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 6 December 2018 at 10.00 a.m. for the purpose of transacting the following businesses:-

AGENDA

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 July 2018 together with the Reports of the Directors and Auditors thereon. | [Please refer to Explanatory Note No. 3 (a)] |
| 2. To approve the payment of Directors’ fees for the financial year ended 31 July 2018. | (Resolution 1) |
| 3. To approve the payment of Directors’ remuneration (excluding Directors’ fees) of up to an amount of RM320,000.00 for the period from 7 December 2018 until the next annual general meeting of the Company to be held in 2019. | (Resolution 2) |
| 4. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Clause 95 of the Constitution of the Company and, who being eligible, offer themselves for re-election:- | |
| a. YTM Raja Dato’ Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah | (Resolution 3) |
| b. YBhg Dato’ Ir Ha Tiing Tai | (Resolution 4) |
| 5. To re-elect YBhg Tan Sri Dato’ Setia Haji Ambrin bin Buang, a Director appointed during the year, who is retiring in accordance with Clause 101 of the Constitution of the Company and, who being eligible, offers himself for re-election. | (Resolution 5) |
| 6. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorise the Directors of the Company to fix their remuneration. | (Resolution 6) |

Notice of Annual General Meeting (Cont'd.)

As Special Business:-

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

7. Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 **(Resolution 7)**

“THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental regulatory authorities (if required), the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of, and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.”

8. Proposed Renewal of Share Buy-back Authority **(Resolution 8)**

“THAT subject to the provisions of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company (“Proposed Share Buy-back”) as may be determined by the Directors of the Company, from time to time, through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of ordinary shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being of the Company and an amount not exceeding the retained profits of the Company be and is hereby allocated by the Company for the Proposed Share Buy-back.

THAT at the absolute discretion of the Directors of the Company, upon such purchase by the Company of its own shares, the purchased shares shall be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Malaysia Securities Berhad and/or in any other manner as prescribed by the Companies Act 2016.

THAT the Directors of the Company be and are hereby empowered to do all acts and things and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by any relevant authorities and/or any amendments, variations and/or modifications in the interest of the Company as may be approved by any relevant authorities if such approvals are required;

AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- i. the conclusion of the next annual general meeting (“AGM”) of the Company at which time it will lapse, unless by ordinary resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other relevant authorities.”

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LIM SOO LYE (LS0006461)
PANG SIOK TIENG (MAICSA 7020782)
Company Secretaries

Petaling Jaya

9 November 2018

Notice of Annual General Meeting (Cont'd.)

Notes:

1. General Meeting Record of Depositors

For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 67 of the Constitution of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 29 November 2018 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.

2. Proxy

- a. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without any restriction as to the qualification of the proxy.
- b. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- c. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.
- d. Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the number of ordinary shares to be represented by each proxy.
- e. If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.
- f. The Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, before 10.00 a.m. on 4 December 2018 or not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment there of.
- g. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

3. Explanatory Notes

a. Audited Financial Statements

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). Hence, this matter will not be put for voting.

b. Resolutions 1 & 2

Section 230(1) of the CA 2016 provides that the 'fees' of the directors and 'any benefits' payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this meeting for the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company under Resolutions 1 and 2.

i. Directors' Fees

Having considered the positioning of the Directors' fees over the past three (3) financial years ("FY") from 2015 to 2017, the Board has approved the proposed revision to the Independent Non-Executive Chairman's fees as set out in the right column of the table below:

Directors' Fees (as approved at AGMs)	FY 2015	FY 2016	FY 2017	Proposed for FY 2018 (approval sought at 42nd AGM)
Independent Non-Executive Chairman	RM175,000 per annum	RM175,000 per annum	RM175,000 per annum	RM215,000 per annum
Independent Non-Executive Director	RM125,000 per annum	RM125,000 per annum	RM135,000 per annum	RM135,000 per annum
Non-Executive Director	RM 95,000 per annum	RM 95,000 per annum	RM105,000 per annum	RM105,000 per annum

The above proposal is made upon benchmarking against various companies across the industries with either similar market capitalisation, revenue or profit before tax and with peer companies in the construction and property industries. Based on the benchmark study thereof, the differentiation of the proposed fee for the Independent Non-Executive Chairman from a Non-Executive Director at 2.0 times and from Independent Non-Executive Directors at 1.6 times, were seen as fair and equitable.

The payment of the Directors' fees totalling RM590,000/- in respect of the financial year ended 31 July 2018 will only be made if the proposed Resolution 1 is approved by the Company shareholders at this meeting pursuant to Clause 107 of the Constitution and Section 230(1)(b) of the CA 2016.

ii. Directors' Remuneration

The current Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company comprises meeting allowances and benefits-in-kind.

At the Forty-first AGM of the Company held on 7 December 2017 ("41st AGM"), the benefits payable to the Non-Executive Directors of the Company from 31 January 2017 until this meeting on 6 December 2018 (22 months) was approved for an amount up to RM386,819.00. The utilisation of this approved amount as at 31 July 2018 is RM283,771.00. Based on the schedule of meetings in the fourth quarter of 2018, an amount of RM71,270.00 is expected to be utilised for payment of meeting allowances and other benefits to the Non-Executive Directors. Hence, the expected total utilised amount would be approximately 92% of the approved amount.

The Directors' remuneration (excluding Directors' fees) are summarised as follows:-

Meeting Allowance (per meeting)	Independent Non-Executive Chairman	Independent Non-Executive Director	Non-Executive Director
Board of Directors	RM2,000	RM2,000	RM2,000
Board Committees	RM2,000	RM2,000	RM2,000

Directors' benefits payable comprises leave passage, travel allowance, club membership subscriptions, insurance and medical and other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Company Directors.

Notice of Annual General Meeting (Cont'd.)

The total amount of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors is estimated to be up to RM320,000.00 from 7 December 2018 to the next AGM in 2019 (Current Period) subject to the shareholders' approval, and taking into account various factors including the number of scheduled meetings for the Board of Directors ("Board") and Board Committees as well as the number of Non-Executive Directors involved in these meetings. The estimated amount of remuneration also caters for unforeseen circumstances, for example, the appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees.

The proposed Resolution 2, if passed, is to facilitate the payment of Directors' remuneration (excluding Directors' fees) on a monthly basis and/or as and when incurred. The Board opined that it is just and equitable for the Non-Executive Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company.

In the event that the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this meeting, shareholders' approval will be sought at the next AGM.

Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolutions 1 and 2 at this meeting.

c. Resolutions 3, 4 & 5

For the purpose of determining the eligibility of the Directors to stand for re-election at this meeting and in line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Nomination Committee has assessed each of the retiring Directors under Resolutions 3 and 4, and considered the following:

- i. The Directors performance and contribution based on the results of the Annual Evaluation of Board Performance 2017/2018;
- ii. The Director's level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and
- iii. Their abilities to act in the best interests of the Company in decision-making.

Based on the results of the Annual Evaluation of Board Performance 2017/2018, the individual Directors met the performance criteria required of an effective and high performance Board.

The Board (saved for YBhg Tan Sri Dato' Setia Haji Ambrin bin Buang) has vide the Nomination Committee, also conducted the assessment on the independence of YBhg Tan Sri Dato' Setia Haji Ambrin bin Buang as an Independent Non-Executive Director of the Company and, supports the Nomination Committee's recommendation for the re-election of YBhg Tan Sri Dato' Setia Haji Ambrin (who being eligible and has offered himself for re-election) as a Director of the Company pursuant to Clause 101 of the Constitution of the Company.

Any Director referred to in Resolutions 3, 4 and 5 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at this meeting.

d. Resolution 6

The Board has at its meeting held on 28 September 2018 approved the recommendation by the Audit Committee on the re-appointment of Messrs Ernst & Young as Auditors of the Company. The Board is satisfied that Messrs Ernst & Young has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which was concluded through the assessment carried out by the Audit Committee on the suitability and independence of Messrs Ernst & Young.

e. Resolution 7

The proposed Resolution 7 if passed, will empower Company Directors to issue shares of the Company up to a maximum of ten percent (10%) of the total number of issued shares of the Company for the time being, for any possible fund raising activities for purposes of funding future investment projects, working capital, acquisitions and/or for strategic reasons. The approval is a renewal of a general mandate and is sought to provide flexibility and to avoid any delay and cost in convening a general meeting for such issuance of shares for fund raising activities, including placement of shares.

This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next annual general meeting of the Company. At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

The Company did not issue any new shares under the general mandate which was approved at its 41st AGM.

f. Resolution 8

Shareholders are advised to refer to the Statement to Shareholders dated 9 November 2018, which is despatched together with the Annual Report 2018 for further information.

4. Statement Accompanying Notice of Annual General Meeting

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

- Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as Directors at the Forty-second Annual General Meeting of the Company.

- Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the CA 2016 are set out in Explanatory Note 3(e) of the Notice of this meeting.

Administrative Details

42nd Annual General Meeting (“AGM”)

Date : Thursday, 6 December 2018

Time : 10.00 a.m.

Place : Permai Room, Kota Permai Golf & Country Club, Kota Kemuning

REGISTRATION

1. Registration will start at 8.00 a.m. and will remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the AGM.
2. Please read the signage to ascertain which area to register yourself for the AGM and join the queue accordingly.
3. Please produce your ORIGINAL identification Card (I/C) or passport (for foreigners) during registration to the registration staff for verification. Only original I/C or passport will be accepted for purposes of identity verification. Please make sure you collect your I/C or passport before leaving the registration counter.
4. No person will be allowed to register on behalf of another person even with the original I/C or passport of that other person.
5. Upon verification and registration:
 - please sign on the Attendance List and an **identification wristband** (for attending the AGM and poll voting purposes) will be provided at the registration counter;
 - if you are attending the AGM as a shareholder as well as proxy, you will be registered once and will only be given one (1) identification wristband to enter the Permai Room;
 - persons without an identification wristband will NOT be allowed to enter the Permai Room. Only shareholders, proxies, corporate representatives or guests who have registered and are wearing the identification wristband are allowed to enter the Permai Room; and
 - there will be no replacement of lost or misplaced identification wristband. Every shareholder or proxy or corporate representative who register will get one (1) identification wristband only.
6. After registration, please leave the registration area immediately and proceed to the Permai Room.
7. The registration counter will only handle verification of identity and registration of attendance.
8. Help desk support is available for any other enquiries/ assistance/revocation of proxy's appointment.
9. Taking photographs and audio or video recording while the AGM is in session (including the Company presentation), is strictly prohibited. This includes the use of cell phones for these purposes. This policy will be rigorously enforced. Offenders are subject to dismissal from the AGM.

Q&A SESSION

1. Please keep all questions and comments to a reasonable length of time to allow as many shareholders as possible who wish to speak at the AGM an opportunity to do so. Generally a maximum of two minutes each time a shareholder addresses the AGM will be appropriate.
2. Questions should be confined to matters before the meeting. If a shareholder's question pertains to the shareholder's own circumstances and not to the shareholders as a whole, we will ask that the shareholder raise the matter with the customer service attendants outside the AGM.

VOTING PROCEDURE

1. The voting at the AGM will be conducted on a poll.
2. Tricor Investor & Issuing House Services Sdn Bhd is appointed as Poll Administrator to conduct the polling process.
3. All attendees at the AGM will be briefed and/or guided accordingly by the Poll Administrator before the commencement of and during the voting process.

ENTITLEMENTS TO ATTEND, SPEAK AND VOTE

Only Depositors registered in the Register of Members/Record of Depositors and whose names appear in the Register of Members/Record of Depositors as at 29 November 2018 shall be entitled to attend, speak and vote at the AGM or appoint proxy or proxies to attend, speak and vote on their behalf in respect of the number of shares registered in their names at that time.

DOOR GIFT

1. Door gift will be given upon registration subject to verification of identity by the share registrar for the AGM.
2. Each registered attendee, whether as a shareholder or proxy or both or as proxy for multiple shareholders, shall be eligible for **one (1) door gift only**.

ANNUAL REPORT 2018

The Annual Report 2018 is also available on our corporate website at www.gamuda.com.my and Bursa Malaysia's website at www.bursamalaysia.com. Limited hard copies of Annual Report 2018 are available during the AGM (subject to first-come-first-serve basis).

PARKING

Ample indoor and outdoor parking is freely available at Kota Permai Golf & Country Club.

MOBILE DEVICES

Please ensure that all mobile devices i.e. phones/pagers/other sound emitting devices are put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

NO SMOKING POLICY

A no smoking policy is maintained inside the Kota Permai Golf & Country Club building. Your co-operation is much appreciated.

ENQUIRY

For general queries before the AGM, you may wish to contact Ms Didi Choong or Cik Forzana Abd Rashid during office hours, at phone no. +603-7726 9210 or fax your enquiries to +603-7728 9811.

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Form of Proxy

CDS account no. of authorised nominee (Note 1)

*I/We (full name and in block letters) _____

*NRIC/Passport/Company No. (compulsory) _____ Mobile Phone No.: _____

Address (in block letters): _____

being a member of **Gamuda Berhad** ("the Company") hereby appoint:-

First Proxy

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address: _____			

*or failing *him/her,

Second Proxy (as the case may be)

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address: _____			

or failing * him/her, the Chairman of the Meeting as * my/our Proxy to vote for * me/our behalf at the Forty-second Annual General Meeting of the Company to be held at Permai Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam. Selangor Darul Ehsan, Malaysia on Thursday, 6 December 2018 at 10.00 a.m. and at any adjournment thereof.

Resolution	Ordinary Business	For	Against
1	Approval of Directors' fees		
2	Approval of payment of Directors' remuneration (excluding Directors' fees)		
3	Re-election of YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah AL-Maghfur-lah as a Director		
4	Re-election of YBhg Dato' Ir Ha Tiing Tai as a Director		
5	Re-election of YBhg Tan Sri Dato' Setia Haji Ambrin bin Buang as a Director		
6	Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' remuneration		
Special Business			
7	Ordinary Resolution: Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8	Ordinary Resolution: Proposed Renewal of Share Buy-back Authority		

(Please indicate with an "X" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/her discretion)

Signed this _____ day of _____, 2018.

Signature/Common Seal of Shareholder

No. of shares held

IMPORTANT: PLEASE READ NOTES OVERLEAF

fold this flap for sealing

Notes:

1. Applicable to shares held through a nominee account.
2. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without any restriction as to the qualification of the proxy.
3. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.
5. Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the number of shares to be represented by each proxy.
6. If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
8. To be valid, the original signed and/or sealed Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight hours before the time set for holding the meeting or at any adjournment thereof.
9. Only a Depositor whose name appears in the Record of Depositors as at 29 November 2018 shall be entitled to attend, speak and vote at this meeting or appoints a proxy or proxies to attend and/or vote on his/her behalf.

* Delete where not applicable

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The Share Registrar

AFFIX
SUFFICIENT
STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur.

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Gamuda Berhad (29579-T)

Menara Gamuda, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya,
Selangor Darul Ehsan, Malaysia. 📞 (603) 7491 8288 📠 (603) 7728 9811 ✉️ gcc@gamuda.com.my 🌐 gamuda.com.my