

Digital Manufacturing in Construction



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ANNUAL REPORT 2019

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43rd AGM

Annual General Meeting
43rd Annual General Meeting
of Gamuda Berhad

Venue:
Kota Permai Golf
& Country Club

Date & Time:
Thursday, 5 December 2019
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
- 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

Vietnam

Property Development

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

Sewage Treatment Plant

- Yen So Sewage Treatment Plant, Hanoi

Taiwan

Rail Transport

- Kaohsiung Metropolitan Mass Rapid Transit
- Marine Bridge-Guan Tang

Qatar

Public Infrastructure

- Dukhan Highway
- Hamad International Airport

Bahrain

Bridges

- Sitra Causeway Bridges

India

Key Urban Links

- Durgapur Expressway
- Panagarh-Palsit Highway

Singapore

Property Development

- GEM Residences
- Anchorvale Crescent

Australia

Property Development

- 661 Chapel St., Melbourne

Public Infrastructure

- Gamuda Engineering (Australia) Pty Ltd
- Martinus Rail Pty Ltd

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

YBHG DATO' UBULL DIN OM
Managing Director of Gamuda Engineering

Alternate to
YBhg Dato' Lin Yun Ling

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)

INVESTOR RELATIONS**Mr Clarence Boudville**

Level 17, Menara Gamuda,
Block D, PJ Trade Centre
No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana
47820 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-7491 2682
Fax : 603-7727 4594
Email : IR@gamuda.com.my

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

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

REGISTERED OFFICE/CORPORATE OFFICE

Menara Gamuda
D-16-01, Block D, PJ Trade Centre
No. 8, Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-7491 8288
Fax : 603-7728 9811
Email : gbcosec@gamuda.com.my
Web : www.gamuda.com.my

SHARE REGISTRAR**Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (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

COMPANY NO.

197601003632 (29579-T)

DATE AND PLACE OF INCORPORATION

6 October 1976, Malaysia

Group Corporate Structure

CONSTRUCTION			
Domestic			
• Gamuda Engineering Sdn Bhd	100%	• Gamuda Naim Engineering and Construction (GNEC) Sdn Bhd	65%
• Gamuda M&E Sdn Bhd	100%	• SRS Consortium Sdn Bhd	60%
• Gamuda Building Ventures Sdn Bhd	100%	• MMC-Gamuda Joint Venture Sdn Bhd	50%
• Gamuda Geo Sdn Bhd	100%	• MMC Gamuda KVMRT (PDP) Sdn Bhd	50%
• Masterpave Sdn Bhd	100%	• MMC Gamuda KVMRT (T) Sdn Bhd	50%
• Gamuda Trading Sdn Bhd	100%	• MMC Gamuda KVMRT (PDP SSP) Sdn Bhd	50%
• Gammau Construction Sdn Bhd	100%	• Naim Gamuda (NAGA) JV Sdn Bhd	30%
• Megah Sewa Sdn Bhd	100%		
• Gamuda Tunnel Engineering Sdn Bhd	100%		
• G. B. Kuari Sdn Bhd	100%		
International			
• Gamuda Engineering (Australia) Pty Ltd	100%	• Dong-Pi Gamuda Joint Venture (Taiwan)	70%
• Gamuda-WCT (India) Private Limited	70%	• Martinus Rail Pty Ltd	50%
Digital IBS		Investment and others	
• Gamuda Industrial Building System Sdn Bhd	100%	• Gamuda (Offshore) Private Limited	100%
		• Gamuda Overseas Investment Ltd	100%
		• Megah Capital Sdn Bhd	100%
		• Megah Management Services Sdn Bhd	100%

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%
• Gamuda Parks Sdn Bhd	100%
• 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%

A high-speed train, primarily red and black with yellow accents, is shown in a large industrial facility, likely a manufacturing or assembly plant. The train is positioned on tracks or a platform, with its sleek, aerodynamic nose prominent. The background features industrial structures, including overhead cranes and metal beams, under bright lighting.

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Statement from the Group Managing Director



Dear Shareholders,

2019 marked the year when the Group realigned its strategies to adjust to a new market paradigm in Malaysia following the historic change in the country's leadership the year before.

Major infrastructure projects such as the High-Speed Rail to Singapore and Klang Valley Mass Rapid Transit (KVMRT) Line 3 remain postponed as part of the Government's fiscal consolidation. Against this backdrop, we have sought to reposition ourselves to ensure we stand ready to capture opportunities available in Malaysia, while intensifying efforts to build our business overseas.

For KVMRT Line 2, following renegotiation with the Government, we transitioned from Project Delivery Partner role to Turnkey Contractor to undertake the elevated and underground works as a single Turnkey Contract.

“ WE HAVE BEEN AT THE FOREFRONT OF ADOPTING TECHNOLOGY AND INNOVATION TO ENHANCE OUR PRODUCTS AND SERVICES. WE ARE WELL-POSITIONED TO CHAMPION THIS CAUSE AND HELP LEAD THE NATION IN THE AREA OF DIGITAL MANUFACTURING IN CONSTRUCTION. ”

In addition, the Group has agreed to dispose of all our interests in the toll highway concessions of KESAS, LITRAK (LDP), SPRINT and SMART to enable the Government to implement a new Congestion Charge system to achieve its dual objective of managing peak traffic flow and alleviating the burden of toll costs during non-peak hours. The Cabinet has approved the acquisition as announced during the Budget 2020 announcement and we will now present the proposal to our shareholders.

The proceeds would be timely for the necessary investments we have to commit to, in our role as the Project Delivery Partner of the Penang Transport Master Plan development and the Penang South Islands project, which would provide us with future recurring earnings to replace the lost earning contributions from the toll concessions.

As a way forward, Malaysia has identified Industry 4.0 as the new source of productivity and economic growth. This push for digitalisation of the economy bodes well for the Group.

As a leading engineering, infrastructure and property group in the country, we have been at the forefront of adopting technology and innovation to enhance our products and services. We are well-positioned to champion this cause and help lead the nation in the area of digital manufacturing in construction. We are proud that our Prime Minister, YAB Tun Dr. Mahathir Bin Mohamad took time from his busy schedule to officiate our newest and largest Industrialised Building System (IBS) plant in Banting in May 2019.

Our IBS plant in Banting, which showcases digital manufacturing technology in building construction, is driven by Building Information Management (BIM) system data in the cloud. Through this cutting-edge IBS technology, we can help Malaysia minimise its dependence on foreign labour whilst creating higher-wage jobs for local workers. Our IBS plants will be a significant contributor to the Government's realisation of its ambition to build 100,000 affordable homes a year.

GROUP

REVENUE
RM7,181
MILLION

VERSUS LAST YEAR'S
RM7,153 MILLION

GROUP

CORE PBT
RM909
MILLION

DECREASE OF 14%

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

ROBUST FINANCIAL PERFORMANCE IN FY2019

We are proud to report another set of commendable results for FY2019, despite having to mitigate the challenges of a downsized KVMRT Line 2 contract and the loss of contribution from SPLASH following its disposal last year. The Group's earnings during the year were supported by solid property sales in Vietnam, which helped counter a weaker property market in Malaysia.

Overall, the Group posted a 14% lower core profit before tax (PBT) of RM909 million compared with last year.

Gamuda Engineering, our engineering and construction division, reported a 23% drop in PBT to RM283 million from a year ago. Revenue rose 2% to RM4,138 million year-on-year.

Gamuda Land, the property arm, posted a 22% increase in PBT to RM322 million from the year before, on the back of a 1% decline in revenue to RM2,547 million. The improved profit was underpinned by its second-highest annual property sales of RM3.1 billion in FY2019, lower than the record-high sales of RM3.6 billion achieved last year as a result of a challenging Malaysian property market.



WE PAID 12 SEN
DIVIDEND PER SHARE
TO SHAREHOLDERS THIS
YEAR, SIMILAR TO THE
PREVIOUS YEAR.



Gamuda Infrastructure Concessions recorded a 28% lower core PBT of RM304 million year-on-year with the absence of contribution from water concessionaire SPLASH. Revenue fell 3% to RM496 million from a year ago.

We paid 12 sen dividend per share to shareholders this year, similar to the previous year.

KEY ACHIEVEMENTS AND MILESTONES

The year was marked by the following major achievements and milestones.

MMC Gamuda KVMRT (T) Sdn Bhd was accorded the 2019 Sword of Honour by the British Safety Council out of 91 submissions internationally, the first such award received by a Malaysian entity. The eligibility criteria for this award is stringent as it is only open to organisations with 5 Stars in the British Safety Council International Best Practice Audit, and of zero fatalities. This award is well recognised throughout the industry and was made possible by the contribution of our team who strive to maintain and improve the safety and health standards at our sites.

In February, the Government began negotiations with the Group for the proposed acquisition of four highway concessions. Our effective interest in these concessions amounted to RM2.36 billion.

GAMUDA LAND

PROPERTY SALES
RM3.1
BILLION

DECREASE OF 14%

Up north, the Transport Ministry has granted conditional approval in July for the Bayan Lepas Light Rail Transit (LRT) project, which forms part of the State Government's RM46 billion Penang Transport Master Plan. The LRT, estimated to cost RM8.4 billion, will stretch 29.9km from Komtar to Bayan Lepas and have 27 stations that pass through Jelutong, Gelugor and the Penang International Airport before ending at the proposed Penang South Islands. The LRT approval is a major step forward for the Group as our 60%-owned SRS Consortium has been appointed as the Project Delivery Partner (PDP) for the implementation of the Penang Transport Master Plan. The PDP agreement is almost finalised.

In May, the Group launched its second IBS factory in Banting in a ceremony witnessed by Tun Dr. Mahathir. This marks a total investment of RM565 million in two state-of-the-art factories that have an annual total production capacity of 10,000 homes and 16,000 bathroom pods.

OUTLOOK - KEY GROWTH AREAS

1. New Growth in Australia

After spending years to strengthen the Group's position as Malaysia's leading engineering and construction group, we have set our sights on growing our core businesses in overseas markets. We have identified Australia as a country that we aim to build a second construction base and we intend to do selective tendering to establish a foothold in this market with an infrastructure development pipeline estimated at A\$300 billion by the Australian Trade Commission.

To accelerate our expansion into Australia, the Group had in September agreed to invest in 50% stake in Martinus Rail Pty Ltd, the largest independent specialist rail constructor in the country. We aim to leverage on the local knowledge of Martinus Rail, coupled with Gamuda's technical strength and management resources to carve a niche in this market that holds tremendous potential.

2. Penang Transport Master Plan

The long-awaited Penang Transport Master Plan (PTMP) represents a major long-term project for Gamuda since our 60%-owned joint venture SRS Consortium received a Letter of Award from the State Government in 2015, appointing it as the Project Delivery Partner for the master plan's implementation. The development is poised to begin with physical work next year.

The PTMP is a crucial development and solution for Penang's sustainable growth in the long-term. The State Government has envisaged that the relevant components of the PTMP will be coordinated and implemented jointly with the Penang South Islands (PSI) phased development to enable the successful realisation of the Penang 2030 Vision, which aims to restore the state's status as the "Silicon Bay of the Orient" by attracting the next generation of electrical and electronics (E&E) companies.

The E&E industry is poised to continue its robust growth well into the next decade as a result of emerging technologies such as autonomous vehicles, artificial intelligence (AI), 5G, and Internet of Things. While the Bayan Lepas industrial park has been a success story in growing Penang's E&E sector since its inception in the 1970s, a smart park within PSI will support the industry in moving up the value chain by attracting multinational companies from the U.S. and Europe with a focus on higher value areas such as software development and R&D.

We are assisting the State Government in securing the financing for the reclamation of PSI's tri-island measuring 4,500 acres. Once completed, the PSI land parcels will be sold and the proceeds reinvested to fund the LRT, Pan Island Link 1 (PIL 1) and further reclamation works under the PTMP project. All the three islands to be reclaimed will be state-owned and Gamuda's role in this development is solely as a PDP.

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

“ THE GROUP HAS SUBMITTED ALTERNATIVE PROPOSALS TO REVIVE THE KVMRT LINE 3, OR THE CIRCLE LINE PROJECT, TO REDUCE THE BURDEN ON THE GOVERNMENT’S FEDERAL BUDGET. ”

The 19.5km PIL 1 highway is projected to cost RM7.5 billion and the Bayan Lepas LRT is estimated to cost another RM8.4 billion. Valued at a combined RM16 billion, both projects come under the first phase of the SRS Consortium’s portion of PTMP. SRS has to date received regulatory approvals for the PIL 1 and PSI projects.

Meanwhile, the LRT project is undergoing a three-month public inspection process to educate the public on the project, as well as to collect feedback on the proposed alignment. To date, feedback for the public inspection, which is scheduled to end 15 November, is more than 90% positive.

3. Infrastructure Expansion

We believe the period of deferment for public infrastructure projects is only temporary because beyond fiscal impetus, Malaysia will need an infrastructure push again as the country needs new infrastructure to cope with a growing and changing urban population. In this regard, the Group has submitted alternative proposals to revive the KVMRT Line 3, or the Circle Line project, to reduce the burden on the Government’s federal budget.

We remain hopeful of the eventual revival of KVMRT Line 3 as it is one of the most critical lines for the urban rail transportation system in the Klang Valley. The current network in the capital city is made up of seven radial rail lines and to increase the connectivity between them, a circle line is much needed, similar to the network of radial and ring roads. The KVMRT Line 3 is an essential part of the Greater Kuala Lumpur Integrated Rail System and critical to achieve the public modal share target of 40% in urban areas by 2030.

4. Overseas Property

The Group’s decision to venture abroad and diversify our portfolio in property development over a decade ago was again proven right as the performance of our projects in Vietnam has been exemplary and provided a buffer to earnings as the Malaysian market remained soft. The Group’s Singapore projects are rewarding as well and when combined, overseas real estate developments accounted for two-thirds of our overall property sales last year.

We will continue to develop the two ongoing projects in Vietnam, namely Celadon City in Ho Chi Minh City and Gamuda City in Hanoi and remain on the lookout for new land acquisition in the country.

We have begun initial work on Anchorvale Crescent in Singapore, our second development in the island republic. We are ready to launch the project with RM2 billion gross development value (GDV) in the first quarter of next year. Similar to GEM Residences, our maiden project in Singapore which was completely sold, we are equally confident of a strong take-up for Anchorvale Crescent.

Overseas developments in Singapore and Vietnam will anchor Gamuda Land's RM4.5 billion sales target for FY2020.

Back home, the Group will continue to focus on building sustainable townships at our key projects in Malaysia, including Gamuda Cove, Gamuda Gardens, twentyfive.7 and Kundang Estates. Despite the sluggish local market of recent years, we are optimistic that the Malaysian property market will stage a rebound next year, for which we are ready to capitalise on the upswing.

5. Adopting Industry 4.0 Technology

With the onset of automation and digitalisation, we focus on technological innovation to remain resilient, customising solutions and mapping future market trends and opportunities. This aligns with the nation's Shared Prosperity Vision 2030 to become a high-income nation that is capable of attracting new investments with the latest developments in science and technology and creating greater future growth opportunities.

GAMUDA ENGINEERING

The Group spearheaded the digital transformation of Malaysia's construction industry by implementing BIM to manage large scale projects such as the KVMRT system. BIM enables engineers, architects, surveyors and builders to work on a design concurrently, using 3D models shared on a cloud-based platform. The designs are checked for coordination errors and corrected prior to fabrication and construction. This process significantly increases efficiency, productivity and reduces wastage during construction. We also make use of laser scanning technology that helps designers understand or visualise the area before designing any infrastructure.

Another transformative technology is the use of drones. Drones capture videos and photos of construction areas, which are then processed using photogrammetry to generate 3D models and automosaic images that will be integrated with the geographic information system (GIS). These 3D models are used for measurements, volumetric calculations and topographical surveys of a site. Contractors are able to monitor the sites more efficiently using this information.

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

GAMUDA LAND

Gamuda IBS has led the digital IBS adoption with the nation's first digital IBS factory in Sepang, bolstered by the addition of a second plant in Banting. Using the IR 4.0 methods of construction with BIM and IBS technology, we have expanded our product range to include double walls, pre-stressed half slabs, prefabricated bathroom pods and special facade elements that are applicable to both affordable and high-end residential and commercial units.

Gamuda IBS can easily build a wide range of products with every component produced at our factory-controlled environment and fully tested. This ensures quality through a safer and more sustainable construction method with minimal wastage. Our leading efforts in digital IBS is in line with Malaysia's Industry 4.0 policy – Industry4WRD, which calls for digital transformation of the manufacturing sector.



OUR LEADING EFFORTS IN DIGITAL IBS IS IN LINE WITH MALAYSIA'S INDUSTRY 4.0 POLICY – INDUSTRY4WRD, WHICH CALLS FOR DIGITAL TRANSFORMATION OF THE MANUFACTURING SECTOR.



Digital IBS is a powerful production system to deliver end products that are error-free, with high precision and quality. Our production team not only focuses on quality control through the use of BIM, but also on the maintenance of the key components used to produce high-quality precast products, such as formwork shutters. To ensure these shutters are optimally maintained, we have recently deployed a system with the ability to track each shutter's life cycle and movement by attaching an RFID (radio frequency identification) tag to every shutter. Sensors are placed at key stages along the production line to collect data from the RFID tags, and this monitoring system has resulted in increased maintenance efficiency.

All of Gamuda Land's high-rise developments will be manufactured at Gamuda IBS by 2020 and the Group will extend its digital manufacturing capabilities to landed properties, starting with the first phase of Gamuda Cove.

The elements of Industry 4.0 such as the Internet of Things and AI are also embedded and incorporated into the townships, real estate developments and the smart park that we will build within the Penang South Islands project to cater for the next generation of electrical and electronic manufacturers.

PROCUREMENT & HUMAN RESOURCE MANAGEMENT

Beyond construction and homebuilding, we have adopted digital procurement to drive good governance, improve transparency and forward planning to maximise savings. We have implemented the SAP Ariba procurement system since October 2018, which has enabled us to achieve further procurement efficiencies.

We also use digital technology for recruitment and talent management through the adoption of artificial intelligence (AI) to match the candidate profile with the Group's core competencies and manpower requirements. AI is used in the Group for recruitment, succession planning, and as a development tool.

GROUP STRATEGY

Transformative Leadership

Our strategy to achieve sustainable growth is supported by the 3C's approach in building Capacity, Capability and ensuring Competitiveness.

As the Group adjusts itself to operate in a new market paradigm in Malaysia while making an active push into Australia, the challenge lies in shifting the mindsets of our leaders and staff to become entrepreneurs.

Going overseas requires more strategic planning, rounded skills and assuming more ownership. Adapting to stiffer competition in Malaysia means that less leaders will have to manage more projects and this makes the ability to multitask important. We are also speeding up the movement of people with potential up the ladder to take on increased responsibility, as part of efforts to train more leaders.

We have also initiated the Top 50 future leaders' programme to prepare the next generation of leaders and are identifying key roles for succession planning, which will be carried out concurrently with talent grooming.

Sustainability Commitment

In line with the circular economy, we can achieve greater business value and positive societal impact, ultimately benefiting the Group's triple bottom line - People, Planet and Profit. This is in tandem with the economic, environmental, social and governance principles and with the United Nations Sustainable Development Goals.

We firmly believe that by building on the right foundation, life and communities will flourish. As such, a dedicated built environment roadmap is needed with methodology principles for the design, engineering and construction areas. In our aim to be at the forefront, the Group's Sustainability Policy will encompass these aspects to help drive innovation opportunities and advance the industry.

This year, we began to operationalise the Group's sustainability strategies and are preparing an overarching Group Sustainability Policy as a basis to guide the implementation of our sustainability strategies across all business units. Our construction and property development units are developing achievable roadmaps for respective project sites incorporating circular economy goals such as green building, energy management, biodiversity and smart cities.

“

WE ARE ALSO SPEEDING UP THE MOVEMENT OF PEOPLE WITH POTENTIAL UP THE LADDER TO TAKE ON INCREASED RESPONSIBILITY, AS PART OF EFFORTS TO TRAIN MORE LEADERS.

”

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

“ GAMUDA LAND HAS ALWAYS TAKEN A FORWARD-THINKING APPROACH TO THE PLANNING AND LAYOUT DESIGN OF THE PROJECTS. ”

As a premium township developer, Gamuda Land has always taken a forward-thinking approach in the planning and layout design of the projects we undertake, by focusing on placemaking, neighbourhood creation and community building. In this regard, Gamuda Parks is created to spearhead the consolidation of the design process and promotion of biodiversity enrichment, social interaction with nature and enhancement of the general well-being of our residents.

Our KVMRT projects are also aligned with the global sustainability agenda by accelerating the use of public transportation, which will reduce carbon emissions and pollution. In Penang, we are working with the State Government to build a next-generation Smart City by incorporating technologies including 5G, AI and big data while creating a livable environment with miles of public beaches, coastal parks and waterfront esplanades. This effort will be assisted by smarter city planning through harvesting solar energy to promote the use of sustainable energy and utilising data to create a better living environment.

APPRECIATION

Our ability to consistently deliver solid financial performance and steady returns to shareholders would not have been possible without the outstanding contributions from each and every one of our employees.

On behalf of the management, I would like to express our gratitude to the Board of Directors for their stewardship of the Group. We would also like to thank all stakeholders and shareholders for their continuous trust and support for us.

We will continue to expand the business through hard work, right strategies, and by investing in leaders and technology to deliver sustainable value for all stakeholders and shareholders.

YBHG DATO' LIN YUN LING
Group Managing Director

Key Performance Indicators

PROPERTY SALES

2019:

RM3.1
BILLION

2018: RM3.6 billion

REVENUE

2019:

RM7,181
MILLION

2018: RM7,153 million

CORE NET PROFIT

2019:

RM706
MILLION

2018: RM835 million

CORE RETURN ON EQUITY (ROE)

2019:

9%

2018: 11%

DEBT TO EQUITY RATIO

2019:

0.39
TIMES

2018: 0.52 times

DIVIDEND PAYOUT

2019:

42%

2018: 56%

MARKET CAPITALISATION

2019:

RM9.2
BILLION

2018: RM8.9 billion

CORE EARNINGS PER SHARE

2019:

28.60
SEN

2018: 33.94 sen

Value Creation Strategy

We started a new chapter of our integrated reporting journey with an enhanced Value Creation Strategy to achieve a balanced triple bottom line (social, environmental, economic and financial) for sustainable growth. Aligned with the theme 'Digital Manufacturing in Construction', we have stepped up our strategy by integrating our strengths and harnessing our capital to realise our corporate vision of leading the region in innovative breakthrough solutions.

INPUTS

Optimise Financial & Capital Efficiency

Our ability to grow our earnings on financial capital, generate competitive advantage and create economic value for our shareholders and society at large beyond short-term gains and financial bottom line; through prudent financial management, capitalising on our assets and investments, acquisitions and expansion, and focus on growth strategies to enhance shareholders' value.



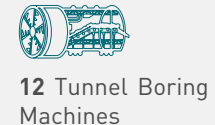
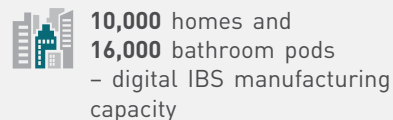
Organisation & Human Capital

As a talent-centric organisation, we strive to develop capable employees to drive growth. We align our policies and practices to best-in-class standards to raise the competency levels of employees.



Manufactured Capital

Building on our expertise and experience as a pioneering infrastructure and property developer, strategic efforts have been put in place to enhance Gamuda's standing in innovation and technologies. This includes quality developments, smart solutions and green retrofitting.



Social and Relationship Capital

We endeavour goodwill with our stakeholders within the local and international communities that we operate in. Managing our stakeholders' needs is our utmost importance, hence we invest considerable resources in building strategic collaborations with organisations from the Public, Private and People sectors, as part of our sustainable business model.



Natural Capital

Our operations rely heavily on natural resources, and effective management of natural capital is a key priority for us. We are committed to green infrastructure and development with innovative technologies to raise quality, productivity and sustainability. We are in the midst of putting in place policies and practices to mitigate our environmental impact and maintain our strong natural capital.

- Gamuda Biodiversity Policy
- All Gamuda developments are GBI certified

VISION & STRATEGY

VISION

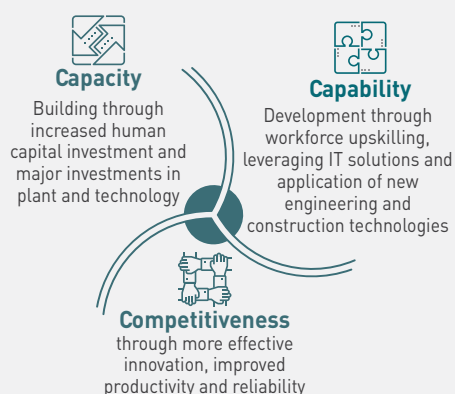
We aim to lead the region in innovative breakthrough solutions for large scale public infrastructure and property development.

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

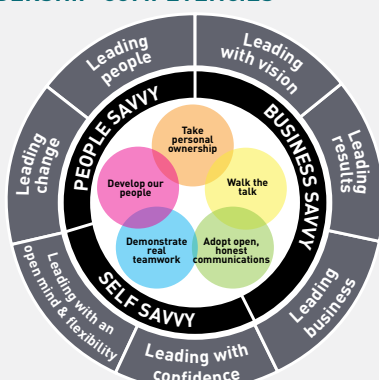
Our strategy to achieve sustainable growth is based on our 3C's approach – Capacity, Capability and Competitiveness building.



VALUES

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

LEADERSHIP COMPETENCIES



VALUE CREATION



ENGINEERING & CONSTRUCTION

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

To achieve competitiveness, efficiency, and reliability, we 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 Malaysia, Vietnam, Australia and Singapore.



INFRASTRUCTURE CONCESSIONS

We continue to operate our water and highway concessions that have powered the nation and provided the Group with steady recurring incomes over the years. As Malaysia's largest intra-urban highway concessionaires, we have helped spur the growth of our young nation by constructing and operating some of Malaysia's most significant infrastructure projects spanning highways, expressways, dams and water treatment plants.

VALUE SHARED WITH STAKEHOLDERS

In tandem with the United Nations' fourth Sustainable Development Goal (SDG 4) of ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.

We continually invest in capacity-building of the less privileged by offering scholarships and development programmes.

Revenue **RM7.2 billion** Dividend per share **12 Sen** PBT **RM909 million**

Women in the workforce **29%**

Women on the Board **43%**

RISM Excellence Awards 2019
contribution towards sustainability in construction

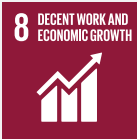
RM5.9 million
training and development expenditure

264,427 trees
1,602,380 shrubs
planted across our developments



Material Matters & Key Risks

We define material matters as those with the potential to significantly impinge our performance and ability to create value for our shareholders over the short, medium and long-term. We base the determination of materiality in integrated reporting on the guidelines of Bursa Malaysia and Global Reporting Initiative (GRI). The assessment process entails the identification of matters most significant to our businesses and stakeholders. Economic, environmental and social concerns are identified through ongoing internal stakeholder engagement with senior management as part of our risk cycle.

High Priority Material Matters	Relevance and Context	
Economic Performance   	Our financial development and revenue diversification are important elements of our business growth plan. The success of our engineering & construction business is heavily reliant on Government procurement and legislation concerning infrastructure development. The performance of our property segment is dependent on macro-economic factors including a subdued or thriving property market.	Key Risks: • Sustainable growth • Market/Competition risk
Climate Action & Biodiversity  	Our industry is heavily reliant on natural resources for the development of infrastructure and properties. Climate change together with the impacts of biodiversity loss pose grave threats to natural resources and the global economy.	Key Risks: • Financial risk • Operational and development risks • Reputational risk
Innovation  	Rapid advances in digital technology present a competitive opportunity and threat. Digitalisation is key to ensure our continued relevance and expansion of our business.	Key Risks: • Technological risk • Cyber risk • Competition risk
Safety and Health  	Protecting workers' and surrounding communities' safety and health is a fundamental responsibility and makes good business sense as it affects our reputation, work performance and productivity.	Key Risks: • Financial risk • Operational risk • Reputational risk

The resultant material matters were confirmed after considering the key risks, the strategy of the organisation and the degree to which we can affect change. The process includes revising our previously identified material matters; and the Board validates all material issues. The materiality matrix shows the results of the 2019 assessment.

Potential Impacts	Strategic Responses
May hinder realisation of our financial and operational targets resulting in insufficient operating cash flow and difficulty in funding our operations.	• Development of Gamuda Capital as an investment arm for the Group. • Focus on developing a diversified project portfolio for the Group across Malaysia, Australia, Vietnam, and Singapore. • Expand development portfolio income via innovative solutions that will launch new growth areas, which will deliver a high socio-economic impact.
Climate change may disrupt our operations across our value chain, from delay in construction to physical damage to our equipment and assets. Lack of conservation programmes may result in environmental harm and social license to operate.	• Enact effective measures as a responsible organisation by minimising and mitigating our environmental impact. • Reduce our environmental footprint and improve conservation of natural resources through new policies, green design and build practices, e.g. Gamuda Parks Biodiversity Policy that focuses on biodiversity enrichment, conservation and township management; and ISO 14001:2015 – Certification for Environmental Management System.
As technological change advances, conventional practices and production patterns are disrupted. It also challenges the group's resilience in a highly competitive market.	• Anticipate and future proof the business by embracing digital solutions to enhance efficiency, customer experience and minimise environmental impact. • Implement a comprehensive digital strategy to stimulate value creation and adopt digital technology that enhances our operational efficiency and customer experience. • Continuously invest and commit to BIM, digital IBS and adoption of digital procurement for optimal savings and improvement in product quality.
Loss of productivity and performance as a result of potential accidents and casualties; including financial penalties and disruptive stop-work orders.	• Build skill sets and competencies in project management, construction management, and environmental, safety and health standards. • Drive an agile and productive performance culture through awareness, training, and periodic audits. • Adhere to and integrate ISO 45001:2018 and MS 1722:2011 Occupational Safety and Health Management Systems across key business units to effectively manage safety and health performance.

Chief Financial Officer's Statement

“ THE GROUP POSTED REVENUE OF RM7,181 MILLION FOR THE CURRENT FINANCIAL YEAR ENDED 31 JULY 2019 COMPARED WITH RM7,153 MILLION LAST YEAR;

CORE NET PROFIT WAS LOWER AT RM706 MILLION, COMPARED WITH LAST YEAR'S RM835 MILLION MAINLY DUE TO THE DISPOSAL OF SPLASH. ”

MR. SOO KOK WONG
Chief Financial Officer



FINANCIAL PERFORMANCE ANALYSIS

The Group posted revenue of RM7,181 million for the current financial year ended 31 July 2019 compared with RM7,153 million last year. Core net profit was lower at RM706 million, a 15% drop, compared with last year's RM835 million mainly due to the disposal of its 40%-owned water concessionaire, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH).

Gamuda Land posted its second-highest annual property sales of RM3.1 billion in FY2019, lower than the record sales of RM3.6 billion achieved last year amidst a challenging Malaysian property market. Overseas property sales underpinned by the two projects in Vietnam continued to perform well, contributing two-thirds of overall property sales.

GROUP

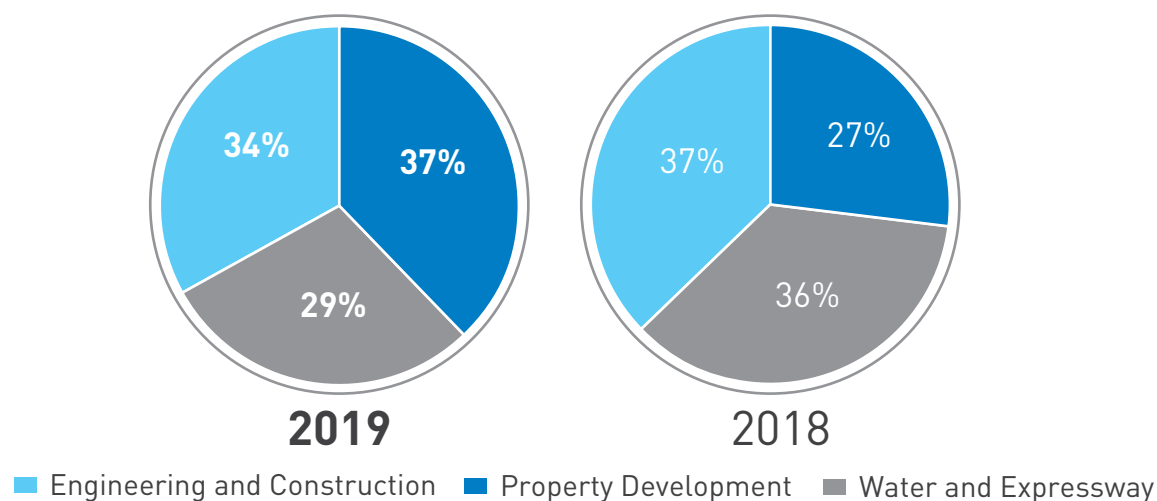
CORE NET PROFIT
RM706
MILLION

DECREASE OF 15%

GROUP SEGMENTAL PERFORMANCE

RM'million	2019	2018	Var
REVENUE			
Engineering and Construction	4,138	4,066	2%
Property Development	2,547	2,575	-1%
Water and Expressway	496	512	-3%
Revenue	7,181	7,153	0%
NET PROFIT			
Engineering and Construction	237	308	-23%
Property Development	265	222	19%
Water and Expressway	204	305	-33%
Core Net Profit	706	835	-15%
Less: One-off items			
– Loss on disposal of SPLASH	–	(300)	
– Impairment of Gamuda Water's trade receivables	–	(5)	
Net Profit	706	530	33%

Core Net Profit by division



Chief Financial Officer's Statement (Cont'd.)

GAMUDA ENGINEERING

The construction division's full year revenue remained resilient, coming in at RM4.1 billion with a slight growth of 2% compared with last year. Core net profit dipped by 23% to RM237 million compared with RM308 million last year due to lower profitability of the on-going KVMRT Line 2 project following the re-negotiation with the Government to undertake the elevated and underground works as a single Turnkey Contract for a combined contract price of RM30.53 billion.

KVMRT Line 2

As at 31 July 2019, KVMRT Line 2's overall cumulative progress is on track at 60%. The final design for Rail Systems is being completed; track laying has been completed for the Sungai Buloh Depot while Phase 1 viaducts and the installation of other systems are progressing well. Two electric trains have been delivered to the Depot with the remaining at various stages of completion in the assembly plant at Rasa. For tunnelling works, three tunnel drives have been completed with another ten Tunnel Boring Machines (TBM) making good progress.

Pan Borneo Highway, Sarawak – WPC04 (Pantu Junction to Btg Skrang)

The Sarawak Pan Borneo Highway project's scope which includes the widening and upgrading of the existing 89.30km 2-lane single carriage road to a 4-lane dual carriageway is progressing on schedule with overall cumulative progress at 45% as 31 July 2019.

Marine Bridge, Taiwan

In March 2019, Gamuda's 70%-owned joint venture with a Taiwanese Company won the tender to construct a 1.23 km marine bridge connecting a receiving terminal to man-made island comprising 946m length x 21.5m width box girder and 284m length of road embankment inclusive of soil investigation, foundation, temporary bridge and working platform and environmental protection works for a contract sum of NTD3,954,610,508 (equivalent to RM522 million). The project is expected to be completed in November 2022.

GAMUDA ENGINEERING

CORE NET PROFIT
RM237
MILLION

DECREASE OF 23%

Penang Transport Master Plan and Penang South Islands

The Penang Government has extended the validity of the Letter of Award appointing Gamuda's 60%-owned SRS Consortium as the Project Delivery Partner (PDP) for the implementation of Penang Transport Master Plan (PMTP) project to 29 February 2020. The major components of Phase 1 of the project are:-

Project component	Status
a. Light Rail Transit (LRT) from George Town to Island A of the Penang South Islands	The Railway Scheme was given Conditional Approval on 18 July 2019. The 3-month Public Inspection started on 19 August 2019 and would end by 19 November 2019. The Environmental Impact Assessment (EIA) report for LRT was submitted with approval anticipated by December 2019.
b. Pan Island Link 1 (PIL1) highway	EIA report for PIL 1 was approved on 10 April 2019. Detailed engineering design will commence upon signing of PDP agreement with the Penang State Government.
c. Reclamation works (Penang South Islands)	EIA report was approved on 25 June 2019. Detailed engineering design will commence upon signing of PDP agreement with Penang State Government. Reclamation works for the 2,300 acres Island A is targeted to commence in 2 nd half of 2020.

Gamuda IBS

Gamuda Industrialised Building Systems (Gamuda IBS) commenced operations in June 2016 with the first factory in Sepang and subsequently opened a second factory in Banting in May 2019. With these 2 factories, Gamuda IBS has the capacity to produce 10,000 homes per year. Gamuda IBS had delivered units to Gamuda Land as well as other property developers during the current year.

Chief Financial Officer's Statement (Cont'd.)

GAMUDA LAND

RM' billion	2019	2018	Var
Property Sales	3.1	3.6	-14%
Undeveloped GDV	55	57	-4%

Gamuda Land posted its second-highest annual property sales of RM3.1 billion for FY2019 lower than the record-high sales of RM3.6 billion achieved last year. This year's revenue remained flat at RM2.5 billion while core net profit increased to RM265 million, an increase of 19% Year-on-Year (YoY), compared with last year's RM222 million. The better earnings performance was due to the stronger sales contribution from its Vietnam projects where selling prices have trended upwards.

Overseas

Overseas sales contributed two-thirds of overall sales with the two developments in Vietnam, Gamuda City in Hanoi and Celadon City in Ho Chi Minh City, being the biggest contributor of overseas sales. The combined sales of these 2 projects rose 36% YoY to RM1.9 billion. While GEM Residences in Singapore was largely sold out last year, the construction of Gamuda's new executive condominium in Singapore, Anchorvale Crescent, had just commenced in June 2019 with sales launch targeted in early 2020. Sales at the now-completed 661 Chapel Street, a luxury condominium in Melbourne, Australia is on-going.

Malaysia

Established projects in Malaysia such as Horizon Hills and Jade Hills continued to sell well while newer townships such as Gamuda Gardens, twentyfive.7 and Gamuda Cove recorded improved take-up rates. The combined sales of these 3 new signature projects rose 53% YoY to RM452 million.

The two waterfalls and four lakes in Gamuda Garden's 50 acres central park and the near-completion of the 100,000 square feet-Waterfront Village helped attract footfalls to the project. Another key attraction is the New Zealand-based Skyline Luge Enterprise's first luge attraction in Malaysia. Comprising the Skyline Luge and Skyline Zoom Ziplines, the attraction is to be built on a 60,000 square meters hill site overlooking the township.

The construction of Quayside Mall at twentyfive.7 is at an advanced stage with its opening scheduled in June 2020. Other attractions such as the Buzz.ar and The Field, an international-sized football field professionally managed by the Football Talent Asia (FTA), has further improved sales of the project.

The ELITE highway's interchange connecting directly to Gamuda Cove was officially opened on 6 September 2019. The first phase of the 50 acres Discovery Park featuring key attractions such as Malaysia's first Aerobar, a tethered hot air balloon station, a beach pool club and a Starbucks drive-thru outlet is targeted for opening in the first half of 2020.

GAMUDA LAND

CORE NET PROFIT
RM265
MILLION

INCREASE OF 19%

GAMUDA INFRASTRUCTURE CONCESSION

The division achieved core net profit of RM204 million, a decrease of 33% YoY from RM305 million (excluding last year's one-off loss arising from the sale of SPLASH and impairment of Gamuda Water's trade receivables) due to the absence of SPLASH's earnings contribution as it was sold last year.

Expressway

The traffic volumes of all expressways continued to be resilient and provided the Group with stable income stream.

In June 2019, the Government offered to take over Gamuda's four highways namely KESAS, SPRINT, LITRAK and SMART. Gamuda's stakes in the four highways were valued at RM2.36 billion. All the offers were accepted by Gamuda's Board of directors, as well as the respective concession's Board of directors. At the time of writing this report, the Cabinet has approved the acquisition during the Budget 2020 announcement. The offers are now pending the approvals of Gamuda Berhad's shareholders (requiring a simple majority approval) and Littrak Holdings Berhad's shareholders (requiring at least 75% approval).

GAMUDA INFRASTRUCTURE

CORE NET PROFIT
RM204
MILLION
DECREASE OF 33%

Water

SPLASH, 40%-owned by Gamuda, was sold to Pengurusan Air Selangor Sdn Bhd (Air Selangor) for RM2.55 billion last year. The upfront payment of RM1.9 billion was received in April 2019 while the balance purchase price of RM650 million will be settled in nine equal annual instalments.

Gamuda Water, 80%-owned by Gamuda, and Air Selangor signed the following agreements:

- **A new operations and maintenance agreement (OMA)**

To replace the existing OMA for the continued operations and maintenance of Sungai Selangor Water Treatment Plan Phase 3 (SSP 3). The rates of the new OMA represent a 2 sen/m³ reduction to the rates in the existing OMA.

- **Debt settlement agreement**

To settle all outstanding debt owed (net off 10% discount) to Gamuda Water arising from the existing operations and maintenance of SSP 3 amounting to RM762 million by instalments. The first instalment of RM76 million was paid in September 2019 with the balance to be settled in nine equal annual instalments.

OTHER COMPREHENSIVE INCOME

Included in the other comprehensive income for the year is a net foreign exchange gain of RM31 million. The foreign exchange gain resulted from gain on foreign currency translation of the Group's overseas assets due to a weaker Ringgit Malaysia.

Chief Financial Officer's Statement (Cont'd.)

CONSOLIDATED FINANCIAL POSITION ANALYSIS FOR FY2019

RM'million	2019	2018	Var
Non-current assets	9,104	9,274	-2%
Current assets	8,087	7,358	10%
Total assets	17,191	16,632	3%
Non-current liabilities	3,622	4,895	-26%
Current liabilities	5,099	3,757	36%
Total liabilities	8,721	8,652	1%
Owners' equity	8,071	7,597	6%
Current ratio (times)	1.6	2.0	(0.4)
Net assets per share attributable to equity holders (RM)	3.26	3.08	0.18

TOTAL ASSETS

The Group's total assets increased by 3% YoY mainly on the back of higher property related trade receivables as work progress remained unbilled at the end of the year because the works have not reached the contractual billing milestone yet.

TOTAL LIABILITIES

Total liabilities of the Group increased by 1% YoY on the back of higher trade liabilities as a result of higher work progress in the construction division.

GROUP

TOTAL ASSETS
RM17,191
 MILLION

INCREASE OF 3%

TOTAL BORROWINGS

RM'million Islamic and conventional	2019	2018	Var
Long-term borrowings	2,958	4,250	(1,292)
Short-term borrowings	2,186	1,487	699
Total borrowings	5,144	5,737	(593)

RM'million	Borrowings due for repayment in			Total
	<1 year	1-2 years	>2 years	
Long-term borrowings	–	685	2,273	2,958
Short-term borrowings	2,186	–	–	2,186
Total borrowings	2,186	685	2,273	5,144

The Group pared down its total borrowings approximately RM600 million using the sales proceeds of SPLASH. During the year, the Group raised short-term floating-interest rate borrowings which carry lower interest rates relative to borrowings with longer maturity period to take advantage of the general decline in interest rates domestically and internationally. The Group is actively monitoring the interest rate environment and will seek to lock in the borrowing cost with long dated fixed-interest rate borrowings such as bonds at an opportune time.

Current ratio (current assets/current liabilities)

The Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.6 times this year versus 2.0 times last year. The current year's lower ratio was the result of the Group's decision to raise short-term floating-interest rate borrowings to take advantage of the general decline in interest rates. Overall, the current ratio indicates that the Group has adequate liquidity to meet its short-term commitments and the Group is able to tap the bond market when the need arise.

GROUP

TOTAL BORROWINGS
RM5,144
 MILLION
 DECREASE OF 10%

OWNERS' EQUITY

Owners' equity increased by 6% to RM8,071 million as result of the increase in earnings and gain on foreign currency translation of the Group's overseas assets due to the weaker Ringgit Malaysia.

Chief Financial Officer's Statement (Cont'd.)

CONSOLIDATED CASHFLOW ANALYSIS FOR FY2019

RM'million	2019
Net cash generated from operating activities	485
Net cash generated from investing activities	375
Net cash used in financing activities	(766)
Net increase in cash and cash equivalents at year end	94
Effects of exchange rate changes	10
Cash and cash equivalents at beginning of year	977
Cash and cash equivalents at end of year	1,081
Add: Investment securities and long-term deposits	768
Total cash and bank balances and investment securities	1,849

Net cash generated from operating activities

The Group's net operating cash inflow of RM485 million was principally due to the earnings from ongoing construction projects and strong overseas property sales. KVMRT Line 2 is at full swing with elevated works package on track at 59% and underground works package on track at 60%. Strong property sales of RM3.1 billion achieved during the year has contributed largely to the cash inflow particularly from overseas projects, Gamuda City and Celadon City in Vietnam. Local projects such as Gamuda Gardens, twentyfive.7 and Gamuda Cove has seen improvement in take-up rates, aided improvement in operating cash inflow.

Net cash generated from investing activities

The Group's net cash inflow from investing activities of RM375 million was attributable to the proceeds from its sale of SPLASH, offset by capital injection into the new Anchorvale Crescent project in Singapore and payments for the construction of the second IBS factory in Banting which was commissioned in May 2019.

Net cashflow used in financing activities

The Group's net financing cash outflow of RM766 million arose mainly from repayment of Group borrowings of approximately RM600 million as well as the first interim dividend of 6 sen paid to shareholders. (The second interim dividend of 6 sen was paid out in August 2019).

CAPITAL EXPENDITURE REQUIREMENTS

No major capital expenditure is expected next year other than the normal operational requirements as all major construction and property development projects are at full swing.

CAPITAL MANAGEMENT

RM'million	2019	2018
Total cash & bank balances, and investment securities	1,849	1,623
Total borrowings	5,144	5,737
Owners' equity and non-controlling interests	8,471	7,980
Net gearing ratio (times)	0.39	0.52

The Group's approach to capital management is to maintain a strong credit rating for its borrowings and healthy capital ratios in order to support its business. The Group efficiently maintains the right balance of borrowings at competitive interest rate while maximising shareholders' return on equity (ROE).

The Group aims to maintain a prudent net gearing of not more than 0.7 times. At the end of this year, the Group achieved a net gearing ratio of 0.39 times which is lower than 0.52 times in the previous financial year, further strengthening the Group's balance sheet.

The Group's overseas projects are financed by borrowings denominated in the local currency of the country which the business is located in order to provide a natural hedge on the Group's foreign currency exposure.

DIVIDEND PAYOUT

	2019	2018
Dividend per share (sen)	12.00	12.00
Dividend payout ratio (%)	42	56
Dividend yield (%)	3.2	3.3

The Group paid a dividend of 12 sen per share for current year (FY2018 = 12 sen per share) amounting to RM296 million.

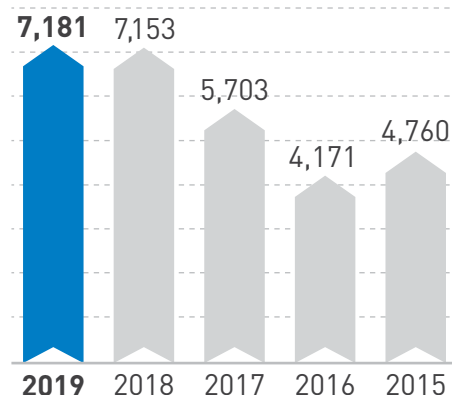
Gamuda's dividend payment guideline is to pay out at least 30% of its annual earnings. Over the past 5 years, the Group paid between 42% to 56% of its earnings as dividends to shareholders.

MR. SOO KOK WONG

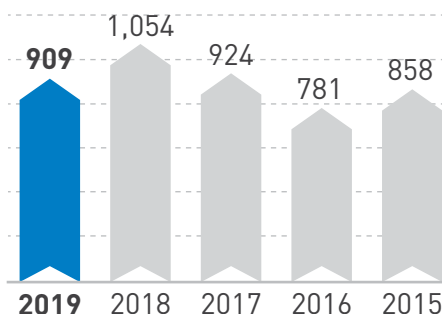
Chief Financial Officer

Five Years Group Financial Highlights

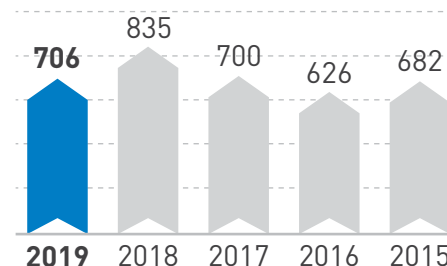
REVENUE RM7,181 MILLION



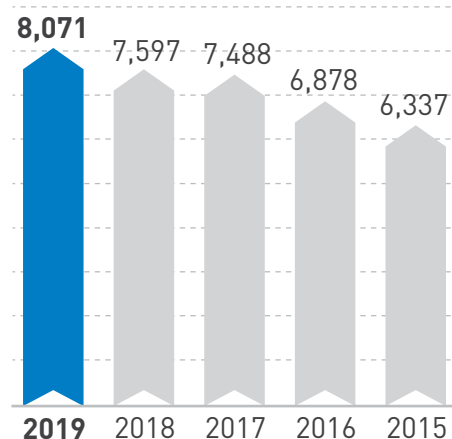
CORE PROFIT BEFORE TAXATION RM909 MILLION



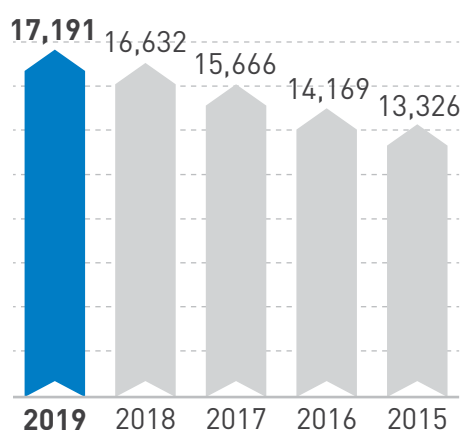
CORE NET PROFIT RM706 MILLION



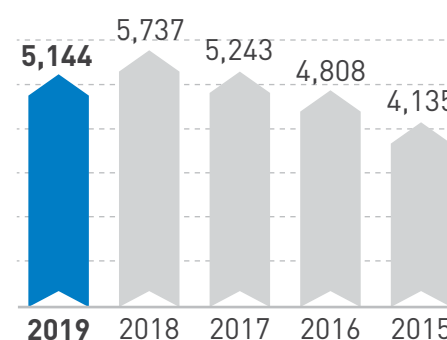
OWNERS' EQUITY RM8,071 MILLION



TOTAL ASSETS RM17,191 MILLION



TOTAL BORROWINGS RM5,144 MILLION

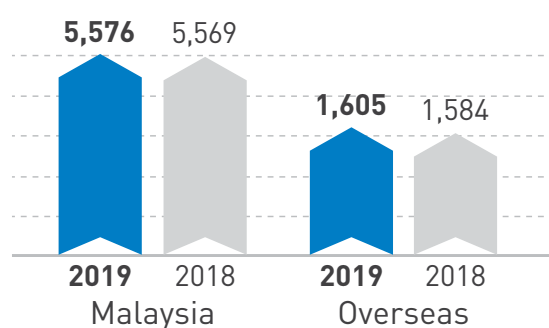


RM'million	Financial Year Ended July				
	2019	2018	2017	2016	2015
FINANCIAL RESULTS					
Revenue as reported in audited financial statements	4,565	4,217	3,212	2,122	2,400
Share of joint ventures' revenue	2,616	2,936	2,491	2,049	2,360
Revenue	7,181	7,153	5,703	4,171	4,760
Core Profit Before Tax	909	1,054	924	781	858
Less: One-off items					
– Loss on disposal of SPLASH	–	(300)	–	–	–
– Impairment of Gamuda Water's trade receivables	–	(7)	–	–	–
– Impairment of SMART's Expressway	–	–	(98)	–	–
Profit before tax	909	747	826	781	858
Core Net Profit	706	835	700	626	682
Less: One-off items					
– Loss on disposal of SPLASH	–	(300)	–	–	–
– Impairment of Gamuda Water's trade receivables	–	(5)	–	–	–
– Impairment of SMART's Expressway	–	–	(98)	–	–
Net Profit	706	530	602	626	682
KEY INFORMATION OF FINANCIAL POSITION					
Total Cash & Bank balances and Investment Securities	1,849	1,623	1,042	1,473	1,438
Total Assets	17,191	16,632	15,666	14,169	13,326
Total Liabilities	8,721	8,652	7,809	6,955	6,633
Total Borrowings	5,144	5,737	5,243	4,808	4,135
Share Capital (No. of shares)	2,472	2,468	2,451	2,419	2,406
Owners' Equity	8,071	7,597	7,488	6,878	6,337
Total Equity	8,471	7,980	7,858	7,214	6,693
FINANCIAL RATIOS					
Core Earnings Per Share (sen)	28.60	33.94	28.84	25.99	28.94
Basic Earnings Per Share (sen)	28.60	21.56	24.78	25.99	28.94
Share Price at Year End (RM)	3.71	3.60	5.30	4.87	4.82
Core Price Earnings Ratio (times)	12.97	10.61	18.39	18.74	16.66
Price Earnings Ratio (times)	12.97	16.70	21.39	18.74	16.66
Core Return on Owners' Equity (%)	9%	11%	9%	9%	11%
Return on Owners' Equity (%)	9%	7%	8%	9%	11%
Core Return on Total Assets (%)	4%	5%	4%	4%	5%
Return on Total Assets (%)	4%	3%	4%	4%	5%
Dividend Payout to Earning Ratio (%)	42%	56%	49%	46%	42%
Net Gearing ratio (times)	0.39	0.52	0.54	0.46	0.40

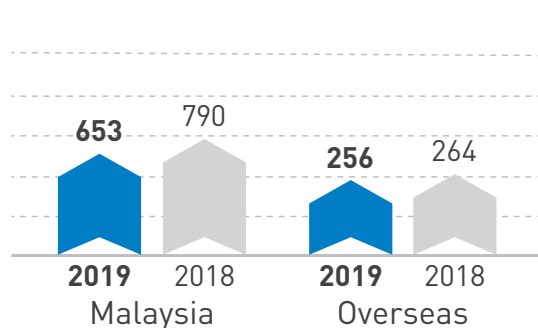
Group Segmental Performance

RM'million	Financial Year Ended July				
	2019	2018	2017	2016	2015
GROUP REVENUE					
Engineering and Construction	4,138	4,066	3,327	2,571	3,173
Property Development	2,547	2,575	1,868	1,122	1,165
Water and Expressway	496	512	508	478	422
Revenue	7,181	7,153	5,703	4,171	4,760
GROUP PROFIT BEFORE TAX					
Engineering and Construction	283	367	269	192	222
Property Development	322	264	215	176	258
Water and Expressway	304	423	440	413	378
Core Profit Before Tax	909	1,054	924	781	858
Less: One-off items					
– Loss on disposal of SPLASH	–	(300)	–	–	–
– Impairment of Gamuda Water's trade receivables	–	(7)	–	–	–
– Impairment of SMART's Expressway	–	–	(98)	–	–
Profit Before Tax	909	747	826	781	858
GROUP NET PROFIT					
Core Net Profit	706	835	700	626	682
Less: One-off items					
– Loss on disposal of SPLASH	–	(300)	–	–	–
– Impairment of Gamuda Water's trade receivables	–	(5)	–	–	–
– Impairment of SMART's Expressway	–	–	(98)	–	–
Net Profit	706	530	602	626	682

By Geographical
Revenue
(RM'million)



Core Profit Before Tax
(RM'million)



Group Quarterly Performance

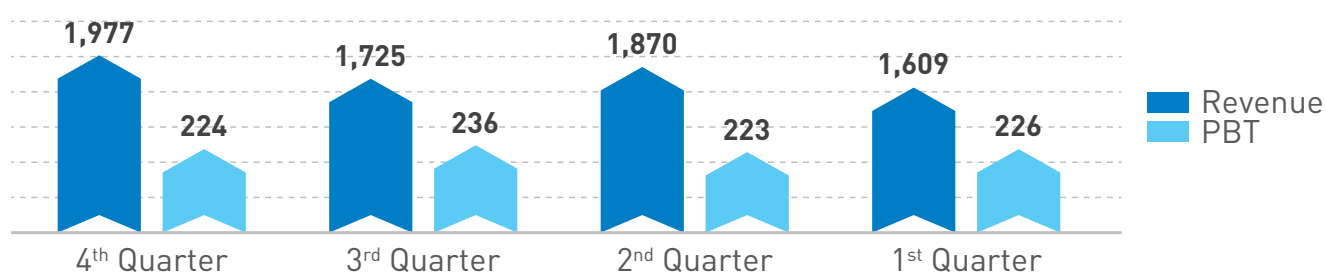
RM'million	Financial Year Ended 31 July 2019				
2019 For the period ended	2019 YTD	4th Jul-19	3rd Apr-19	2nd Jan-19	1st Oct-18
Group Revenue	4,565	1,499	1,037	1,125	904
Share of joint ventures' revenue	2,616	478	688	745	705
Group Revenue	7,181	1,977	1,725	1,870	1,609
Core profit before tax	909	224	236	223	226
Less: One-off items	–	–	–	–	–
Profit before tax	909	224	236	223	226
Core net profit	706	185	176	173	172
Less: One-off items	–	–	–	–	–
Net profit	706	185	176	173	172
Core earnings per share (sen)	28.60	7.49	7.13	7.02	6.97
Basic earnings per share (sen)	28.60	7.49	7.13	7.02	6.97
Dividend per share – single tier (sen)	12.00	–	6.00	–	6.00
Net assets per share attributable to equity holders (RM)	3.26	3.26	3.25	3.17	3.16

By Quarters

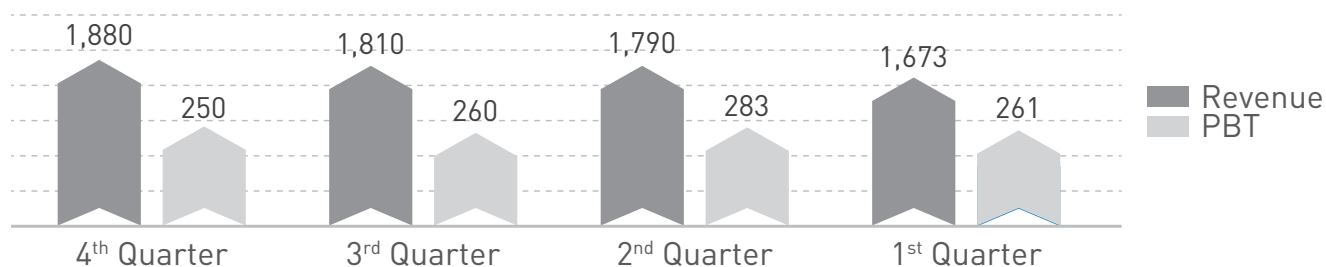
Revenue and Core Profit Before Tax (PBT)

(RM'million)

2019



2018



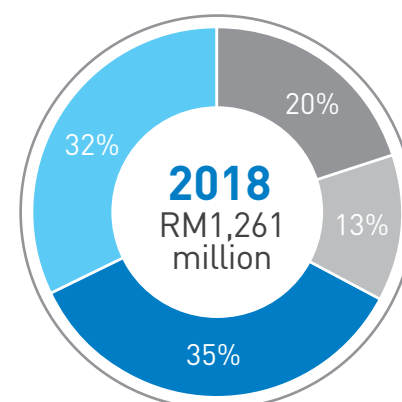
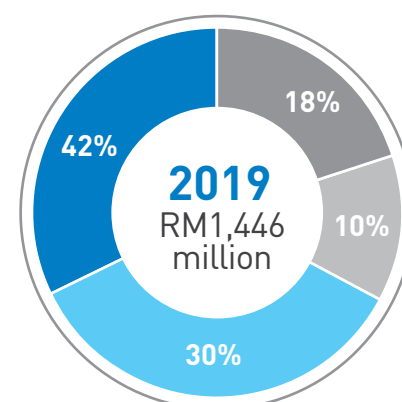
Group Quarterly Performance (Cont'd.)

RM'million	Financial Year Ended 31 July 2018				
2018 (Restated) For the period ended	2018 YTD	4th Jul-18	3rd Apr-18	2nd Jan-18	1st Oct-17
Group Revenue	4,217	1,212	1,235	999	771
Share of joint ventures' revenue	2,936	668	575	791	902
Group Revenue	7,153	1,880	1,810	1,790	1,673
Core profit before tax	1,054	250	260	283	261
Less: One-off items					
– Loss on disposal of SPLASH	(300)	(300)	–	–	–
– Impairment of Gamuda Water's trade receivables	(7)	(7)	–	–	–
Profit before tax	747	(57)	260	283	261
Core net profit	835	201	206	224	204
Less: One-off items					
– Loss on disposal of SPLASH	(300)	(300)	–	–	–
– Impairment of Gamuda Water's trade receivables	(5)	(5)	–	–	–
Net profit	530	(104)	206	224	204
Core earnings per share (sen)	33.94	8.14	8.38	9.10	8.31
Basic earnings per share (sen)	21.56	(4.20)	8.38	9.10	8.31
Dividend per share – single tier (sen)	12.00	–	6.00	–	6.00
Net assets per share attributable to equity holders (RM)	3.08	3.08	3.16	3.08	3.12

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	2019	2018 (Restated)
VALUE ADDED:		
Revenue	7,181	7,153
Operating expenses	(6,264)	(6,212)
Other income	218	188
Share of profits of associated companies and joint ventures	311	132
Total value added for distribution	1,446	1,261
DISTRIBUTION:		
To employees		
– Salaries & other staff costs	253	248
To Governments		
– Income taxes	151	166
To providers of capital		
– Dividends	296	295
– Finance cost	92	91
– Non-controlling interest	52	50
Retained for future reinvestment & growth		
– Depreciation and amortisation	192	176
– Retained profits	410	235
Total Distributed	1,446	1,261
RECONCILIATION:		
Profit attributable to owners of the Company	706	530
Add: Depreciation and amortisation	192	176
Finance cost	92	91
Staff costs	253	248
Income taxes	151	166
Non-controlling interest	52	50
Total Value Added	1,446	1,261



Distribution

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

Share Performance

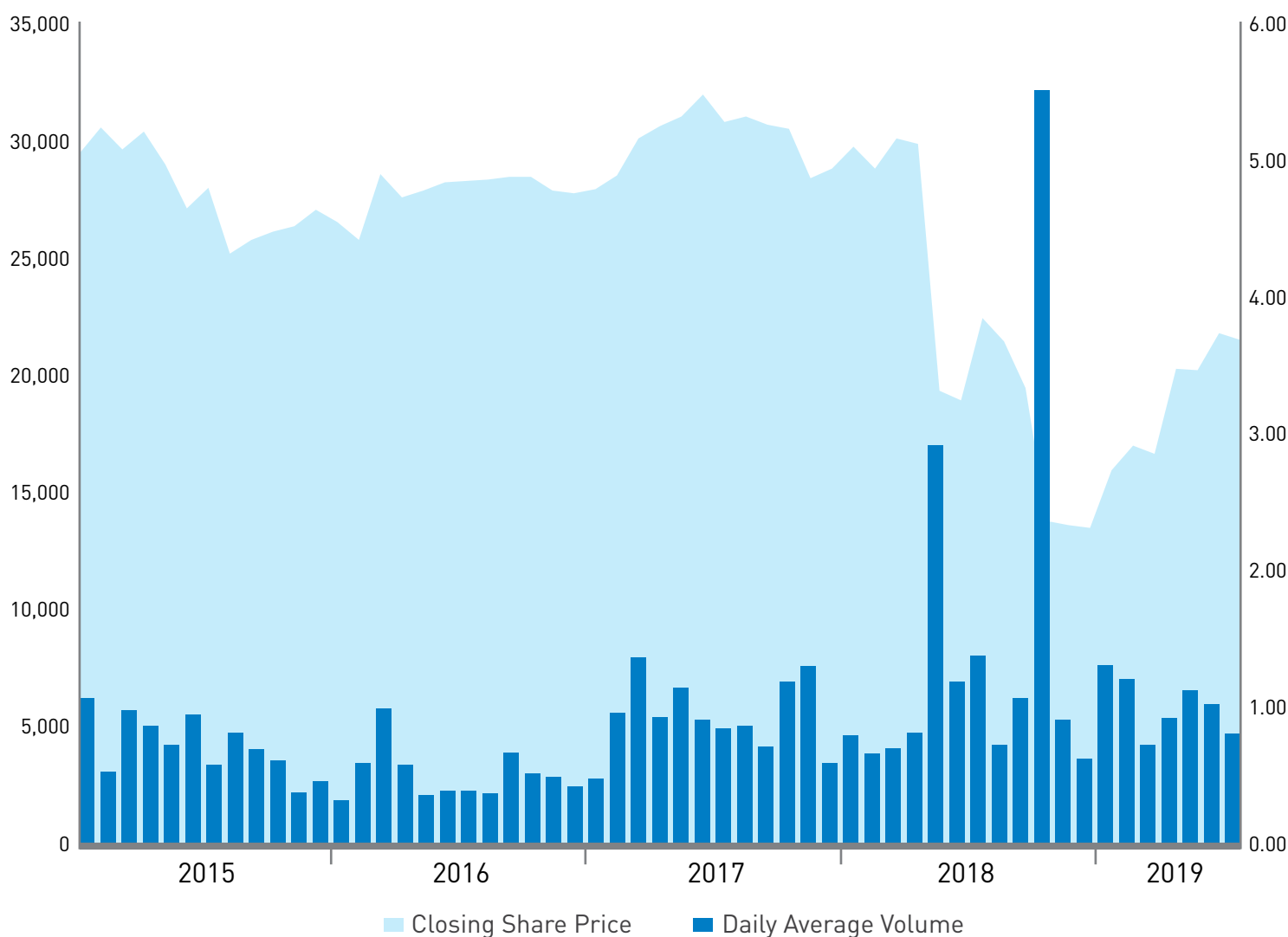
STOCK EXCHANGE
Bursa Malaysia Securities Bhd

TRADING NAME
Gamuda

STOCK CODE
5398

Daily Average Volume ('000)

Share Price (RM)



Share Price	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	April-19	May-19	Jun-19	July-19
High (RM)	3.91	3.70	3.36	2.56	2.40	2.89	3.15	3.01	3.58	3.50	3.90	4.04
Low (RM)	3.53	3.07	2.00	2.33	2.18	2.27	2.64	2.79	2.86	3.01	3.36	3.65
Daily Average Volume ('000)	4,469	6,497	32,759	5,548	3,891	7,941	7,331	4,491	5,639	6,843	6,253	4,959

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.

Investor Relations (Cont'd.)

PROGRAMMES AND ACTIVITIES

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.

Also, following the launches of our new townships, Gamuda Gardens, Kundang Estates, twentyfive.7, and our biggest property project ever, Gamuda Cove, several project site visits were organised to introduce these projects to the investment community. Investors were also keen to visit our newly set up Industrialised Building Systems (IBS) plant.

The following is a summary of all IR activities during FY2019.

Type of Event	Investment Centre	No. of Meetings
Investor Conferences	Kuala Lumpur, Hong Kong, London, Tokyo, Singapore	10 trips
Investor Briefings	Kuala Lumpur	4
Project Site Visits	Kuala Lumpur, Vietnam (Hanoi), Australia (661 Chapel St)	7 trips
Teleconference Calls	Various	9
Private Meetings	Various	69

Key IR Issues

Following the change in government in May 2018, investors remained generally cautious. In the subsequent months, the government renegotiated the ongoing KVMRT Line 2 project, reviewing the scope of works, and eventually converting it into a fixed price turnkey contract. The company's role as Project Delivery Partner (PDP) for the project was terminated, and the company was given the turnkey role to deliver the entire project for both the Underground and Elevated Works. These changes forced investors to reevaluate the future prospects of the company, and this resulted in a derating of the company's stock price.

The government also decided to delay the High Speed Rail (HSR) project, for which the Group had been appointed the PDP for the Northern Section. This, together with the decision to review the mammoth ECRL project, and several other infra projects slated for commencement, also resulted in a major derating of the entire construction sector.

Other major corporate developments over the year included the conclusion of the sale of SPLASH, the settlement of the outstanding receivables for Gamuda Water, and the award of a new Operations and Maintenance contract for Gamuda Water to continue to supply treated water to the State.

The tolled roads division also saw its fair share of excitement, as investors awaited clarification on how the new government planned to fulfil its election promise of abolishing tolled roads. The government eventually decided to make an offer to acquire all four of the Group's tolled highways for an Enterprise Value of RM6.2 billion, which translates to a cash offer of RM2.36 billion for the Group's equity share of the highways. This offer was subsequently accepted by the Board of Gamuda, as well as its respective concession highways shareholders, and is now awaiting final Cabinet approval.

These major developments resulted in investors generally turning negative on the prospects for the Group, especially from those based overseas. More recently, however, the Group has made significant progress on its Penang Transport Masterplan project (PTMP), and the IR unit has been busy explaining this complex project to investors. Furthermore, the Group's construction unit plans to expand into and build a significant presence in the Australian market to tap the huge infrastructural opportunities there over the next decade. These initiatives, which will likely be new growth drivers for the Group, are being progressively explained, understood and evaluated by investors and analysts alike.

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 single tier

Announcement – Friday, 14 December 2018
 Entitlement – Monday, 7 January 2019
 Payment – Friday, 25 January 2019

Second interim single tier

Announcement – Thursday, 27 June 2019
 Entitlement – Friday, 19 July 2019
 Payment – Tuesday, 6 August 2019



ANNOUNCEMENT OF THE UNAUDITED RESULTS

Quarter 1 Friday, 14 December 2018

Quarter 2 Wednesday, 27 March 2019

Quarter 3 Thursday, 27 June 2019

Quarter 4 Friday, 27 September 2019



ANNUAL GENERAL MEETING

Notice of Annual General Meeting

Friday, 8 November 2019

43rd Annual General Meeting

Thursday, 5 December 2019

Bonds and Credit Ratings

Rating: AA3/P1
Outlook: STABLE

Gamuda Berhad

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

Rating: AA3/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
Outlook: STABLE

Kesas Sdn. Bhd.

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

Rating: AA2
Outlook: STABLE

Lingkar 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).

Rating: A+
Outlook: DEVELOPING

Sistem Penyuraian Trafik KL Barat Sdn. Bhd. (SPRINT)

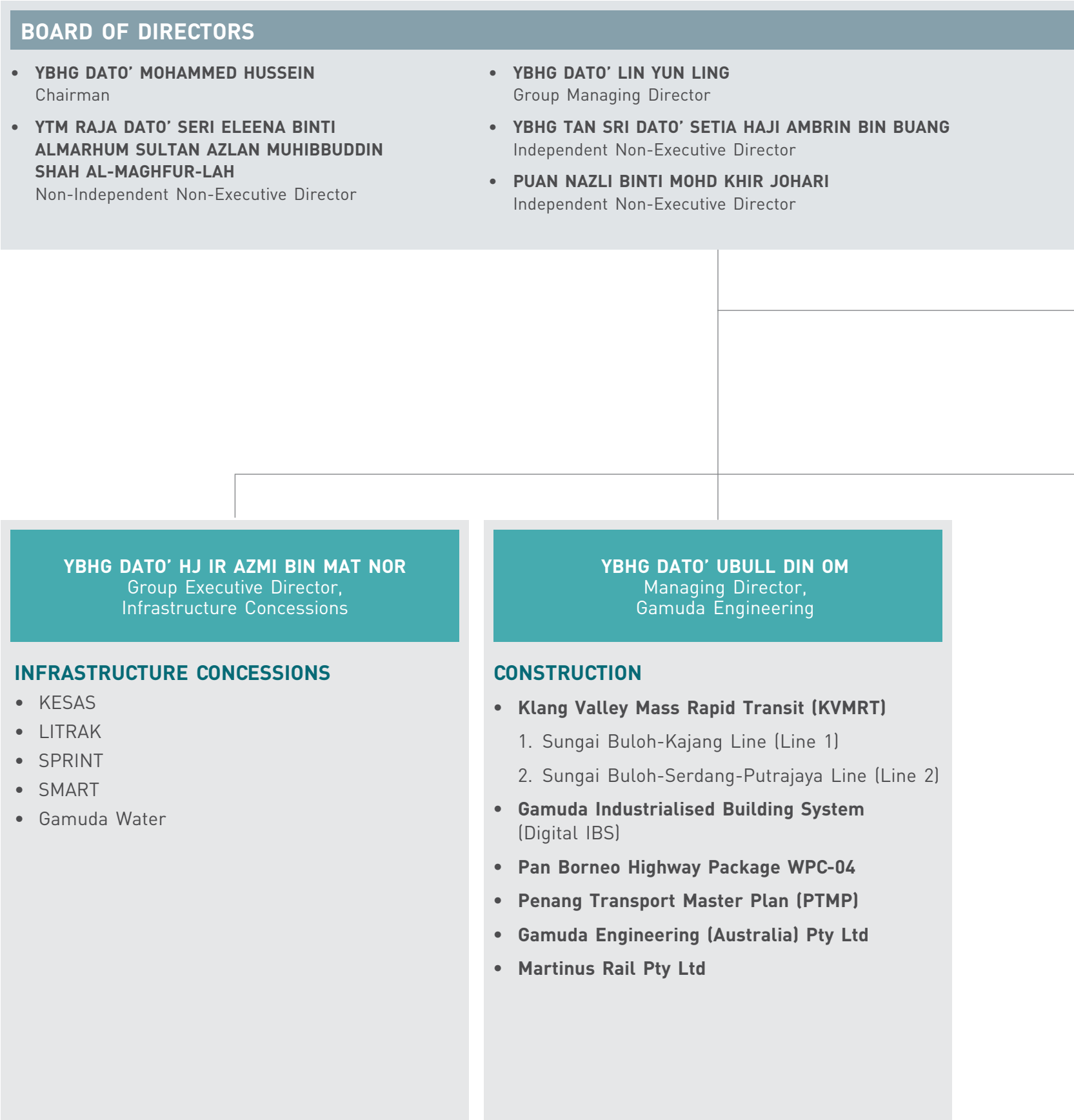
- RM510 million Al Bai Bithaman Ajil Islamic Debt Securities (2016/2020).

Rating: A1
Outlook: NEGATIVE

Projek Smart Holdings Sdn. Bhd. (SMART)

RM330 million Islamic Medium-Term Notes Facility ("Sukuk Musharakah") (2015/2032).

Group Organisation Structure



- **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

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
- Gamuda Capital
- Information Services
- Human Resource & Administration
- Legal & Company Secretary
- Group Corporate Communications & Sustainability
- Corporate Development
- Business Development
- Investor Relations
- Internal Audit

Profile of Board of Directors



YBHG DATO' MOHAMMED HUSSEIN

Aged 69, 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 AND LISTED ISSUER

- Bank of America Malaysia Berhad
- Tasek Corporation Berhad
- Hap Seng Plantations Holdings Berhad
- CapitaLand Malaysia Mall REIT Management Sdn Bhd

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

Previously, YBhg 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 30 January 2008 was Deputy President/Executive Director/Chief Financial Officer. Presently, he is also a member of the Corporate Debt Restructuring Committee ("CDRC") 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.

YBhg Dato' Mohammed Hussein obtained a Bachelor of Commerce degree majoring in Accounting from the University of Newcastle, New South Wales, Australia. He is an alumnus of the Advanced Management Program, Harvard Business School, Boston, USA and attended several management programmes in Wharton Business School (Philadelphia, USA) IMD (Lausanne, Switzerland) and INSEAD (Fontainebleau, France).

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 7 board meetings held during the financial year ended 31 July 2019.

YBHG DATO' LIN YUN LING

Aged 64, 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 focused 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 7 board meetings held during the financial year ended 31 July 2019.

Profile of Board of Directors (Cont'd.)



YBHG DATO' IR HA TIING TAI

Aged 65, 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, a civil engineer, has been on the Board since 1 February 1990. He was promoted to Deputy Group Managing Director on 1 June 2012.

As Deputy Group Managing Director, YBhg Dato' Ir Ha, who has 41 years of extensive and successful experience in large-scale design-and-build (DAB), build-operate-transfer (BOT) and project delivery partner (PDP) projects, plays a key role in helping to drive the Group's engineering and construction and infrastructure concession business divisions both locally and internationally.

Currently, through the Company's role as the project turnkey contractor, he directs and oversees the construction of the massive KVMRT project. He is also helping the group expand its engineering and construction business into Australia, Taiwan and other regional markets.

His strong engineering expertise and extensive experience in delivering large and complex engineering projects enables him to contribute effectively 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 all 7 board meetings held during the financial year ended 31 July 2019.

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

Aged 59, 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 7 board meetings held during the financial year ended 31 July 2019.

Profile of Board of Directors (Cont'd.)



YBHG TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG

Aged 70, 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 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.

Since YBhg Tan Sri Dato' Setia Haji Ambrin was appointed to the Board on 28 September 2018, he attended 5 out of 7 board meetings held during the financial year ended 31 July 2019.

YM TUNKU AFWIDA BINTI TUNKU A.MALEK

Aged 54, 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 ISSUERS**

- Telekom Malaysia Berhad



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 6 out of 7 board meetings held during the financial year ended 31 July 2019.

Profile of Board of Directors (Cont'd.)



PUAN NAZLI BINTI MOHD KHIR JOHARI

Aged 65, 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 has 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 5 out of 7 board meetings held during the financial year ended 31 July 2019.

ENCIK MOHAMMED RASHDAN BIN MOHD YUSOF

Aged 48, 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 leads the Group Capital function which undertakes a strategic performance oversight function and thus oversees the appropriate capital allocation to all of the Group's core business divisions of Engineering, Land and IBS. He works closely with the Group Chief Financial Officer in Performance Monitoring of these divisions, to constantly evaluate the efficacy of Group strategy and its implementation. Encik Rashdan also oversees the Group's Corporate Finance function, which manages all of the Group's acquisitions and disposals, and new ventures.

He also oversees the Group's investment into technology and innovation under our Digital Transformation effort, 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 Industrialised Building System facility in Malaysia.

Currently, he is focused on assisting the Group Managing Director to secure our contractual participation and delivery of the Penang South Islands (PSI) and the Penang Transport Master Plan (PTMP) projects.

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 57, Malaysian (Male)

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

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 30 years, he advanced rapidly through various business and operational 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 and the Pan Borneo Highway package (WPC-04) 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 63, Malaysian (Male)

Group Executive Director, Gamuda Berhad

YBhg Dato' Goon was on the Board since 1 June 1992 before he was appointed to be part of Gamuda Group's Key Senior Management Team as an Executive Director of Gamuda on 28 September 2018.

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 has also 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 61, Malaysian (Male)

Group Executive Director, Gamuda Berhad

YBhg Dato' Haji Azmi was on the Board since 24 September 2001 prior to his appointment as an Executive Director that is part of Gamuda Group's Key Senior Management Team on 28 September 2018.

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 to 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 projects and others.

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

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Lingkaran Trans Kota Holdings Berhad
- Kesas Holdings Berhad

Profile of Group Senior Management (Cont'd.)



MR. SAW WAH THENG

Aged 62, Malaysian (Male)

Senior Financial Advisor, Gamuda Berhad

A chartered accountant, Mr. Saw has been on the Board since 1 February 1998 and was the Executive Director of Gamuda before he was appointed to be part of Gamuda Group's Key Senior Management Team as a Senior Financial Advisor in July 2019.

As a Senior Financial Advisor, Mr. Saw is in charge of advising on strategies for major investments, major project financing for Gamuda Engineering and Gamuda Land, Gamuda Capital investments, Group performance management and Treasury.

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

- Lingkaran Trans Kota Holdings Berhad
- Kesas Holdings Berhad
- Danau Permai Resort Berhad
- Horizon Hills Resort Berhad



MR. NGAN CHEE MENG

Aged 54, 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 in January 2019.

He was appointed to the Board of Bandar Botanic Resort Berhad in October 2008. He also sits on the Boards of Jade Homes Resort Berhad and several private limited companies.

Prior to joining Gamuda, 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 concessionaire.

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

- None


DATO' HJ ABDUL SAHAK BIN SAFI

Aged 59, Malaysian (Male)
Executive Director, Gamuda Land

Dato' Hj Abdul Sahak assumed his current role as Executive Director in the Group's property division in 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 in 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 acres, and Gamuda Gardens, an 810 acres 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 50, Malaysian (Male)
Chief Financial Officer, Gamuda Berhad

A chartered accountant, Mr. Soo Kok Wong was on the Board as an Alternate Director from 2013 to 2018. Now, Mr. Soo is part of Gamuda Group's Senior Management Team and holds the position as the Chief Financial Officer of Gamuda.

As head of the finance function, Mr. Soo is responsible for the Group's financial management, treasury, investor relations, legal and company secretarial.

Mr. Soo was attached to Price Waterhouse Malaysia prior to joining the Company in 1996. He has vast experience in accounting, tax, audit, finance, treasury and budgetary control.

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 54, Malaysian (Male)
Executive Director, Gamuda Engineering

En. Adil was appointed as the Executive Director in April 2013, 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 & 2.

In the early years of his career, 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 54, Malaysian (Female)
Senior Group General Manager
Legal & Company Secretarial, Gamuda Berhad

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

She commenced legal practice in 1990 and continued in practice 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 51, Malaysian (Female)

Senior General Manager, Group Corporate Communications & Sustainability, Gamuda Berhad

Ms. Sreejaya is the Head of Group Corporate Communications and Sustainability at Gamuda Berhad. She has over 20 years of experience in corporate and government relations, corporate citizenship, media relations, internal communications and branding.

She currently oversees the Group's overall communications strategy, corporate branding and reputation management. She is responsible for the Group's sustainability initiatives as a driver for growth, brand purpose and future proofing for governance. She is also the adviser for the Gamuda Women Empowerment Network (GWEN) that advances the cause for women to build their careers.

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

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None


MS. MURNIRA ABDUL MURY

Aged 46, Malaysian (Female)

General Manager, Human Resources & Administration, Gamuda Land

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

Prior to joining the Group, she served in Lafarge Malaysia as the Head of Organisational Development & Talent Management.

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 has 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 has any conflict of interest with Gamuda Berhad.
3. None of the Group Senior Management has 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

64 Sustainability Statement

82 Delivering Value through Innovation

92 Sustainable Cities and Communities

109 Human Capital Development



Sustainability Statement

Build Right. For Life.

THE INDUSTRY IS EVER EVOLVING IN THE WAKE OF DISRUPTIONS IN TWO MAIN SPHERES; DIGITAL REVOLUTION AND CLIMATE CHANGE. THOUGH WE HAVE BEEN AGILE TO ANTICIPATE AND RESPOND TO THESE CHANGES, NOW, MORE THAN EVER, WE ARE AMPLIFYING OUR EFFORTS TO CONTINUE TO LEAD IN THE INDUSTRY, INCORPORATING SOCIAL AND ENVIRONMENTAL RESILIENCE INTO EVERYTHING WE DO.

We build right, for life.

We are constantly exploring new and better ways to maintain and enhance the liveability of our cities as they grow. Our urban developments and infrastructure projects continue to harness innovative construction technologies to positively impact the surrounding communities and reduce environmental impact. This is achieved through understanding the underlying sustainability impact, including climate change at the onset.

Our defined key targets and performance indicators of our three sustainability themes: delivering value through innovation, building sustainable cities and communities, and developing our human capital; drive performance improvement that will refine our strategic priorities and communicate our long-term value creation to our stakeholders.

Our unique position as the frontrunner in the industry enables us to contribute on a larger scale, towards nation building through strategic partnerships. Together we make informed decisions in our operations, contributing towards the achievement of the Sustainable Development Goals 2030 and the Paris Agreement.

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

DELIVERING VALUE THROUGH INNOVATION



10,000

annual production capacity using digital IBS



604

staff trained in BIM modelling

RM140 million

cost savings after implementation of digital procurement



Community Engagement Award

Ground Engineering Award 2019

SUSTAINABLE CITIES AND COMMUNITIES



264,427 trees and **1,602,380** shrubs planted across our developments

>2,005 acres of parks developed



11% dedicated landscape area

432 acres waterbodies in Gamuda Developments



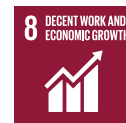
154 fauna and

228 flora species



70% native tree species

HUMAN CAPITAL DEVELOPMENT



awarded 410 Gamuda Scholarship worth **RM41.6 million** since 1996



over **RM5.9 million** training and development expenditure



43%

women in Board of Directors



29%

women in the workforce

Distinction Score

British Safety Council International Safety Awards 2019

40

Enabling Academy graduates to date

Our Initiatives

- ✓ Digital Industrialised Building System (IBS)
- ✓ Building Information Modelling (BIM)
- ✓ Common Data Environment (CDE)
- ✓ Group Digital Procurement Platform
- ✓ Innovative Design in our Property Development

- ✓ Smart Cities and Green Buildings
- ✓ Climate Action Initiatives
- ✓ Gamuda Parks
- ✓ Waste and Effluent Management

- ✓ 4R Talent Management
- ✓ Leadership Competency Framework
- ✓ Gamuda Women Empowerment Network (GWEN)
- ✓ Quality, Safety, Health and Environment (QSHE) Policy
- ✓ Yayasan Gamuda
- ✓ Enabling Academy (EA)
- ✓ Project Differently-Abled (DA)

Sustainability Statement (Cont'd.)

About This Statement



REPORTING PERIOD AND SCOPE

Our 4th Sustainability Statement covers our sustainability efforts and performance data for the financial year 2018 / 19 from 1 August 2018 to 31 July 2019. All information published herein covers our main activities, and key business operations in Malaysia, mainly the engineering and construction, and property division for which we have direct managerial control, unless otherwise specified. Accordingly, the following entities have been excluded:

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

We strive to continuously improve the integrity and accuracy of our sustainability statement. We are progressively working to enhance monitoring, collection, analyses and reporting of relevant data, to provide our stakeholders with better insights into our sustainability management and performance.



REPORTING FRAMEWORK

This statement has been prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, with reference to the 2nd edition of Bursa's Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards. We also mapped our sustainability strategies to the United Nations Sustainability Development Goals (SDGs) to support Malaysia's commitment in implementing The 2030 Agenda for Sustainable Development.



INDEPENDENT ASSURANCE

We have not sought any external assurance for the current statement. We acknowledge the credibility of an independent verification and are committed to obtain assurance on selected key sustainability indicators in FY2020.



FEEDBACK

We value our stakeholders' feedback to continuously improve our reporting and sustainability practices. You are welcome to contact us at:

✉ gcc@gamuda.com.my

☎ +603 7491 8288

Sustainability Governance

A strong and effective governance framework is essential to further strengthen the trust and confidence of our diverse stakeholders.

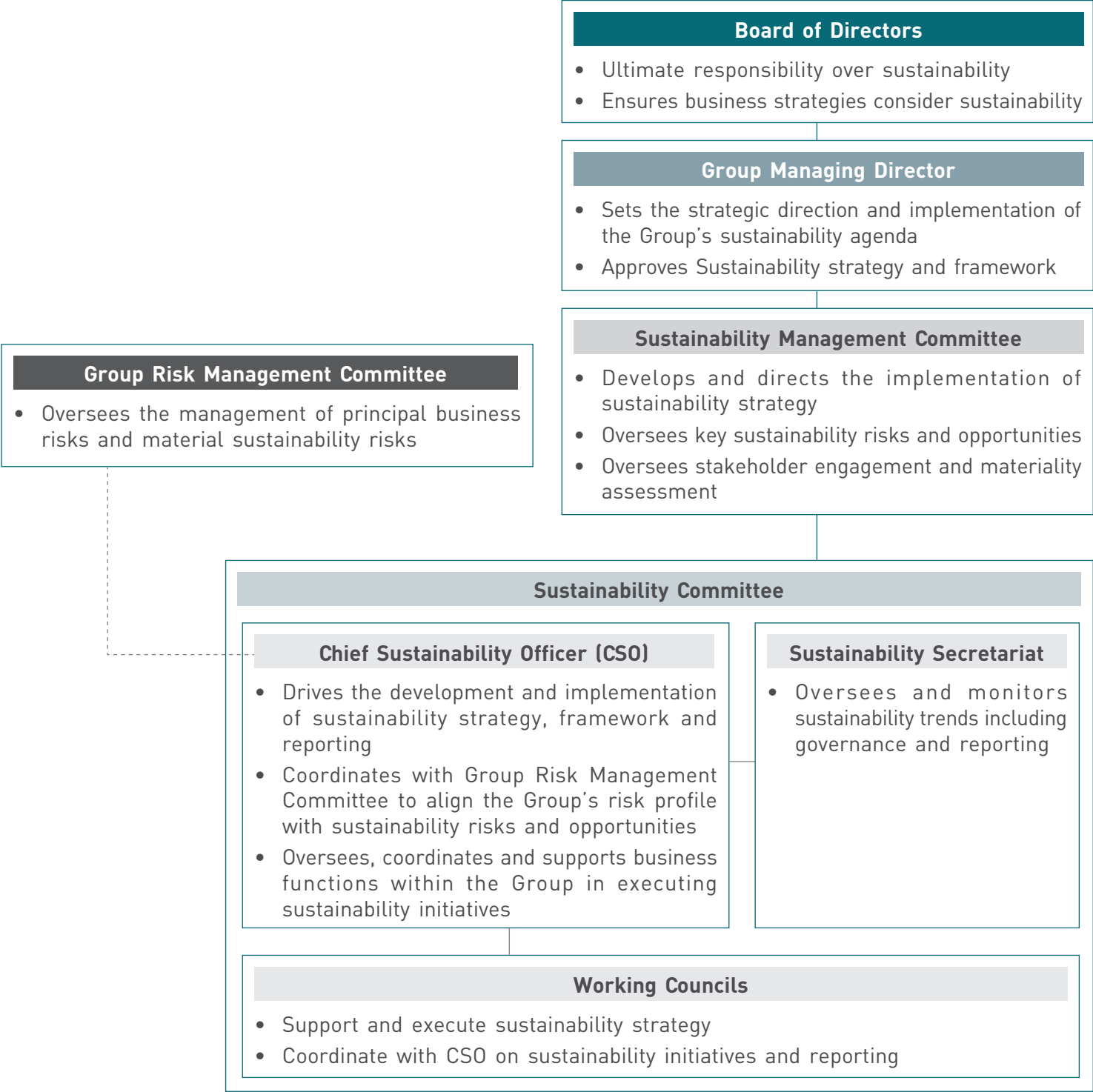
This year, we are working towards advancing how we govern sustainability across all our business operations. Our refined sustainability governance structure reflects the expansion of the Sustainability Committee to include and define more specified roles that embody shared responsibility amongst its members, as depicted in Figure 1. This aligns with our Sustainability Framework, which calls for greater accountability within the Sustainability Committee to manage our sustainability performance and achieve the set Key Performance Indicators (KPIs) and targets.

Our Board of Directors shoulders the primary responsibility as the driver of the Group's sustainability efforts and has mandated the Group Managing Director to set the strategic direction of the Group. The Sustainability Management Committee, supported by the Sustainability Committee, champions the incorporation of sustainability into the long-term strategic plans and key business processes. The Sustainability Committee will work in unison to oversee sustainability management and ensure the robustness of the systems, improving the quality of sustainability-related data for reporting and analysis. Management of sustainability risks and opportunities is integrated into the multi-disciplinary, group-wide risk management process.



Sustainability Statement (Cont'd.)

GAMUDA SUSTAINABILITY GOVERNANCE STRUCTURE



Monthly reporting through the Sustainability Committee meetings.

Figure 1: Our Sustainability Governance Structure



ETHICAL BUSINESS CONDUCT

We uphold integrity in the way we conduct our business, guided by good governance practices outlined in our corporate governance framework and terms of reference. Our Code of Ethics and Business Conduct sets the behavioural standards and provides a communicable and understandable guide for all employees on ethical and compliance issues.



WHISTLEBLOWING

We ensure that the Group's zero-tolerance stance towards any form of misconduct is strictly adhered to. Our Whistleblowing Policy and procedures encourages our employees including contractors, suppliers and customers to raise genuine concerns of any malpractices or misconduct. Our whistleblowing mechanism allows us to deal with such allegations in a confidential manner, providing appropriate protection to the whistleblower against any form of reprisals.

All malpractice or misconduct shall be raised to the Legal & Company Secretarial and Internal Audit, which subsequently needs to be reported to any Executive Directors, or Chairman of the Audit Committee. Appropriate disciplinary action will be taken against the responsible individual(s) if the claim of malpractice or misconduct is substantiated. More information about our Whistleblowing Policy can be found on our website at <https://gamuda.com.my/2019/05/whistleblower-policy/inv-corpgov/>



ANTI-BRIBERY AND ANTI-CORRUPTION

We are resolute in our commitment to conducting our business free from any acts of bribery or corruption in upholding high standards of ethics and integrity. All our employees, contractors and suppliers are required to adhere to all anti-bribery and anti-corruption legislations. The Group's 'No Gift' Policy refrains all employees from accepting gifts in any circumstances.



REGULATORY COMPLIANCE

Robust governance consisting of sound policies, systems, processes and internal controls allows us to have an oversight in ensuring strict adherence to laws and regulations, including those that concern environmental and social-related issues. Our aim is to surpass minimum regulatory requirements, wherever possible.

We view training as an essential component of our risk management, governance and compliance framework. We provide mandatory ethics and compliance training for all employees to reinforce their understanding of the relevant policies, standards, and practices such as fraud, health, safety and environment, anti-bribery and anti-corruption.



RISK MANAGEMENT

Our Risk Management Framework (RMF) has been built against the backdrop of our good governance practices, underpinned by a set of key risk principles and strategies which serve as the foundation in driving strong risk management culture and practices across the Group. Our RMF is embedded within the Group's management systems and clearly outlines the responsibilities and accountability in implementing our risk management processes and internal control system.

Our Risk Management Committee oversees the Group's risk management, including sustainability risks while our Internal Audit function monitors and conducts regular reviews of the Group's system of internal controls. An effective risk governance and management framework not only safeguards our business operations, but also reinforces the confidence of our stakeholders.



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

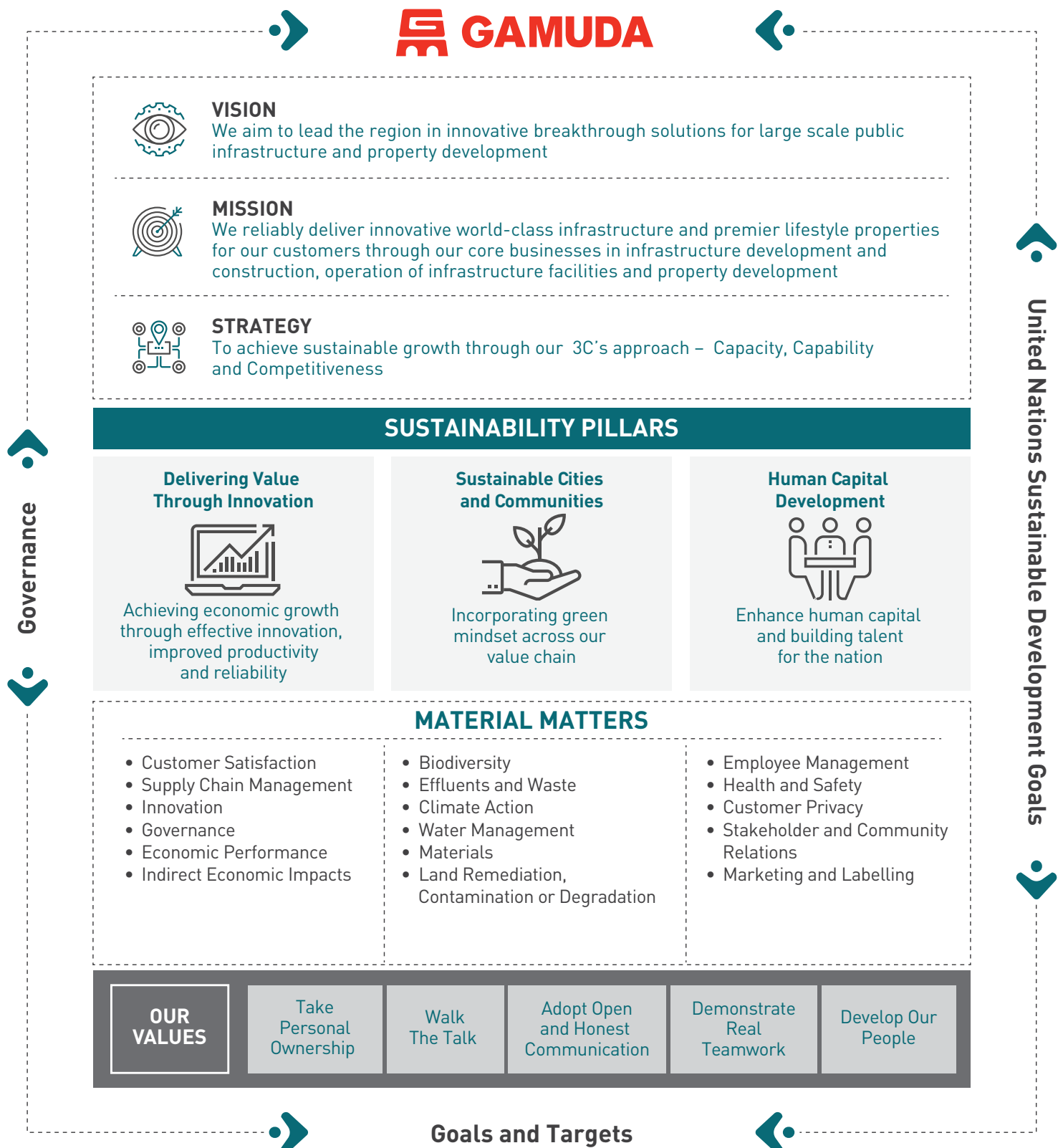
- Corporate Governance Statement on pages 132 to 141
- Statement on Risk Management and Internal Control on pages 144 to 146
- Risk Management Committee Report on pages 147 to 149

Sustainability Statement (Cont'd.)

Sustainability Framework

GAMUDA'S APPROACH TO SUSTAINABILITY IS SUPPORTED BY POLICIES, PROCEDURES AND OUR CORE VALUES AS REFLECTED IN OUR SUSTAINABILITY FRAMEWORK THAT WAS DEVELOPED IN FY2018. OUR SUSTAINABILITY FRAMEWORK DIRECTS OUR APPROACH TO MANAGE OUR MATERIAL MATTERS WITHIN OUR BUSINESS STRATEGY ACROSS ALL UNITS.

This year, we focused on aligning the evaluation of our sustainability performance and approach across our key business segments – engineering & construction, and property development. The Sustainability Committee reviewed and updated KPIs to provide clarity and assign accountability to enhance the management of our material matters in an effective manner. These KPIs have recently been approved by the Group Managing Director and our performance against these set KPIs will progressively be reported.



Sustainability Statement (Cont'd.)

Stakeholder Engagement

Stakeholder engagement is essential to ensure business sustainability. We consider our stakeholders to be any group that have a significant impact on, and a keen interest in our operations. We prioritise fostering a strong relationship with our key stakeholder groups through regular engagements to allow us to gain insights into matters they are most concerned with. The outcome of these engagements will progressively inform and outline our sustainability strategic priorities and guide the implementation of our sustainability initiatives.

Stakeholder Group	Engagement Methods	Frequency	Topics of Concern and Interest	Our Responses	Material Matters
Employees	- Town hall - Meetings - SHE committee meetings - Trainings and workshops - Focus group discussions - Surveys - Internal communications - Newsletter - Workplace by Facebook	On-going	Company direction and performance	Town hall sessions to share company's direction and performance	- Economic Performance - Employee Management - Safety and Health - Climate Action
			Career development and training opportunities	- Provision of job-related training and workshops - Career planning discussions	
			- Workplace safety and health - Well-being of employees	- Conduct safety and health related training and activities - Provision of centralised quarters for workers	
			Effective communication between employees	Increase communication platforms and engagement frequency	
			- Fair and competitive remuneration practices - Work-life balance	Provision of remuneration and various employee benefits	
			Climate action	Leading Urban Sustainability Labs	
Customers	- Social media - Newsletter - Circulars and email - SnagR / FieldView - Gamuda Land Mobile Application - Customer portal - Events and campaigns - Loyalty programme	- Weekly - Quarterly - As needed - As needed - On-going	Product quality	- Adherence to quality performance standards (QLASSIC and ISO certification) - Application of industry best practices - Innovative technology (IBS and BIM)	- Customer Satisfaction - Safety and Health
		On-going	Customer service and experience	Timely response towards customer's concerns and interests	
		On-going	Home purchase	Gamuda Land Home Ownership Made Easy	
		On-going	Smart and sustainable cities	- Gamuda Land Smart City Framework - Gamuda Land Smart Initiatives	

Stakeholder Group	Engagement Methods	Frequency	Topics of Concern and Interest	Our Responses	Material Matters
Investors and Financiers	- Annual General Meeting - Investor briefings and marketing roadshows - Corporate website - Site visits and meetings - Annual Report - Quarterly report	- Annually - On-going - On-going - On-going - Annually - Quarterly	- Operational and financial performance - Shareholder returns	Provide timely updates of business performance e.g. well-attended quarterly and annual financial statements briefing session	- Economic Performance - Governance
			- Business strategy, risk management and corporate governance - Sustainability performance	- Regular engagement with investors, potential investors and providers of capital - Communicate economic, environmental and social (EES) strategies	
Local Communities	- Community development programmes - Info centres, info kiosks and mobile info truck for KVMRT Line 2 - Company website and social media - Collaborations with partners for community development - Events and roadshows	On-going	Community development and support	- Provision of scholarships and sponsorships - Upskilling individuals with autism - Conduct employment transition programme that trains young adults with autism - Star Golden Hearts Awards	- Stakeholder and Community Relations - Safety and Health
			Quality, safety, health and environment (QSHE)	- Adherence to local authority and regulations - Operational safety and health practices on site and in townships - Improvement in product quality and environmental preservation - Conduct QSHE@School Programme to inculcate QSHE awareness to primary school students	
			Communication on our development plans and projects	Regular project updates through corporate website, media and roadshows	

Sustainability Statement (Cont'd.)

Stakeholder Group	Engagement Methods	Frequency	Topics of Concern and Interest	Our Responses	Material Matters
Government and Regulators	- Industry workshops - Meetings and consultations - Reporting - Inspections - Collaboration and partnerships - Events	On-going	Regulatory compliance	- Reliable reporting and marketing communications - Monitoring of compliance through legal checklist	- Innovation - Climate Action - Governance - Stakeholder and Community Relations - Customer Satisfaction
			- Improving construction sector productivity - National Housing Policy	- Workforce upskilling - Leveraging IT solutions - Application of new engineering and construction technologies (e.g. IBS and BIM) - Housing 4.0 Competition	
			Climate action	Leading Urban Sustainability Labs	
			Smart and sustainable cities	- Gamuda Land Smart City Framework - Gamuda Land Smart Initiatives	
			Community development and support	- Provision of scholarships and sponsorships - Upskilling individuals with autism for sustainable employment - Partnerships in community development programmes or awards (e.g. Star Golden Hearts Awards)	
Suppliers	- E-procurement system - Supplier training programmes - Supplier evaluation - Email	- On-going - As needed - Annual/ Bi-annual - As needed	Transparency in procurement processes	Implemented SAP Ariba	Supply Chain Management
			Knowledge sharing and capacity building	- Workforce upskilling - Leveraging IT solutions - Application of new engineering and construction technologies	
			Implementation of e-procurement (SAP Ariba and BuildSpace)	Communication of user guide on SAP Ariba and BuildSpace	
Media	- Press conferences - Press releases and interviews	On-going	Company direction and performance	Direct engagement and press statements	- Economic Performance - Sustainable Cities and Communities
			Timely and transparent communication		

Our Material Matters

Materiality assessment is a critical mechanism in ensuring we channel our sustainability efforts and focus on what matters most to our business and stakeholders. Through our materiality assessment workshop conducted last year, we identified 18 significant matters which led to the creation of our sustainability strategy.

MATERIALITY ASSESSMENT

We aim to review our materiality matrix every year against the changing business landscape, emerging trends, regulatory development, as well as insightful stakeholder feedback to ensure we are responding to the issues that have the greatest impact on our business and stakeholders.

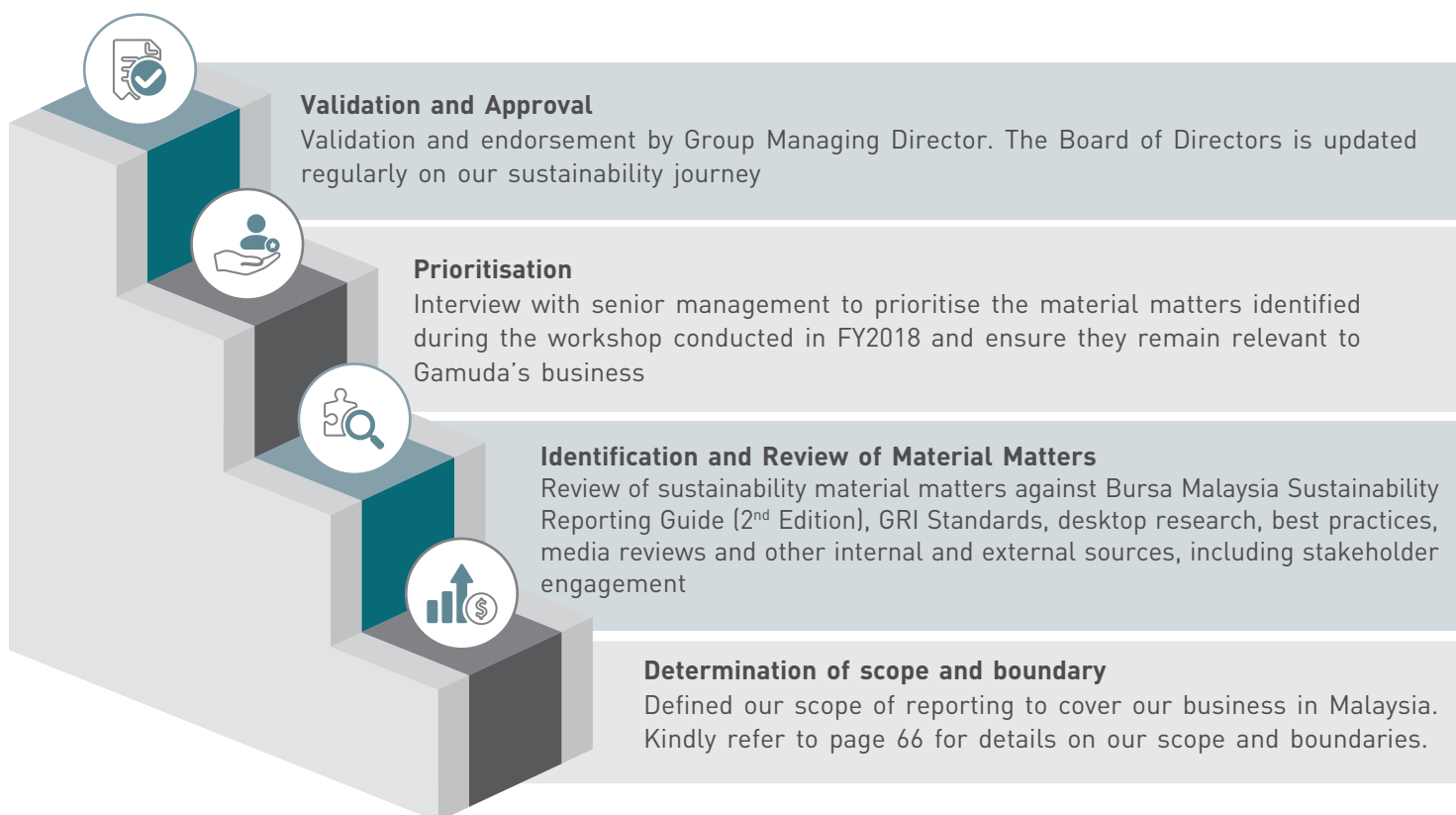
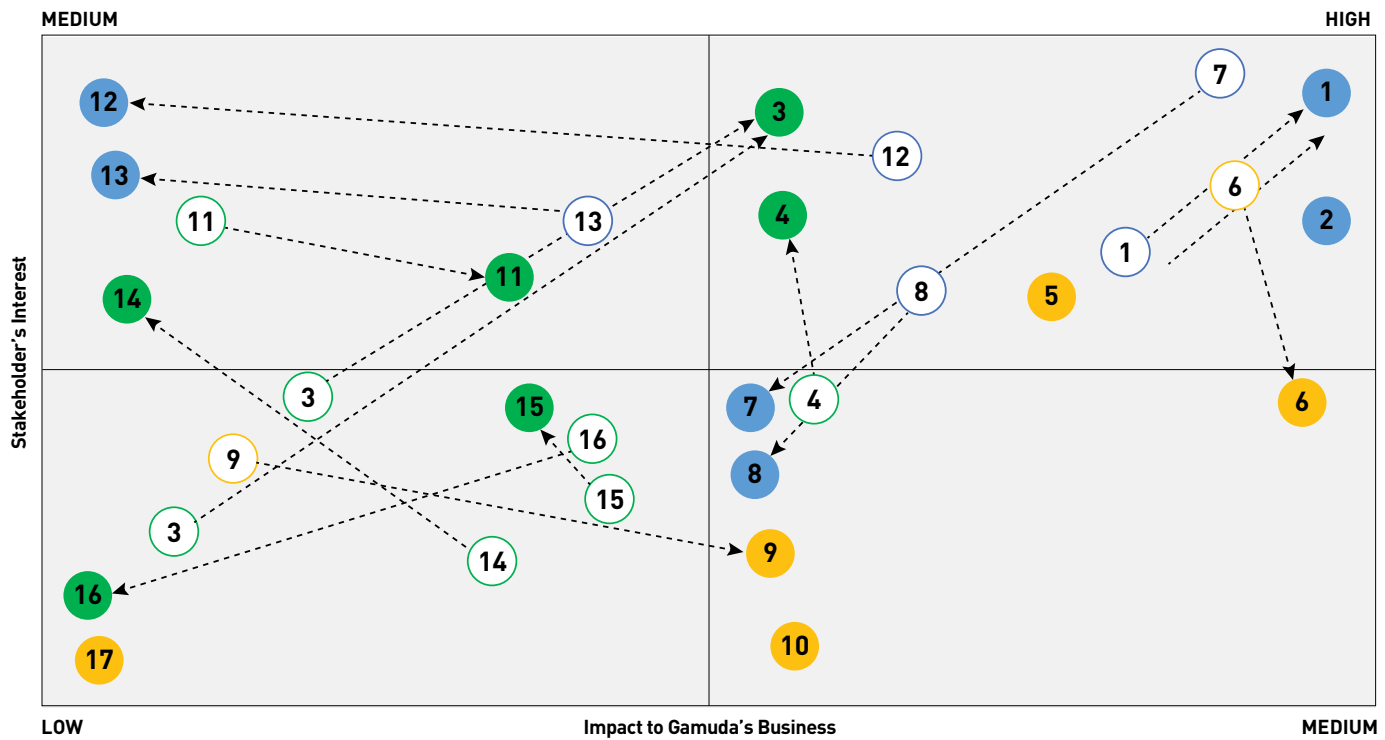


Figure 2: Materiality assessment process

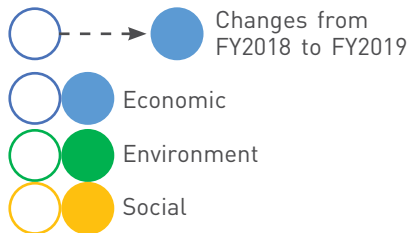
Sustainability Statement (Cont'd.)

MATERIALITY MATRIX

In our 2019 assessment, our 18 material matters remain unchanged while “emission” and “energy management” were consolidated as “climate action” to better reflect the management of these material matters. In addition, there have been key shifts in the positioning of our material matters where each matter’s position in the matrix is indicative of its relative importance to stakeholders and potential for business impact. These shifts are clearly reflected in the matrix below:



Legend:



Material Matters:

1. Economic Performance
2. Innovation
3. Climate Action
4. Biodiversity
5. Safety and Health
6. Employee Management
7. Customer Satisfaction
8. Supply Chain Management
9. Stakeholder and Community Relations
10. Customer Privacy
11. Effluents and Waste
12. Governance
13. Indirect Economic Impacts
14. Water Management
15. Materials
16. Land Remediation, Contamination or Degradation
17. Marketing and Labelling

Figure 3: The shift in the positioning of material matters between FY2018 and FY2019

Our revised materiality matrix for 2019 is illustrated below:

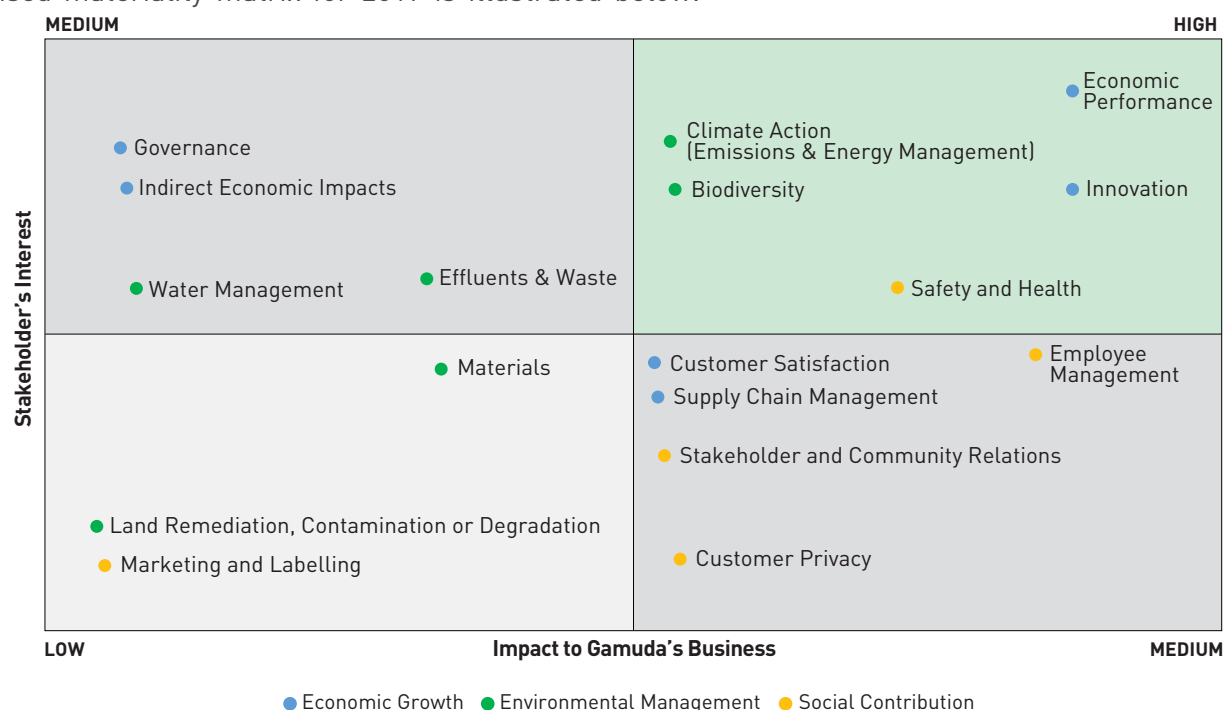


Figure 4: Gamuda's FY2019 materiality matrix

The high priority matters remain the core focus of our FY2019 sustainability reporting. Moreover, this year, we have expanded our reporting disclosures to include an additional medium priority matter – effluents and waste. Our heightened focus on environmental sustainability is driven by our aspiration to go beyond compliance and managing our impact towards nature, as well as commit and align with the national and international commitments outlined by the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) and United Nations Development Programme (UNDP).

Moving forward, we will enhance our reporting to include the remaining material matters progressively.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

In 2018, we aligned our material matters to the global sustainable development agenda, the UN SDGs. We identified eight SDGs where Gamuda could likely play a significant role in contributing to the global and national agenda through the construction of sustainable

urban infrastructure and property development and management in Malaysia.

This year, in line with our revised materiality matrix, we identified an additional SDG 13, Climate Action to support the global efforts in combating climate change. Among the 9 identified SDGs, we further prioritised SDG 9, SDG 11 and SDG 13 in driving our sustainability agenda forward. Our initiatives and activities in contributing towards these SDGs are reflected throughout this report.



Figure 5: Gamuda's commitment towards the UN SDGs

Sustainability Statement (Cont'd.)

OUR MATERIAL MATTERS

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

* Refers to all business operations in Malaysia excluding our concessions, associate companies and joint ventures.

OUR PROGRESS AGAINST KPIs AND TARGETS

Sustainability Pillars	Material Matters	KPIs and Targets	Financial Year	Scope	FY2019 Performance
Delivering Value through Innovation   	Innovation	All developments to be fully designed using BIM and digital IBS	2020	Gamuda Land	In progress New developments are designed using BIM and digital IBS
		100% adoption of BIM Level 2	2020	Gamuda Engineering	In progress Aim to obtain PAS:1192-2 certification for KVMRT Line 2 by December 2019 and ISO 19650 certification by FY2020 Details are available on page 84
		Provide BIM trainings to all employees in technical capacities	Annually	Gamuda Group	In progress Putting in place the required measures to manage and monitor the roll-out of the programmes. Currently 604 employees trained
	Customer Satisfaction	80% QCLASSIC score for selected projects	2022	Gamuda Land	In progress Aim to improve quality built by optimising our internal procedures, processes and the utilisation of technology Details are available on page 86
	Supply Chain Management	100% implementation of SAP Ariba	2019	Gamuda Group	Achieved SAP Ariba was fully implemented since October 2018, and expecting 100% adoption by Q1, 2020 Details are available on page 90
		100% adoption of all E-Procurement platforms	2020	Gamuda Group	In progress Details are available on page 90
		Contract award to major suppliers who are ISO 14001 certified	2021	Gamuda Group	In progress Currently advocating and building awareness through knowledge transfer trainings to assist our suppliers in obtaining ISO14001 certification Details are available on page 90

Sustainability Statement (Cont'd.)

Sustainability Pillars	Material Matters	KPIs and Targets	Financial Year	Scope	FY2019 Performance
Sustainable Cities and Communities    	Green Buildings and Smart Cities	Obtain GBI certification for selected new developments	2020	Gamuda Land	In progress
	Climate Action	Reduce energy consumption for Menara Gamuda and selected construction site	2021	Gamuda Group	In progress Setting energy baseline for our construction sites Details are available on page 97
		Reduce GHG emissions for Scope 1 and 2	2020	Gamuda Group	In progress Currently putting in the required systems and processes to manage GHG emissions, setting baseline and targets
	Biodiversity	Formulate Gamuda Parks Policy	2020	Gamuda Land	Achieved Gamuda Parks Policy has been finalised in 2019 Details are available on page 100
		Develop a Biodiversity Policy	2021	Gamuda Engineering	In progress Gamuda Parks Policy is used as a reference to develop the Biodiversity Policy
		Minimum of 11% landscape area for all Gamuda Land developments	Annually	Gamuda Land	Achieved Details are available on page 102
		Allocate minimum 50% of native tree species out of the overall softscape proposed in each Gamuda Land development	2020	Gamuda Land	In progress Currently, total of 70% native species has been planted in all townships collectively
		Preserve and transplant at least 5% of valuable IUCN tree species in all new Gamuda Land townships, where feasible	2020	Gamuda Land	In progress Details are available on page 100
	Effluents and Waste	Reduce waste disposal to landfill at our construction sites by 10%	2020	Gamuda Engineering and Gamuda Land	In progress Established a preliminary waste baseline for all construction sites
		Recycle 100% of the unusable steel bars	2020	Gamuda IBS	Achieved
		Recycle 80% of lubricating oil, hydraulic oil and mold oil empty containers	2020	Gamuda IBS	In progress

Sustainability Pillars	Material Matters	KPIs and Targets	Financial Year	Scope	FY2019 Performance
Human Capital Development     	Safety and Health	To maintain accident rate <2.5 (commit and align with Department of Occupational, Safety and Health Malaysia)	Annually	Gamuda Engineering Gamuda Land	Achieved Accident rate at 2.01 Accident rate at 0.84
		To maintain Lost Time Injury Frequency Rate (LTIFR) <8.8 (commit and align to Construction Industry Standard, Australia)	Annually	Gamuda Engineering Gamuda Land	Achieved LTIFR 1.94 LTIFR 0.44
	Employee Management	Average 10% of management staff to participate in leadership programmes	Annually	Gamuda Group	Achieved
	Stakeholder and Community Relations	To train a total of at least 20 Enabling Academy (EA) trainees	Annually	Gamuda Group	Achieved
		To recruit at least 12 EA partner companies	Annually	Gamuda Group	Achieved
		At least 15 EA graduates to earn sustainable employment at partner companies	Annually	Gamuda Group	Achieved 15 EA graduates earned employment from 10 partner companies
		Provision of 40 scholarships	2019	Gamuda Group	Not achieved 34 scholarships offered with preference given for specific fields in engineering studies

Sustainability Statement (Cont'd.)

Delivering Value through Innovation

WE BELIEVE INNOVATION IS CRUCIAL IN DRIVING BUSINESS SUCCESS AND IS THE KEY TO STAYING COMPETITIVE IN THIS CHALLENGING MARKET ENVIRONMENT. WITH QUALITY AND OPERATIONAL EFFICIENCY BEING OUR HIGHEST PRIORITY, WE AIM TO EMBRACE DIGITAL TRANSFORMATION AND THE UTILISATION OF CONSTRUCTION TECHNOLOGY TO CREATE LONG-TERM VALUE FOR OUR KEY STAKEHOLDERS AND ACHIEVE OUR STRATEGIC OBJECTIVES AND OUTCOMES.

ECONOMIC PERFORMANCE

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

In FY2019, we registered revenue of RM7,181 million (include share of joint ventures' revenue), core profit before tax of RM909 million, and core net profit of RM706 million. We have been delivering consistent results as illustrated below:

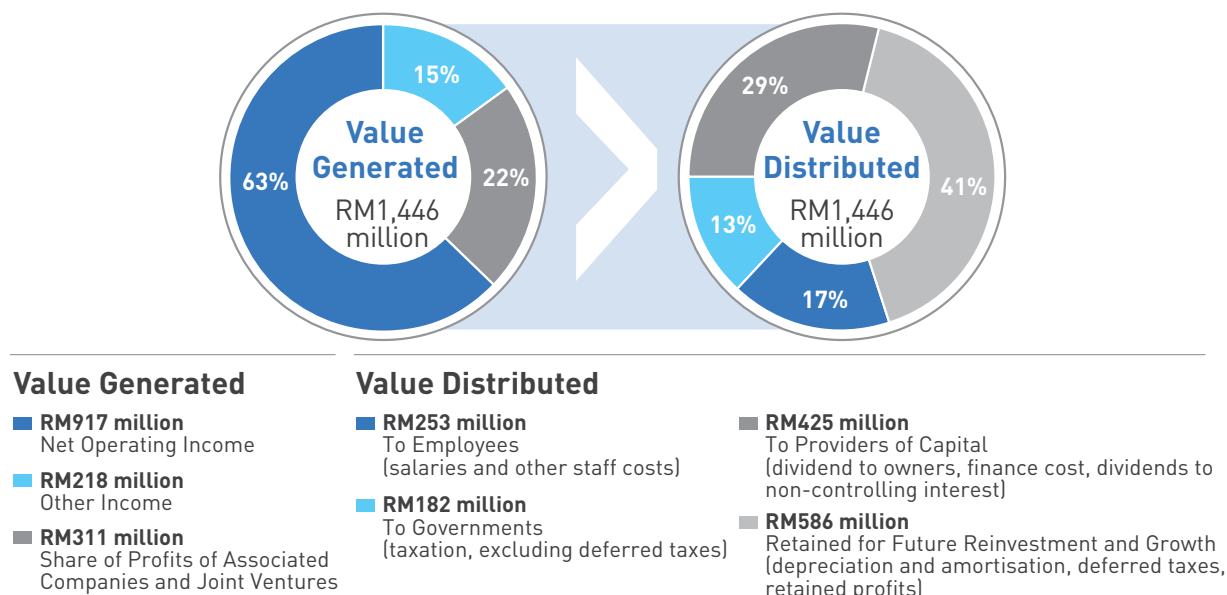


Figure 6: Our direct economic value distributed to stakeholders in FY2019

Further information on our economic performance can be found in:

- Statement from the Group Managing Director on pages 10 to 18
- Five Years Group Financial Highlights on page 34
- Group Segmental Performance on page 36
- Statement of Value Added and Distribution on page 39
- Financial Statements on pages 160 to 381

INNOVATION

We are now in the age of the Fourth Industrial Revolution (Industry 4.0) where big data and new enabling technologies are transforming project delivery in the construction and property industry. The technology and evolution of manufactured homes will now become a mainstay of this industry. To keep up with the rapid proliferation of technology, we continue to prioritise innovation, integrating it into our business strategy to create differentiated solutions that keeps us ahead of the curve.

Gamuda Industrialised Building System (IBS) – Building for the Future

The construction and property industry are currently facing tremendous pressure to deliver high quality and affordable products while reducing project delivery time. At Gamuda, we have embraced the adoption of IBS, which is an advanced digital construction technology where building components are prefabricated off-site, in a controlled factory environment prior to installation

on-site. Gamuda's significant accomplishment is pioneering Malaysia's first fully digital IBS factory in Sepang which began operations in 2016. In FY2018, we further invested in a second IBS facility in Banting which was opened by Prime Minister Tun Dr Mahathir Mohamad on 2 May 2019.

Our IBS factories are powered by Building Information Modelling (BIM), an online design system which thrives on a Common Data Environment (CDE), and therefore are able to provide a more sustainable construction solution without compromising product quality whilst offering a wide range of precast products that cater to diverse building applications. With a total capacity of producing 10,000 homes and 16,000 bathroom pods per year, Gamuda is equipped to remain resilient and competitive in this dynamic environment.

Further details of Gamuda IBS's precast products are available at <https://gamuda.com.my/our-expertise/engineering-construction/gamuda-ibs/>

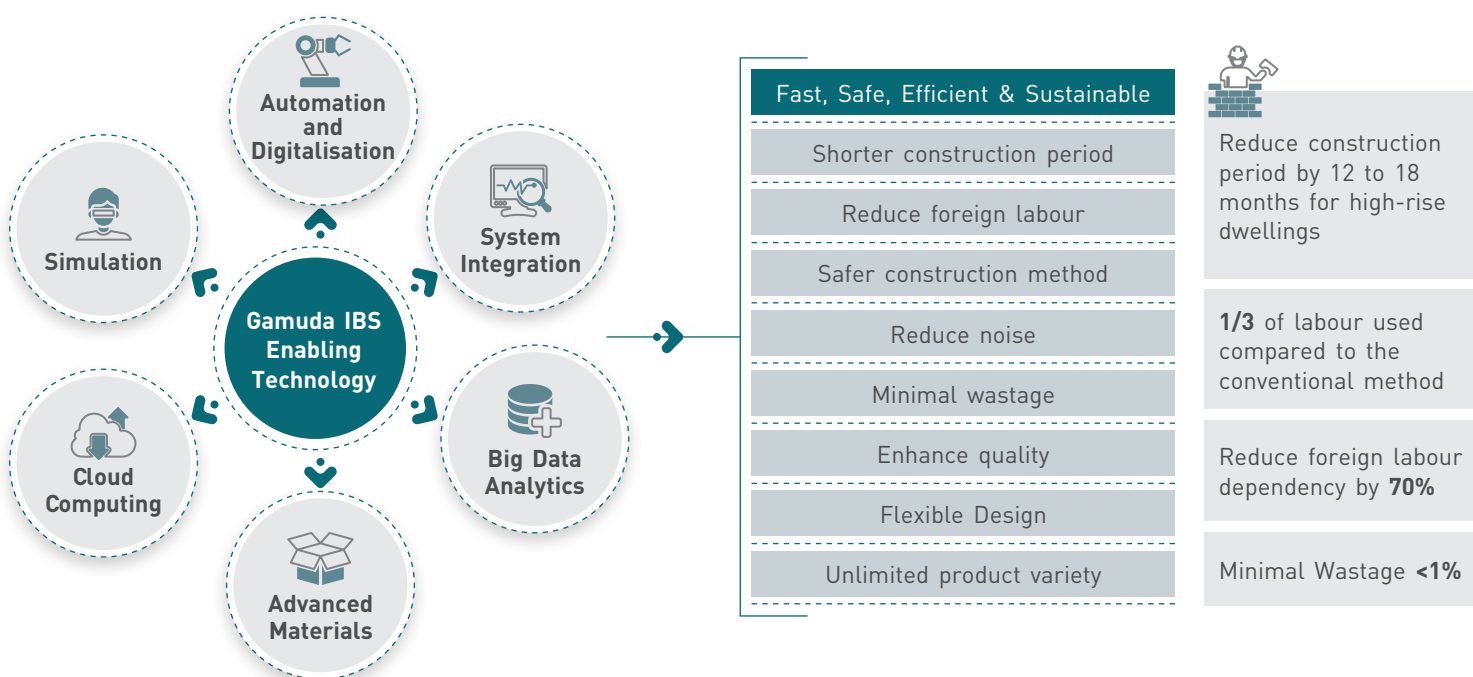


Figure 7: Gamuda IBS Enabling Technology and the benefits that it brings

Sustainability Statement (Cont'd.)

Recognising the potential of digital technology, Gamuda is actively supporting the Construction Industry Transformation Programme (CITP), which is the national agenda to transform the construction industry to be equipped with highly productive, environmentally sustainable and with globally competitive players while focusing on safety and quality standards. In line with the CITP, Gamuda IBS collaborated with the Construction Industry Development Board (CIDB) to increase awareness, promote and enhance IBS and BIM adoption in the housing industry in Malaysia by providing several knowledge sharing sessions and presentation in workshops and seminars.

Gamuda IBS also recently signed a Memorandum of Understanding (MoU) with CIDB, through its subsidiary Construction Research Institute of Malaysia (CREAM) on 6 September 2019 for a strategic partnership on data sharing and information research to help improve construction productivity in Malaysia. This collaboration will produce significant benchmarks for future policy-making and implementation schemes, further supporting the likes of CITP and Industry 4.0.

BIM Technology

BIM is a computerised system that integrates multi-stakeholder coordination while allowing for greater precision and speed in the design and implementation. BIM integrates information and communicates real-time changes where all design data is captured online on a collaborative platform and all design clashes are resolved before construction. It creates a model which contains digital descriptions for every aspect of the project, providing various benefits throughout the entire project lifecycle.

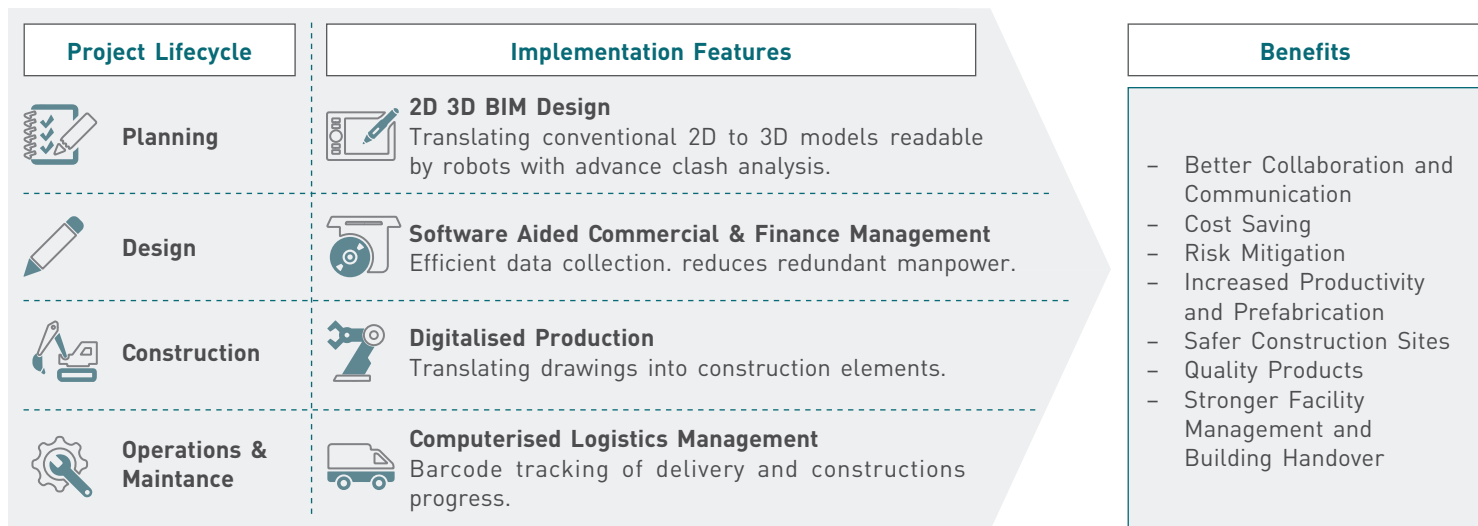


Figure 8: The benefits of BIM technology

BIM	FY2019	FY2018	FY2017
Number of projects using BIM	10	8	2

Table 1: Number of projects using BIM

Moving forward, we are committed to implementing the latest international standards for BIM, i.e. ISO 19650 Standard and PAS:1192-2. Our aim to obtain the PAS:1192-2 certification for KVMRT Line 2 by the end of 2019, and the ISO 19650 certification for Gamuda Engineering by FY2020 will allow us to achieve our target to fully adopt BIM Level 2 by 2020, putting us at the forefront of BIM adoption.

BIM Academy

A qualified and multi-skilled workforce with a strong foundation in science, technology, engineering and mathematics (STEM) is essential in embracing Industry 4.0. Our BIM Training Academy was set up to lead the change in the construction industry by training and upskilling employees and subcontractors on the latest construction technologies, in particular, BIM to maintain their resilience in this new highly-automated age.

In 2019, we developed an online core BIM e-learning skills module to support our classroom technical training at the academy. We also engaged external vendors to provide knowledge sharing sessions at the academy to keep abreast with the latest developments of BIM solutions in the market. We have targeted to roll out the standard BIM trainings annually, to all employees in technical capacities.

BIM Training Academy	FY2019	FY2018	FY2017
Number of personnel trained	604	610	352

Table 2: Number of personnel trained by BIM Training Academy



SUPPORTING THE NATIONAL HOUSING POLICY (2018-2025)

In January 2019, the Ministry of Housing and Local Government launched the National Housing Policy which aims to build 1 million new, high-quality and affordable homes in the next 10 years to improve the overall well-being of Malaysians and combat the property overhang.

Coupled with our digital IBS factories that are capable of delivering 10,000 fully-functional homes a year and BIM technology, Gamuda is well-equipped to fully support both the government and developers to build and deliver new homes for Malaysia.

Echoing the government's objective, all Gamuda Land's developments will be fully designed using BIM by 2020.

Housing 4.0 – Setting the future of housing in Malaysia

In line with the National Housing Policy 2019, Gamuda IBS collaborated with the Malaysian Institute of Architects, code named Housing 4.0-the first in Malaysia to seek out innovative ideas that capitalises on both design and digital technology such as IBS and BIM for the future of housing development in

Malaysia. The collaboration involved an open architectural design ideas competition and digital innovation lab workshops where architects and designers had the exposure to digitalisation and automation proves in the Gamuda IBS factory.

The winners were announced on September 10 with the Deputy Minister of Housing and Local Government as the guest of honour. The objective of the competition was met by creating a greater awareness of how technology is the way forward in addressing the country's housing issues. This partnership also signifies Gamuda's recognition as an organisation that is able to drive the future of housing development through enabling construction technology.



Sustainability Statement (Cont'd.)

Common Data Environment (CDE)

CDE is a single source of project information used to collect, manage and distribute data for multidisciplinary teams in a BIM process. It facilitates collaboration between project team members and avoids duplication and errors. The CDE also contributes to adoption of a higher BIM maturity, allowing better integration of data to increase productivity and quality with a lower cost.

We are currently implementing CDE across all our business units and developing operating procedures to streamline the process for the collection, management and distribution of project information. We target for a group-wide adoption of CDE by the end of 2020.

CUSTOMER SATISFACTION

Customer expectations for quality, affordable and secure homes and infrastructure continues to challenge us to deliver innovative products and solutions by embracing construction technology and embarking on meaningful partnerships.

Management System in Construction

Achieving quality excellence takes precedence in demonstrating our commitment towards customer satisfaction. In Gamuda, we drive quality and deliver value for our customers by adopting high-quality standards and certifications as illustrated in the table below.

Standards	Description	Key Business Units	Performance
ISO 9001:2015	Certification for Quality Management System	- Gamuda Berhad - Gamuda Engineering - Gamuda Land	Certification Awarded February 1997
ISO 14001:2015	Certification for Environmental Management System	- Gamuda Berhad - Gamuda Engineering	Certification Awarded February 2008
ISO 45001:2018*	Certification for Occupational Safety and Health Management System	- Gamuda Berhad - Gamuda Engineering	Certification Awarded December 2018
MS1722:2011	Certification for Occupational Safety and Health Management System	- Gamuda Berhad - Gamuda Engineering	Certification Awarded February 2008
Quality Assessment System (QLASSIC)	A voluntary third-party assessment by CIDB to evaluate the workmanship of a building's construction based on the Construction Industry Standard (CIS7:2014).	Gamuda Land	Selected projects are QLASSIC certified

* Note that Gamuda has transited from OHSAS 18001:2007 to ISO 45001:2018. Details are available on page 123.

Table 3: Standards and certifications that Gamuda adheres to

The standard we adhere to certifies our credibility as an organisation that works continuously to improve our processes and practices. As each certificate is valid for a period of 3 years from the date of award, we will be renewing our certificates to consistently maintain the highest quality of standards and processes.



Gamuda Land has been the only developer in the country to receive The Edge-PEPS Value Creation Excellence Award for 7 consecutive years

QLASSIC Scores

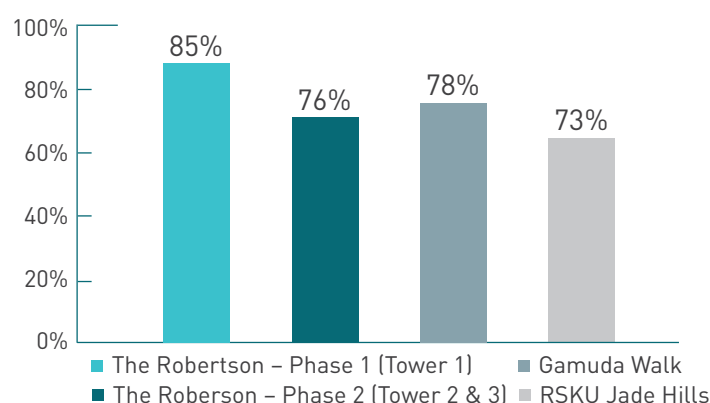


Figure 9: QLASSIC scores for Gamuda Land's projects

Enhancing Customer Experience

Creating Digital Experience and Providing More

Technology is driving more informed customer decisions. We endeavour to make things convenient and efficient for our customers to obtain the information and the support they need through our complete suite of digital platforms. These platforms will allow us to continuously engage with and obtain feedback from our customers, even beyond the point of sale. This year, we embarked on two new initiatives – “GL Creations” and “GL HOME”, the details of which are set out in Table 4.

Customer Platform	Description
SnagR/FieldView	A web and mobile monitoring tool that manages issues and defects during the defect liability period
Gamuda Land Residence Management App	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
GL Friends Loyalty Programme	A loyalty programme launched in August 2018 exclusively for Gamuda Land purchasers. The programme offers customers exclusive rewards, benefits and privileges, such as rebates, priority to select units before public launches and invitations to lifestyle events
GL Creations – Let your home reflect your originality	An application that allows customers to customise the design of their homes from a selection of quality fittings, colour themes and finishes
Gamuda Land Home Ownership Made Easy (GL HOME)	A campaign launched in November 2018 to support home buyers in purchasing a home. It aims to ease property ownership for genuine buyers through various financing options, offering tailored solutions to assist buyers in purchasing their dream property

Table 4: Initiatives to enhance customer experience through digitalisation.

Sustainability Statement (Cont'd.)

Community Engagement

At our KVMRT worksites, we aim to manage the dynamic communities in the vicinity of our operations as we believe a well-planned community engagement strategy will support the delivery of a successful project. As a commitment to foster nation building, we moved beyond our role as a contractor and developed a multi-tiered strategy for stakeholder management to not just ease public acceptance of the project but also facilitate construction works.

We regularly engage with relevant stakeholders to gain insights on how to further improve our approach, focusing on managing safety, traffic congestion, quality of work and the environment. Stakeholders are engaged before construction starts, and continuously throughout the construction period. Engagements typically peaks as construction intensifies for civil and structural works.

Year	2019	2018	2017	2016
Number of stakeholders engaged	1,390	623	2,953	1,440
Engagement sessions	183	187	209	120

* KVMRT Line 1 was fully completed in July 2017.

* KVMRT Line 2 began construction in September 2016, and is expected to be completed in 2022.

Table 5: KVMRT Line 1 and Line 2 stakeholder engagement

In strengthening our engagement channels, a 24-hour Complaint Management System (CMS) was established to enable the public to lodge feedback on issues encountered or inconveniences caused by our construction activities. As the CMS works on real-time monitoring, it allows the project team to respond in a timely manner while effectively managing these concerns and complaints. In 2019, the MRT Hotline received 547 feedback, and all feedback were managed.

Apart from evaluating public satisfaction, the CMS 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 KVMRT worksites.

We also consistently participated in various community-held events throughout the project on festive occasions like Hari Raya, Chinese New Year, and Deepavali. These are centred on urban poor communities where we offer subsidies for their event expenditure or provide financial aid to families.



**MMC-Gamuda KVMRT (T)
– the only Malaysian
Company to receive
Community Engagement
Award in Ground
Engineering Award 2019**



In June 2019, our hearts and minds approach towards community engagement for KVMRT Line 1 won us the international Community Engagement Award in the 2019 Ground Engineering Awards. Winning this award is a testament to our way of engaging with the community, where we ensure our initiatives benefit them not only during the construction period but also well beyond that, leaving a lasting impact and legacy. With our proven track record, we have drastically improved perception towards construction by applying the science of hospitality in construction and improving local construction standards overall.

SUPPLY CHAIN MANAGEMENT

Supply chain management involves improving the efficiency and sustainability of our entire supply chain while maintaining a strong relationship with our suppliers. Our efforts are centred upon upholding fair and ethical procurement practices, diligent screening and assessment of supply chain performance and advocating responsible sourcing of green and sustainable construction materials. Achieving these objectives require close collaboration and the sharing of best practices with our suppliers.

Our emphasis on compliance and good conduct of our employees extends across all processes throughout the Group, including our supply chain. Gamuda's principles of good procurement governance, which comprise the Group Procurement Policies and Procedures (G3P) and Gamuda Procurement Code of Conduct (GPCC) guide us to uphold the highest integrity amongst our employees, leading to our ability to source the best materials through transparent procurement processes.

Group Procurement Policies and Procedure (G3P)

Govern and standardise all procurement activities for sub-contract works, equipment, supplies and services within the Group.

Gamuda Procurement Code of Conduct (GPCC)

Ensure business relationships with all our suppliers are based on integrity, fairness and zero-tolerance for bribery, gifts and corruption.

Sustainability Statement (Cont'd.)

Supply Chain Assessment

We thoroughly screen and assess our supply chain based on a set of stringent criteria to ensure we have a commendable portfolio of highly-reputable suppliers. Apart from cost, timely delivery, product and service quality, we also assess our supply chain on compliance with relevant management system standards which includes ISO 9001, ISO 14001, MS 1722 and ISO 45001.

Following pre-assessment, regular performance monitoring is conducted throughout the working period upon contract award to ensure all supply chains adhere to the necessary requirements that have been outlined and uphold to their reputation and credentials beyond just product and service quality. Our supply chain performance is monitored through regular Safety, Health and Environment (SHE) inspection, independent monthly audits and an online SHE Reporting System – Safetrack (applied in KVMRT Line 1 and Line 2). This will contribute towards a safer and more sustainable working environment and heightened awareness amongst suppliers to high SHE standards. As part of our Safety and Health Management System, there are qualified safety and environmental officers for all our projects to ensure all suppliers and contractors are complying towards safety and environmental requirements. Details of our Safety and Health Management System are on page 123.

We have taken a step further by establishing a target to ensure 100% of our appointed major suppliers are ISO 14001 certified by FY2021. Indicating our preference for better environmental management across our supply chain, we are building awareness among our suppliers by providing knowledge transfer trainings to assist our suppliers in their journey to obtain ISO 14001 certification. Moving forward, we will review and refine our targets to strengthen our supply chain management.

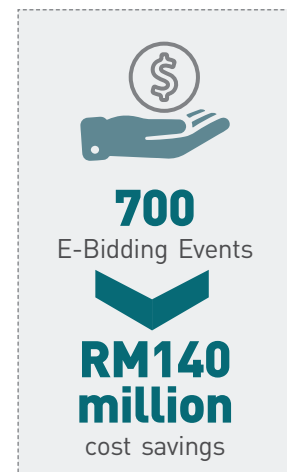
In line with our efforts to create sustainable cities for our communities, we will be evaluating our existing suppliers on their experience in green buildings, BIM technology and smart cities for relevant projects moving forward.

Digitalising Procurement at Gamuda (E-Procurement)

Technology is greatly impacting how contracts can be negotiated fairly and efficiently. As part of our 3C's business strategy, we embarked on a journey to digitalise and streamline our procurement process to move up the value chain. The SAP Ariba e-procurement system has been fully implemented since April 2019 through strategic procurement where returns can be maximised. Driven by good governance in the e-Procurement processes, we are able to pre-plan and drive transparency throughout our supply chain. We have managed to recoup our initial investment of approximately RM7.2 million within three months of going live. To date, over 700 auction events have been conducted with savings exceeding RM140 million.

Going into the next phase, we are targeting 100% adoption of all our e-Procurement platforms through Ariba and BuildSpace by the first quarter of year 2020. Following this, we will work towards enabling cost data analysis to be able to expand our supply chain base, strengthen our market presence, and thus reposition Gamuda towards achieving sustainable competitive advantage.

Moving forward, our procurement strategy will focus on building strategic partnerships with key suppliers, contractors and consultants. Through a transparent digital procurement system, we aim to gain market confidence by attracting potential local and overseas partners into our supply chain.



Ethical, Fair & Transparent Sourcing	Sustainable Resource Management	Local Sourcing
Extensive supplier database that provides access to potential suppliers and improves procurement visibility	Strategic collaboration with suppliers to develop products which contribute towards reducing environmental impact	Stimulate business opportunities and growth for local suppliers and SMEs
Drives fair competition through integration with governance and risk management, minimising fraud and collusion through an open platform	An innovative, digital enabled guided purchasing capability that enforces policies in supporting green procurement	Provide working capital for local SMEs by accelerating payment through automated processing
Traceable audit trails that provides procurement transparency	Digital platform which improves resource efficiency and reduces waste production	Develop capabilities through knowledge transfer of technology and expertise

Table 6: Gamuda procurement solutions mapped to the Sustainability Pillars

Supporting and Upskilling Locals

In line with the government's efforts to promote the growth of small and medium enterprises (SMEs), we have consciously been supporting our local enterprises by providing various job opportunities and awarding work packages, where possible.

Aside from providing business opportunities to SMEs, the collaboration is also aimed at upskilling them in terms of knowledge, technical competency, sustainability expertise and innovative technology in the industry, enhancing their competitiveness in the marketplace. This is especially prominent in the experience gained through our expertise in underground construction work and operating the Variable Density Tunnel Boring Machine (VD TBM). The experience of working in a large-scale infrastructure project also provides the exposure to rigorous environmental and social compliance standards that need to be abided by all.

In addition, our suppliers are invited to participate in our training programmes such as BIM, compliance standards and other operational efficiency related programmes conducted at our training centres. Details of these training programmes are available on page 131.

Responsible Sourcing in our Supply Chain

We strive to embed responsible sourcing across our supply chain to reduce the overall impact of our projects across their life cycle. We make a conscious effort to source materials that are non-toxic, non-hazardous, environmentally friendly and of high quality. Not only does this benefit the environment, but also the well-being of our contractors, workers and future building occupants will be taken care of.

We are currently exploring the latest green products and materials for all our projects through design and cost benefit analysis. This, along with the enhanced supplier screening, will allow us to make better informed procurement-related decisions, contributing towards a sustainable supply chain at Gamuda.

Sustainability Statement (Cont'd.)

Sustainable Cities and Communities

WE ARE CURRENTLY LIVING IN AN INCREASINGLY URBAN WORLD WHERE IT IS EXPECTED THAT 68% OF THE GLOBAL POPULATION WILL LIVE IN CITIES BY 2050. STATISTICS SHOW THE PROPORTION AND GROWTH RATE OF MALAYSIA'S URBAN POPULATION BEING HIGHER COMPARED TO ASIA AS A WHOLE. MALAYSIA IS IN A POSITION OF RAPID URBAN GROWTH, WITH APPROXIMATELY 76% OF ITS POPULATION LIVING IN URBAN AREAS. GROWING URBANISATION WILL REQUIRE SIGNIFICANT TRANSFORMATIONS IN THE WAY WE BUILD, MANAGE AND ENHANCE OUR URBAN SPACES TO ENSURE OUR CITIES ARE INCLUSIVE, SAFE, EFFICIENT AND SUSTAINABLE FOR THE LONG-TERM.

Smart Cities for a Better Quality of Life

While rapid urbanisation provides unprecedented opportunities for economic and social development, it has also caused tremendous amounts of pressure in managing environmental resources, well-being and safety of the communities. In this modern era of technology, smart cities are regarded as the next generation approach to urban management with solutions that address issues caused by rapid urbanisation while improving the quality of life of urban dwellers.

Integrated with emerging technologies such as the Internet of Things (IoT), artificial intelligence and cloud technologies, smart city infrastructure will drive social transformation, developing sustainable communities and enhancing liveable interaction with the environment.

With the upcoming 12th Malaysia Plan with greater emphasis on transforming cities into smart cities, Gamuda Land is setting the way forward and committed to delivering future cities that enhance the quality of life, economic growth and environmental sustainability through digital intelligence.

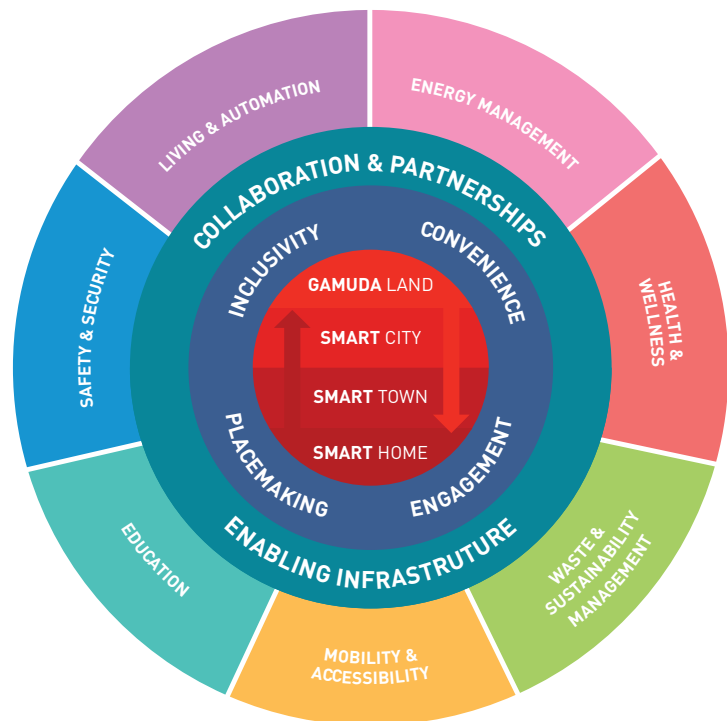


Figure 10: Gamuda Land Smart City Framework

We envision smart cities to be integrated with technologies that can improve the safety and quality of life of our communities. Derived from the Group's core values, this year we refined our Smart City Framework to encapsulate the broader dimension of high-quality life.

The core of our Smart City Framework is guided by the four aspirations of convenience, inclusivity, engagement and placemaking to ensure a holistic development at every level from Home – Town – City. We looked at aspects that can be influenced by smart solutions and measurable outcomes under each of the 7 identified domains illustrated in Figure 11. This is also in line with the Malaysia Smart City Framework which was launched on 23rd September 2019.

This framework guides our approach in designing future developments with predefined priorities and outcomes in mind. In the year under review, principles of this framework are being applied in Gamuda Cove, Gamuda Gardens and twentyfive.7.

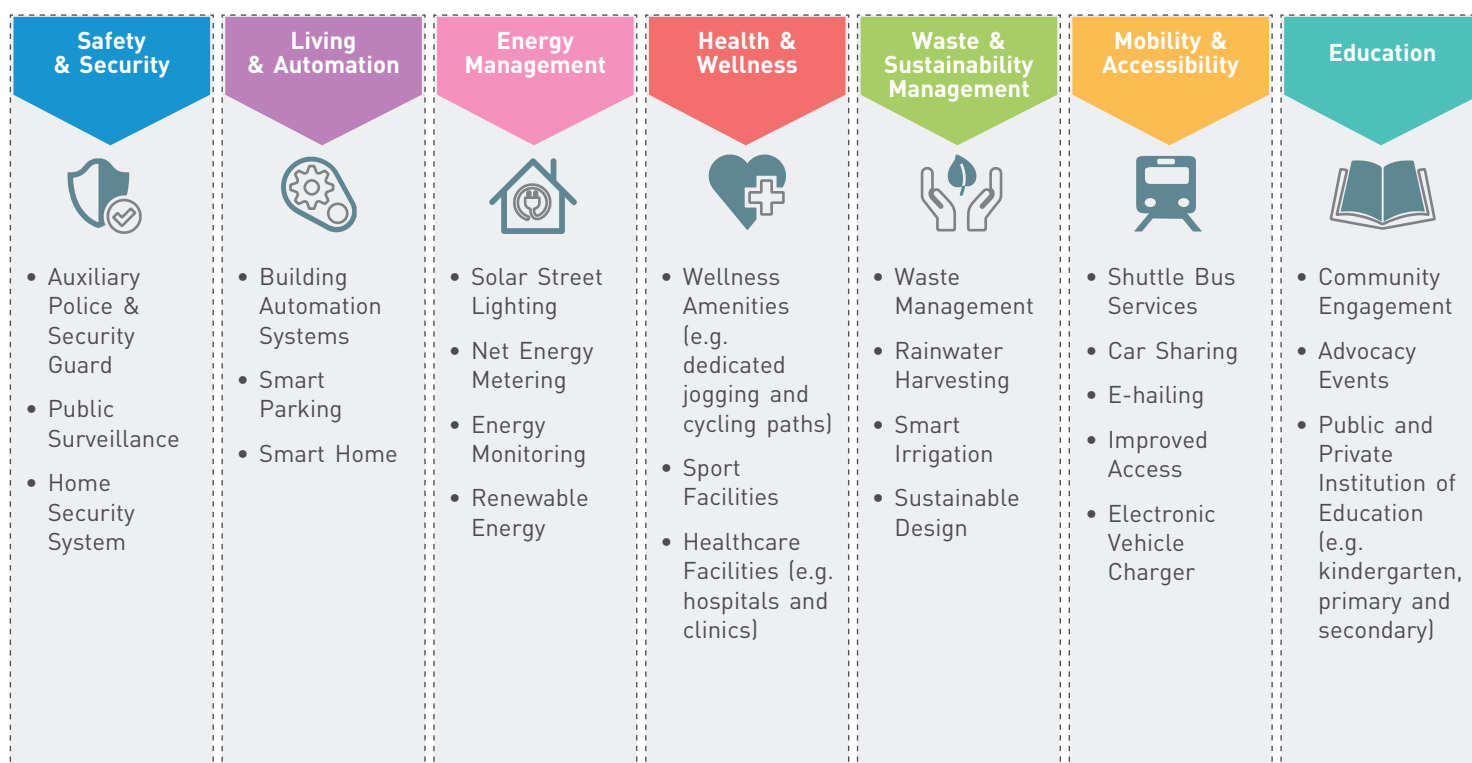


Figure 11: Framework on approach principles for Gamuda Land's future development

Sustainability Statement (Cont'd.)

GAMUDA COVE – NATURE SANCTUARY, SMART CITY

NATION'S FIRST MAXIS-DELIVERED 5G TOWNSHIP

In July 2019, Gamuda Land formed a strategic partnership with Maxis to create the first Maxis-delivered 5G township for Gamuda Cove.

With wireless communications and networks being one of the core components of smart city, we believe 5G technology is the key to transforming normal cities to smart and intelligent cities by enabling real-time Internet of Things (IoT) and smart city applications.

With the increase in capacity and power offered by the 5G network, we continue to explore further possibilities of digital economy for the township's community.

Connectivity	Safe City	Energy Management	Water Management	Nature	Mobility
• 5G network • High-speed fibre broadband	• Smart security system (CCTV) • Security personnel	• Sensors • Energy Efficient Fittings • Solar Panels • Solar Powered and Energy Saving Street Lights	• Rainwater Harvesting • Smart Irrigation	• Water Features (Lakes) • Wetlands and Woodlands • Landscape design rich with flora and fauna	• Tram • Shuttle Bus • Walking/ Jogging/Cycling Paths • Placemaking Nodes • Smart Traffic System • Electric Vehicle Charging Station

Figure 12: Sample of upcoming Gamuda Cove's Smart Solutions

Green Buildings and Townships

At Gamuda Land, we are committed towards sustainable living by adopting green features into our master planning and building design. Recognising the benefits of green development towards the environment as well as our residents, we have embarked on incorporating green features into our buildings and township design since 2013 and have obtained the Green Building Index (GBI) certification for all our key developments illustrated above.

Moving forward, we continue to progressively obtain green building certifications for our new projects as part of our design requirement beyond government and global efforts towards low carbon developments.

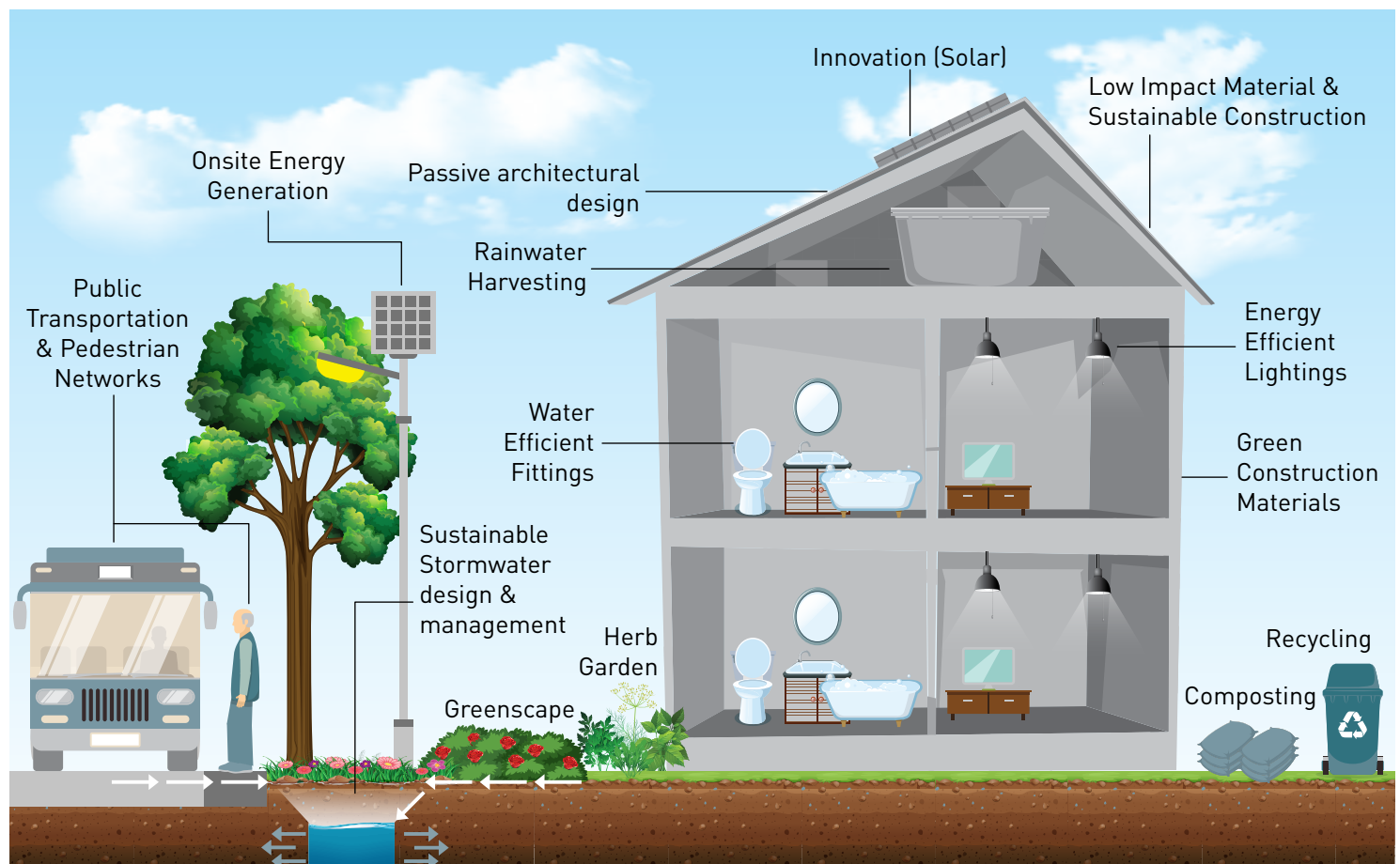


Figure 13: Green features in our homes and townships

Our Achievements	HighPark Suites Provisional GBI Gold/Silver	The Robertson GBI Gold	Gamuda Cove Central Business District Provisional GBI Gold/Silver	Gamuda Gardens Provisional GBI Gold/Silver

Sustainability Statement (Cont'd.)

CLIMATE ACTION

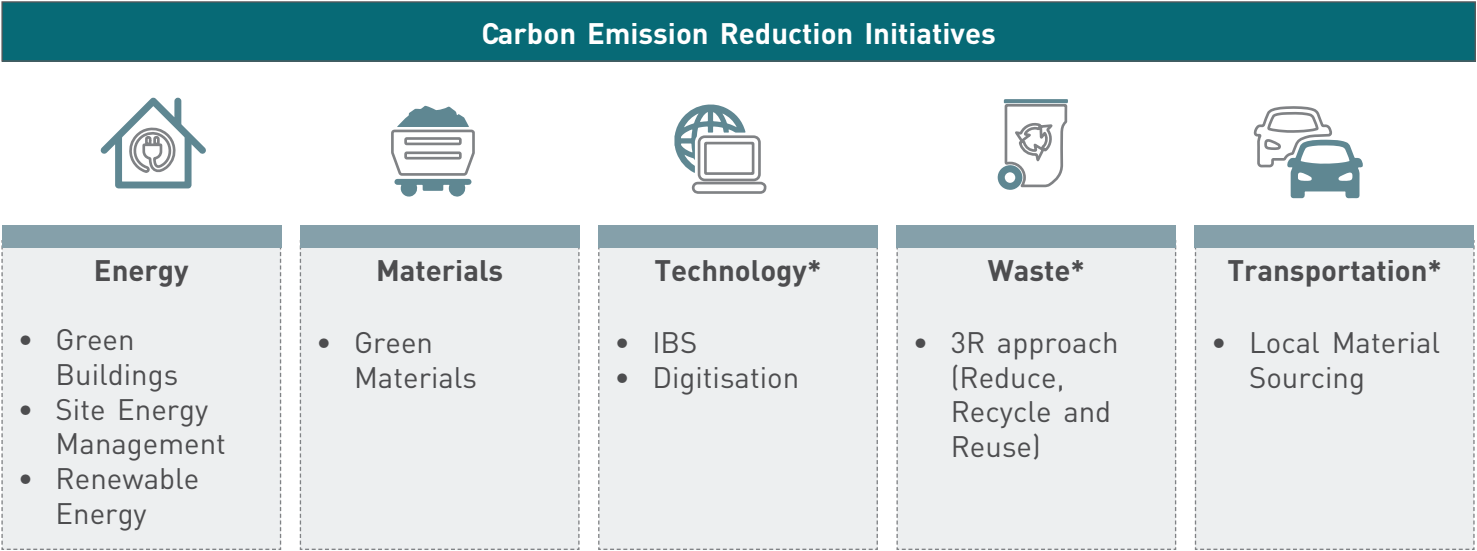
While climate change has been a pertinent issue since the late 20th century, the magnitude of climate change occurring now is of great concern, both globally and locally. Live data from The National Aeronautics and Space Administration (Nasa) indicates an unprecedented rising environment and social risks such as increasing heatwaves, rising sea levels, drought, crippling traffic congestions and infrastructure security amongst others. For details refer to <https://climate.nasa.gov/>

Malaysia, as a Party to the Paris Agreement, is taking a step forward in tackling the impacts of climate change by developing local regulatory actions such as drafting a Climate Change Act as well as a national climate change adaptation and mitigation plan in addressing the challenges of climate change.

As a leading engineering and property company, we are gearing up to contribute to the national agenda and working towards reducing our carbon footprint at a global level. We have increased our prioritisation on climate action plans and instituted further targets this year as we strive to innovate sustainable solutions as part of our operations.

Currently we are conducting assessment to ensure that we have quality data collection and measurement system in place to manage our carbon emissions. We are in the midst of setting the baseline for our Scope 1 and Scope 2 emission data, with the objective of monitoring our emission reductions for the years to come. We will progressively improve our data to also include Scope 3 emissions once our systems and process are well established.

Our efforts in managing our carbon footprint are centered on the following areas:



* Refer to sections under "Innovation", "Effluent and Waste" and "Supply Chain Management".

Figure 14: Gamuda's carbon emission reduction initiatives

Energy Management

It is important to manage our electricity consumption as it not only contributes to our operational expenses but is also a significant source of emissions release. Our efforts to maximise energy efficiency and increase energy conservation are applied across our key business units.

In Gamuda Land, we adopted building energy codes and green buildings rating tools that allows us to manage energy consumption in a more efficient manner that brings about reductions in carbon emissions at various stages in the building's life cycle.

For our construction sites which includes KVMRT Line 2, energy-saving lights and solar-powered traffic warnings are utilised to manage energy consumption while LED lights are installed across two floors of the basement carpark at Menara Gamuda.

We are currently exploring avenues to contribute to MESTECC's initiatives in achieving the 20% renewable energy target by installing solar panels at our Gamuda IBS factories, amongst others.

Energy Consumption in Our Operations

Our energy consumption includes electricity purchased and diesel used for machines and appliances. Our energy consumption data for FY2019 will be used as a reference to set as our baseline by FY2020 as we aim to reduce our overall energy consumption within our business operations.

Scope/Project	Electricity Consumption (kWh)	Scope/Project	Diesel Consumption (litres)
	2019		2019
Menara Gamuda	2,675,332	Menara Gamuda	169
KVMRT Line 2 Construction Site	247,748	KVMRT Line 2 Construction Site	999,108
Building, Township and Infra project	409,849	Building, Township and Infra project	1,500,330

* Building, Township and Infra project covers Gamuda Cove, Gamuda Gardens, twentyfive.7, HighPark Suites, RSKU Cybervally, RSKU Puncak Bestari, RSKU Bandar Serai and Belfield Tunnel.

Table 7: Electricity and diesel consumption across our business units in FY2019

Sustainability Statement (Cont'd.)

Green Materials

Embodied carbon refers to emissions generated from the end-to-end production, such as the extraction, processing, manufacture, fabrication and transport, of construction materials and products. We optimise the use of low carbon materials, focusing on concrete and steel which formed a large part of the building and infrastructure life-cycle process to reduce embodied carbon in our buildings as well as at our construction sites.

As embodied carbon is increasingly seen as an important area for the construction and property sector to address effectively, we aim to start tracking embodied carbon of our building materials in FY2021 to better manage and measure our performance in reducing carbon emissions.

Low Carbon Concrete

Cement generally consumes a large amount of energy during concrete production. A more sustainable alternative which is a low carbon concrete, replaces cement with recycled waste products such as fly ash and ground granulated blast-furnace slag (GGBS). Fly ash is a by-product of coal-burning power stations while GGBS is a by-product generated from iron and steel making industries. The use of recycled waste products will not only benefit the environment, but also improve the quality and durability of the concrete produced.

Steel

Steel products can be continuously reused and recycled without compromising its strength. Recycled steel requires lower energy consumption during the manufacturing process, thus contributing towards reducing embodied carbon. Its natural magnetic properties also allow it to be easily separated from solid waste, thus reducing the amount of waste diverted to landfills.

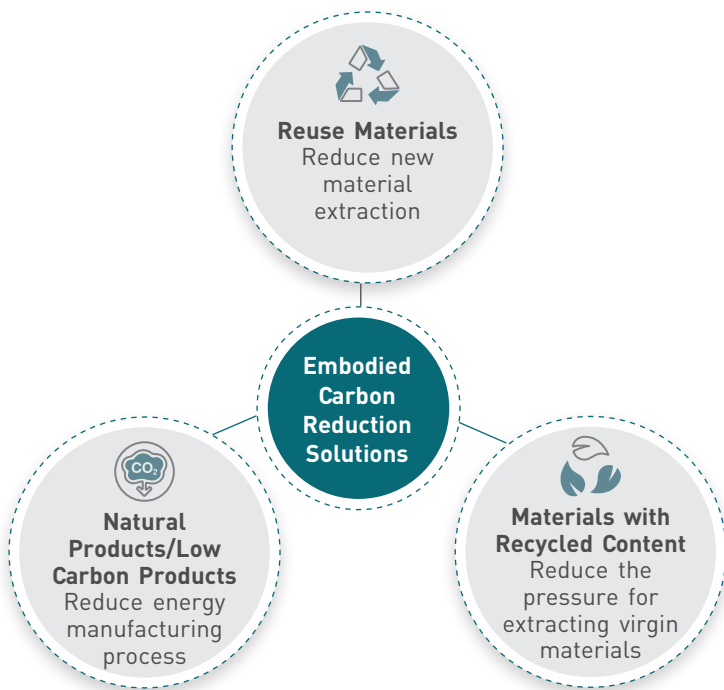


Figure 15: Embodied carbon reduction solutions

BIODIVERSITY

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

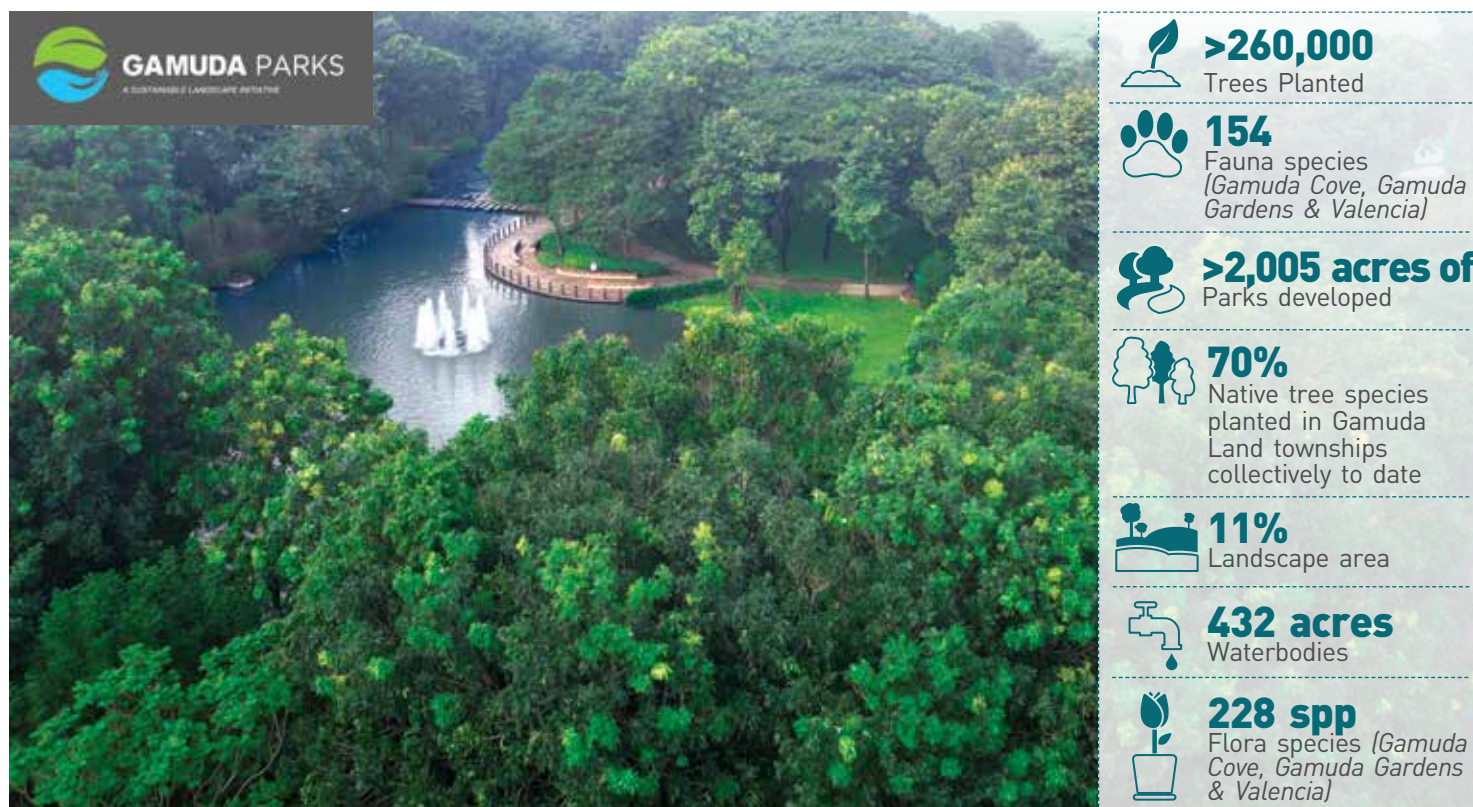
At Gamuda Land, we believe that we are custodians of the land, entrusted with the responsibility of leaving our land in better shape than we found it. We are committed to sustainably manage our natural resources and create a more liveable environment for our Community.

Environmental Compliance

The Group is committed to strictly complying with the requirements enforced by the Department of Environment (DOE) Malaysia. Prior to land development, we conduct Environmental Impact Assessment (EIA) to evaluate the likely environmental impacts of our planned development and develop solutions to better manage and minimise environmental harm. Our recent developments that conducted EIAs are Gamuda Cove, Gamuda Gardens and twentyfive.7.

Protecting Nature and Environment through Gamuda Parks

We believe mindful planning is the key to living in harmony with nature. With this belief, Gamuda Land launched Gamuda Parks in May 2018, a sustainable landscape initiative designed to deliver, implement, manage, maintain and safeguard the well-being of the living environment in all our developments.



Sustainability Statement (Cont'd.)

Gamuda Parks focus on the management of three thrusts, the Green (softscape), Blue (waterscape) and Brown (material and natural resources) ecosystems.

GREEN ECOSYSTEM MANAGEMENT	The Green Thrust refers to the green ecosystem which includes vegetated areas that form natural habitats for a wide range of fauna and microorganism. This ecosystem reduces thermal impacts by reducing ambient temperatures promotes hydrological balance of the surface and groundwater regimes and enhances psychological well-being and public health.
BLUE ECOSYSTEM MANAGEMENT	The Blue Thrust refers to the blue ecosystem which includes rivers, lakes, ponds and water elements such as fountains, cascading drains and any other water-based environmental control measures. This ecosystem ensures effective stormwater management, promotes the proliferation of the aquatic ecosystem and adds aesthetic to the overall built environment.
BROWN ECOSYSTEM MANAGEMENT	Brown Ecosystem refers to the landscape comprising materials, natural resources and man-made features which include equipment, paths, furniture, lightings, outdoor structures, amongst others. This ecosystem complements the Green ecosystem and the Blue ecosystem, enhances the aesthetic value of the surrounding and provides facilities for human activities that promote a healthy lifestyle.

Biodiversity Audit

Through Gamuda Parks, we are collaborating with the Forest Institute of Malaysia (FRIM) and EnviroSolutions & Consulting Sdn Bhd (ESC) as our consultants to conduct biodiversity audits, contributing towards creating and sustaining a balanced ecosystem at our townships.

The audit has been carried out in Gamuda Cove, Gamuda Gardens and Valencia, serving as a scientific measurement which offers an indication of liveability and habitability of the surrounding environment of our townships. The resulting data from these audits have been used to formulate our Gamuda Parks Biodiversity policy. The Gamuda Parks Policy has been finalised and will be implemented across all Gamuda Land's development. The policy will be adhered to at every phase and continuous monitoring efforts of the natural ecosystem will be conducted during construction and for a minimum extension of two years after completion. We are in the midst of developing Biodiversity Policy for Gamuda Engineering with reference to the Gamuda Parks Policy to streamline our approach in managing our efforts in conserving nature within our business operations.

Moving forward, all new projects are required to conduct a biodiversity audit prior to construction. We aim to carry it out annually to measure the biodiversity levels by collating information regarding genetic, species and ecosystem diversity. Survey outcomes will be used to develop recommendations for impact avoidance, mitigation and post-development enhancement in relation to biodiversity protection and conservation.

International Union for Conservation of Nature (IUCN) Red List Species Conservation

The biodiversity audit would also assist in identifying biodiversity levels on-site and monitoring species recovery or retention rate through various conservation efforts. Our key conservation initiatives include conducting tree preservation survey, tree planting, nature interpretative board with QR code application, tree tagging, topsoil harvesting and recycling.

A summary of the endangered species on the IUCN Red List found during the audit survey is 21 species, as listed in the Table 8 below. We aim to preserve and transplant at least 5% of these valuable tree species, which homes various fauna species in all new Gamuda Land townships, subject to site feasibility. More information can be found in our Biodiversity Assessment Reports at <http://gamudaland.com.my/gamudaparks/>

IUCN Red List Species identified	Gamuda Cove	Gamuda Gardens	Valencia
Critically Endangered	None identified	None identified	<u>Flora</u> <i>Hopea subalata</i>
Vulnerable	<u>Flora</u> • <i>Melicope lunu-akenda</i>	<u>Flora</u> • <i>Pterocarpus indicus</i>	<u>Flora</u> • <i>Dipterocarpus chartaceus</i> • <i>Dipterocarpus kerrii</i> • <i>Hopea mengarawan</i> • <i>Hopea odorata</i> • <i>Shorea materialis</i>
Nearly Threatened	<u>Fauna</u> • Grey-headed Fisheagle • Buff-necked Woodpecker • Chestnut-bellied Malkoha	<u>Fauna</u> • Buff-necked Woodpecker <u>Flora</u> • Golden Cane Palm	<u>Flora</u> • <i>Agathis borneensis</i> • <i>Dryobalanops aromatica</i> • <i>Hopea griffithii</i> • <i>Shorea roxburghii</i> • <i>Shorea sumatrana</i> • <i>Elaeocarpus grandiflorus</i>
Least Concerned	<u>Flora</u> • Bamboo • <i>Elaeis guineensis</i> • <i>Pennisetum polystachion</i> • <i>Pellacalyx saccardianus</i> <u>Fauna</u> • Tree Shrew • Long-tailed Macaque • Red Jungle fowl	<u>Flora</u> • Blue Pines • <i>Commelina Diffusa</i> • <i>Mimosa Pudica</i> <u>Fauna</u> • Tree Shrew • Long-tailed Macaque • Red Jungle Fowl • Pink-necked Pigeon • White-rumped Munia • Magpie Robin	<u>Flora</u> • <i>Alstonia angustiloba</i> • <i>Alstonia scholaris</i> • <i>Dyera costulata</i> • <i>Dipterocarpus oblongifolius</i>
Total Number of conservation species under IUCN Red List*	5	4	12

* Excludes species categorised as least concerned under IUCN Red List.

Table 8: IUCN Red List species identified through biodiversity audit in our developments

Sustainability Statement (Cont'd.)

Greening Our Townships

Green spaces are integral to creating a holistic sense of well-being and providing natural habitats for wildlife. We also believe that our community deserves a well-planned, clean, safe and accessible environment while staying connected to beautiful mother nature. Therefore, in designing our landscapes, we have committed to ensuring a minimum of 11% landscape area across all our developments.

Project	% of landscape area	Trees planted	Shrubs planted
Bandar Botanic	20%	66,770	15,363
Bukit Bantayan	13%	629	28,400
Celadon City	20%	5,095	71,066
Gamuda City	13%	3,896	495,565
Gamuda Cove	16%	3,064	182,234
Gamuda Gardens	17%	7,583	88,415
HighPark Suites	69%	620	147,484
Horizon Hills	35%	43,100	TBC
Jade Hills	33%	7,258	343,023
Kota Kemuning	24%	82,500	20,000
Kundang Estates	17%	4,351	70,340
Madge Mansion	10%	313	12,741
Robertson	60%	634	29,811
twentyfive.7	12%	1,372	82,938
Valencia	35%	16,726	15,000
Yenso Park	98%	20,516	TBC
TOTAL	NA	264,427	1,602,380

Data disclosed is based on project date of completion.

Table 9: Landscape area trees and shrubs planted across our developments up to year 2019

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 environment, with the purpose of enhancing the local ecosystem. ATR has been carried out in Gamuda Gardens, Gamuda Cove and twentyfive.7. Since 2016, we have planted nearly 5,000 trees following this initiative.

Lakes and Ponds Design

Gamuda Land developments are widely known for its parks and lakescapes which play an important role in promoting sustainable and ecological balance. We create waterbodies and connected waterways to support aquatic ecosystem while serving as unique landscape features that will be integral to the community.

Our waterbodies also act as a natural infrastructure for flood mitigation through their storage function, reducing the rapid flow of surface water into rivers and water drainage.

Permeable pavement	Bioswales	Wetland filter and retention pond
Replaces concrete pavers, allowing for better water infiltration	Reduces water ponding, allowing better stormwater management	Serves as drainage discharge allowing better stormwater management as well as recreational space for the community
		

Figure 16: Features of waterbodies that contribute to stormwater management and unique landscape across our developments

Waste Management at Our Townships

The materials we use are valuable and it improves our resource efficiency which has beneficial impact on our costs and the environment. This year, we introduced a new waste management model, the 6R initiative to assist us in managing materials and wastes at our townships. Our key initiatives are listed in the table below.

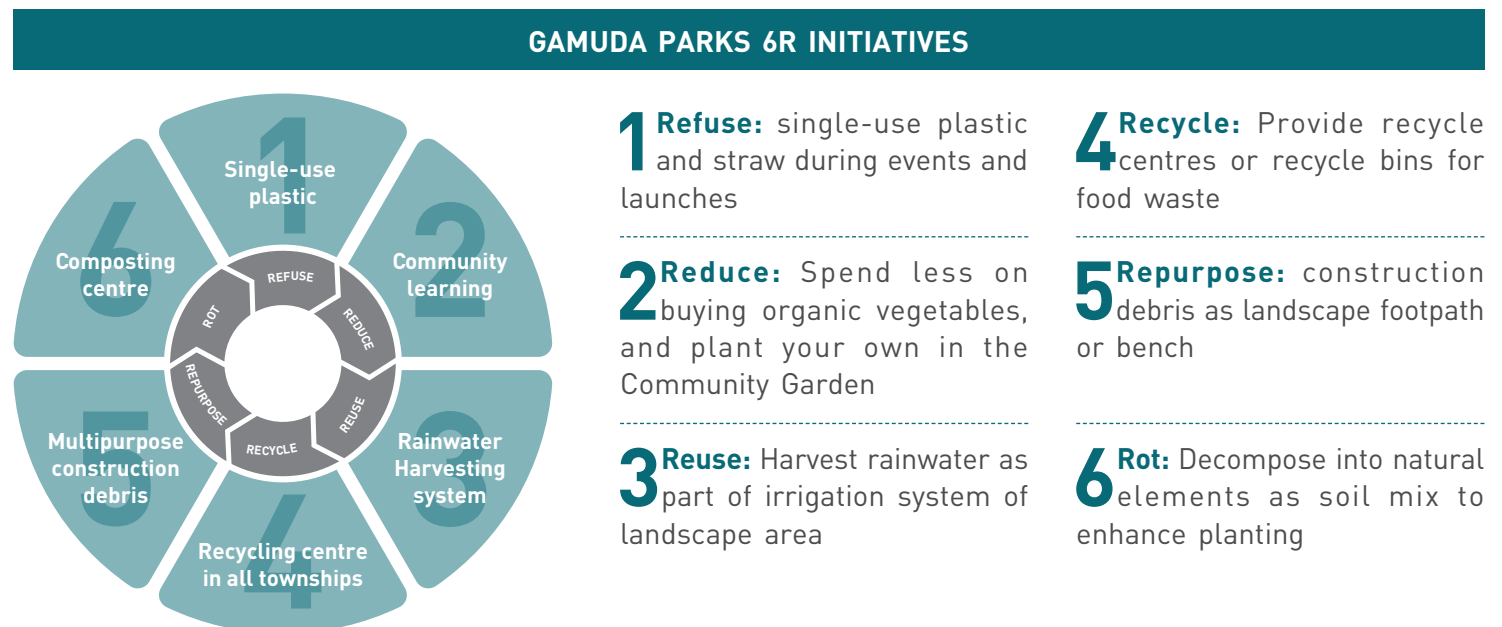


Figure 17: Gamuda Park's 6R initiatives

Sustainability Statement (Cont'd.)

Our Waste Management Initiatives



Textile Waste Recycling

- Decomposition of textile waste releases methane, a harmful greenhouse gas which contributes to global warming and impacts human health.
- In keeping textile waste out of landfills, Gamuda Parks Fabric Recycling Bin has been adopted in Menara Gamuda since April 2019. We aim to fully adopt textile recycling across most Gamuda Land's commercial buildings, townships and sales galleries by July 2020.
- We have collected 1,000kg of fabrics from participating GL townships and operating areas. We aim to collect 2,020kg by 2020.



Compost on Wheels

- As part of our "Repurpose and Rot" initiative, Gamuda Parks 'Compost on Wheels' will be featured at Gamuda Land's Marketing Event at townships, starting October 2019. It is a composting system that will decompose food waste within 24 hours into soil enhancer.
- Our 'Compost on Wheels' is mobile from townships to townships to encourage composting within our community. Currently, our 'Compost on Wheels' are available at Gamuda Gardens, Kundang Estates and twentyfive.7.
- By end 2020, we target to achieve 150kg of compost materials (from food waste).
- We aim to promote leaf composting to all of our townships, by introducing composting ground by end 2020.



No Plastic Bottles

We are refusing the usage and supply of plastic bottles within the Group, in line with the Government's initiatives to ban plastic use. Reusable, personalised stainless steel tumblers were provided to all Gamudians, to reduce the usage of plastic bottles by August 2019. Further details are available on page 108.



Recycle Centre and Recycle Bin

- We aim to encourage and promote awareness of waste management through recycling among our township communities. By the end of FY2019, recycle centres and recycling bins will be adopted in most of Gamuda Land commercial buildings or public area.

Figure 18: Gamuda's waste management initiatives

Sustainability Advocacy

Looking beyond the responsibility as a developer dedicated to sustaining the carefully-planned biodiversity at our developments along with community well-being in mind, Gamuda Land seeks to raise awareness through creative programmes and strategic events.

National Geographic Earth Day Run



In conjunction with Earth Month in April 2019, Gamuda Land collaborated with National Geographic Asia for an Earth Day Run in Kota Kemuning. Each year, the run supports a theme that promotes environmental efforts and this year's theme was "Planet or Plastic".

Through this collaboration, we seek to raise awareness of plastic pollution and reducing the amount of single-use plastic that ends up in the world's oceans.

More than 2,300 participants crossed the finish line to celebrate this initiative. These participants, along with other eco-warriors pledged their support to reduce the use of single-use plastic.

Gamuda Parks (GParks) Ranger



GParks Ranger programme is an initiative to inspire the younger generation to care about nature and instill a sense of environmental responsibility within them. This is achieved through fostering pro-environmental actions and educating them on biodiversity management through this positive platform.

Our young ambassadors, GParks Rangers are committed to care for mother nature and report biodiversity sightings especially in Gamuda Land townships. Currently we have 1,221 GParks Junior Rangers and have contributed to 1,288 seeds planted.

More information on our GParks Ranger programme is available at <https://gparksranger.com/>

Sustainability Statement (Cont'd.)

WASTE AND EFFLUENT MANAGEMENT

Illegal dumping activities in Malaysia have drawn public attention and sparked rising concerns on the way construction waste are being managed within the country. Poor waste management, ranging from non-systematic segregation to illegal disposal leads to air pollution, water and soil contamination which pose serious risk to the environment and human health.

We strongly believe in our responsibility and role in managing the environment and community wellbeing. Thus, we remain committed in managing waste generated from our operations according to local waste regulations. We are determined to minimise negative impacts to the environment and human wellbeing through responsible waste and e-waste management efforts.

Construction Waste Management Practices

Our operations generate different types of waste, including construction, scheduled and municipal waste. We aim to ensure that all construction wastes are managed through our Waste Management Plan (WMP), improving resource efficiency and minimising waste disposal to landfills.

To ensure effective implementation of the WMP, our project teams on-site is responsible to monitor, record and report waste generated from our operations. The chart below illustrates Gamuda's on-site WMP.

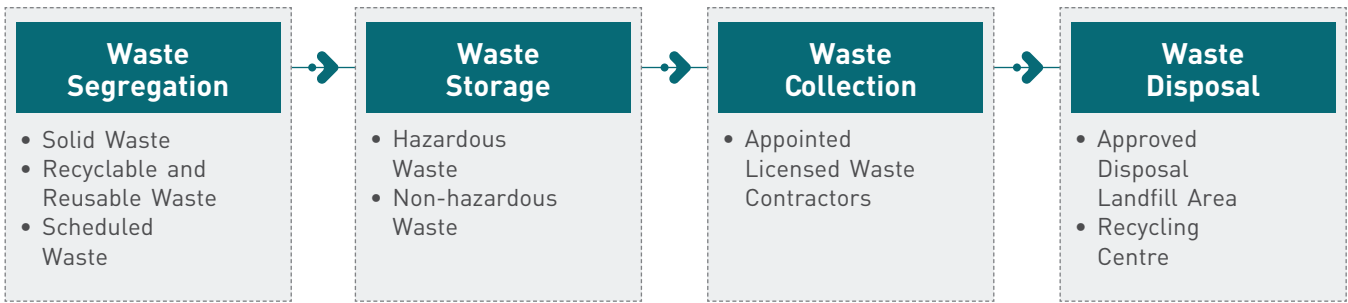


Figure 19: Gamuda Waste Management Plan (WMP)

The 3R (Reduce, Reuse and Recycle)

The 3R concept is the fundamental approach for solid waste management and this practice is adopted at both our construction site and Menara Gamuda. Our key initiatives according to the 3R approach are as illustrated in the table below:

	Initiatives
Construction site	• Recycling bins are located at site office • Excavated materials (rocks and sand) are reused to provide backfill for old mine mixing ponds and ground level areas • Demolition materials (woods, concrete and steel) are reused for site hard-core, temporary roads and backfill • Steel recycling by using old steel products and other forms of ferrous scrap to produce new steel

	Initiatives
Menara Gamuda	- Recycling bins are located at common areas such as lift lobby at every floor in Menara Gamuda to encourage the habit of recycling among our employees - Reducing the usage of single-use plastic bottles by 100% - Reducing paper usage by setting a minimum target of 10% reduction by 2019
Gamuda IBS	- Recycling of unusable steel bars - Recycling of hydraulic and lubricating oil

Table 10: 3R initiatives at construction site, Menara Gamuda and Gamuda IBS

To enhance our waste management approach and performance, our FY2019 data was set as our preliminary waste baseline to determine the target to reduce 10% of our waste disposed to landfill at our construction sites by FY2020. Gamuda IBS has also set a target to recycle 100% unusable steel bars and 80% of hydraulic and lubricating oil by FY2020.

	Amount (tonnes)		
	FY2019		
	General and Non-hazardous waste	Scheduled waste	Recyclable waste
Selected construction sites (excluding Gamuda IBS)	121,004	104	884.5
Menara Gamuda	N/A	0.15	1.83

Scheduled Waste Type	Scheduled Waste Code	Amount (tonnes)
Waste containing mercury or its compound	SW 109	0.15
Spent lubricating oil	SW 305	66.55
Spent hydraulic oil	SW 306	5.85
Oil-Water Mixture	SW 309	2.1
Contaminated soil, debris or matter	SW 408	0.78
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW 409	26.66
Rags, plastics, papers or filters contaminated with scheduled wastes	SW 410	2.19
Mixture of scheduled wastes	SW 421	0.63

* Data covers our operations in RSKU Bandar Serai, RSKU Cyber Valley, RSKU Puncak Bestari, HighPark Suites, Gamuda Cove, Gamuda Gardens, twentyfive.7, Belfield Tunnel, KVMRT Line 2, Menara Gamuda and Gamuda IBS.

Table 11: Scheduled Waste Disposed in FY2019

Sustainability Statement (Cont'd.)

Effluent Management

The discharge of stormwater and wastewater is strictly regulated by the government to prevent environmental pollution and flood mitigation. As part of the requirements of the Urban Stormwater Management Manual (MSMA) developed by the Department of Irrigation and Drainage, we strictly monitor and track the quality of water discharged through an Erosion and Sedimentation Control (ESC) plan. The ESC plan ensures pollutants such as Turbidity and Total Suspended Solids (TSS) readings of the discharged water do not exceed the legal limits, thus preventing pollution of the Earth's valuable water source.

Stop Single-Use Plastics

In addition to the 6R initiative, we embarked on a new initiative to eliminate the use and provision of plastic water bottles by August 2019 to support Malaysia's Roadmap Towards Zero Single-Use Plastics by 2030. Stainless steel water bottles are provided to Gamuda Land's employees as a more sustainable and environmentally friendly alternative whilst raising environmental consciousness among our employees.

Aligning with Gamuda Land's Brand Value "We Respect the Nature and the Environment", we also set out to create awareness on the usage of single-use plastic among Gamuda Land customers. Instead of disposable water bottles, portable water filters are provided for public or marketing events while floor standing water dispenser and wax-free paper cups are provided at all Gamuda Land Experience Galleries and Satellite offices.

In 2018, almost 140,000 plastic bottles were purchased for general usage. With our new commitment, we estimate a potential annual savings of RM46,000. We aim for continuous improvement in our waste management efforts to minimise the impact of consumption on the environment.



Human Capital Development

AS WE ADAPT OUR BUSINESS MODEL IN CURRENT TIMES, OUR PEOPLE ARE REQUIRED TO SHIFT ACCORDINGLY TO REMAIN COMPETITIVE AND RELEVANT. WHILE WE CONTINUE TO CONTRIBUTE TOWARDS NATION BUILDING BY CREATING OPPORTUNITIES FOR VARIOUS STAKEHOLDERS, WE NEED TO PREPARE OUR WORKFORCE TO BE IR4.0 READY. WE CONTINUE TO INVEST IN THE DEVELOPMENT OF OUR HUMAN CAPITAL AND ENHANCE THEIR WELL-BEING AS WE STRIVE TO CREATE A HIGHLY ENGAGED AND MOTIVATED WORKFORCE. IN ADDITION, THE INCLUSION AND IMPORTANCE OF LEADERSHIP COMPETENCIES ARE VITAL TO UPSKILL AND PREPARE GAMUDIANS TO ADAPT RAPIDLY AS THE GROUP DIVERSIFIES AND EXPANDS ABROAD.

EMPLOYEE MANAGEMENT

Our employees are our most important asset that pushes boundaries to drive our long-term growth and business success. We emphasise on providing a work environment that is inclusive and inspiring, allowing them to realise their true potential.

This is achieved through effective Human Resources (HR) policies guided by our talent management 4R approach – Recruit, Retain, Replenish and Renew.

Recruit

As the construction and property industry continues to evolve due to changing behaviours and technological innovation, the need for attracting, developing and retaining the right kind of talent has become vital. This is to ensure that we stay ahead of our competitors, adapting to change and remaining relevant, to ensure we deliver long-term value for all of our stakeholders.

Our recruitment processes adhere to strict guidelines on non-discrimination and fairness, regardless of age, gender and ethnicity. Apart from experienced hires, we seek to recruit and groom young talents into promising leaders for the Group. Through our recruiting platforms such as our Gamuda Graduate Programme, Graduate Internship Programme and partnership with various academic and governmental institutions, we have recruited 440 young talents in FY2019.



Utilising Digital Technology in Recruitment

This year, we adopted an artificial intelligence (AI) software which matches a candidate's profile to Gamuda's core competencies. The utilisation of digital technology has greatly improved the efficiency of our recruitment process, allowing us to reach out to a wider pool of talents with suitable profile in a timely and cost-effective manner.

Sustainability Statement (Cont'd.)

New Hires Headcount

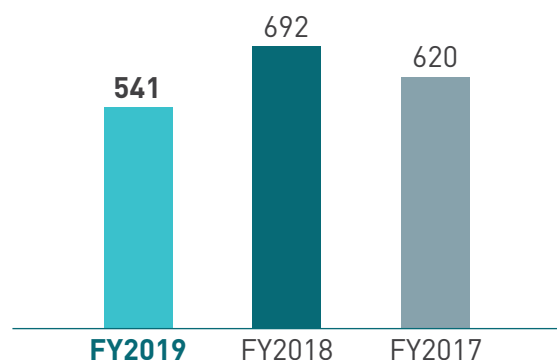


Figure 20: The Group's new hires headcount

New Hires Rate

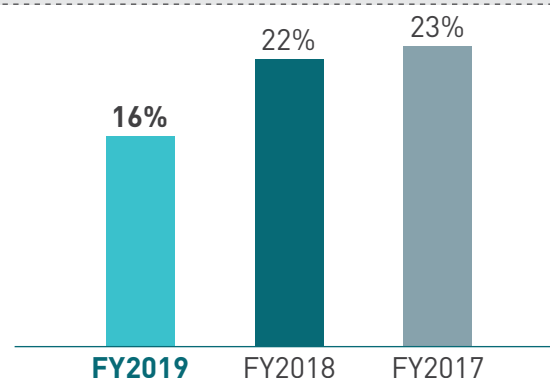


Figure 21: The Group's new hires rate

Employee New Hires	FY2019		FY2018		FY2017	
	Number	Rate*	Number	Rate*	Number	Rate*
By age group						
Under 25	233	7%	384	12%	143	5%
25-34	207	6%	200	6%	316	12%
35-44	64	2%	72	2%	95	4%
45-54	31	1%	32	1%	48	2%
55-59	5	0%	3	0%	12	0%
60 and above	1	0%	1	0%	6	0%
By gender						
Female	180	5%	199	6%	233	9%
Male	361	10%	493	15%	387	14%
By region						
Malaysia	541	16%	690	22%	618	23%
Others	0	0%	2	0%	2	0%
TOTAL	541	16%	692	22%	620	23%

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

Table 12: The Group's number and rate of new hires

Post-Recruitment Corporate Induction Programme

We undertake conscious effort to provide positive first experiences for new hires in promoting attitudes that will energise and motivate them to be more engaged in their work. A solid onboarding bridges the gap between candidate experience and employee experience as they are equipped with information, knowledge and support needed to succeed on the job.

Our official onboarding initiative, the Corporate Induction Programme (CIP) is a two-day programme led by the Group's Human Resource Department and key presenters from various departments. This year, we enhanced our CIP to achieve the four objectives illustrated below:

 Culture To familiarise with Gamuda's vision, mission, history, culture and values	 Connection To inspire and welcome new hires through engagement with Gamuda's leaders and current employees	 Clarification • To understand the expectation through clarification of their job roles and responsibilities • To share knowledge, resources and available platforms for career development	 Compliance To educate them on important policies, rules and regulations

The presence of relevant department representatives, amongst other key internal stakeholders, during the engagement sessions offers insights into the various departments and the interdependencies between them. The engagement sessions also serve as an opportunity for the new hires to build their network within Gamuda at an early stage.

To make our engagement sessions more interactive, we have encouraged more group discussions, activities and workshops as well as incorporated the use of digital tools such as Kahoot and Mentimeter to provide a better learning experience. We also conduct workshops like the Leading Urban Sustainability Labs, designed to embed the sustainability mindset in our new hires from the get-go.

We also collect feedback from new hires on their onboarding experience to help us track our progress against overall objectives and identify further avenues for improvements.

Sustainability Statement (Cont'd.)

Retain

We recognise a strong talent pipeline is important to ensure continuity in delivering the Group's strategic objectives. We aim to retain our best talents through effective engagement, promoting employee's wellbeing and providing fair and attractive remuneration packages.

Given our emphasis on employee retention efforts, we have maintained a stable turnover rate of 10%, which is lower than the industry average of 15%.

Turnover Headcount

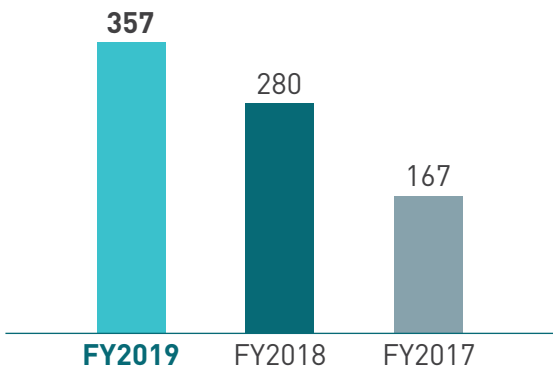


Figure 22: The Group's turnover headcount

Turnover Rate

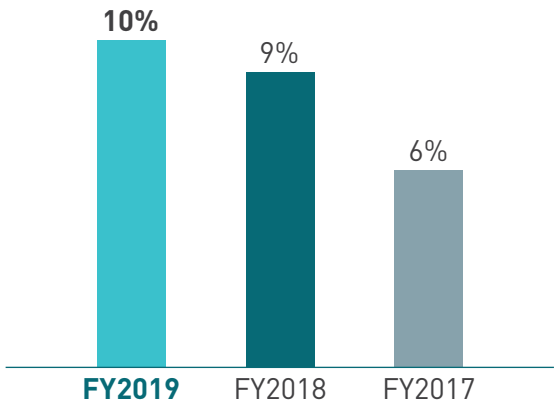


Figure 23: The Group's turnover rate

Fostering Employee Engagement

We encourage open conversations among employees and provide opportunities for our employees to express and share their experience at work. Our various communication channels enable a two-way dialogue through town-hall meetings, Workplace by Facebook, intranet and others. We continuously aim to improve employee satisfaction by fostering a strong employer-employee relationship through regular and effective engagements.

We also ensure a healthy work-life balance for our employees which supports our belief that work and life need to be complementary and synergistic. Every year, we organise various engagement activities, which serve as avenues for networking and relationship-building to foster a sense of belonging among employee across all business units. Through our in-house Sports Club, employees have various choices to participate in annual trips, sporting and social events at subsidised rates.

Gamuda IBS – DIG.IT

Gamuda IBS recognises the magnitude of the measures needed to be ahead of the game in today's digital ecosystem. It is therefore imperative to promote, develop and nurture an innovative and digital-centric mindset among Gamuda IBS employees, given the significant investment in digital technology plays at Gamuda IBS.

"DIG.IT" was introduced in FY2018 to provide a structured platform for employees to spur and present ideas while taking ownership of the resulting initiatives. DIG.IT aspires to create a culture that is geared towards embracing fast-paced digitalisation. DIG.IT stands for Disrupt, Innovate, Generate, Inspire and Transform, and is based on these five themes:

Disrupt	Be the game changer
Innovate	Think out-of-the-box, with new technologies
Generate	Implement "funky" ideas and just do things differently and better
Inspire	Encourage and influence others to adopt the change
Transform	Bring the business to a whole new level

We hope to achieve continuous improvements to existing processes through identification of gaps and opportunities, followed by devising suitable solutions. This is complemented by the added benefit that ideas and recommendations are coming directly from our workforce. These collective efforts are regarded as an asset because it is reflective of how our people aspire to align to Industry 4.0, and not just depending on the tone from the top.

We believe that innovative thinking among our people will be a huge driver for Gamuda IBS to keep up with and embrace the latest technological trends. Gamuda IBS has already started giving out awards as a token of appreciation for the efforts undertaken by its employees towards DIG.IT, and endeavour to ensure that this becomes a regular initiative. We hope to encourage and inspire more Gamuda IBS employees to express and share creative ideas in the future.

Well-being and Competitive Remuneration

Employees and Workers' Well-being

We take responsibility in creating a safe and healthy environment that supports both physical and emotional well-being of our people. We are aware that workers' well-being especially mental health is a rising concern and we aim to provide an avenue for employees to seek confidential support for mental well-being. Workload, long hours, extended time working away from home, work environment and organisational factors could potentially impact our worker's well-being.

Sustainability Statement (Cont'd.)

We recognise that the health and wellness of our employees have a direct effect on the organisational productivity. Following this, we have piloted an Emotional Wellness Programme, an initiative by Gamuda Women Empowerment Network (GWEN). For more information on the Emotional Wellness Programme, refer to page 120.

Centralised Labour Quarters

We aim to provide our workers with a living environment that is both comfortable and conducive. A Centralised Labour Quarters (CLQ) has been provided to all workers at Gamuda IBS factories as well as those on KVMRT Line 2 and Pan Borneo Highway projects, equipped with clean accommodation and complete with amenities for workers' safety and comfort. Facilities such as kitchen and drinking water sanitation, common toilets and bath areas, washing area, garbage disposal, medical clinic with in-house doctor, convenience store, hair salon, laundry service, cafeteria and surau are also provided. The CLQ is also equipped with closed-circuit television cameras (CCTV) and a facial recognition turnstile system to monitor the workers' movement with 24-hour surveillance by security guards.

Employees' Benefit and Remuneration

In recognition of our employees' commitment towards the Group, we provide competitive compensation package and attractive benefits for our full-time employees, regardless of grade or position. Key benefits offered are listed in the table below, but not limited to:

Types of benefit	Details
Leaves	Annual Leave, No Pay Leave, Sick or Hospitalisation Leave, Marriage Leave, Paternity Leave, Maternity Leave, Childcare Leave, Family Care 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
Allowance and Subsidy	Professional Membership Subsidy, Childcare Subsidy, Business Travel Reimbursement (BTR)
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

* We have extended the Group Term Life Insurance to contract employees since FY2018.

Table 13: Summary of the Group's key benefits to full-time employees

As a family-friendly employer, we provide additional paternity leave and childcare leave to eligible employees, beyond regulatory requirements. This is intended to balance the demands of the workplace with the needs of families, to promote the stability and economic security of families. The increase in the uptake of parental leave over the years demonstrates that we recognise shared professional and domestic responsibilities amongst men and women, helping dual-earner families to achieve work-life balance. Our efforts have resulted in a high

retention rate among employees who utilised parental and childcare leaves as shown below:

Family Leave	FY2019	FY2018	FY2017
Paternity Leave	77	72	52
Maternity Leave	64	54	40
Childcare Leave	227	95	60

Table 14: Number of employees who utilised parental and childcare leave

Employees who took parental leave	FY2019		FY2018		FY2017	
	Female	Male	Female	Male	Female	Male
Return to work rates	100%	100%	100%	100%	100%	100%
Retention rates	91%	92%	96%	89%	85%	90%

Table 15: Gamudians' post-parental leave return to work and retention rate

Our support towards our employees who are parents extends beyond leave entitlements. In 2015, a childcare centre was set up at PJ Trade Centre which is within proximity to Menara Gamuda. This is in line with the Women, Family and Community Development Ministry initiative to establish childcare centres in government and corporate offices to retain working mothers. Whilst the centre is managed independently, Gamuda parents are entitled to enjoy childcare services at a subsidised rate. The centre is currently approaching full capacity, with 48 children, including babies, of which approximately 65% are children of Gamudians. We hope the provision of on-site childcare facility will provide working parents with a peace of mind, helping them to focus on their career growth with a better work-life balance.

Long Service Recognition

We are truly thankful for our employees who have served the Group for at least 10 years as it reflects our reputation as an employer of choice. We present deserving employees with our Long Service Award as a form of appreciation for their valuable contribution and commitment over the years.

	FY2019	FY2018	FY2017
Number of employees awarded	141	220	237

Table 16: Number of employees who received Gamuda Long Service Awards

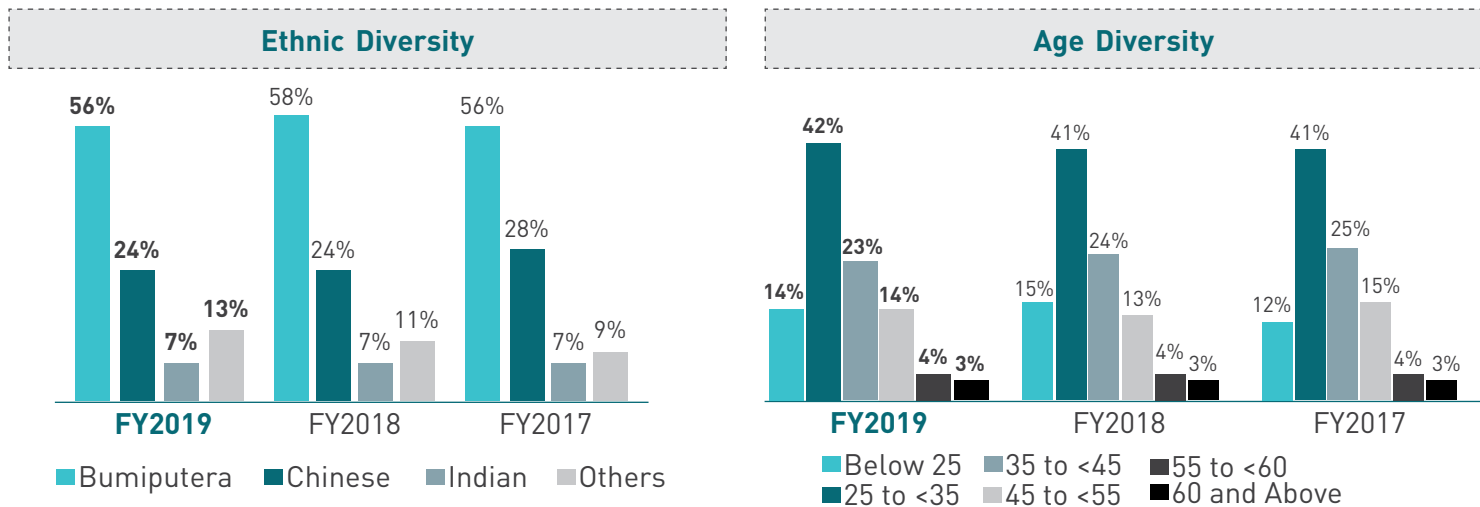
	FY2019	FY2018	FY2017
Top Management	19	20	19
Senior Management	13	13	13
Mid Management	9	9	9
Executive	5	5	5
Others	6	6	7

Table 17: 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, allowing for a greater variety of ideas to achieve our core value in advancing innovation. We are committed to nurture an environment that does not discriminate against race, gender, religion, age, socio-economic status or physical/neural ability.



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

Figure 24: The Group's ethnic diversity

Figure 25: The Group's age diversity

Our efforts in supporting gender equality is reflected through our Gamuda Women Empowerment Network (GWEN) programme to encourage and support the participation of women in our workforce. This is also in line with the national initiative of achieving 30% women representation on public-listed Boards by 2020 ("The 30% Club Malaysia Chapter").

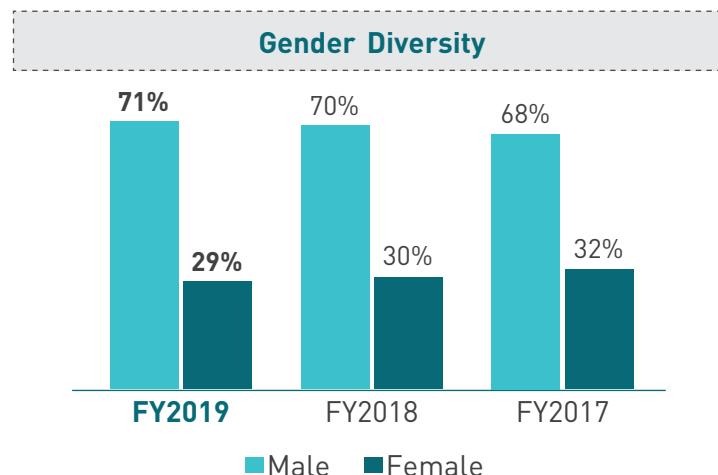


Figure 26: The Group's gender diversity

In FY2019, female diversity at our Board level remained at 43%, as it was in FY2018. Overall, we observed negligible changes in diversity across all employee categories.

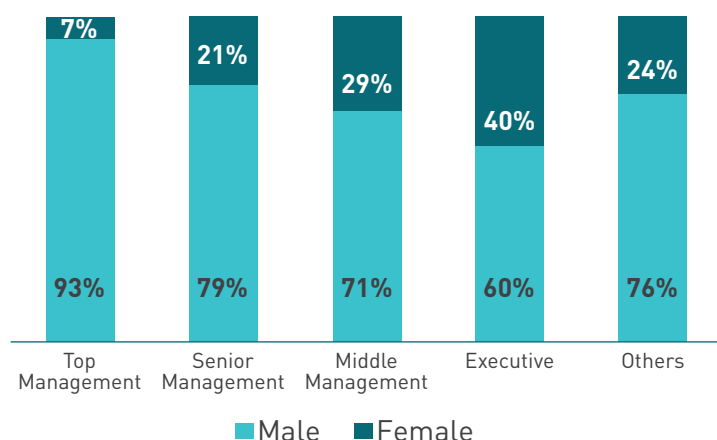
Gender Diversity by Employee Category (FY2019)

Figure 27: The Group's gender diversity by employee category in FY2019

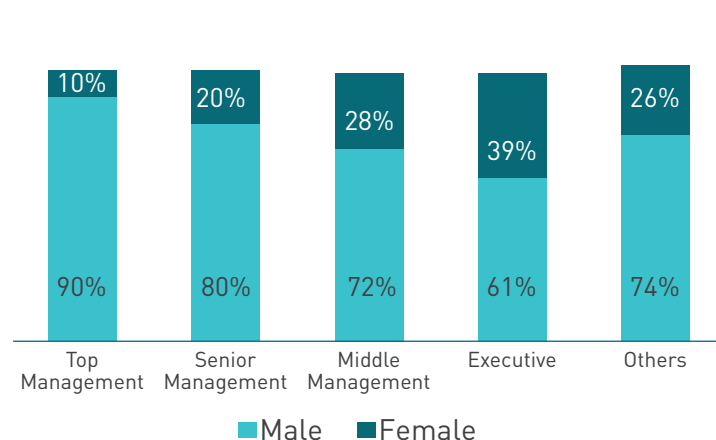
Gender Diversity by Employee Category (FY2018)

Figure 28: The Group's gender diversity by employee category in FY2018

Leadership Development

As we realigned our strategies to expand our business both locally and internationally, this year we are focusing our efforts towards upskilling Gamudians in terms of their leadership, strengthening their ability to embrace change in the Industrial Revolution 4.0 to remain relevant and competitive.

This year, we rolled out our Leadership Competency Framework to streamline and formalise our approach to developing our people and strengthen succession planning. One of the main highlights that stemmed from our aim to enhance leadership amongst our people is our Leap to Lead initiative.

Launched in February 2019, Leap to Lead involves series of ongoing leadership talks that address the three pillars of the Leadership Competency Framework – business savvy, self-savvy and people savvy. Taking the first step towards this change of culture, external speakers are brought in to complement the insights provided by our own people. This is done to provide a broader perspective of how to demonstrate leadership in the workplace, regardless of rank.

Moving forward, we plan to organise career planning workshop in all departments to understand our employees' leadership development needs. We are also looking into developing communications plan to instill leadership mindset among employees and strengthen the leadership brand within the organisation.

Gamuda aspires to churn out leaders who can take on important roles, be agile and adaptable to constant change. We strongly believe that the Leap to Lead initiative can play a significant role in achieving this. We take pride in our talent pool and believe that Gamudians can leverage each other's strengths to give Gamuda a competitive edge.

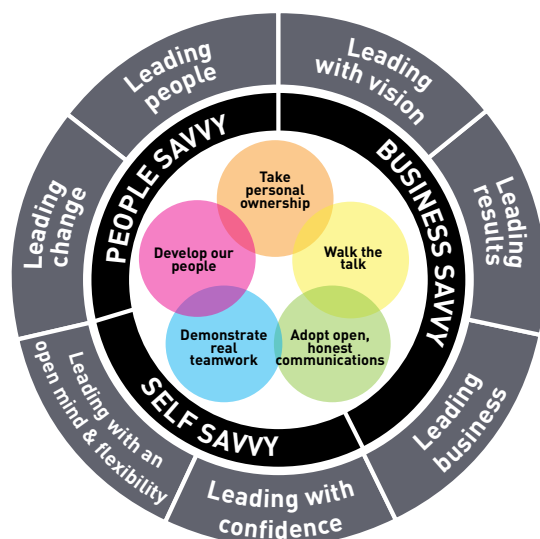


Figure 29: Gamuda's Leadership Competency Framework

Sustainability Statement (Cont'd.)

Empowering Women

Recognising the primary household responsibilities of women in caring and nurturing their children, we offer women-centric benefits package to our working mothers which includes:

Types of benefit	Details
Extended maternity leave	Female employees enjoy up to 90 days of maternity leave
Childcare subsidies	To subsidise the cost of childcare services for children up to 7 years old at RM120/month.
Childcare leave	Mothers are given paid leave to care for children (5 days per event and maximum 10 days per year)
Support facilities	Provide stork parking facility for expecting mothers in the office car park, a nursing room and crèche for young children at our headquarters
Women career comeback programme	To recruit and retain women who have not been working for at least 6 months in the workforce
Others	Provide support for pre-post-natal expenses; vaccination for young children; and family hospitalisation insurance on a co-sharing basis

Table 18: Summary of the Group's benefits that accommodate female employees

Gamuda Women Empowerment Network (GWEN)

In FY2018, we launched GWEN to help in the career advancement of women through a support network. It also serves as a platform to spread awareness on women empowerment and about raising the bar for Gamuda's female workforce in order for them to take charge of their careers and aim for the top. Our goal is to ensure strong diverse leadership pipeline. GWEN focuses on three pillars, mainly Career Development, Engagement and Well-being.

Through GWEN, our women are exposed to external leaders who share their views in terms of leadership experiences in a learning environment that would have direct relevance and personal impact. This year, we conducted two leadership programmes:

GWEN Leadership Programmes	Description
1. Global Leadership Summit: Everyone Has Influence	A one-day global initiative organised by Willow Creek Association, a non-profit organisation to inspire a grander vision amongst leaders as it leverages on key leadership principles that will drive people towards becoming their best self. We hope to provide action among leaders with the view that even small acts create effects which have the potential to impact the community and ultimately lead to nationwide transformation.
2. Women in Leadership by LeadWomen	A 6-month programme organised by LeadWomen, a renowned women empowerment platform in Malaysia to drive the increase of female participation in senior decision-making positions.
3. Women in Rail	Gamuda is one of the earliest members in supporting the establishment of Women in Rail (WIR), the Malaysian chapter that was launched in July 2019. The WIR was founded to improve diversity in the rail industry through networking opportunities and support for all women within the sector, including positioning rail as an attractive career choice for women.

Table 19: Leadership programmes that take place under GWEN

This year, GWEN's initiatives have expanded beyond helping women, and have traversed across the 4R approach towards managing our wider pool of employees. Some key initiatives from GWEN include our involvement with International Women's Day 2019, the Emotional Wellness Programme and Move@Work.

International Women's Day 2019: Game On for Fair Play

This year's International Women's Day was themed #BalanceforBetter, as it steers the path to a shared future built on diversity and inclusion. On 8 March 2019, we celebrated International Women's Day to mark the social, economic, cultural and political achievements of women. Growing our youth workforce, through striking the balance to think equal, building smart and innovating regardless of gender and diversity are some of the key topics for this year.

The world is now characterised by evolving gender responsibilities and the use of digital technology to improve the way people work. The path to a shared future is built on diversity and inclusion. The construction industry as a whole is one of the most notoriously male-dominated professions. However, with technology involved and the industry becoming more digital, more engineering works are taken off-site for women to look forward to especially for the newer generation.



The Minister of Youth and Sports, YB Tuan Syed Saddiq attended this year's celebration, sharing his beliefs that the youth are best placed to ensure that organisations prepare for the future and also lead today. A more conducive environment can be developed through empathy and collaboration regardless of race, gender, and religion.

Sustainability Statement (Cont'd.)

Emotional Wellness Programme

Organised by GWEN, this pilot project is extended to all employees to address the different elements of an employee’s wellness. The Emotional Wellness Programme is run by a Trainee Counsellor for two of our in-house community development initiatives, Project Differently-Abled and Enabling Academy. The Emotional Wellness Programme aims to provide a safe space for all Gamudians to express their emotions, whether work-related or personal. Launched in July 2019, this initiative has received positive feedback and we are motivated to create a healthier workplace.

We aspire to break the stigma surrounding mental health issues by organising related workshops and awareness sessions. We believe this will help to build a network of supportive, caring and empathetic Gamudians who can then spread this awareness beyond just the workplace.

Move@Work

Initiated by GWEN, Move@Work was carried out by Movement First, a sports rehabilitation company. A seminar was conducted on overall foot health as well as good habits to improve posture at the workplace. The Seminar was then followed by a health screening session, where participants were evaluated on postural structures and habits. A complementary on-site physiotherapy session was provided for 32 employees.

This initiative was well received by Gamudians with equal participation from male employees. This has set the pace for GWEN’s gender-neutral approach, encouraging good workplace health and performance among employees.

Renew

Our “Renew” approach is in line with our core value – develop new talents and our people. We seek to develop multiskilled employees by encouraging exposure to a range of functions to remain dynamic and resilient in this competitive industry.

Training and Development

In 2019, the training and development expenditure was over RM5.9 million across the Group and project sites.

The Group’s approach towards building our employee’s capabilities are illustrated below:

Gamuda Learning Centre (GLC)	Our dedicated in-house training arm that utilises career development plan to conduct Training Needs Analysis
English Language Unit (ELU)	To upskill the workforce by providing an avenue for language development for sustainable improvement and career advancement
Career Development Unit (CDU)	To support and encourage employees to take ownership of their career in Gamuda through internal career guidance and coaching
Construction Training Unit (CTU)	Provides young site supervisors and young engineers with development programmes encompassing real site work exposure

Table 20: The Group’s training and development initiatives

1. Gamuda Learning Centre (GLC)

The Group's Training Needs Analysis allows us to ensure our employee's development plans are designed purposefully to improve work performance. Skills-based and technical trainings are provided to employees from all career levels and job streams to ensure fair and equal opportunities. We have sharpened the focus of our training this year with a more targeted effort aimed at upskilling Gamudians in terms of leadership, and strengthening their ability to embrace changes brought forth by the Industrial Revolution 4.0 to remain relevant and competitive. Employees received 9.8 hours of training per employee from GLC compared with 13.3 hours per employee in FY2018.

2. English Language Unit (ELU)

As part of our development plan, an English Language Unit (ELU) was established to develop and implement programmes to enhance English language skills among Gamudians. Our efforts in driving high level of English proficiency was recognised by the British Council 2019 Innovation in Assessment Award. We are proud of this achievement as it attests to Gamuda's efforts in enhancing effectiveness of communication in English among our people.



3. Career Development Unit (CDU)

We are committed to understanding individual aspirations through ongoing communication, which will assist in mapping personal development plans and career paths. The CDU has been set up to support and encourage employees to take ownership of their career through the provision of internal career guidance and coaching. The Strengths-Development-Opportunities-Career Staller (SDOC) tool is used to discover Gamudians' personal strengths and development needs, assisting them in developing their individual career development.

4. Construction Training Unit (CTU)

The Construction Management Programme (CMP), via the CTU, utilises real site work exposure to train young site supervisors and engineers. This programme facilitates training with internationally benchmarked construction skills adopted from the best practices in Australia, Europe and Singapore to springboard trainees' careers in the dynamic construction industry. CMP courses are accredited by CIDB for Civil and Structural or Building and Architectural Works. In FY2019, the increase in number of trainees is due to increased intake in preparation for the intensive construction work for KVMRT Line 2.

CMP Training	FY2019	FY2018	FY2017
Number of employees trained	130	40	111

Table 21: Number of employees trained in CMP

Sustainability Statement (Cont'd.)

L.E.T.S. - Learning. Experiential. Topical. Sharing.

In January 2019, the L.E.T.S. Series was rolled out as part of Gamuda's learning and development initiatives. It serves as an informal and bite-sized learning approach with the aim to enable employees to engage in continuous learning with lower time commitment.

We aim to achieve the following objectives through the L.E.T.S. Series:

- Encourage continuous learning by featuring useful topics and skills related to or outside work
- Promote sharing of knowledge, hobbies and skills among employees
- Improve employees' general knowledge and well-being
- Showcase department's or individual employee's expertise and knowledge
- Foster collaboration between departments for learning and development initiatives
- Encourage engagement between employees of various departments and backgrounds

As of October 2019, 13 L.E.T.S. Series have been conducted with 549 attendees. Topics are tailored to the needs of employees which include Smart Shopping and other financial, emotional and social wellness discussions.

Performance Recognition and Reward

We recognise and reward the contributions of our people as we believe employee recognition is the principle of social proof in action towards building a high performing organisation.

We conduct performance reviews twice a year for all Gamudians 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.

This year, we are transforming Gamuda Land's performance management process, from an annual cycle system to a continuous performance dialogue system. This system promotes regular employee engagement and performance development, thus driving a culture of high performance and agility.

Gamuda's Gratitude Day

Leading change is complemented with the ability to lead people.

Our leaders are not only responsible for translating the vision for change, they also owe it to employees to continuously energise and engage with them throughout the transition. One of the ways is through our Gratitude Day celebrations. This celebration does not just recognise the hard work of Gamudians, it also encourages them to keep up the good work and continue to strive to do better.

The Gratitude Day promotes two-way communication, where employees are also encouraged to give recognition and appreciation at all levels, whether it is amongst peers or from subordinate to superior, beyond just a top-down effort. This is a good opportunity for our employees to shift their mindsets to take ownership at all levels.

A series of gratitude-themed activities were rolled out throughout the year to give our people the chance to put recognition into action. In the year under review, we have undertaken a series of activities to instil recognition culture within all employees, even if it simply involves a random act of kindness to a fellow colleague.

SAFETY AND HEALTH

A material part of our business revolves around protecting the safety, health and welfare of our most vital resource: our employees and workers. This includes our subcontractors, our suppliers and any other person who is impacted by the work we deliver. We are entirely dependent on our people and for that reason, creating and supporting work environments and systems that enhance the health safety and well-being, both physical and mental, of our people is indispensable. Integrating consistent and reliable safety and health metrics into our strategies is essential to achieve a sustainable organisation.

Safety and Health Management System

As safety and health are of paramount importance to the Group, we aim to continuously improve our safety and health performance through robust risk assessments and controls as well as adoption of best practices and procedures. Our Safety, Health and Environment (SHE) Policy outlines the relevant processes and approach that sets our high safety and health standards while also meeting regulatory requirements. This policy is regularly reviewed to continuously strengthen our safety and health performance and ensure it remains relevant to our business objectives.

Our Safety and Health Management System in all key business units are certified to local and international standards specifically OHSAS 18001:2007 Occupational Health and Safety and MS 1722:2011 Occupational Health and Safety Management Systems. This year, we have successfully transitioned to ISO 45001:2018 which is ISO's first standard for Occupational Safety and Health Management System that takes on a more proactive approach and emphasises on stronger management commitment, worker involvement, and

risk control. These certifications will be renewed periodically to ensure we are aligned with the latest industry standards.

Hazard Identification, Assessment of Risk & Opportunity and Controls

To meet the requirements of ISO 45001, we improved our Safety and Health Risk Management process which now includes identifying, assessing and implementing opportunities for continual improvement. We call this Hazard Identification, Assessment of Risk & Opportunity and Controls (HIAROC). Senior management plays a more important role in the enhanced risks and opportunities management process.

All employees and workers must promptly report all work-related hazardous and non-hazardous situation that they encounter and remove themselves from these situations. They must also have a discussion with their superiors and mitigate the issue prior to resuming work. 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.

Scheduled inspections and audits will be conducted to ensure the HIAROC process is implemented effectively. All site activities are required to undergo HIAROC process before the commencement of any project to better safeguard our employees and workers on site.

Our HIAROC process is also aligned with the newly-launched National Occupational Safety and Health (NOSH) Policy in February 2019 which aims to improve the quality of occupational safety and health through sustainable risk management at the workplace.

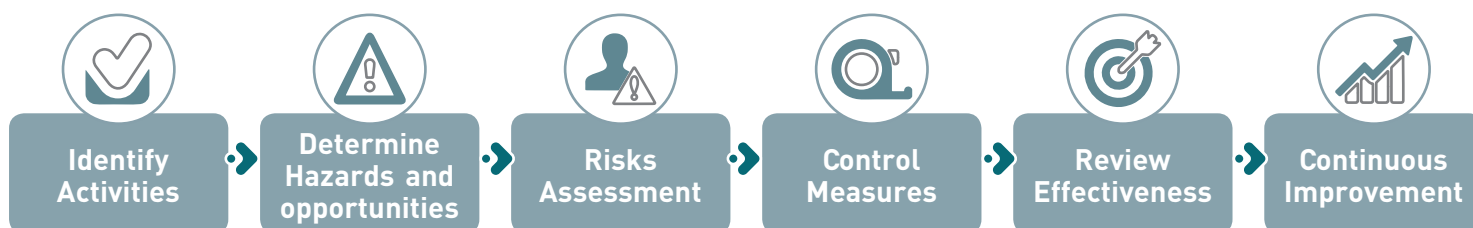


Figure 30: Key steps in the Group's HIAROC process

Sustainability Statement (Cont'd.)

Safety, Health and Environment Committee

We have a SHE committee team at all project sites to lead the implementation of SHE initiatives and to monitor SHE performance. SHE committee meetings are conducted at least once per month to serve as a platform in ensuring timely communication and effective HIAROC process implementation. Employees and workers may also communicate and provide feedback to management through the following channels:

- Toolbox and pre-task briefing
- Involvement in HIAROC during Job Safety Analysis and Method Statement review
- During incident investigation process
- Discussions during corporate and project level SHE committee meetings
- Management Review Meetings

The SHE committee team carries out regular site visits to guide our workers in implementing the Group's best practices and minimising harm at the workplace. We have in place an Incident Investigation and Reporting procedure to respond to any safety and health related occurrences reported by employees or workers on site. Incidents reported will be investigated by a SHE personnel and preventive or mitigating actions will be implemented. Data and trends gathered from these incidents will be reviewed critically to enhance existing SHE strategies and procedures.

Currently Gamuda has 654 representatives in the SHE Committee across all Gamuda's project sites and Menara Gamuda.

Training and Awareness

We regularly engage and educate our employees and contractors in building a strong preventive culture that integrates safety, health, and well-being at work.

Scheduled trainings are conducted to ensure all parties are equipped with relevant and updated information to meet safety and health requirements. These trainings include SHE induction programmes that aim to ensure relevant parties including clients, subcontractors and suppliers have a clear understanding of their roles and responsibilities in upholding safety and health standards. It is mandatory to participate in the training and fulfil the necessary requirements to manage safety and health issues before entering a project site.

Our contractors also have an obligation to provide adequate training to their workers and sub-contractors.

In our projects, we have taken the lead by introducing new safety schemes, which include Gamuda Construction Safety Passport (GCSP), Project Delivery Partner's (PDP) SHE Passport Scheme and Underground Construction Skills Certification Scheme (CSCS). Our GCSP is accredited by the Construction Industry Development Board (CIDB) as equivalent to their Green Card Programme. The PDP's SHE Passport Scheme and CSCS is a certification card scheme that ensures all employees and workers on-site have the necessary training and competency qualifications for the type of work they carry out.

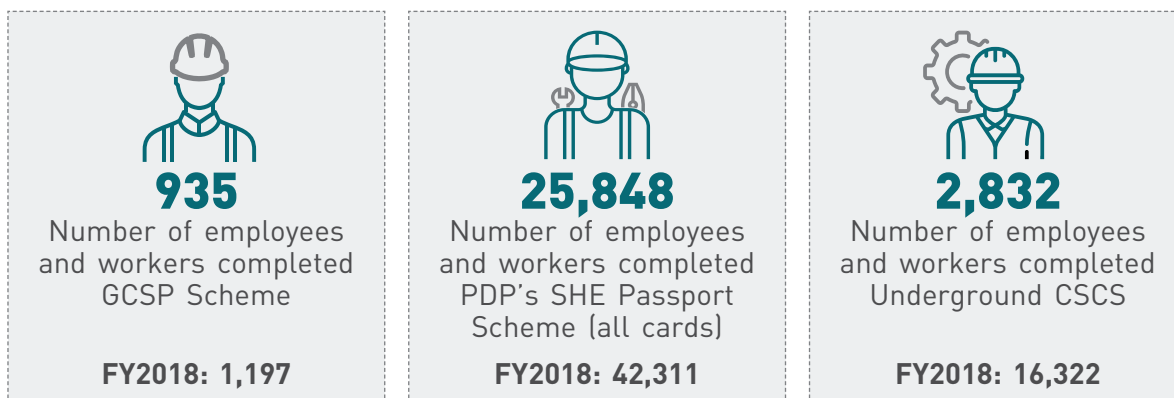


Figure 31: Number of employees and workers who attended safety and health training

We strive to reduce the number of accidents in our operations through continuous monitoring and process improvement. In FY2019, we recorded 1.94 LTIFR and 2.01 Accident Rate which we succeeded in maintaining our target of below 8.8 LTIFR and 2.5 Accident Rate.

Year	LTI Frequency Rate		Accident Rate	
	FY2019	FY2018	FY2019	FY2018
Gamuda Berhad (including Gamuda Engineering)	1.94	0.57	2.01	1.45
Gamuda Land	0.44	0.00	0.84	0.00

Table 22: LTIFR and accident rate

Contractor's Safety and Health Performance

Our Safety and Health Management System include managing contractors' safety and health performance. Our procedure in managing contractor's SHE performance are illustrated in the figure below



British Safety Council International Safety Awards 2019 – Distinction Score

MMC Gamuda has received multiple awards from the British Safety Council (BSC) at the annual International Safety Awards Gala Dinner in April 2019. This includes International Safety Award, Best in Country Award and Sector Awards under the Construction and Property Activities Category.

MMC Gamuda is one of the top 10% of the 590 applicants worldwide that received Distinction honours in the International Safety Awards. The award recognised MMC Gamuda's true dedication to promoting workplace health, safety and environmental (HSE) excellence.

Partnership Programme Highlights

Gamuda Land supports and is committed to the 'Country OSH Policy' (Dasar Keselamatan dan Kesihatan Pekerjaan Negara) with the signing commitment campaign. This commitment signing campaign acts as tools to raise safety and health awareness among all players in the construction and property industry in the country. (25th April 2019).

Sustainability Statement (Cont'd.)

STAKEHOLDER AND COMMUNITY RELATIONS

We are dedicated in creating social value for the local communities by fostering collaboration or partnership across sectors with government, media and community members. We believe this will lead to a more equitable and inclusive solution in delivering positive contribution to society. Our efforts in delivering social value include educational funding, development programmes for the underserved, as well as training programmes for communities involved in our projects. These efforts are also aligned with SDG 4 – Quality Education, to achieve inclusive and quality education for all.

Gamuda Land

Gamuda Land is committed to support The Ministry of Housing and Local Government in line with the Dasar Komuniti Negara (“DKN”). Hence in 2018, we adopted Projek Perumahan Rakyat (“PPR”) Lembah Subang – making the residents there part of our community.

Our decision to support PPR Lembah Subang I & II is centred on delivering meaningful change for the local community via a long-term and constant engagement. We have engaged the community via facilities upgrading programmes at the kindergartens, organising teaching groups to hold art workshops for the children and more. Perhaps even more satisfying was our own staff stepping forward to paint murals across the area to brighten what was once dilapidated walls.

Plans are in the pipeline for the development of a community library at PPR Lembah Subang going forward, which will help address the impact issues of poor literacy while providing children the gift of books and the pleasure of reading.

Yayasan Gamuda

Established in 2016, Yayasan Gamuda (YG) oversees all our charitable efforts and ensures all initiatives are in line with Gamuda’s aspirations for community investments. The foundation arm focuses primarily on educational aid and community improvement and has contributed year on year to various causes both within and outside of Gamuda, including Gamuda Scholarship, Enabling Academy and the Star Golden Hearts Awards.

In this financial year, YG has committed to allocate up to 2% of our profit before tax annually towards our initiatives that support education and philanthropy efforts to deliver greater societal impact. We believe the profits earned can be reinvested in areas that will bring about significant social and economic difference in the places where we do business.

Gamuda Scholarship

Education is essential in providing the building blocks for an individual’s development, and thus we recognise the impact that it has charted the future of the younger generation. We have invested a total of RM41.6 million to provide 410 scholarships since 1996 to outstanding Malaysian students to pursue courses of their choice.

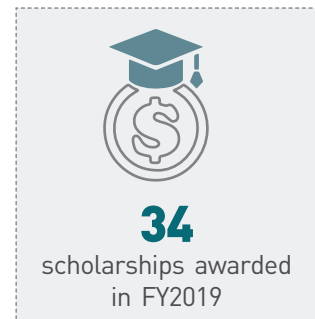


Figure 32: Gamuda Scholarship Award 2019 presentation ceremony

The Gamuda Scholarship, which started in 1996, covers the entire tuition fees and living expenses for students who are pursuing tertiary education – both locally and abroad. This scholarship is not only given to students who pursue construction industry-related courses, it is also for courses related to Accounting, Business, Information Technology and Human Resources. This immediately widens the pool of beneficiaries, and thus helps a larger proportion of the community.

This year, 34 deserving students were awarded the Gamuda Scholarship and obtained 100% guaranteed employment after graduation. We will continue to increase our efforts in searching and selecting deserving candidates to support them in furthering their education.

Data	FY2019	FY2018	FY2017
Number of Gamuda Scholarships awarded	34	34	33
Target for following year	40	40	40
Employment rate of scholars (%)	100	100	100
Number of scholars working in Gamuda	125	118	106

Table 23: Gamuda Scholarship

Opportunities for the Differently-Abled

People with disabilities tend to face challenges in securing employment that would support them to achieve their fullest potential. The Malaysian Social Welfare Department collaborated with the Japan International Cooperation Agency (JICA) to establish the Job Coach Service Programme in 2012 to promote employment amongst people with disabilities. This is a testament of the national efforts to encourage supported employment amongst people with disabilities.

We launched “Project Differently-Abled (DA)” in 2013 as an avenue to recruit individuals living with the autism spectrum disorder (ASD), with the hope of eventually providing them with sustainable employment. The success from Project DA urged us to launch Gamuda’s Enabling Academy (EA) in 2017. Funded by Yayasan Gamuda, EA trains individuals on the autism spectrum with skills that will enable them to integrate seamlessly into white-collar and professional jobs in other corporate companies. This is implemented via the Employment Transition Programme (ETP), a three-month programme which involves soft skills and practical job training that will contribute to the career development of these individuals and boost their confidence while promoting inclusivity and diversity at the workplace. For more information on our Enabling Academy and the ETP course structure, visit <https://gamuda.com.my/sustainability/yayasan-gamuda/enabling-academy/>.

EA is a registered Practical Assessment Centre for Accreditation of Prior Achievement since November 2018. This programme is a collaboration with the Department of Skills Development under the Ministry of Human Resources with the aim to establish more Employment Training Centres (ETCs) to prepare more people with autism for sustainable employment. 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 to possibly secure jobs that involve data science.

As of FY2019, 18 full-time DA colleagues have been recruited for administration, engineering, research and IT programming across various departments at Gamuda. Each recruited DA colleague is supported by an experienced supervisor and buddy, and this relationship is overseen by a support team. The support team also conducts awareness sessions, job coaching workshops and in-house training sessions for DA colleagues. Our DA colleagues are given equal opportunities to undergo the same career and training development as other Gamuda employees.

Sustainability Statement (Cont'd.)

Enabling Academy: Autism Awareness Seminar 2019

In conjunction with World Autism Month, EA held an Autism Awareness Seminar in April 2019 to create awareness and acceptance, sharing and building knowledge in improving the status quo for people living with Autism.

Speakers of the seminar – Mutually Inclusive Partnerships Director Keith Bates from the United Kingdom, together with two professors from University of Sheffield, Professor Dan Goodley and Professor Katherine Runswick-Cole lauded EA that prepares people with autism towards sustainable employment.



Among the attendees of the seminar were police personnel led by Bukit Aman DCP Datuk Lee Bee Phang and SAC Munusamy Rengasamy who shared that the police force has recently reviewed guidelines and SOP on handling suspects with autism.

One of the key messages is that there is a need for an inclusive culture in workplace and focus on partnership-building with businesses, in addition to holding the right aspirations and providing the right support through strong leadership. Recognising the importance of the voices of people with disabilities is also one of the key success factors for ETP.

Japan to continue partnership with Malaysia to promote employment of differently-abled individuals

In 28 November 2018, Japan's Vice Minister of Health, Labour and Welfare Akira Miyakawa made an official visit to EA and greatly appreciates EA's effort in supporting individuals with autism for sustainable employment.

"It is our great pleasure that Japan has contributed to the improvement of support for persons with disabilities in Malaysia. I would like to continue to work in close partnership with Malaysia and contribute to Malaysia."



Gamuda also forms partnerships with other companies to provide white-collar and professional employment opportunities for individuals with autism. EA conducts the necessary training and awareness sessions for these partner companies so that they are prepared and equipped to employ with a support ecosystem. Additionally, EA will also help Partner Companies create suitable job matches for EA graduates and provide ongoing consultative support to these employers, post-recruitment. Job matching is carefully done for every EA graduate in consideration of the job scope, company location and work environment. In FY2019, 15 EA graduates were offered to gainful employment in 10 partner companies.

Employment Type	List of Companies	
	FY2019	FY2018
Employment	• DRB HICOM Bhd • MMC-Gamuda Tunneling TU3 • Agrifert (M) Sdn Bhd • Sales Candy International Sdn Bhd* • Kampung Manis Realty Sdn Bhd* • Maran Road Sawmill Sdn Bhd* • UNIQLO (M) Sdn Bhd* • Rovski Sdn Bhd* • HSBC Electronic Data Processing (M) Sdn Bhd* • OCBC Bank (M) Bhd* • iCIMB (M) Sdn Bhd*	• Brick Dotcom Sdn Bhd • Feruni Ceramiche Sdn Bhd • Hap Seng Land • Macro Dimension Concrete Sdn Bhd • Gamuda Group • CIMB Bank Bhd • GM Klang Sdn Bhd • Ringo Low & Associates • DRB-HICOM Bhd • Agrifert (M) Sdn Bhd • Lafarge Shared Services Sdn Bhd
Internship	• All-For-One Production (Kota Kinabalu)* • Universiti Kuala Lumpur (UniKL)*	• Golden Screen Cinema Sdn Bhd • LafargeHolcim Regional Service Centre • Cake Sense • Thistle Hotel • Chris Koh & Chew • The Edge Communications • A & A Architect Sdn Bhd • ARC Partnership

* Denotes new partner companies in FY2019.

Table 24: List of partner companies under EA for FY2018 and FY2019

To date, we have trained 40 individuals and all have gained either employments and/or internships across the partner companies.

Employed	30
Internship	10
Total graduated EA trainees as of FY2019	40

Table 25: Number of individuals trained as well as gained employments and internships under EA

Sustainability Statement (Cont'd.)

Star Golden Hearts Awards

A joint initiative by The Star, Star Foundation and Yayasan Gamuda (YG), the Star Golden Hearts Awards celebrates everyday Malaysians who demonstrate extraordinary commitment to social work and promote unity among Malaysians. The Star Golden Hearts Awards was launched in 2015 and this year the organising committee received increased nominations compared to previous years with over 400 nominations from members of the public. This reflects the growing recognition for social enterprises to have more open market access.

YG is focused on pioneering positive change and has been sponsoring this award since 2016, celebrating the work of Malaysia's unsung heroes who have worked hard to help people regardless of their background or race. We believe that individuals and social enterprises are more than a charitable cause because they are doing greater good for the longer term. The winners of the Star Golden Hearts Awards are proven to have made tremendous sacrifice in terms of time, money, safety, and comfort to make a positive contribution for fellow Malaysians. They are people who selflessly dedicate themselves to helping others without expecting any returns, and indirectly fostering unity.

Every year, ten individuals or groups are selected as recipients of this award, of which the most outstanding entrant will be selected for the Star-Gamuda Inspiration Award. This individual will be rewarded with RM50,000 for their contribution to society. Details of Star Golden Hearts Awards FY2019 is available at <https://www.starmediagroup.my/star-foundation/star-golden-hearts-award/>



An Inspiration to the Nation – Creating Prosthetic Limbs for Children

2019's winner of the Star-Gamuda Inspiration Award is former teacher Sujana Mohd Rejab. The self-taught teacher started his own company specialising in 3D printers which later turns into an inspiration and passion in assisting children in need through limb design. Fondly known as Pak Su, his aspiration is for Malaysia to be the cheapest producer of high quality 3-D printed arms and he aims to provide a new lease of life to underprivileged children with disabilities.

The provision of prosthetic limbs by Sujana enables physically impaired individuals to benefit, having equal privileges and access to a quality life with dignity and in return, they are able to contribute back to the society in a virtuous cycle.



*Figure 33 – Star-Gamuda Inspiration Award 2019
(Star Golden Hearts Awards) winner, Sujana Mohd Rejab*

This initiative is viewed by many as something that has contributed significantly to nation-building over the years. These awards have captured the hearts of many Malaysians, and the growth in participants over the years has proven just that. The collaboration between Star Media Group, Star Foundation and Yayasan Gamuda has been greatly commended and encouraged to continue and progress in years to come.

“ The 10 winners of Star Golden Hearts Awards 2019 are fine examples of unsung heroes who have bridged gaps and promoted unity across all backgrounds. These awards are a form of recognition for their selfless work and sacrifices. I hope it will inspire and motivate the recipients to do much more for society. ”

Tan Sri Lee Lam Thye, Chief Judge of Star Golden Hearts Awards

Upskilling Local Communities

Given the level of construction-related knowledge, skills and competence required in our projects, we have collaborated with external partners to establish several training programmes to upskill not just our employees, but everyone involved. This also includes graduates who will form the future talent pool in this industry. These programmes are mainly centred around building technical capabilities and enhancing SHE-related competencies.

The training programmes typically conducted are:

Programmes and Objectives	FY2019	FY2018	FY2017
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	464	213	225
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 (grey cards)	9,650	7,500	6,808
Gamuda Plant Operator School (GPOS) Competency training assessed by DOSH and CIDB for crane and plant operators	960	802	957
Collaboration with Kolej Komuniti (KK) IBS Production Technicians for the IBS factory	23	12	15
Gamuda IBS Training Centre Reskill graduates from technical and vocational training institutions in IBS application	126	110	175

Table 26: Number of trainees benefitted from various partnered training programmes

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 2019 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 2019 except:-

- **Practice 11.2:**
Adoption of integrated reporting
- **Practice 12.3:**
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:
 - including voting in absentia; and
 - remote shareholders' participation 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

I. 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.

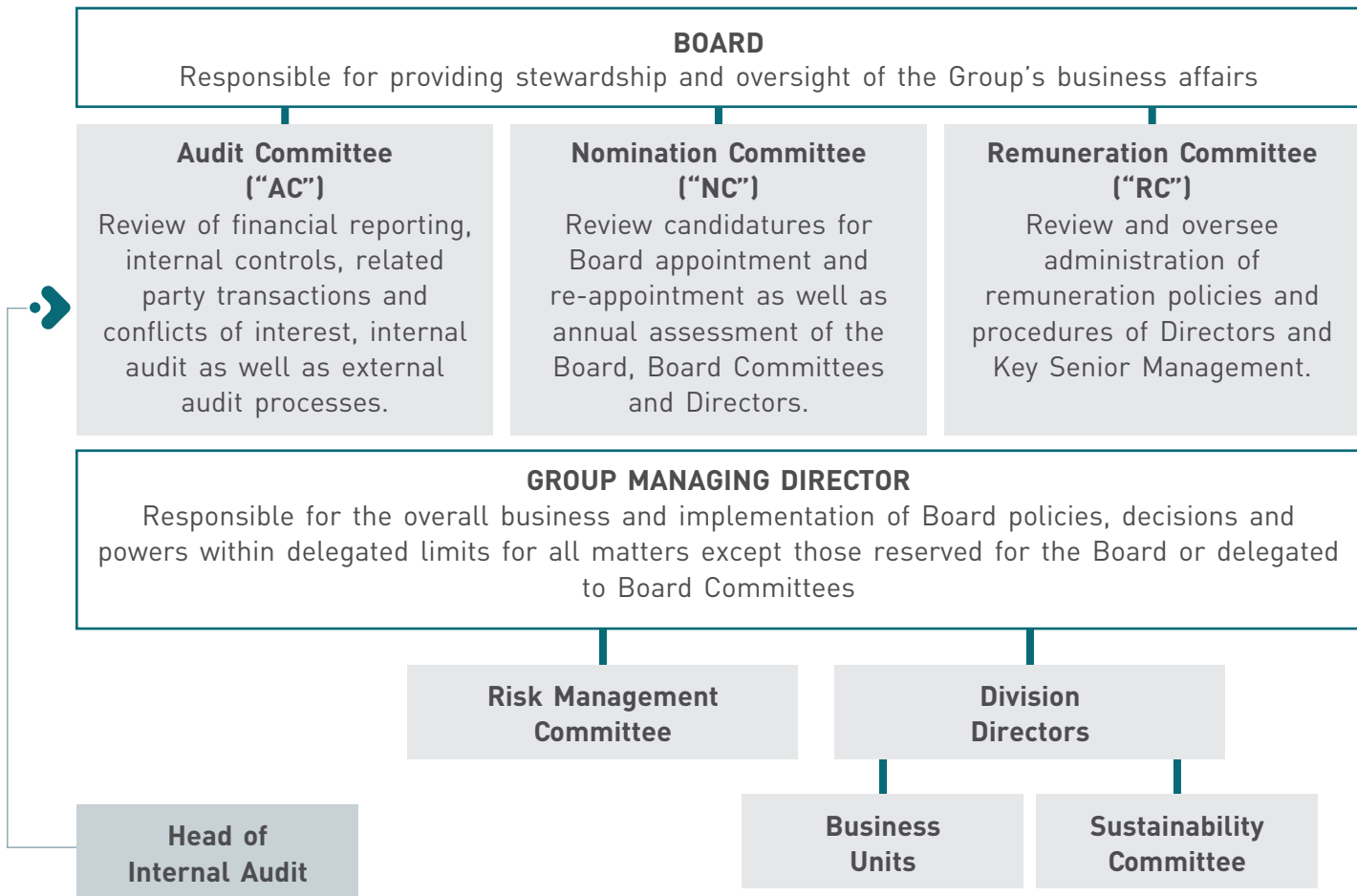
A framework of delegated authority is in place consistent with the structure of delegation below the Board level. The Board reserves to itself certain key matters to approve, including the Group's strategic plans, major capital expenditure, corporate governance issues, dividend policy and external financial 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 Key Senior Management and recognises his 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 on pages 20 to 21 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.

Corporate Governance Overview Statement (Cont'd.)



As depicted in the above 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.

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 conducted a separate session with the NEDs on 31 May 2019 i.e. before commencement of the Special Board Meeting convened for purposes of presenting the Strategy and Business Plan of the Company and group.

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 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

Corporate Governance Overview Statement (Cont'd.)

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's corporate website at www.gamuda.com.my 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, the Enterprise Wide Information Security Policy ("EWISP") was further enhanced to the latest version 3.1 on 4 July 2019. The revision included the Statement of Applicability where all Entities of Gamuda Group are to adhere to the EWISP and any deviation must be approved by the Directors of that entity and the Group Personnel Working Committee. 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 leakage and vulnerability caused by improper control.

The EWISP is available on Gamuda Employee Services ("GES") for ease of access by employees of the Group.

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 have been undertaken to re-invent procurement and to ensure 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. The Group Digital Procurement Platform was rolled out last financial year 2018 to make procurement more transparent and 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.

With the growing use of drones across many of the Group's projects as they are potentially very useful for surveying, studying new projects, site monitoring, progress reporting, safety assessments and for producing video or photos for marketing and corporate communications, a drone use policy was put in place on 30 January 2019 to ensure that all the Company staff are using drones safely, effectively and in compliance with the current regulations in Malaysia. A Gamuda Drone Standard Operating Procedures ("SOP") has also been developed and ongoing drone pilot training has also been set up for the Company staff.

II. Board Composition

During the financial year under review, 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. Hence, the Board's composition has fully complied with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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.

The Board composition which comprises majority Independent Directors also conforms with Practice 4.1 of the MCCG namely, Gamuda, being classified as a Large Company is recommended to maintain a Board that is significantly independent.

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.

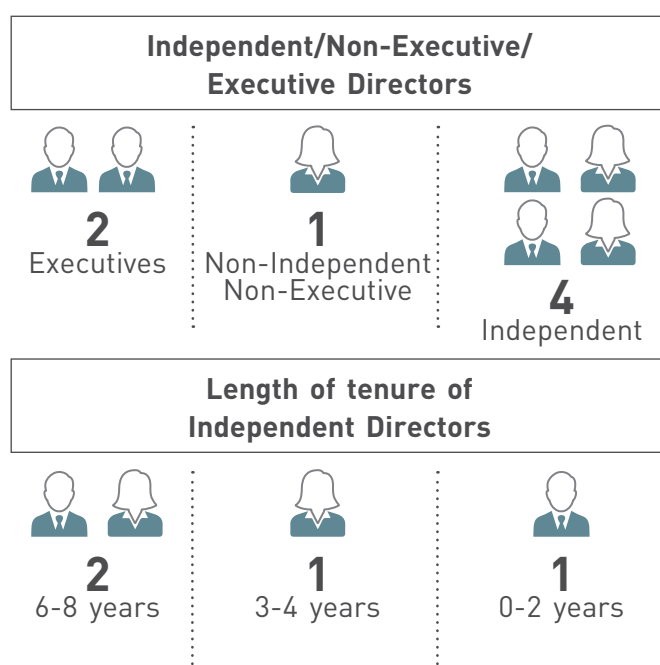
The Board is satisfied that the current composition with majority Independent Directors does fairly represent the investment of the majority and minority shareholders in the Company. The new Board brings with it a broad range of business, financial, technical and public service background.

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 current 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 experienced senior public administrator.

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.



Corporate Governance Overview Statement (Cont'd.)

The 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	70 to 79 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 Sri 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 48 to 56 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 2019, 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 2018/2019 Evaluations of the Board's performance and the 2018/2019 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 were some weaknesses/shortcoming identified namely, the Company's strategy and performance review should be tabled on an annual basis preferably three months before the close of each financial year. The Board reiterated 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 criterias 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.

III. 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.

During the financial year under review, the Remuneration Committee undertook the following reviews of the remuneration packages prepared by the Human Resource Department:-

1. The Group Managing Director's and Deputy Group Managing Directors' remunerations;
2. The NEDs (include Independent Director) remuneration; and
3. Group Senior Management's remunerations.

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.

From the findings, it appears that the remuneration for the top 3 Executive Directors namely, Group Managing Director and Deputy Group Managing Directors are comparable with most public listed companies benchmarked.

Given market uncertainties after given due consideration on market trends and the Company's performance, the Board on the recommendations of the Remuneration Committee has recommended that the Group Managing Director and the Deputy Managing Directors and the Group Senior Management remain unchanged.

Detailed information on the Directors' remuneration for the financial year 2019 on a named basis are disclosed under Note 6 of the Financial Statements section in this Annual Report while the detailed information of 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

I. 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.

The composition of the Audit Committee is now 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.

A full Audit Committee Report enumerating its composition and its activities and the Internal Audit function and activities during the financial year under review are set out on page 150 of this Annual Report.

Corporate Governance Overview Statement (Cont'd.)

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. The External Auditor Policy is available for reference on Gamuda's website at www.gamuda.com.my.

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 2019 in accordance with:

- the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws"); and
- the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants' Independence requirements.

The Audit Committee has on 20 June 2019 and 23 September 2019, reviewed the suitability and independence of EY and is satisfied that EY has met the relevant criteria prescribed under Paragraph 15.21 of the Listing Requirements of Bursa Securities. 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 EY met twice (September 2018 and June 2019) 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 fees paid for these services were not significant when compared to the total fees paid to the external auditors of RM1,541,000/- (2018: RM1,324,000/-). 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 2019 was RM146,000/- (2017: RM198,000/-).

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

The Audit Committee 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.

II. 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 144 to 146 of this Annual Report.

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. 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 41 to 43 of this Annual Report.

II. 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-second ("42nd") Annual General Meeting ("AGM") of Gamuda held on 6 December 2018, all members of the Board except for Puan Nazli Mohd Khir Johari, were present at the meeting to respond to the questions raised by the shareholders or proxies. Puan Nazli was unable to attend the 42nd AGM due to health reason and was given a leave of absence by her doctor.

The Chairman of the Board chaired the 42nd AGM in an orderly manner and allowed the shareholders and/or proxies to speak at the AGM. The Group Executive Director presented the Company's responses to the questions raised by the Minority Shareholders Watch Group while the Deputy Group Managing Director presented the Group's operation review and business outlook of the core businesses to the shareholders. The senior management of the Company and the Company external auditor, EY, were also present to respond to any enquiries from the shareholders. Further, in line with good corporate governance practice, more than 21 days' notice for AGMs was given to the shareholders of the Company.

Commencing from the 40th AGM of the Company in 2016, poll voting using electronic voting system was conducted. 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 27 September 2019.

Training Programmes Attended by Directors

For the financial year ended 31 July 2019, all Directors have attended the following training programmes:-

Director	Topic
Dato' Mohammed Hussein	• Business Foresight Forum (BFF) 2018 – Disruptions and Collaborations: The Rise of Capital Market Businesses 4.0 • Handling the Media During Crisis: The Role of Board Members in Corporate Communications • CG Watch: How does Malaysia Rank? • Navigating Uncharted Waters: Avoiding Pitfalls With International Disputes in Civil Law Countries
Dato' Lin Yun Ling	• Handling the Media During Crisis: The Role of Board Members in Corporate Communications • International Women Day 2019: "Game On for Fair Play" Forum
Dato' Ir Ha Tiing Tai	• Handling the Media During Crisis: The Role of Board Members in Corporate Communications
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	• Handling the Media During Crisis: The Role of Board Members in Corporate Communications • International Women Day 2019: "Game On for Fair Play" Forum
Tunku Afwida binti Tunku A.Malek	• Cyber Attacks: Are We Ready? • Briefing on Webe:- – Coverage vs Domestic Roaming – Other Domestic Roaming Cost Saving Initiatives – Network to Support Product Plan – Network Utilisation & Customer Experience • Directors' Duties and Responsibilities • Effective Enterprise Risk Management (ERM) and Best Practices • Mobile World Congress 2019 – "Intelligent Connectivity" • AMLATFPUAA 2001: Risk, Challenges & Vulnerabilities towards Risk Based Approach • Islamic Finance for Board Programme • BNM FIDE Forum Board Conversations: Dialogue with Bank Negara Malaysia • Reading the Signs: The Next Financial Crisis and its Potential Impact on Asia • Digital Assets: Global Trends, Legal Requirements and Opportunities for Financial Institutions • Anti-Bribery Management System (ABMS) ISO:37001 • MFRS 9 Financial Instruments

Director	Topic
Nazli binti Mohd Khir Johari	• KING on Governance, Value Creation in the Era of Seismic Disruption • ACI Breakfast Roundtable 2019 • Handling the Media During Crisis: The Role of Board Members in Corporate Communications
Tan Sri Dato' Setia Haji Ambrin bin Buang	• 1MDB Audit Report: My Story; My Perspective (Speaker) • Corporate Liability Provision: "What it is & associated implications to the Board of Directors, Partners, Top Management and other Personnel in the event of prosecution"
Mohammed Rashdan bin Mohd Yusof <i>(Alternate to Dato' Lin Yun Ling)</i>	• Public Policy in a Digital World Conference • Mandatory Accreditation Programme ("MAP") • Penang International Business and Investment Summit (PIBIS) 2019: State of our Economy Penang 2030 – Towards a Green and Smart State (Panel Speaker) • International Women Day 2019: "Game On for Fair Play" Forum • Handling the Media During Crisis: The Role of Board Members in Corporate Communications • Invest Malaysia Forum 2019 • Smart and Liveable Placemaking Workshop
Dato' Ubull Din Om <i>(Alternate to Dato' Ir Ha Tiing Tai)</i>	• Handling the Media During Crisis: The Role of Board Members in Corporate Communications • International Women Day 2019: "Game On for Fair Play" Forum

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 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' and AAPG 3, '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 27 September 2019.

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



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



06 Mr Saw Wah Theng
Member/
Group 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 2019, 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	3/4

TERMS OF REFERENCE

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

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

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

- i. the Group's quarterly and year-end financial results prior to submission to the Board for consideration and approval, focusing particularly on matters relating to changes in major accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirements;
- ii. the audit planning memorandum of the External Auditors in a meeting to discuss their audit strategy, audit focus and resources prior to commencement of their annual audit;
- iii. matters arising from the audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group;
- iv. the performance of the External Auditors and the recommendations to the Board on their reappointment and remuneration;
- v. the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- vi. the Statement of Corporate Governance, Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;
- vii. the risk-based annual audit plan and resource requirement proposed by the Internal Auditors for the Group;
- viii. the audit reports presented by the Internal Auditors on major findings, recommendations and Management's responses thereto;
- 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 2019 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 RM1,990,130 (This includes 10 auditors based at business units and projects. Cost incurred: RM504,420).

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") 2019

Name of Director	Board of Directors	NED*	Board Committee			
			Audit Committee [#]	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Mohammed Hussein	7/7	1/1	4/4	2/2	1/1	
Dato' Lin Yun Ling	7/7				1/1	1/1
Dato' Ir Ha Tiing Tai	7/7					1/1
Raja Dato' Seri Eleena Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	7/7	1/1			1/1	
Tan Sri Dato' Setia Haji Ambrin Buang ^①	5/7	1/1				
Tunku Afwida Tunku A.Malek	6/7	1/1	4/4	2/2		1/1
Nazli Mohd Khir Johari	5/7	1/1	3/4	2/2		
Dato' Haji Azmi Mat Nor ^②	2/7					1/1
Dato' Goon Heng Wah ^②	2/7					1/1
Saw Wah Theng ^②	2/7					1/1
Total number of meetings for FY2019	7	1	4	2	1	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 31 May 2019

Two private sessions were held between the Audit Committee and the external auditors, Messrs. Ernst & Young i.e. on 28 September 2018 and 27 June 2019

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 2019 were RM1,541,000 and RM146,000 respectively.

As such, the non-audit fees incurred was not significant as it only accounted for 9% of the total fees payable.

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

Save as disclosed under Note 40 of the Financial Statements in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries involving the interest of its Directors, Chief Executive who is not a Director or major shareholders still subsisting at the end of the financial year ended 31 July 2019.

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 2019)	
	Grand Total (RM'000)	Directors (RM'000)
(a) Granted	245,484	6,915
(b) Exercised	53,131	3,100
(c) Outstanding	192,353	3,815

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

Directors and Senior Management	During the financial year 2019	Since commencement up to 31 July 2019
(a) Aggregate maximum allocation	50%	50%
(b) Actual granted and accepted	–	9%

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

AWARDS and ACHIEVEMENTS

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



GAMUDA BERHAD

- Gamuda Berhad – Contribution Towards Sustainability in Construction, RISM Excellence Awards 2019
- Gamuda Berhad – The Innovation in Assessment Prize, The British Council Assessment Research Awards 2019
- Gamuda IBS – Winner, The Highest Investment by Domestic Companies in Selangor, Selangor Investor Appreciation Awards 2018
- Industry Excellence Awards (Main Market), The Highest Standard of Reporting in Annual Report, Construction and Infrastructure Project Companies, NACRA 2018
- Best Project Award (Infrastructure), Malaysian Construction Industry Excellence Awards (MCIEA) 2017
- The Highest Return on Equity Over Three Years (Construction), The Edge Billion Ringgit Club Awards 2017
- Inclusiveness & Diversity Reporting Awards 2017 (Silver), NACRA 2017
- Builder of the Year Award, Malaysian Construction Industry Excellence Awards (MCIEA) 2016
- Best Corporate Responsibility (CR), Initiatives Award (Big Cap Companies), The Edge Billion Ringgit Club (BRC) Corporate Awards 2016
- Most Profitable Company (Highest Return on Equity Over Three Years), The Edge Billion Ringgit Club Awards 2015
- Best Performing Stock (Highest Returns to Shareholders Over Three Years), The Edge Billion Ringgit Club Awards 2015
- International Achievement Award, Yen So Sewage Treatment Plant, Malaysian Construction Industry Excellence Awards (MCIEA) 2015
- 5-Star SCORE Rating, Construction Industry Development Board Malaysia SCORE Programme 2014
- Highest Profit Growth Company (Construction), The Edge Billion Ringgit Club Awards 2014
- MBAM Honorary Builder, Master Builders Association Malaysia Awards 2014
- Highest Profit Growth Company (Construction), The Edge Billion Ringgit Club Awards 2013
- 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, 2008
- Best Under a Billion 200 Companies, Forbes Global, 2005
- Kaohsiung MRT, The Environmental Bureau Of Kaohsiung Country Government, Republic of China, Air Quality Protection Model Award, 2003
- Best Under a Billion 200 Companies, Forbes Global, 2002
- Best Managed Company and Strongest Commitment to Enhancing Shareholder Value, Finance Asia, 2002

GAMUDA LAND

- 661 Chapel St – Commercial and Residential Design, Good Design Awards, Architectural Design 2019
- Celadon City – World Silver Award for Master Plan category, FIABCI World Prix d'Excellence Awards 2019
- Jade Hills – Gold Award for Non-Strata Residential Category (above 10 years), EdgeProp Malaysia's Best Managed Property Awards 2019
- Horizon Hills – Gold Award for Multiple-Owned Strata Residential Category (below 10 years), EdgeProp Malaysia's Best Managed Property Awards 2019
- Valencia – Silver Award for EdgeProp-ILAM Malaysia's Sustainable Landscape Award, EdgeProp Malaysia's Best Managed Property Awards 2019
- Horizon Hills – Best Landed Development (Malaysia), PropertyGuru Asia Property Awards 2019
- Horizon Hills – Best Landed Development (Iskandar), PropertyGuru Asia Property Awards 2019
- Horizon Hills – Best Township Development (Iskandar), PropertyGuru Asia Property Awards 2019
- Kundang Estates – The Cornerstone Award - Best Landed Development (Excellence), StarProperty.my Awards 2019
- Gamuda Gardens – The Earth Concious Award – Best Sustainable Development (Excellence), StarProperty.my Awards 2019
- Gamuda Cove – The Five Elements Award – Best Comprehensive Township (Excellence), StarProperty.my Awards 2019
- Horizon Hills – The Long Life Award – Best Health and Wellness Development (Excellence), StarProperty.my Awards 2019
- Horizon Hills – The Luxury Series Award (Bungalow Residence) – Best Luxury Development (Excellence), StarProperty.my Awards 2019
- Kundang Estates – The Neighbourhood Award (below 500 acres) – Best Boutique Township (Excellence), StarProperty.my Awards 2019
- HighPark Suites – The Small is Big Award – Best Small Home Development (Excellence), StarProperty.my Awards 2019
- Gamuda Land – Top Ranked Developer of the Year, StarProperty.my Awards 2019
- Gamuda Land – Property Development (Bronze), Putra Brand Awards 2019
- Kota Permai Golf and Country Club – Top 3 Best Overall Golf Experience in Malaysia, Pargolf People's Choice Awards 2019
- Kota Permai Golf and Country Club – Top 3 Best Maintained Golf Course in Malaysia, Pargolf People's Choice Awards 2019
- Kota Permai Golf and Country Club – Top 3 Best Greens in Malaysia, Pargolf People's Choice Awards 2019
- Kota Permai Golf and Country Club – Top 3 Best Corporate Tournament Venue in Malaysia, Pargolf People's Choice Awards 2019
- Kota Permai Golf and Country Club – Top 3 Best Customer Service in Malaysia, Pargolf People's Choice Awards 2019
- Kota Permai Golf and Country Club – Top 3 Best F&B – Halfway Hut in Malaysia, Pargolf People's Choice Awards 2019
- Kota Permai Golf and Country Club – Top 100 Golf Courses in Asia, Top 100 Golf Courses in Asia by Golf Travel China & Golf Travel Korea 2019
- Horizon Hills Golf & Country Club – Top 3 Best Greens in Malaysia, Pargolf People's Choice Awards 2019
- Horizon Hills Golf & Country Club – Top 3 Best Clubhouse, Pargolf People's Choice Awards 2019
- Horizon Hills – The Happy Buyer Award, StarProperty.my Awards 2018 (Excellence)
- Bukit Bantayan Residences – The Borneo Star Award, StarProperty.my Awards 2018 (Excellence)
- Gamuda Gardens – The Family Friendly Award, StarProperty.my Awards 2018 (Excellence)
- Gamuda Gardens – Merit in Design Excellence Award (Above 500 acres), Malaysia Institute of Planners (MIP) Planning Excellence Awards 2018
- twentyfive.7 – The Poseidon Award, StarProperty.my Awards 2018 (Honours)
- The Robertson – The Skyline Award, StarProperty.my Awards 2018 (Merit)
- Yen So Park Masterplan – Merit in Innovative Planning (Masterplan Sector), Malaysia Institute of Planners (MIP) Planning Excellence Awards 2018
- Horizon Hills – Best Luxury Landed (Completed) & Best Southern Development (Completed), iProperty Development Excellence Awards 2018
- Gamuda Berhad – Property Division, The Edge Top 10 Property Developers Awards 2018
- Gamuda Gardens – Landscape Master Plan Award (Excellence), ILAM's Malaysia Landscape Architecture Awards 2018

Awards and Achievements (Cont'd.)

- Jadite Suites, Jade Hills – Landscape Development Award (Merit), ILAM's Malaysia Landscape Architecture Awards 2018
- D'Suites, Horizon Hills – Landscape Development Award (Honour), ILAM's Malaysia Landscape Architecture Awards 2018
- Gamuda Cove – Landscape Master Plan Award (Honour), ILAM's Malaysia Landscape Architecture Awards 2018
- Horizon Hills Phase 2D3 – Winner, Edge PEPS Value Creation Excellence Award 2018
- Horizon Hills Golf and Country Club – 1st Runner-Up, Best Course in Malaysia, Asian Golf Awards 2018
- Horizon Hills Golf and Country Club – Golf Club of the Year (Most Outstanding), HAPA Malaysia Awards Series 2018 – 2020
- Horizon Hills Golf and Country Club – Best Maintained Golf Course, Malaysian Golf Awards 2018
- Horizon Hills Golf and Country Club – Best Overall Golf Experience, Malaysian Golf Awards 2018
- Horizon Hills Golf and Country Club – Top 3 Best Overall Golf Experience, Pargolf People's Choice Awards 2018
- Horizon Hills Golf and Country Club – Top 3 Best Green, Pargolf People's Choice Awards 2018
- Horizon Hills Golf and Country Club – Top 3 Best Maintained Golf Course, Pargolf People's Choice Awards 2018
- Horizon Hills Golf and Country Club – Top 3 Best Clubhouse, Pargolf People's Choice Awards 2018
- Horizon Hills Golf and Country Club – Top 3 Most Challenging Golf Course, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Malaysia's Best Golf Course, World Golf Awards 2018
- Kota Permai Golf and Country Club – Malaysia's Best Golf Course, Asian Golf Awards 2018
- Kota Permai Golf and Country Club – Best Achiever, Golf Club of the Year, HAPA Malaysia Awards Series 2018 – 2020
- Kota Permai Golf and Country Club – Best Maintained Golf Course, Malaysian Golf Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best Maintained Golf Course in Malaysia, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best Greens in Malaysia, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best Championship Layout, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best Corporate Tournament Venue in Malaysia, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best Customer Service in Malaysia, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best F&B Golfers' Terrace, Pargolf People's Choice Awards 2018
- Kota Permai Golf and Country Club – Top 3 Best F&B – Halfway Hut in Malaysia, Pargolf People's Choice Awards 2018
- 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 2017
- Kota Permai Golf and Country Club – Winner of HAPA Golf Course of the Year, Hospitality Asia Platinum Awards (HAPA) Regional Series 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
- Kota Permai Golf and Country Club – Excellence Award for Best Golf Experience, Expatriate Lifestyle Awards 2016
- Kota Permai Golf and Country Club – Malaysia's Best Golf Course, World Golf Awards 2016
- Kota Permai Golf and Country Club – Winner of HAPA Golf Course of the Year, Hospitality Asia Platinum Awards (HAPA) Regional Series Awards 2016
- Kota Permai Golf and Club – Best Golf Course in Malaysia, IAGTO Excellence Awards 2016
- Kota Permai Golf and Country Club – Country Club, Golf Magazine Awards 2016

MMC GAMUDA JOINT VENTURE

- Public Services Architecture Award for KVMRT (Sungai Buloh-Serdang-Putrajaya Line) Elevated Station Serambi Design, Asia Pacific Property Awards 2019
- Community Engagement Award for KVMRT (Sungai Buloh-Serdang-Putrajaya Line) Underground, Ground Engineering Awards 2019
- International Safety Award, (with Distinction) for KVMRT (Sungai Buloh-Serdang-Putrajaya Line) Underground, British Safety Council 2019
- International Safety Award (Sector Awards) for Construction & Property Activities Category, British Safety Council 2019
- International Safety Award for Best in Country Award, British Safety Council 2019
- Pan Borneo Highway Sarawak project WPC 04 Pantu Junction to Batang Skrang – Best Overall Performing Works Package, July - December 2018, Project Assessment System (PROJAS) 2018
- BIM Level 2 Excellence Award 2018 (Winner) for Civil Contractor Category by MRT Corp
- Bentley Year in Infrastructure Be Inspired Awards 2017 for Advancement in Rail and Transit Category by Bentley Systems
- Asia Geospatial Excellence Award 2017 for Application of Geospatial Technology in Digital Engineering by Geospatial Media & Communications
- Builder's Award (Civil Engineering Construction category) for KVMRT Sungai Buloh-Kajang (SBK) Line underground package, 44th International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA)
- KVMRT (Sungai Buloh-Kajang Line) Underground Package – Highly Commended Community Engagement Award, New Civil Engineer Tunnelling Awards 2017
- KVMRT (Sungai Buloh-Kajang Line) Underground Package – Innovation Award for Variable Density in Tunnelling Technique, Malaysian Construction Industry Excellence Awards (MCIEA) 2017
- KVMRT (Sungai Buloh-Kajang Line) Underground Package – Four Star Rating, British Safety Council's Health and Safety Audit 2017
- KVMRT (Sungai Buloh-Kajang Line) Underground Package – Young Tunneller of the Year, International Tunnelling Awards 2016
- Winner, (with Distinction) Underground Portion of KVMRT (Sungai Buloh-Kajang Line), British Safety Council International Safety Award 2015
- Honorary Certification for Safety by Department of Occupational Safety and Health (DOSH), KVMRT (Sungai Buloh-Kajang Line), Underground, Honorary Certification for Safety and Health 2015
- Electrified Double Track Project (EDTP) (Ipoh – Padang Besar) – Best Major Infrastructure Project (Special Mention), Malaysian Construction Industry Excellence Awards (MCIEA) 2015
- KVMRT (Sungai Buloh-Kajang Line) – Underground, Winner for Technical Innovation of the Year Category for the Variable Density Tunnel Boring Machine (VD TBM), NCE International Tunnelling and Underground Space Awards 2014
- 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 2011
- SMART – Specialised Project (Purpose Built) Category, Runner Up, FIABCI Prix d'Excellence Awards, International Real Estate Federation (FIABCI) 2011
- SMART – Best International Project, British Construction Industry Award
- SMART – Design and Construction Excellence Award, Institution of Engineers Malaysia 2011
- SMART – Special Award for National Contribution, Malaysia Property Award, International Real Estate Federation (FIABCI), Malaysian Chapter, 2011
- SMART – Best Contractor Award, CIDB Malaysian Construction Industry Excellence Award, 2011
- SMART – Special Award for Innovation, CIDB Malaysian Construction Industry Excellence Award, 2011
- SMART – Special Award for Environment, CIDB Malaysian Construction Industry Excellence Award, 2011
- SMART – Special Award for National Contribution, Malaysia Property Award, International Real Estate Federation (FIABCI), Malaysian Chapter 2010
- SMART – British Construction Industry Award 2008
- SMART – Best Contractor Award, CIDB Malaysian Construction Industry Excellence Award 2008
- SMART – Special Award for Innovation, CIDB Malaysian Construction Industry Excellence Award 2007
- SMART – Special Award for Environment, CIDB Malaysian Construction Industry Excellence Award 2007



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Directors' Responsibility Statement

In respect of Audited Financial Statements for the financial year ended 31 July 2019

The Directors are required by the Companies Act, 2016 ("Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International 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 2019.

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	758,195	1,228,654
Attributable to:		
Owners of the Company	706,113	1,228,654
Non-controlling interests	52,082	–
	758,195	1,228,654

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 2018 were as follows:

	RM'000
In respect of the financial year ended 31 July 2019:	
First interim dividend of 6 sen per ordinary share declared on 14 December 2018 and paid on 25 January 2019	148,083
Second interim dividend of 6 sen per ordinary share declared on 27 June 2019 and paid on 6 August 2019	148,272
	296,355

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

Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang

(Appointed w.e.f. 28.09.2018)

YM Tunku Afwida binti Tunku A.Malek

Puan Nazli binti Mohd Khir Johari

Encik Mohammed Rashdan bin Mohd Yusof

(Appointed w.e.f. 28.09.2018)

(alternate to Y Bhg Dato' Lin Yun Ling)

Y Bhg Dato' Ubull a/l Din Om*

(alternate to Y Bhg Dato' Ir Ha Tiing Tai)

* Directors of the Company and certain subsidiary(ies)

DIRECTORS OF THE SUBSIDIARIES

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

Adil Putra bin Ahmad

Andrew Edward Kesik

Azmi bin Mohamad

Caroline Baker

Chan Kong Wah

Chew Wee Hwang

Chua Chong Num

Chua Kheng Sun

Dato' Chow Chee Wah

Dato' Goon Heng Wah

Dato' Haji Abdul Sahak bin Safi

Dato' Haji Azmi bin Mat Nor

Dato' Mohd Azizi bin Mohd Zain

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.)

Dato' Noordin bin Alaudin	
Dato' Seri Ir. Kamarul Zaman bin Mohd Ali	
Datuk Hasmi bin Hasnan	
Devananda Naraidoo	
Dr. Ooi Lean Hock	
Foong Vooi Lin	
Goh Chee Young	
Hajah Norita binti Mohd Sidek	
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	
Rishi Kumar Emrit	
Saw Wah Theng	
Sazally bin Saidi	
Sim Kwong Yong	
Soo Kok Wong	
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	
Yew Yee Weng	
Khoo Kay Chong	(Resigned w.e.f. 22.02.2019)
Goh Khir Chaye	(Resigned w.e.f. 01.08.2019)
Dato' Mohamad Imran bin Ismail	(Resigned w.e.f. 18.07.2019)
Nor Azlina binti Amran	(Resigned w.e.f. 15.05.2019)

Directors' Report (Cont'd.)

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 40 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 RM50,000,000. The amount of insurance premium paid by the Company for the financial year ended 31 July 2019 was RM70,500.

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 2018/Date of appointment	Bought	Sold	31 July 2019
Direct holding				
Y Bhg Dato' Lin Yun Ling	75,035,736	–	–	75,035,736
Y Bhg Dato' Ir. Ha Tiing Tai	26,936,276	–	–	26,936,276
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	–	–	225,000
Mohammed Rashdan bin Mohd Yusof	450,000	–	–	450,000
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang	4,000	–	–	4,000
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai [#]	16,000	70,000	–	86,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah [*]	118,000,000	–	–	118,000,000

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

[#] Deemed interest through spouse/son

Employees' Share Option Scheme ("ESOS")

	Number of ordinary shares			
	1 August 2018/Date of appointment	Granted	Exercised	31 July 2019
Y Bhg Dato' Lin Yun Ling	4.46	1,500,000	–	1,500,000
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
Mohammed Rashdan bin Mohd Yusof	3.38	1,600,000	–	1,600,000

Directors' Report (Cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

Warrants 2016/2021

		Number of warrants		
	1 August 2018/ Date of appointment	Bought	Sold	31 July 2019
Direct holding				
Y Bhg Dato' Lin Yun Ling	12,883,600	–	–	12,883,600
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	–	–	40,300
Mohammed Rashdan bin Mohd Yusof	550,000	–	–	550,000
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai [#]	2,800	10,000	–	12,800
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah [*]	17,800,000	–	(5,800,000)	12,000,000

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

Deemed interest through spouse/son

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 total number of issued and paid-up ordinary shares of the Company has been increased from 2,467,991,951 to 2,472,322,033 by way of:

- (a) issuance of 3,228,000 new ordinary shares for cash arising from the exercise of options under the Company's ESOS as disclosed in Note 26(c) to the financial statements; and
- (b) issuance of 1,102,082 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 26(c) 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 26(e) and Note 26(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, 387,698,000 Warrants remained unexercised.

Directors' Report (Cont'd.)

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 2019 as follows:

- (i) Gamuda Land Vietnam Limited Liability Company and Gamuda Land (HCMC) Joint Stock Company with June financial year end; and
- (ii) Gamuda - WCT (India) Private Limited with March financial year end.

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

Subsequent event is as disclosed in Note 46 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	1,541	280
Other auditors	104	24
	1,645	304

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group and the Company have 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 8 October 2019.

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 180 to 381 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 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 8 October 2019.

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, Soo Kok Wong, 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 180 to 381 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 Soo Kok Wong
at Petaling Jaya in Selangor Darul Ehsan
on 8 October 2019.

Soo Kok Wong

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

Independent Auditors' Report

to the members of Gamuda Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gamuda Berhad, which comprise the statements of financial position as at 31 July 2019 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 180 to 381.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International 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 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 Code of Ethics for Professional Accountants (including international Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for 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 2019, property development revenue of RM2,121,863,000 and cost of sales of RM1,622,430,000 accounted for approximately 46% and 48% of the Group's revenue and cost of sales respectively. The Group has determined that certain performance obligations in relation to property development activities are satisfied over time and thus recognises revenue from this activity over time.

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

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

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

- i. Obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost including the provisions and allocations of low cost housing and common infrastructure costs over the life of township development, profit margin and percentage-of-completion of property development activities;
- ii. Performed detailed procedures, for individually significant projects, on the contractual terms and conditions and their relationship to revenue and costs incurred. These procedures include, perusing the terms and conditions stipulated in the sales and purchase agreements entered into with customers and construction agreements including letters of award entered into with main and sub-contractors. We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;
- iii. Observed the progress of the property development phases by performing site visit and examined physical progress reports. We have also discussed the status of on-going property development phases with management, finance personnel and project officials;
- iv. Challenged the estimates used for budgeted gross development value for significant ongoing projects by comparing the selling price of the similar projects in the market;

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.)

- v. Evaluated the assumptions applied in estimating the total property development costs for each property development phase by examining documentary evidence such as letters of award issued to contractors to support the budgeted gross development cost. We also considered the historical accuracy of management's forecasts for the similar property development projects within the Group in evaluating the estimated total property development costs; and
- vi. 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 2019, construction contracts revenue of RM1,686,398,000 and contract costs of RM1,301,331,000 in respect of the construction contracts accounted for approximately 37% and 39% of the Group's total revenue and cost of sales respectively. The Group has determined that certain performance obligations in relation to construction activities are satisfied over time and thus recognises revenue from this activity over time.

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 contract assets/liabilities is included in Note 22 to the financial statements.

3. *Impairment of expressway development expenditure ("EDE") in a joint venture – Projek Smart Holdings Sdn. Bhd. ("SMART Holdings")*

As at 31 July 2019, the carrying amount of the Group's interest in a joint venture, SMART Holdings was RM44,323,000. The Group's share of SMART Holdings losses for the current year amounted to RM3,240,000 which was mainly attributed to the continued decline in traffic volume of the expressway managed by SMART Holdings.

The continued decline in traffic volume of the expressway reported by the Group's joint venture, SMART Holdings, indicated that the carrying amount of the interest in SMART Holdings and EDE in SMART Holdings may be impaired. Accordingly, the Group performed an impairment test of the investment in joint venture by estimating the recoverable amount using value-in-use ("VIU") with the involvement of an independent traffic consultant. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating units, and discounting them at an appropriate rate.

This impairment review is based on assumptions that are highly judgmental, in particular, the assumptions on the revenue growth rate, gross profit margin, terminal growth rate and discount rate. Accordingly, we identify this area as a matter requiring audit focus.

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

- i. Obtained an understanding of the relevant internal controls over estimating the recoverable amount of the expressway development expenditure in SMART Holdings;
- ii. Considered the objectivity, independence, expertise and experience of the independent traffic consultant engaged by the Group;

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.)

3. *Impairment of expressway development expenditure ("EDE") in a joint venture – Projek Smart Holdings Sdn. Bhd. ("SMART Holdings") (cont'd.)*

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: (cont'd.)

- 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 aforementioned impairment review does not give rise to any impairment loss to the financial statements of the Group and of the Company for the year ended 31 July 2019.

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

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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 Malaysian Financial Reporting Standards, International 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.

Independent Auditors' Report (Cont'd.)

to the members of Gamuda Berhad (Incorporated in Malaysia)

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

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

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.

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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.)

- 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.

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

The 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
8 October 2019

Tan Shium Jye
No. 02991/05/2020 J
Chartered Accountant

Consolidated Income Statement

For the financial year ended 31 July 2019

	Note	2019 RM'000	2018 RM'000 (Restated)
Revenue	4	4,565,062	4,216,551
Other income		217,544	187,990
Construction contract costs recognised as contract expenses		(1,325,861)	(1,238,615)
Land and development costs		(1,626,259)	(1,373,354)
Highway maintenance and toll operations		(32,907)	(32,896)
Changes in inventory of finished goods and work in progress		(9,905)	(7,506)
Purchases – raw and trading materials		(261,338)	(266,851)
Production overheads		(92,531)	(86,955)
Staff costs	5	(253,045)	(248,251)
Depreciation and amortisation		(192,128)	(176,480)
Other operating expenses		(299,328)	(268,069)
Profit from operations	7	689,304	705,564
Finance costs	8	(91,931)	(91,152)
Share of profits/(losses) of associated companies		126,634	(96,303)
Share of profits of joint ventures		184,842	228,556
Profit before tax		908,849	746,665
Income tax expense	9	(150,654)	(166,013)
Profit for the year		758,195	580,652
Profit attributable to:			
Owners of the Company		706,113	530,178
Non-controlling interests		52,082	50,474
		758,195	580,652
Earnings per share attributable to owners of the Company (sen)			
Basic	10(a)	28.60	21.56
Diluted	10(b)	28.60	21.54
Net dividends per ordinary share (sen)	11	12.0	12.0
Profit attributable to owners of the Company can be analysed as follows:			
Core profit		706,113	834,657
Less: One-off items			
– Loss on disposal of Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH SB")		–	(300,051)
– Impairment of Gamuda Water Sdn. Bhd.'s trade receivables		–	(4,428)
Profit as reported		706,113	530,178

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 2019

	2019 RM'000	2018 RM'000 (Restated)
Profit for the year	758,195	580,652
Other comprehensive income/(loss):		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation	30,433	(204,382)
Share of associated companies' foreign currency translation	295	(19,667)
Net asset accretion in an associated company arising from capital contribution	6,080	3,251
	36,808	(220,798)
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Fair value remeasurement on defined benefit plan	(3,185)	–
Income tax effect	89	–
	(3,096)	–
Total comprehensive income for the year	791,907	359,854
Total comprehensive income attributable to:		
Owners of the Company	739,671	311,103
Non-controlling interests	52,236	48,751
	791,907	359,854

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

Consolidated Statement of Financial Position

As at 31 July 2019

	Note	2019 RM'000	2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	1,155,510	1,009,191	617,250
Land held for property development	13(a)	2,919,183	2,655,137	2,889,276
Investment properties	14	432,815	363,886	309,593
Land use rights	15	1,470	1,895	2,320
Expressway development expenditure	16	1,306,472	1,421,203	1,545,042
Interests in associated companies	18	970,789	1,773,824	1,976,423
Interests in joint arrangements	19	1,201,555	1,000,538	932,628
Other investments	20	812	812	812
Deferred tax assets	31	40,924	41,401	76,252
Receivables	21(b)	1,074,294	1,005,967	964,511
		9,103,824	9,273,854	9,314,107
Current assets				
Property development costs	13(b)	1,886,996	2,083,015	2,212,492
Inventories	13(c)	774,933	491,758	228,163
Receivables	21(a)	1,938,030	1,842,188	2,063,504
Contract assets	22	1,604,295	1,276,378	792,436
Tax recoverable		34,158	42,293	13,475
Investment securities	23	396,664	384,271	462,400
Cash and bank balances	25	1,452,272	1,238,634	579,728
		8,087,348	7,358,537	6,352,198
Total assets		17,191,172	16,632,391	15,666,305

Consolidated Statement of Financial Position (Cont'd.)

As at 31 July 2019

	Note	2019 RM'000	2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	26	3,469,729	3,452,940	3,372,368
Reserves		4,601,578	4,143,685	4,116,107
Owners' equity		8,071,307	7,596,625	7,488,475
Non-controlling interests		399,317	383,681	369,130
Total equity		8,470,624	7,980,306	7,857,605
Non-current liabilities				
Payables	30(a)	197,982	143,396	130,265
Contract liabilities	22	60,305	66,810	69,300
Provision for liabilities	36	29,978	27,936	14,968
Deferred tax liabilities	31	375,794	407,319	424,460
Long term Islamic debts	32	1,975,000	2,465,000	2,455,000
Long term borrowings	33	982,741	1,784,964	2,159,646
		3,621,800	4,895,425	5,253,639
Current liabilities				
Payables	30(b)	1,844,392	1,629,297	1,382,526
Contract liabilities	22	932,520	540,734	431,868
Provision for liabilities	36	76,645	54,831	45,181
Short term Islamic debts	32	690,000	890,000	490,000
Short term borrowings	33	1,495,917	596,736	138,647
Tax payable		59,274	45,062	66,839
		5,098,748	3,756,660	2,555,061
Total liabilities		8,720,548	8,652,085	7,808,700
Total equity and liabilities		17,191,172	16,632,391	15,666,305

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 2019

Group	Attributable to owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable				
	Share capital (Note 26) RM'000	Option reserves RM'000	Other reserves (Note 27) RM'000	Retained profits (Note 28) RM'000	Total RM'000			
At 1 August 2018 (as previously stated)	3,452,940	57,733	305,494	3,751,678	7,567,845	383,681	7,951,526	
Effect of adoption of MFRS	-	-	-	28,780	28,780	-	28,780	
At 1 August 2018 (as restated)	3,452,940	57,733	305,494	3,780,458	7,596,625	383,681	7,980,306	
Total comprehensive income	-	-	36,654	703,017	739,671	52,236	791,907	
Transactions with owners:								
Issuance of ordinary shares pursuant to:								
Exercise of ESOS (Note 26(f))	8,800	-	-	-	8,800	-	8,800	
Conversion of Warrants (Notes 26 and 27)	4,739	-	(274)	-	4,465	-	4,465	
Share options granted under ESOS	-	18,101	-	-	18,101	-	18,101	
Share options exercised under ESOS	3,250	(3,250)	-	-	-	-	-	
Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	(36,600)	(36,600)	
Dividends paid to shareholders (Note 11)	-	-	-	(148,083)	(148,083)	-	(148,083)	
Dividends payable to shareholders (Note 11)	-	-	-	(148,272)	(148,272)	-	(148,272)	
Total transactions with owners								
At 31 July 2019	16,789	14,851	(274)	(296,355)	(264,989)	(36,600)	(301,589)	
At 31 July 2019	3,469,729	72,584	341,874	4,187,120	8,071,307	399,317	8,470,624	

Consolidated Statement of Changes in Equity (Cont'd.)

For the financial year ended 31 July 2019

Group	Attributable to owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital (Note 26) RM'000	Option reserves RM'000	Other reserves (Note 27) RM'000	Retained profits (Note 28) RM'000			
At 1 August 2017 (as previously stated)	3,372,368	44,794	525,606	3,533,222	7,475,990	369,130	7,845,120
Effect of adoption of MFRS	-	-	-	12,485	12,485	-	12,485
At 1 August 2018 (as restated)	3,372,368	44,794	525,606	3,545,707	7,488,475	369,130	7,857,605
Total comprehensive income	-	-	(219,075)	530,178	311,103	48,751	359,854
Transactions with owners:							
Issuance of ordinary shares pursuant to:							
Exercise of ESOS (Note 26(f))	53,790	-	-	-	53,790	-	53,790
Conversion of Warrants (Notes 26 and 27)	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 paid to shareholders (Note 11)	-	-	-	(295,427)	(295,427)	-	(295,427)
Total transactions with owners							
At 31 July 2018 (restated)	80,572	12,939	(1,037)	(295,427)	(202,953)	(34,200)	(237,153)
At 31 July 2018 (restated)	3,452,940	57,733	305,494	3,780,458	7,596,625	383,681	7,980,306

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 2019

	2019 RM'000	2018 RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	908,849	746,665
Adjustments for:		
Amortisation:		
– Land use rights	425	425
– Expressway development expenditure	127,982	126,689
Depreciation:		
– Property, plant and equipment	56,594	42,693
– Investment properties	7,127	6,673
Provision for:		
– Liabilities	4,490	4,003
– Retirement benefits obligations	7,472	5,470
– Short term accumulating compensated absences	1,324	1,860
Property, plant and equipment written off	31	117
Net (gain)/loss on:		
– Disposal of property, plant and equipment	(510)	(3,514)
– Disposal of investment properties	(24,055)	(2,443)
– Unrealised foreign exchange	31	(370)
– Fair value on derivatives	(2,957)	(1,495)
Share of (profits)/losses from:		
– Associated companies	(126,634)	96,303
– Joint ventures	(184,842)	(228,556)
Impairment loss on:		
– Trade receivables	38,963	63,311
– Discount provided on settlement scheme	–	70,056
Share options granted under ESOS	18,101	21,885
Distribution from investment securities:		
– Islamic	(8,773)	(12,481)
– Non-Islamic	(4,868)	(3,828)
Profit rate from Islamic fixed deposits	(9,553)	(5,535)
Interest income from non-Islamic fixed deposits	(69,546)	(28,911)
Net unwinding of discount	(43,059)	(77,322)
Finance costs	81,330	88,768
Operating profit before working capital changes	777,922	910,463
(Increase)/decrease in:		
– Land held for property development	(171,756)	(160,937)
– Property development costs	152,493	295,560
– Receivables	(80,046)	(360,949)
– Inventories	89,359	128,466
Increase in payables	154,334	349,494
Cash generated from operations	922,306	1,162,097
Income taxes paid	(159,973)	(198,901)
Finance costs paid	(275,838)	(237,676)
Retirement benefits paid	(1,772)	(743)
Net cash generated from operating activities	484,723	724,777

Consolidated Statement of Cash Flows (Cont'd.)

For the financial year ended 31 July 2019

	2019 RM'000	2018 RM'000 (Restated)
Cash flows from investing activities		
Purchase of property, plant and equipment	(253,790)	(453,248)
Additions to:		
– Land held for property development expenditures	(229,227)	(222,086)
– Investment properties expenditures	(88,522)	(54,074)
– Expressway development expenditures	(13,251)	(2,850)
Proceeds from:		
– Disposal of property, plant and equipment	793	4,400
– Disposal of investment properties	63,622	3,442
Net (purchase)/proceeds from disposal of investment securities	(12,393)	78,129
Capital repayment from an associated company	159,996	–
(Additional)/redemption of interest in joint ventures	(187,156)	56,438
Placement of deposits with tenure more than 3 months	(109,582)	(181,315)
Dividend received from:		
– Associated companies	776,048	89,881
– Joint ventures	175,800	88,000
Distribution received from investment securities:		
– Islamic	8,773	12,481
– Non-Islamic	4,868	3,828
Profit rate received from Islamic fixed deposits	9,553	5,535
Interest income received from non-Islamic fixed deposits	69,546	28,911
Net cash generated from/(used in) investing activities	375,078	(542,528)
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings and debts	(594,357)	575,637
Proceeds from:		
– Exercise of ESOS	8,800	53,790
– Conversion of warrants	4,465	16,799
Dividends paid to:		
– Shareholders	(148,083)	(295,427)
– Non-controlling interests	(36,600)	(34,200)
Net cash (used in)/generated from financing activities	(765,775)	316,599
Net increase in cash and cash equivalents	94,026	498,848
Effects of exchange rate changes	10,029	(21,257)
Cash and cash equivalents at beginning of year	977,068	499,477
Cash and cash equivalents at end of year (Note 25)	1,081,123	977,068

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.

	2019 RM'000	2018 RM'000 (Restated)
At 1 August 2018/2017	5,736,700	5,243,293
Repayment of borrowings and debts	(1,243,066)	(777,522)
Drawdown of borrowings and debts	648,709	1,353,159
Effects of exchange rate changes	1,315	(82,230)
At 31 July	5,143,658	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 2019

	Note	2019 RM'000	2018 RM'000
Revenue	4	2,420,370	1,603,102
Other income		215,112	167,697
Construction contract costs recognised as contract expenses		(1,144,640)	(1,152,144)
Staff costs	5	(71,314)	(74,425)
Depreciation		(7,212)	(7,034)
Other operating expenses		(39,537)	(61,115)
Profit from operations	7	1,372,779	476,081
Finance costs	8	(120,976)	(100,316)
Profit before tax		1,251,803	375,765
Income tax expense	9	(23,149)	(53,209)
Profit for the year		1,228,654	322,556
Net dividends per ordinary share (sen)	11	12.0	12.0

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

Statement of Comprehensive Income

For the financial year ended 31 July 2019

	2019 RM'000	2018 RM'000
Profit for the year	1,228,654	322,556
Other comprehensive (loss)/income:		
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation	(1,179)	(7,324)
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:</i>		
Fair value remeasurement on defined benefit plan	(558)	–
Income tax effect	134	–
Other comprehensive loss for the year, net of tax	(1,603)	(7,324)
Total comprehensive income for the year	1,227,051	315,232

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

Statement of Financial Position

As at 31 July 2019

	Note	2019 RM'000	2018 RM'000	1.8.2017 RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	281,491	302,416	179,102
Investment properties	14	9,965	10,120	10,272
Investments in subsidiaries	17	4,526,481	4,638,316	4,078,297
Interests in associated companies	18	253,218	413,214	415,714
Interests in joint arrangements	19	177,627	177,627	177,627
Other investments	20	733	733	733
Deferred tax assets	31	2,228	-	16,423
Receivables	21(b)	88,970	200,435	21,536
Due from subsidiaries	24	844,703	594,080	618,091
		6,185,416	6,336,941	5,517,795
Current assets				
Inventories	13(c)	1,952	4,692	14,509
Receivables	21(a)	895,020	718,632	932,350
Contract assets	22	19,425	21,492	54,666
Due from subsidiaries	24	2,030,013	1,069,512	961,847
Investment securities	23	340,371	21,504	19,072
Cash and bank balances	25	65,184	79,233	28,136
		3,351,965	1,915,065	2,010,580
Total assets		9,537,381	8,252,006	7,528,375

Statement of Financial Position (Cont'd.)

As at 31 July 2019

	Note	2019 RM'000	2018 RM'000	1.8.2017 RM'000
Equity and liabilities				
Share capital	26	3,469,729	3,452,940	3,372,368
Reserves		2,445,274	1,500,001	1,468,294
Owners' equity		5,915,003	4,952,941	4,840,662
Non-current liabilities				
Payables	30(a)	67,789	33,574	38,439
Deferred tax liabilities	31	-	3,929	-
Long term Islamic debts	32	1,300,000	1,500,000	1,400,000
		1,367,789	1,537,503	1,438,439
Current liabilities				
Payables	30(b)	380,160	317,060	333,799
Contract liabilities	22	790,073	429,037	377,434
Due to subsidiaries	35	168,449	62,040	55,991
Short term Islamic debts	32	300,000	800,000	400,000
Short term borrowings	33	600,298	150,000	55,647
Tax payable		15,609	3,425	26,403
		2,254,589	1,761,562	1,249,274
Total liabilities		3,622,378	3,299,065	2,687,713
Total equity and liabilities		9,537,381	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 2019

	Non-distributable			Distributable	
	Share capital	Option reserves	Other reserves	Retained profits	Total
	RM'000	RM'000	(Note 27) RM'000	(Note 28) RM'000	RM'000
Company					
At 1 August 2018	3,452,940	57,733	102,667	1,339,601	4,952,941
Total comprehensive (loss)/income	-	-	(1,179)	1,228,230	1,227,051
Transactions with owners:					
Issue of ordinary shares pursuant to:					
Exercise of ESOS (Note 26(f))	8,800	-	-	-	8,800
Conversion of Warrants (Notes 26 and 27)	4,739	-	(274)	-	4,465
Share options granted under ESOS	-	18,101	-	-	18,101
Share options exercised under ESOS	3,250	(3,250)	-	-	-
Dividends paid to shareholders (Note 11)	-	-	-	(148,083)	(148,083)
Dividends payable to shareholders (Note 11)	-	-	-	(148,272)	(148,272)
Total transactions with owners	16,789	14,851	(274)	(296,355)	(264,989)
At 31 July 2019	3,469,729	72,584	101,214	2,271,476	5,915,003

Statement of Changes In Equity (Cont'd.)

For the financial year ended 31 July 2019

	Non-distributable			Distributable	
	Share capital	Option reserves	Other reserves	Retained profits	Total
	RM'000	RM'000	(Note 27) RM'000	(Note 28) RM'000	RM'000
Company					
At 1 August 2017	3,372,368	44,794	111,028	1,312,472	4,840,662
Total comprehensive (loss)/income	-	-	(7,324)	322,556	315,232
Transactions with owners:					
Issue of ordinary shares pursuant to:					
Exercise of ESOS (Note 26(f))	53,790	-	-	-	53,790
Conversion of Warrants (Notes 26 and 27)	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 paid to shareholders (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

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 2019

	2019 RM'000	2018 RM'000
Cash flows from operating activities		
Profit before taxation	1,251,803	375,765
Adjustments for:		
Depreciation:		
– Property, plant and equipment	7,057	6,882
– Investment properties	155	152
Provision for:		
– Retirement benefits obligations	771	816
– Short term accumulating compensated absences	332	440
Property, plant and equipment written off	7	–
Net (gain)/loss on:		
– Disposal of property, plant and equipment	(280)	(2,869)
– Unrealised foreign exchange	(32,550)	43,144
Impairment losses on trade receivables	38,311	61,772
Share options granted under ESOS	18,101	21,885
Dividend income from:		
– Subsidiaries	(166,288)	(88,125)
– Associated companies	(771,518)	(57,514)
– Joint ventures	(175,800)	(88,000)
Distribution from investment securities:		
– Islamic	(736)	(816)
– Non-Islamic	(1,980)	(761)
Profit rate from Islamic fixed deposits	(1,815)	(984)
Interest income from:		
– Non-Islamic fixed deposits	(954)	(981)
– Subsidiaries	(153,716)	(127,492)
Net unwinding of discount	(37,793)	(4,264)
Finance costs	117,829	98,279
Operating profits before working capital changes	90,936	237,329
(Increase)/decrease in:		
– Due from subsidiaries	(1,065,410)	(77,605)
– Receivables	(101,167)	11,347
– Inventories	2,740	9,817
Increase/(decrease) in payables	383,919	(64,943)
Cash (used in)/generated from operations	(688,982)	115,945
Dividend received	1,113,606	233,639
Income taxes paid	(16,988)	(55,834)
Finance costs paid	(117,829)	(66,370)
Retirement benefit obligations paid	–	(331)
Net cash generated from operating activities	289,807	227,049

Statement of Cash Flows (Cont'd.)

For the financial year ended 31 July 2019

	2019 RM'000	2018 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,000)	(136,845)
Proceeds from disposal of property, plant and equipment	385	5,934
Net purchase of investment securities	(318,867)	(2,432)
Additional investment in subsidiaries	(688,165)	(610,335)
Capital repayment from:		
– Subsidiaries	–	50,316
– An associated company	159,996	–
Proceeds on redemption of:		
– Loan stocks by a subsidiary	800,000	–
– Redeemable preference shares by a joint venture	–	2,500
Distribution received from investment securities:		
– Islamic	736	816
– Non-Islamic	1,980	761
Profit rate received from Islamic fixed deposits	1,815	984
Interest income received from:		
– Non-Islamic fixed deposits	954	981
– Subsidiaries	153,716	127,492
Net cash generated from/(used in) investing activities	80,550	(559,828)
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings and debts	(249,821)	609,006
Proceeds from:		
– Exercise of ESOS	8,800	53,790
– Conversion of warrants	4,465	16,799
Dividend paid to shareholders	(148,083)	(295,427)
Net cash (used in)/generated from financing activities	(384,639)	384,168
Net (decrease)/increase in cash and cash equivalents	(14,282)	51,389
Effects of exchange rate changes	233	(292)
Cash and cash equivalents at beginning of year	79,233	28,136
Cash and cash equivalents at end of year (Note 25)	65,184	79,233

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.

	2019 RM'000	2018 RM'000
At 1 August 2018/2017	2,450,000	1,855,647
Repayment of borrowings and debts	(1,169,744)	(440,994)
Drawdown of borrowings and debts	919,923	1,050,000
Effects of exchange rate changes	119	(14,653)
At 31 July	2,200,298	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 2019

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 8 October 2019.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements for the year ended 31 July 2019 are the Group's and Company's first financial statements prepared in accordance with MFRS. The Group and the Company have applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards.

For periods up to and including the year ended 31 July 2018, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS").

The financial statements provide comparative information in respect of the previous period. In addition, the Group and the Company present additional statements of financial position as at 1 August 2017 due to the retrospective application of accounting policies as a result of the first-time adoption of MFRS.

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – *First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1")*

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework. The MFRS framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: *Agriculture* and IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS framework. The adoption is mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements, using the MFRS framework in its first MFRS financial statements for the financial year ended 31 July 2019.

In preparing their opening MFRS statements of financial position as at 1 August 2018 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's and Company's financial statements are disclosed below:

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3 – *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Borrowing costs

MFRS 1 provides the option to apply MFRS 123 – *Borrowing Costs*, prospectively from the date of transition or from a specified date prior to the date of transition. This provides relief from full retrospective application of MFRS 123 which would require restatement of borrowing costs component capitalised prior to the date of transition.

The Group has elected to apply MFRS 123 prospectively from the date of transition.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – *First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1")* (cont'd.)

(c) Revenue from contracts with customers

Under FRS, the Group applied FRS 111 – *Construction Contracts*, FRS 118 – *Revenue and related Interpretations*. MFRS 15 – *Revenue from contracts with customers* establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

- (i) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- (ii) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used;
- (iii) For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when identifying the satisfied and unsatisfied performance obligations; determining the transaction price; and allocating the transaction price to the satisfied and unsatisfied performance obligations; and
- (iv) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised are not disclosed.

At the date of transition to MFRS, MFRS 15 has been applied retrospectively to the following:

- (i) Sale of development properties

Under FRS, revenue for property development activities is recognised based on percentage of completion method. However, under MFRS 15, this method shall be conditional upon the Group having no alternative use for the property and an enforceable right to payment for work completed to date. FRSIC Consensus 23 Application of MFRS 15 – *Revenue from Contracts with Customers* on Sale of Residential Properties issued by the Malaysian Institute of Accountants ("MIA"), allows sales of residential properties in Malaysia, to be recognised based on percentage of completion method.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – *First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1")* (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

At the date of transition to MFRS, MFRS 15 has been applied retrospectively to the following: (cont'd.)

(i) Sale of development properties (cont'd.)

The Group is in the business of developing residential and commercial properties. The Group recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser. Under MFRS 15, for most of its residential and commercial developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and have an enforceable right to payment for performance completed to date.

(ii) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under the previous FRS, the Group accounted for the bundled sales as one deliverable and recognises revenue over time. Under the current MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(iii) Significant financing component from the sale of development properties

Under MFRS 15, it requires the recognition of the financing component relating to the sale of property units under the deferred payment schemes. This would result in the recognition of interest income using the effective interest method over the term of the deferment.

(iv) Cost incurred in fulfilling a contract from sale of development properties

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered in future for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as assets. These costs are expensed off to the cost of sales and net of revenue respectively when the performance obligation is satisfied.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – *First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1")* (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

At the date of transition to MFRS, MFRS 15 has been applied retrospectively to the following: (cont'd.)

- (v) Recognition of provision for foreseeable losses for low cost/affordable housing and public infrastructure

Under the previous FRS, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above was in accordance to FRSIC Consensus 17 – *Development of Affordable Housing ("FRSIC 17")* issued by Malaysian Institute of Accountants ("MIA").

As for the public infrastructure, under the previous FRS, the Group recognised the costs as and when incurred.

On 7 March 2018, MIA withdrew FRSIC 17 and stated that FRSIC 17 is no longer relevant for the adoption of MFRS framework. The Group is of the view that the expected costs for infrastructure attributable to a project should be accrued progressively as and when the inventories are constructed. The same treatment would apply for the cost incurred in excess of the net realisable value of the low cost/affordable houses which is to be included in the measurement of premium housing progressively as it relates to the obligation to the local government authorities. Accordingly, the initial full provision for foreseeable losses recognised based on the previous FRS is no longer applicable.

- (vi) Entrance fee for club membership

Entrance fees represent 20% of the total membership fees. These entrance fees are non-refundable. Prior to the adoption of MFRS 15, entrance fees were taken up as income upon activation of the club membership.

Under MFRS 15, no revenue should be recognised upon receipt of an upfront fee, even if it is non-refundable, as the fee does not relate to the satisfaction of a performance obligation.

Non-refundable upfront fees are included in the transaction price and allocated to the performance obligation (i.e. access to club facilities over the term of the club membership) in the contract. Revenue is recognised when the performance obligations are satisfied.

Under MFRS 15, the membership fees (including entrance fees) are recognised as revenue over the term of the club membership.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – First-time adoption of Malaysian Financial Reporting Standards (“MFRS 1”) (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

The effects of the adoption of MFRS 15 on the financial statements are as follows:

Consolidated income statement**For the financial year ended 31 July 2018**

	As previously stated RM'000	Effect of adoption of MFRS 15 RM'000	As restated RM'000
Revenue	4,227,060	(10,509)	4,216,551
Other income	185,267	2,723	187,990
Construction contract costs recognised as contract expenses	(1,238,615)	–	(1,238,615)
Land and development costs	(1,369,031)	(4,323)	(1,373,354)
Highway maintenance and toll operations	(32,896)	–	(32,896)
Changes in inventory of finished goods and work in progress	(7,506)	–	(7,506)
Purchases – raw and trading materials	(266,851)	–	(266,851)
Production overheads	(86,955)	–	(86,955)
Staff costs	(249,115)	864	(248,251)
Depreciation and amortisation	(176,480)	–	(176,480)
Operating expenses	(288,246)	20,177	(268,069)
Profit from operations	696,632	8,932	705,564
Finance costs	(96,070)	4,918	(91,152)
Share of loss of associated companies	(96,303)	–	(96,303)
Share of profit of joint ventures	225,043	3,513	228,556
Profit before taxation	729,302	17,363	746,665
Income tax expenses	(164,945)	(1,068)	(166,013)
Profit for the year	564,357	16,295	580,652
Profit attributable to:-			
Owners of the Company	513,883	16,295	530,178
Non-controlling interests	50,474	–	50,474
	564,357	16,295	580,652
Earning per share attributable to			
Owners of the Company (sen)			
Basic	20.89		21.56
Diluted	20.88		21.54

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1") (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

The effects of the adoption of MFRS 15 on the financial statements are as follows: (cont'd.)

Consolidated statement of financial position

As at 31 July 2018

	As previously stated RM'000	Effect of adoption of MFRS 15 RM'000	As restated RM'000
Assets			
Non-current assets			
Property, plant and equipment	1,009,191	–	1,009,191
Land held for property development	2,783,457	(128,320)	2,655,137
Investment properties	363,578	308	363,886
Land use rights	1,895	–	1,895
Expressway development expenditure	1,421,203	–	1,421,203
Interests in associated companies	1,773,824	–	1,773,824
Interests in joint arrangements	1,002,187	(1,649)	1,000,538
Other investments	812	–	812
Deferred tax assets	39,219	2,182	41,401
Receivables	1,005,967	–	1,005,967
	9,401,333	(127,479)	9,273,854
Current assets			
Property development costs	2,175,988	(92,973)	2,083,015
Inventories	491,758	–	491,758
Receivables	3,104,930	(1,262,742)	1,842,188
Contract assets	–	1,276,378	1,276,378
Tax recoverable	42,293	–	42,293
Investment securities	384,271	–	384,271
Cash and bank balances	1,238,634	–	1,238,634
	7,437,874	(79,337)	7,358,537
Total assets	16,839,207	(206,816)	16,632,391

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – First-time adoption of Malaysian Financial Reporting Standards (“MFRS 1”) (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

The effects of the adoption of MFRS 15 on the financial statements are as follows: (cont'd.)

Consolidated statement of financial position

As at 31 July 2018 (cont'd.)

	As previously stated RM'000	Effect of adoption of MFRS 15 RM'000	As restated RM'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	3,452,940	–	3,452,940
Reserves	4,114,905	28,780	4,143,685
Owners' equity	7,567,845	28,780	7,596,625
Non-controlling interests	383,681	–	383,681
Total equity	7,951,526	28,780	7,980,306
Non-current liabilities			
Payables	205,185	(61,789)	143,396
Contract liabilities	–	66,810	66,810
Provision for liabilities	258,705	(230,769)	27,936
Deferred tax liabilities	400,672	6,647	407,319
Long term Islamic debts	2,465,000	–	2,465,000
Long term borrowings	1,784,964	–	1,784,964
	5,114,526	(219,101)	4,895,425
Current liabilities			
Payables	2,170,031	(540,734)	1,629,297
Contract liabilities	–	540,734	540,734
Provision for liabilities	71,326	(16,495)	54,831
Short term Islamic debts	890,000	–	890,000
Short term borrowings	596,736	–	596,736
Tax payable	45,062	–	45,062
	3,773,155	(16,495)	3,756,660
Total liabilities	8,887,681	(235,596)	8,652,085
Total equity and liabilities	16,839,207	(206,816)	16,632,391

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1") (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

The effects of the adoption of MFRS 15 on the financial statements are as follows: (cont'd.)

Consolidated statement of financial position

As at 31 July 2017

	As previously stated RM'000	Effect of adoption of MFRS 15 RM'000	As restated RM'000
Assets			
Non-current assets			
Property, plant and equipment	617,250	–	617,250
Land held for property development	2,907,537	(18,261)	2,889,276
Investment properties	309,599	(6)	309,593
Land use rights	2,320	–	2,320
Expressway development expenditure	1,545,042	–	1,545,042
Interests in associated companies	1,976,423	–	1,976,423
Interests in joint arrangements	937,790	(5,162)	932,628
Other investments	812	–	812
Deferred tax assets	74,369	1,883	76,252
Receivables	964,511	–	964,511
	9,335,653	(21,546)	9,314,107
Current assets			
Property development costs	2,305,261	(92,769)	2,212,492
Inventories	228,163	–	228,163
Receivables	2,845,496	(781,992)	2,063,504
Contract assets	–	792,436	792,436
Tax recoverable	13,475	–	13,475
Investment securities	462,400	–	462,400
Cash and bank balances	579,728	–	579,728
	6,434,523	(82,325)	6,352,198
Total assets	15,770,176	(103,871)	15,666,305

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – First-time adoption of Malaysian Financial Reporting Standards (“MFRS 1”) (cont'd.)

(c) Revenue from contracts with customers (cont'd.)

The effects of the adoption of MFRS 15 on the financial statements are as follows: (cont'd.)

Consolidated statement of financial position

As at 31 July 2017 (cont'd.)

	As previously stated RM'000	Effect of adoption of MFRS 15 RM'000	As restated RM'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	3,372,368	–	3,372,368
Reserves	4,103,622	12,485	4,116,107
Owners' equity	7,475,990	12,485	7,488,475
Non-controlling interests	369,130	–	369,130
Total equity	7,845,120	12,485	7,857,605
Non-current liabilities			
Payables	194,545	(64,280)	130,265
Contract liabilities	–	69,300	69,300
Provision for liabilities	130,097	(115,129)	14,968
Deferred tax liabilities	419,181	5,279	424,460
Long term Islamic debts	2,455,000	–	2,455,000
Long term borrowings	2,159,646	–	2,159,646
	5,358,469	(104,830)	5,253,639
Current liabilities			
Payables	1,814,292	(431,766)	1,382,526
Contract liabilities	–	431,868	431,868
Provision for liabilities	56,809	(11,628)	45,181
Short term Islamic debts	490,000	–	490,000
Short term borrowings	138,647	–	138,647
Tax payable	66,839	–	66,839
	2,566,587	(11,526)	2,555,061
Total liabilities	7,925,056	(116,356)	7,808,700
Total equity and liabilities	15,770,176	(103,871)	15,666,305

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.2 MFRS 1 – *First-time adoption of Malaysian Financial Reporting Standards ("MFRS 1")* (cont'd.)

(d) Financial instruments

MFRS 1 allows for the exemption from the requirements to restate comparative information for MFRS 9 *Financial Instruments*. Accordingly, the Group and the Company have applied the requirements of FRS in place of the requirements of MFRS 9 to comparative information about items within the scope of MFRS 9.

(i) Classification and measurement

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under FRS 139, with the exception of the below:

- Trade and other receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

(ii) Impairment of financial assets

The Group's accounting for impairment of financial assets, has been replaced from the incurred loss approach to the forward-looking expected credit loss ("ECL") approach. ECL approach is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The MFRS's simplified approach is applied for contract assets and trade and other receivables, and the Group has calculated ECL based on lifetime expected credit losses. The simplified approach excludes tracking of changes in credit risk.

There is no significant impact to the Group upon adoption of MFRS 9 *Financial Instruments*.

(e) Estimates

The estimates as at 1 August 2018 and 31 July 2019 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 August 2018, the date of transition to MFRS and as of 31 July 2019.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.3 Standards and interpretations issued but not yet effective

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

Effective for annual periods beginning on or after 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standard 2015-2017 Cycle
Amendments to MFRS 119	Plan amendment, Curtailment or Settlement
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatment

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

Effective for annual periods beginning on or after 1 January 2020:

Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)

Effective for annual periods beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts

Deferred:

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

The directors expect that the adoption of the above standards will have no significant impact to the financial statements in the period of initial application except for those discussed below.

(a) MFRS 16: Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Either a full or modified retrospective transition approach is required for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of adopting MFRS 16 and expects to fully comply with the requirement for the financial year ending 31 July 2020.

The Group and the Company are in the midst of assessing the impact of the application of this standard on their existing operating leases. Whilst the Group and the Company expect to recognise certain of these leases as right-to-use assets, this is not expected to have significant impact on the overall results and financial positions of the Group and of the Company.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

(b) Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

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

As the amendments eliminate ambiguity in the wording of the standard, the directors of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement(s) with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.4 Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.5 Business combinations and goodwill (cont'd.)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Investment in associates 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 the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.6 Investment in associates and joint ventures (cont'd.)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.7 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.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

(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 2.13.

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.8 Intangible assets (cont'd.)

(a) Expressway development expenditure (cont'd.)

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 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 for other intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.8 Intangible assets (cont'd.)

(b) Other intangible assets (cont'd.)

Other intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Other intangible assets of the Group comprise of quarry rights.

The quarry rights are attributable to G.B. Kuari Sdn. Bhd. which have been granted the rights to operate quarry for a period of 30 years ending year 2022.

2.9 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 net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. 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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 is calculated on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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 2.13.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee or internal appraisals by the directors.

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 cost.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment, set out in Note 2.9 up to the date of change in use.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.11 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 2.12. 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 2.21.

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 2.8.

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 2.9. 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 2.16. Repairs and maintenance and other expenses that are routine in nature are expensed to profit or loss as incurred.

2.12 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.12 Construction contracts (cont'd.)

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

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets within trade receivables. When progress billings exceed costs incurred on construction contracts plus recognised profits (less recognised losses), the balance is classified as contract liabilities within trade payables.

2.13 Impairment of non-financial assets

The Group assesses, the carrying amounts of the Group's non-financial assets, other than land held for property development, property development costs, deferred tax assets and inventories, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

Goodwill is tested for impairment annually as at 31 July and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 Inventories

Inventories are stated at the lower of cost or net realisable value, cost being determined on the weighted average basis.

(a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, 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 2.13.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.14 Inventories (cont'd.)

(b) Property development cost

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.

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.

(c) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

(d) Raw materials, panels and work in progress

The cost of raw materials includes the cost of purchase and other direct charges. The costs of panels and work-in-progress comprise of raw materials, direct labour, other direct costs and appropriate proportions of production overheads. Cost of inventories are accounted for using the weighted average cost method.

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 2019

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

2.15 Leases

(a) Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the 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 of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.19(b)(ii).

2.16 Provisions

Provisions 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.17 Taxes

(a) Current income tax

Current income 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 at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or 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 arrangements, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- when 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 arrangements, 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 2019

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

2.17 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.17 Taxes (cont'd.)

(c) Goods and Services Tax (“GST”) and Sales and Service Tax (“SST”)

The net amount of GST or SST being the difference between output and input of GST or SST, 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.

Revenue is recognised net of SST charged to customers. Expenses and assets are recognised inclusive of SST. The amount payable to taxation authority is included as payables in the statement of financial position.

The effective date for SST in Malaysia is on 1 September 2018. Prior to this date, Malaysia was under the GST regime.

2.18 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund (“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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.18 Employee benefits (cont'd.)

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

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 of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

(d) Share based compensation

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.18 Employee benefits (cont'd.)

(d) Share based compensation (cont'd.)

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.

2.19 Revenue from contracts with customers and other income recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Other income is recognised to the extent that they are probable that the economic benefits associated with the transaction will flow to the Group and the 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 recognition from contracts with customers

(i) Engineering and construction contracts

Revenue from engineering and construction contracts is accounted for by the stage of completion method as described in Note 2.12.

(ii) Property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.19 Revenue from contracts with customers and other income recognition (cont'd.)

(a) Revenue recognition from contracts with customers (cont'd.)

(ii) Property development (cont'd.)

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payments.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, the Group recognises the revenue at a point of time to the sale of completed properties and properties under contract of sale when the control of the properties has been transferred to the customers and it is probable that the Group will collect the consideration it is entitled to.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.19 Revenue from contracts with customers and other income recognition (cont'd.)

(a) Revenue recognition from contracts with customers (cont'd.)

(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.

(vii) Club membership entrance fees and annual fees

Membership entrance fees from members represent 20% of the membership fees whereas membership annual fees represent the remaining 80% of the membership fees. The membership fees are received upfront and recognised on a straight-line basis over the tenure of the membership.

(b) Other income

(i) Interest income

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

(ii) Rental income

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

2.20 Foreign currencies

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.20 Foreign currencies (cont'd.)

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.20 Foreign currencies (cont'd.)

(c) Group companies (cont'd.)

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

	2019 RM	2018 RM
United States Dollar	4.126	4.065
Indian Rupee	0.060	0.059
New Taiwan Dollar	0.132	0.132
Qatari Riyal	1.125	1.106
Bahraini Dinar	10.918	10.686
100 Vietnam Dong	0.018	0.018
Australian Dollar	2.847	3.016
Singapore Dollar	3.015	2.985

2.21 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.21 Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loans to associates included under other non-current financial assets.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.21 Financial assets (cont'd.)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.21 Financial assets (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.22 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.23 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.24 Share capital and share issuance expenses

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

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

2.25 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.25 Financial liabilities (Cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. 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 and other payables, Islamic debts and borrowings.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.25 Financial liabilities (cont'd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.26 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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;
- Cash flow hedges when hedging the 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 it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

Initial recognition and subsequent measurement (cont'd.)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

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.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

Initial recognition and subsequent measurement (cont'd.)

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

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.

2.27 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.28 Deferred revenue

Deferred revenue comprise the following:

(a) Advance maintenance fees and license 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.29 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

2.30 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.

2.31 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue or other income when the Group performs the contract.

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) Contract assets/(liabilities) 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 2019

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

Key sources of estimation uncertainty (cont'd.)

(a) Contract assets/(liabilities) 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 RM91,205,000 (2018: RM76,637,000).

The carrying amount of the Group's contract assets/(liabilities) for construction contracts at the reporting date is disclosed in Note 22. A 5% difference in the estimated total contract cost would increase/decrease the Group's profit for the year by RM82,824,000 (2018: RM77,853,000).

(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 31.

(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 36(a).

If the actual claims differ by 5% from management's estimates, the Group's profit for the year will increase/decrease by RM3,107,000 (2018: RM2,563,000).

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

Key sources of estimation uncertainty (cont'd.)

(d) Provision for affordable housing

Provision for affordable housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the following conditions:

- The master and building plans is approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

The carrying amount of the Group's provision for affordable housing as at reporting date is disclosed in Note 36(b).

(e) 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

Key sources of estimation uncertainty (cont'd.)

(f) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

4. REVENUE

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

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Engineering and construction contracts	1,686,398	1,655,031	1,306,752	1,369,463
Sales of development properties	2,121,863	1,774,959	–	–
Quarry sales	28,170	44,939	–	–
Trading of construction materials	163,880	169,211	–	–
Sales of manufactured products	43,998	39,924	–	–
Supply of water and related services	170,297	167,392	–	–
Toll concession revenue	308,982	328,258	–	–
Dividend income from subsidiaries	–	–	166,288	88,125
Dividend income from associates	–	–	771,518	57,514
Dividend income from joint ventures	–	–	175,800	88,000
Others	41,474	36,837	12	–
	4,565,062	4,216,551	2,420,370	1,603,102
Timing of revenue recognition:				
– At a point in time	1,210,550	785,803	1,113,618	233,639
– Over time	3,354,512	3,430,748	1,306,752	1,369,463
	4,565,062	4,216,551	2,420,370	1,603,102

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

	2019 RM'000	2018 RM'000 (Restated)
Revenue of the Group	4,565,062	4,216,551
Share of revenue of joint ventures:		
– Engineering and construction contracts	2,198,418	2,140,996
– Property development and club operations	400,403	778,919
– Water and expressway concessions	17,315	16,170
	7,181,198	7,152,636

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

5. STAFF COSTS

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Wages and salaries:	332,726	278,005	140,227	122,275
– Company	23,047	22,727	23,047	22,727
– Joint operations	117,180	99,548	117,180	99,548
– Subsidiaries	192,499	155,730	–	–
Bonus	23,116	34,295	5,381	4,383
Directors' remuneration (Note 6)	15,842	18,354	14,533	13,557
Short term accumulating compensated absences	1,324	1,860	332	440
Defined contribution plans	25,781	22,106	4,667	3,600
Provision for retirement benefit obligations	7,305	5,417	643	796
Share options granted under ESOS	17,609	21,294	17,609	21,294
Social security costs	3,267	2,797	138	123
Other staff related expenses	44,937	57,330	4,379	10,094
	471,907	441,458	187,909	176,562
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 13(b))	(39,255)	(37,145)	–	–
Investment properties (Note 14)	(2,785)	(1,801)	–	–
Costs of contract assets from construction (Note 22(a))	(164,807)	(142,116)	(116,595)	(102,137)
Less: Amount classified as highway maintenance and toll operations	(12,015)	(12,145)	–	–
	253,045	248,251	71,314	74,425

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

6. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors				
Executive:				
Salaries	13,143	12,122	12,055	8,863
Bonus	–	2,919	–	2,282
Defined contribution plans	1,871	2,238	1,727	1,632
Provision for retirement benefit obligations	167	53	128	20
Share options granted under ESOS	492	591	492	591
Other emoluments				
– Allowances	169	431	131	169
– Benefits-in-kind	1,258	1,132	829	724
	17,100	19,486	15,362	14,281
Non-executive:				
Fees	774	590	774	590
Other emoluments				
– Allowances	172	156	172	156
– Benefits-in-kind	98	47	98	47
	1,044	793	1,044	793
Total	18,144	20,279	16,406	15,074
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	15,842	18,354	14,533	13,557
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	946	746	946	746
Total directors' remuneration excluding benefits-in-kind	16,788	19,100	15,479	14,303

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 2019 and 31 July 2018 are as follows:

2019	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	5,852	–	225	6,077
Encik Mohammed Rashdan bin Mohd Yusof [#]	4,093	–	151	4,244
Y Bhg Dato' Ir. Ha Tiing Tai	3,245	–	215	3,460
Y Bhg Dato' Goon Heng Wah [^]	262	–	165	427
Y Bhg Dato' Haji Azmi bin Mat Nor [^]	294	–	140	434
Mr Saw Wah Theng [^]	247	–	130	377
Y Bhg Dato' Ubull a/l Din Om	676	–	54	730
Y Bhg Dato' Ir. Chow Chee Wah [^]	132	–	151	283
Ir. Chan Kong Wah [^]	130	–	122	252
Mr Soo Kok Wong [^]	83	–	74	157
	15,014	–	1,427	16,441
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	211	174	385
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	130	22	152
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang [#]	–	109	16	125
YM Tunku Afwida binti Tunku A.Malek	–	164	32	196
Puan Nazli binti Mohd Khir Johari	–	160	26	186
	–	774	270	1,044

[#] Appointed w.e.f. 28 September 2018

[^] Resigned w.e.f. 28 September 2018

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 2019 and 31 July 2018 are as follows: (cont'd.)

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

* Included in other emoluments are allowances and benefits-in-kind.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

7. PROFIT FROM OPERATIONS

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

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Amortisation:				
– Land use rights (Note 15)	425	425	–	–
– Expressway development expenditure (Note 16)	127,982	126,689	–	–
Auditors' remuneration:				
– Statutory audits:				
– Group's auditors	1,541	1,324	280	266
– Other auditors	104	50	24	31
– Other services	146	198	140	53
Investment properties (Note 14):				
– Depreciation	7,127	6,673	155	152
– Net gain on disposal	(24,055)	(2,443)	–	–
Non-executive directors' remuneration (Note 6)	946	746	946	746
Property, plant and equipment (Note 12):				
– Depreciation	56,594	42,693	7,057	6,882
– Written off	31	117	7	–
– Net gain on disposal	(510)	(3,514)	(280)	(2,869)
Net provision for liabilities (Note 36)	4,490	4,003	–	–
Rental expense:				
– Land	2,359	2,355	–	–
– Premises	991	1,036	34	487
Hire of plant and equipment	3,698	278	–	–
Loss/(gain) of foreign exchange:				
– Realised	1,126	(1,815)	(3,312)	(4,367)
– Unrealised	31	(370)	(32,550)	43,144
Professional fees	13,765	5,605	10,518	1,359
Rental income:				
– Subsidiaries	–	–	(5,285)	(5,250)
– Others	(28,698)	(22,312)	(1,340)	(1,298)
Impairment loss on trade receivables (Note 21(a))	38,963	63,311	38,311	61,772

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

7. PROFIT FROM OPERATIONS (CONT'D.)

The following items have been included in arriving at profit from operations: (cont'd.)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Discount provided on settlement scheme	–	70,056	–	–
Less: Reversal on fair value adjustment	–	(62,772)	–	–
	–	7,284	–	–
Share of profits/(losses) of associated companies	126,634	203,748	–	–
Less: Impairment loss on investment in an associate-SPLASH Holdings	–	(300,051)	–	–
	126,634	(96,303)	–	–
Share of profits of joint ventures	184,842	228,556	–	–
Fair value gain on embedded derivatives	(2,957)	(1,495)	–	–
Distribution from investment securities:				
– Islamic	(8,773)	(12,481)	(736)	(816)
– Non-Islamic	(4,868)	(3,828)	(1,980)	(761)
Profit rate from Islamic fixed deposits	(9,553)	(5,535)	(1,815)	(984)
Interest income arising from:				
– Non-Islamic fixed deposits	(69,546)	(28,911)	(954)	(981)
– Significant financing component	(2,133)	(3,308)	–	–
– Subsidiaries	–	–	(153,716)	(127,492)
Unwinding of discount:				
– Notional interest income	(53,660)	(16,934)	(40,940)	(6,301)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

8. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Profit rate on Islamic medium term notes	136,907	147,521	88,920	97,255
Interest expense on:				
– Commercial papers	7,176	188	7,176	188
– Revolving credits	31,601	5,728	21,733	836
– Term loans	97,341	83,370	–	–
Unwinding of discount				
– Notional interest expense	10,601	2,384	3,147	2,037
Others	728	870	–	–
	284,354	240,061	120,976	100,316
Less:				
Interest expense capitalised into:				
– Contract assets and liabilities (Note 22(a))	(5,556)	(4,760)	–	–
– Property development costs (Note 13(b))	(185,450)	(143,487)	–	–
– Investment properties (Note 14)	(1,417)	(662)	–	–
	91,931	91,152	120,976	100,316

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

9. INCOME TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Income tax:				
Malaysian income tax	115,608	133,267	25,553	35,501
Foreign income tax	38,263	17,726	25	3
Under/(over) provision in prior years	28,449	(6,084)	3,594	(2,647)
	182,320	144,909	29,172	32,857
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	(11,702)	11,392	(5,146)	19,850
(Over)/under provision in prior years	(19,964)	9,712	(877)	502
	(31,666)	21,104	(6,023)	20,352
	150,654	166,013	23,149	53,209

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

9. INCOME TAX EXPENSE (CONT'D.)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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:

	2019 RM'000	2018 RM'000 (Restated)
Group		
Profit before tax	908,849	746,665
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	218,124	179,200
Effect of different tax rates in other countries	170	(7,042)
Income not subject to tax	(39,012)	(23,096)
Expenses not deductible for tax purposes	24,361	34,845
Effects of tax on share of profits of associated companies and joint ventures	(74,754)	(31,741)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(9,326)	(1,714)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	22,606	11,933
Under/(over) provision of income tax in prior years	28,449	(6,084)
(Over)/under provision of deferred tax in prior years	(19,964)	9,712
Income tax expense for the year	150,654	166,013
	2019 RM'000	2018 RM'000
Company		
Profit before tax	1,251,803	375,765
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	300,433	90,184
Effect of different tax rates in other countries	10,717	(2,282)
Income not subject to tax	(300,238)	(56,505)
Expenses not deductible for tax purposes	9,520	23,957
Under/(over) provision of income tax in prior years	3,594	(2,647)
(Over)/under provision of deferred tax in prior years	(877)	502
Income tax expense for the year	23,149	53,209

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

9. INCOME TAX EXPENSE (CONT'D.)

Tax savings during the financial year arising from:

	Group	
	2019 RM'000	2018 RM'000
Utilisation of previously unrecognised tax losses	(3,077)	(1,714)
Utilisation of previously unabsorbed capital allowances	(4,720)	–
Utilisation of previously unrecognised other deductible temporary differences	(1,529)	–
	(9,326)	(1,714)

Details of deferred tax assets not recognised are stated in Note 31 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.

	2019	2018 (Restated)
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	706,113	530,178
Weighted average number of ordinary shares in issue ('000)	2,468,613	2,459,548
Basic earnings per share (sen)	28.60	21.56

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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.

	2019	2018 (Restated)
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	706,113	530,178
Weighted average number of ordinary shares in issue ('000)	2,468,613	2,459,548
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	476	2,057
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,469,089	2,461,605
Fully diluted earnings per share (sen)	28.60	21.54

The unexercised ESOS has dilutive effect on the earnings per share when the ESOS's exercise price is lower than the market price per ordinary share at the reporting date.

186,927,000 (2018: 126,153,000) share options granted to employees under the existing ESOS have not been included in the calculation of diluted earnings per share because the options are anti-dilutive (ESOS exercise price is higher than market share price).

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

11. DIVIDENDS

	Group and Company			
	Amount		Net dividends per ordinary share	
	2019 RM'000	2018 RM'000	2019 sen	2018 sen
Dividends recognised in respect of financial year ended 31 July 2019				
– First interim dividend declared on 14 December 2018 and paid on 25 January 2019	148,083	–	6.0	–
– Second interim dividend declared on 27 June 2019 and paid on 6 August 2019	148,272*	–	6.0	–
Dividends recognised 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 28 July 2018	–	148,080	–	6.0
	296,355	295,427	12.0	12.0

* On 27 June 2019, the Directors declared a second interim dividend in respect of the financial year ended 31 July 2019 of 6 sen per share paid on 6 August 2019 amounted to RM148,272,000.

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 2019

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 2019				
Cost				
At 1 August 2018	525,516	494,125	258,185	1,277,826
Additions	4,960	128,376	120,454	253,790
Disposals	–	(8,462)	–	(8,462)
Write-offs	–	(1,719)	–	(1,719)
Reclassification upon completion	138,739	163,296	(302,035)	–
Exchange differences	2,120	208	(78)	2,250
At 31 July 2019	671,335	775,824	76,526	1,523,685
Accumulated depreciation and impairment loss				
At 1 August 2018	72,197	196,438	–	268,635
Recognised in profit or loss (Note 7)	18,827	37,767	–	56,594
Capitalised in contract assets from construction (Note 22(a))	–	52,625	–	52,625
Disposals	–	(8,179)	–	(8,179)
Write-offs	–	(1,688)	–	(1,688)
Exchange differences	(27)	215	–	188
At 31 July 2019	90,997	277,178	–	368,175
Net carrying amount				
At 31 July 2019	580,338	498,646	76,526	1,155,510

Included in the additions to property, plant and equipment are mainly as follows:

	RM'000
Industrial Building System ("IBS") factory, plant and machinery	136,256
Other plant and machinery	50,991
Sales gallery and sports centre	57,718
Vehicles, office equipment, furniture and fittings	8,825
	253,790

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 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
Recognised in profit or loss (Note 7)	16,615	26,078	–	42,693
Capitalised in contract assets from construction (Note 22(a))	–	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 ("IBS") factory, plant and machinery				195,427
Other plant and machinery				165,260
Sales gallery and sports centre				63,189
Vehicles, office equipment, furniture and fittings				29,372
				453,248

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 2019				
Cost				
At 1 August 2018	95,853	22,816	406,847	525,516
Additions	–	–	4,960	4,960
Reclassification upon completion	–	–	138,739	138,739
Exchange differences	–	214	1,906	2,120
At 31 July 2019	95,853	23,030	552,452	671,335
Accumulated depreciation and impairment loss				
At 1 August 2018	–	1,300	70,897	72,197
Recognised in profit or loss	–	197	18,630	18,827
Exchange differences	–	5	(32)	(27)
At 31 July 2019	–	1,502	89,495	90,997
Net carrying amount				
At 31 July 2019	95,853	21,528	462,957	580,338

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 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
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 2019

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 2019				
Cost				
At 1 August 2018	44,406	97,531	352,188	494,125
Additions	2,858	17,857	107,661	128,376
Disposals	(1,083)	(4,506)	(2,873)	(8,462)
Write-offs	–	(723)	(996)	(1,719)
Reclassification upon completion	–	15,048	148,248	163,296
Exchange differences	15	154	39	208
At 31 July 2019	46,196	125,361	604,267	775,824
Accumulated depreciation and impairment loss				
At 1 August 2018	21,606	66,945	107,887	196,438
Recognised in profit or loss	3,048	16,964	17,755	37,767
Capitalised in contract assets from construction	1,699	831	50,095	52,625
Disposals	(1,141)	(4,331)	(2,707)	(8,179)
Write-offs	–	(698)	(990)	(1,688)
Exchange differences	53	20	142	215
At 31 July 2019	25,265	79,731	172,182	277,178
Net carrying amount				
At 31 July 2019	20,931	45,630	432,085	498,646

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 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
Recognised in profit or loss	2,668	12,502	10,908	26,078
Capitalised in contract assets from construction	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 2019

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 2019				
Cost				
At 1 August 2018	165,015	84,530	121,888	371,433
Additions	–	5,474	26,526	32,000
Disposals	–	(6,380)	–	(6,380)
Write-offs	–	(1,180)	–	(1,180)
Reclassification upon completion	–	131,227	(131,227)	–
Exchange differences	–	70	–	70
At 31 July 2019	165,015	213,741	17,187	395,943
Accumulated depreciation and impairment loss				
At 1 August 2018	23,641	45,376	–	69,017
Recognised in profit or loss (Note 7)	3,242	3,815	–	7,057
Capitalised in contract assets from construction (Note 22(a))	–	45,763	–	45,763
Disposals	–	(6,275)	–	(6,275)
Write-offs	–	(1,173)	–	(1,173)
Exchange differences	–	63	–	63
At 31 July 2019	26,883	87,569	–	114,452
Net carrying amount				
At 31 July 2019	138,132	126,172	17,187	281,491

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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	–	(18,169)	–	(18,169)
Write-offs	–	(47)	–	(47)
Reclassification upon completion	–	3,151	(3,151)	–
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
Recognised in profit or loss (Note 7)	3,187	3,695	–	6,882
Capitalised in contract assets from construction (Note 22(a))	–	3,562	–	3,562
Disposals	–	(15,104)	–	(15,104)
Write-offs	–	(47)	–	(47)
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 2019

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 2019				
Cost				
At 1 August 2018/31 July 2019	659	5,611	158,745	165,015
Accumulated depreciation and impairment loss				
At 1 August 2018	–	885	22,756	23,641
Charge for the year	–	68	3,174	3,242
At 31 July 2019	–	953	25,930	26,883
Net carrying amount				
At 31 July 2019	659	4,658	132,815	138,132
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 2019

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 2019				
Cost				
At 1 August 2018	1,720	40,520	42,290	84,530
Additions	182	1,298	3,994	5,474
Disposals	(759)	(3,804)	(1,817)	(6,380)
Write-offs	–	(189)	(991)	(1,180)
Reclassification upon completion	–	–	131,227	131,227
Exchange differences	9	29	32	70
At 31 July 2019	1,152	37,854	174,735	213,741
Accumulated depreciation				
At 1 August 2018	1,558	30,934	12,884	45,376
Recognised in profit or loss	9	3,806	–	3,815
Capitalised in contract assets from construction	15	190	45,558	45,763
Disposals	(684)	(3,834)	(1,757)	(6,275)
Write-offs	–	(186)	(987)	(1,173)
Exchange differences	9	26	28	63
At 31 July 2019	907	30,936	55,726	87,569
Net carrying amount				
At 31 July 2019	245	6,918	119,009	126,172

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 2018				
Cost				
At 1 August 2017	2,695	34,461	50,883	88,039
Additions	6	4,463	7,311	11,780
Disposals	(944)	(1,419)	(15,806)	(18,169)
Write-offs	–	(47)	–	(47)
Reclassification upon completion	–	3,151	–	3,151
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
Recognised in profit or loss	74	3,280	341	3,695
Capitalised in contract assets from construction	–	252	3,310	3,562
Disposals	(807)	(166)	(14,131)	(15,104)
Write-offs	–	(47)	–	(47)
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 2019

13. INVENTORIES

	Note	Group	
		2019 RM'000	2018 RM'000 (Restated)
Non-current			
Land held for property development	(a)	2,919,183	2,655,137
Current			
Property development cost	(b)	1,886,996	2,083,015
Other inventories	(c)	774,933	491,758
		2,661,929	2,574,773
Total inventories		5,581,112	5,229,910

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

13. INVENTORIES (CONT'D.)

(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 2019				
Cost				
At 1 August 2018 (as previously stated)	40,084	2,111,354	632,019	2,783,457
Effect of adoption of MFRS 15	–	–	(128,320)	(128,320)
At 1 August 2018 (as restated)	40,084	2,111,354	503,699	2,655,137
Cost incurred during the year	–	12,370	388,613	400,983
Transfer to property development costs (Note 13(b))	–	(113,854)	(25,055)	(138,909)
Transfer to investment properties (Note 14)	–	(4,595)	–	(4,595)
Exchange differences	–	6,567	–	6,567
At 31 July 2019	40,084	2,011,842	867,257	2,919,183
At 31 July 2018 (restated)				
Cost				
At 1 August 2017 (as previously stated)	55,100	2,487,887	364,550	2,907,537
Effect of adoption of MFRS 15	–	–	(18,261)	(18,261)
At 1 August 2017 (as restated)	55,100	2,487,887	346,289	2,889,276
Cost incurred during the year	–	62,037	320,986	383,023
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 (as restated)	40,084	2,111,354	503,699	2,655,137

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

13. INVENTORIES (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 2019				
Cumulative property development costs				
At 1 August 2018 (as previously stated)	157,912	2,289,394	3,527,188	5,974,494
Effect of adoption of MFRS 15	–	–	(85,119)	(85,119)
At 1 August 2018 (as restated)	157,912	2,289,394	3,442,069	5,889,375
Costs incurred during the year	–	27,448	1,487,744	1,515,192
Transfer from land held for property development (Note 13(a))	–	113,854	25,055	138,909
Transfer to investment property (Note 14)	(770)	(4,909)	(15,537)	(21,216)
Reversal of completed projects	(25,378)	(4,416)	(380,861)	(410,655)
Transfer to completed inventories	(27,063)	(65,301)	(280,170)	(372,534)
Exchange differences	–	18,571	41,305	59,876
At 31 July 2019	104,701	2,374,641	4,319,605	6,798,947
Cumulative costs recognised in profit or loss				
At 1 August 2018 (as previously stated)	52,061	922,851	2,823,594	3,798,506
Effect of adoption of MFRS 15	–	–	7,854	7,854
At 1 August 2018 (as restated)	52,061	922,851	2,831,448	3,806,360
Recognised during the year	13,980	318,372	1,137,676	1,470,028
Reversal of completed projects	(25,378)	(4,416)	(380,861)	(410,655)
Exchange differences	–	8,123	38,095	46,218
At 31 July 2019	40,663	1,244,930	3,626,358	4,911,951
Property development costs at 31 July 2019	64,038	1,129,711	693,247	1,886,996

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

13. INVENTORIES (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 2018 (restated)				
Cumulative property development costs				
At 1 August 2017 (as previously stated)	395,770	2,033,111	3,355,307	5,784,188
Effect of adoption of MFRS 15	–	–	(89,238)	(89,238)
At 1 August 2017 (as restated)	395,770	2,033,111	3,266,069	5,694,950
Costs incurred during the year	–	935	1,002,639	1,003,574
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 completed inventories	(88,770)	(39,387)	(263,904)	(392,061)
Exchange differences	(16,860)	(85,099)	(207,373)	(309,332)
At 31 July 2018 (as restated)	157,912	2,289,394	3,442,069	5,889,375
Cumulative costs recognised in profit or loss				
At 1 August 2017 (as previously stated)	122,942	731,766	2,624,219	3,478,927
Effect of adoption of MFRS 15	–	–	3,531	3,531
At 1 August 2017 (as restated)	122,942	731,766	2,627,750	3,482,458
Recognised during the year	77,929	223,235	886,561	1,187,725
Reversal of completed projects	(147,244)	–	(515,435)	(662,679)
Exchange differences	(1,566)	(32,150)	(167,428)	(201,144)
At 31 July 2018 (as restated)	52,061	922,851	2,831,448	3,806,360
Property development costs as at 31 July 2018 (as restated)				
	105,851	1,366,543	610,621	2,083,015

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

13. INVENTORIES (CONT'D.)**(b) Property development costs (cont'd.)**

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

	Group	
	2019 RM'000	2018 RM'000
Staff costs (Note 5)	39,255	37,145
Finance costs (Note 8)	185,450	143,487

Freehold land of the Group with a carrying value of RM64,520,000 (2018: RM72,696,000) has been pledged as securities for loan facility as set out in Note 33(c)(i).

The leasehold lands under development of the Group with a carrying value of RM303,714,000 (2018: RM1,160,592,000) has been pledged as securities for term loans as disclosed in Note 33(a)(ii), Note 33(a)(iii) and Note 33(c)(i).

(c) Other inventories

	Group	
	2019 RM'000	2018 RM'000
Completed properties – properties held for sale	706,405	472,586
Prefabricated concrete panels	40,445	–
Crusher run and aggregates	9,656	5,841
Consumables, spares and materials	18,427	13,331
	774,933	491,758

During the financial year, the amount of inventories recognised as an expense by the Group was RM308,403,000 (2018: RM278,451,000).

	Company	
	2019 RM'000	2018 RM'000
Consumables and spares	1,952	4,692

Notes to the Financial Statements (Cont'd.)

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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 2019					
Cost					
At 1 August 2018 (as previously stated)	25,261	63,627	222,480	72,934	384,302
Effect of adoption of MFRS 15	–	–	–	308	308
At 1 August 2018 (as restated)	25,261	63,627	222,480	73,242	384,610
Additions	–	2,870	397	85,255	88,522
Transfer from land held for property development (Note 13(a))	–	4,595	–	–	4,595
Transfer from property development costs (Note 13(b))	770	4,909	–	15,537	21,216
Disposals	(4,638)	–	(36,870)	–	(41,508)
Reclassification upon completion	–	–	21,856	(21,856)	–
Exchange differences	–	379	972	119	1,470
At 31 July 2019	21,393	76,380	208,835	152,297	458,905
Accumulated depreciation					
At 1 August 2018	–	1,931	18,783	10	20,724
Charge for the year (Note 7)	–	1,066	6,061	–	7,127
Disposals	–	–	(1,941)	–	(1,941)
Exchange differences	–	365	(175)	(10)	180
At 31 July 2019	–	3,362	22,728	–	26,090
Net carrying amount					
At 31 July 2019	21,393	73,018	186,107	152,297	432,815
Fair value					
At 31 July 2019	40,627	79,352	299,780	152,297	572,056

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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 2018 (restated)					
Cost					
At 1 August 2017 (as previously stated)	25,577	51,422	203,801	43,516	324,316
Effect of adoption of MFRS 15	–	–	–	(6)	(6)
At 1 August 2017 (as restated)	25,577	51,422	203,801	43,510	324,310
Additions	–	–	6,874	47,200	54,074
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 (as restated)	25,261	63,627	222,480	73,242	384,610
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 (as restated)	25,261	61,696	203,697	73,232	363,886
Fair value					
At 31 July 2018	63,184	68,732	320,431	73,232	525,579

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

14. INVESTMENT PROPERTIES (CONT'D.)

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2019			
Cost			
At 1 August 2018/31 July 2019	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2018	–	3,160	3,160
Charge for the year (Note 7)	–	155	155
At 31 July 2019	–	3,315	3,315
Net carrying amount			
At 31 July 2019	5,697	4,268	9,965
Fair value			
At 31 July 2019	37,243	16,901	54,144
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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

14. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	17,728	15,433	1,164	1,112
Direct operating expenses	(7,189)	(7,235)	(71)	(90)

Included in investment properties incurred during the year are:

	Group	
	2019 RM'000	2018 RM'000
Staff costs (Note 5)	2,785	1,801
Finance costs (Note 8)	1,417	662

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

Other details of fair value of investment properties are further disclosed in Note 42.

15. LAND USE RIGHTS

	Group	
	2019 RM'000	2018 RM'000
At 1 August 2018/2017	1,895	2,320
Amortisation for the year (Note 7)	(425)	(425)
At 31 July	1,470	1,895

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

16. EXPRESSWAY DEVELOPMENT EXPENDITURE

	Group	
	2019 RM'000	2018 RM'000
Cost		
At 1 August 2018/2017	1,838,282	1,835,432
Additions	13,251	2,850
At 31 July	1,851,533	1,838,282
Accumulated amortisation		
At 1 August 2018/2017	417,079	290,390
Amortisation for the year (Note 7)	127,982	126,689
At 31 July	545,061	417,079
Net carrying amount		
At 31 July	1,306,472	1,421,203

The expressway development expenditure is pledged as securities for borrowings as disclosed in Note 32(b).

Notes to the Financial Statements (Cont'd.)

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17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Redeemable unsecured loan stocks	400,000	1,200,000
Unquoted shares, at cost	4,196,696	3,508,531
Less: Accumulated impairment losses	(70,215)	(70,215)
	4,526,481	4,638,316

Current financial year**(a) Capital injection in subsidiaries**

The Company subscribed to new ordinary shares in the following subsidiaries during the financial year:

	RM'000
Bandar Serai Development Sdn. Bhd.	55,000
Dinamik Atlantik Sdn. Bhd.	60,000
Gamuda Industrial Building System Sdn. Bhd.	28,165
Gamuda Land (Botanic) Sdn. Bhd.	100,000
Gamuda Land (Kemuning) Sdn. Bhd.	45,000
High Park Development Sdn. Bhd.	80,000
Jade Homes Sdn. Bhd.	320,000
	688,165

(b) Redemption of redeemable unsecured loan stocks

During the financial year, Megah Capital Sdn. Bhd., a wholly-owned subsidiary of the Company has redeemed the redeemable unsecured loan stocks, amounting to RM800 million.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Previous financial year

(a) Capital injection in subsidiaries

The Company subscribed to new ordinary shares in the following subsidiaries in previous 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 in previous 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

Gamuda Engineering Sdn. Bhd., a wholly owned subsidiary of the Company had 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 on 14 November 2017.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) Interests in subsidiaries

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

Name of company	Proportion of ownership		Principal activities
	2019 %	2018 %	
Subsidiaries incorporated in Malaysia			
Gammau Construction Sdn. Bhd.	100	100	Property investment
Gamuda Engineering Sdn. Bhd.	100	100	Civil engineering and building construction
Gamuda Geo Sdn. Bhd.*	100	100	Sub-structure and geotechnical works
Gamuda Building Ventures Sdn. Bhd.* (formerly known as Imbangan Integrasi Sdn. Bhd.)	100	–	Building construction
Gamuda Tunnel Engineering Sdn. Bhd.* (formerly known as Megah Integrasi Sdn. Bhd.)	100	–	Undertake tunneling works
Gamuda M&E Sdn. Bhd.*	100	100	Provision and maintenance of mechanical and electrical services
GME-CI (GIBS2) Joint Venture*	55	55	Undertake the Mechanical and Electrical works of new Gamuda Industrial Building System ("GIBS")
GME-CI (Serai) Joint Venture*	55	55	Undertake the Mechanical and Electrical works of Gamuda Gardens
GME-CI (HKL) Joint Venture*	55	–	Undertake construction works for the "Hospital Kuala Lumpur Car Park" project
GME-CI (T12TP) Joint Venture*	55	–	Undertake construction works for the project "Gamuda Cove Toll Plaza"
Ganaz Bina Sdn. Bhd.	100	100	Dormant
Gamuda Land Sdn. Bhd.	100	100	Property investment and holding company
Gamuda Land Leisure Sdn. Bhd.*	100	100	Theme park operator
Gamuda Paper Industries Sdn. Bhd.	95	95	Rental of properties
GPI Trading Sdn. Bhd.	95	95	Dormant

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) 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
	2019 %	2018 %	
Subsidiaries incorporated in Malaysia (Cont'd.)			
Gamuda Water Sdn. Bhd. ("Gamuda Water")	80	80	Management, operation and maintenance of dams and water treatment facilities and the treatment, production and supply of water
Gamuda Industrial Building System Sdn. Bhd.	100	100	Manufacturing and installation of prefabricated concrete panels for construction of buildings
Jade Homes Sdn. Bhd.	100	100	Property development of Jade Hills
Gamuda Parks Sdn. Bhd. (formerly known as Megah Landscape Sdn. Bhd.)	100	100	Supplying and planting of landscaping materials and provision of landscaping services for property development
Jade Homes Resort Berhad	100	100	Proprietor and operator of a clubhouse
Jade Homes Property Services Sdn. Bhd.*	100	100	Property maintenance services
Gamuda Land (Botanic) Sdn. Bhd.	100	100	Property development of Bandar Botanic and Kundang Estates
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	Road surfacing works, manufacture and supply of concrete, beams and surfacing materials
Megah Capital Sdn. Bhd. ("Megah Capital")	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	100	100	Insurance agent
Megah Sewa Sdn. Bhd.	100	100	Hiring, distribution and repairing plant, machinery and equipment

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) 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
	2019 %	2018 %	
Subsidiaries incorporated in Malaysia (Cont'd.)			
Valencia Development Sdn. Bhd.*	100	100	Property development of Valencia
Valencia Township Sdn. Bhd.*	100	100	Management of a gated residential townships including a clubhouse, golf course and other common properties, services and facilities contained therein
Gamuda Land Property Services Sdn. Bhd.*	100	100	Provision of property maintenance and management services
Madge Mansions Sdn. Bhd.	100	100	Property development of Madge Mansions
Highpark Development Sdn. Bhd.	100	100	Property development of HighPark Suites
Idaman Robertson Sdn. Bhd.	100	100	Property development of The Robertson
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning")	100	100	Property development of twentyfive.7
Gamuda Land (HCMC) Sdn. Bhd.	100	100	Property investment
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	100	100	Property development of Gamuda Gardens
Dinamik Atlantik Sdn. Bhd.	100	100	Property development of Bukit Bantayan Residences
Lifestyle Heritage Sdn. Bhd.*	100	100	Dormant
Gamuda Land (T12) Sdn. Bhd.	100	100	Property development of Gamuda Cove
Kesas Holdings Berhad ("KESAS Holdings")	70	70	Investment holding; holding company to the concession holder of an expressway

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) 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
	2019 %	2018 %	
Subsidiaries incorporated in Malaysia (Cont'd.)			
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	Quarrying, manufacturing of premix and laying of road operations
Gamuda Trading Sdn. Bhd.	100	100	Trading of construction materials
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	65	65	Undertake civil engineering and building construction of Pan Borneo Highway project in Kuching, Sarawak
SRS Consortium Sdn. Bhd.	60	60	Undertake the role of project delivery partner for the implementation of an alternative transport master plan comprising different public transport components in Penang and the provision of new reclamation sites
Intensif Inovatif Sdn Bhd*	100	–	Property related businesses
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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) 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
	2019 %	2018 %	
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
Subsidiary incorporated in Singapore			
Gamuda (Singapore) Pte. Ltd. (“GB Singapore”)^	100	100	Investment holding
Subsidiary incorporated in Australia			
Gamuda (Australia) Pty Ltd (“GB Australia”)^	100	100	Property development of 661 Chapel St., Melbourne
Gamuda Engineering (Australia) Pty Ltd	100	–	Civil engineering and construction

* 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 2018 to 31 July 2019 have been used for consolidation for the Group's financial statements.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(e) Non-controlling interests ("NCI") in subsidiaries

The summarised financial information of the subsidiaries that have non-controlling interests which are material to the Company before intra-group elimination are as follows:

	Gamuda Water		KESAS Holdings		Other individually immaterial subsidiaries		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
NCI percentage of ownership interest and voting interest (%)	20	20	30	30	–	–	–	–
Dividend paid to NCI	–	–	(36,600)	(34,200)	–	–	(36,600)	(34,200)
Carrying amount of NCI	128,330	114,639	237,169	244,524	33,818	24,518	399,317	383,681
Total comprehensive income allocated to NCI	13,691	13,781	29,245	33,053	9,300	1,917	52,236	48,751
Summarised statements of financial position								
Non-current assets	695,266	520,220	1,314,746	1,430,026	29,704	45,970	2,039,716	1,996,216
Current assets	97,581	153,537	313,253	356,288	275,160	238,255	685,994	748,080
Non-current liabilities	(1,536)	(1,381)	(720,939)	(844,431)	(2,913)	(1,266)	(725,388)	(847,078)
Current liabilities	(149,663)	(99,183)	(116,496)	(126,804)	(197,584)	(206,988)	(463,743)	(432,975)
Net assets	641,648	573,193	790,564	815,079	104,367	75,971	1,536,579	1,464,243
Summarised statements of comprehensive income								
Revenue	170,297	167,392	308,982	328,258	287,426	255,225	766,705	750,875
Profit for the year	68,423	68,904	142,141	110,175	26,621	10,827	237,185	189,906
Total comprehensive income/(loss)	68,455	68,904	142,039	110,175	28,396	10,827	238,890	189,906
Summarised statements of cash flows								
Cash flows (used in)/generated from operating activities	(5,872)	3,743	193,641	198,152	30,589	110,279	218,358	312,174
Cash flows (used in)/generated from investing activities	(172)	(3,277)	194,272	555	(11,496)	(159,946)	182,604	(162,668)
Cash flows (used in)/generated from financing activities	–	–	(212,000)	(204,000)	(16,000)	51,000	(228,000)	(153,000)
Net (decrease)/increase in cash and cash equivalents	(6,044)	466	175,913	(5,293)	3,093	1,333	172,962	(3,494)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

18. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Unquoted shares, in Malaysia:				
At cost:				
– Ordinary shares	3,304	71,300	3,304	71,300
– Redeemable preference shares	190,290	282,290	190,290	282,290
	193,594	353,590	193,594	353,590
Group's share of post-acquisition reserve, net of dividends receivable	147,657	1,125,744	–	–
Less: Accumulated impairment losses	–	(300,051)	–	–
	341,251	1,179,283	193,594	353,590
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 reserve, net of dividends receivable	51,228	74,219	–	–
	88,230	111,221	–	–
Total unquoted shares	429,481	1,290,504	193,594	353,590
Quoted shares, in Malaysia:				
At cost:				
– Ordinary shares	59,624	59,624	59,624	59,624
Group's share of post-acquisition capital reserves	148,700	142,620	–	–
Group's share of post-acquisition reserve, net of dividends receivable	332,984	281,076	–	–
	541,308	483,320	59,624	59,624
Total	970,789	1,773,824	253,218	413,214
Market value:				
Quoted shares, in Malaysia	1,058,264	1,035,258	1,058,264	1,035,258

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

(a) Current financial year

Capital reduction of ordinary shares ("OS") and redemption of redeemable preferences shares ("RPS") held by the Company in an associated company

During the financial year, Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") has redeemed 67,996 ordinary shares and 920,000 RPS held by the Company for cash consideration of RM159,996,000 (2018: Nil).

(b) Interest 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
	2019 %	2018 %	
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
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings")	52	52	Investment holding; holding company to the concession holder of an expressway – SPRINT Highway
Lingkaran Trans Kota Holdings Berhad ("LITRAK Holdings") (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 2019

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

(b) Interest 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
	2019 %	2018 %	
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 2019

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

(c) Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")

In previous financial year, the Group's 40%-owned associated company, Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") had 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 SB"). SPLASH SB, 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 41(a) to the financial statements.

The proposed acquisition of SPLASH SB by Air Selangor consist of:

- 50,000,000 ordinary shares in SPLASH SB ("SPLASH Shares"), being 100% of the issued and paid up ordinary share capital of SPLASH SB; and
- 350,000,000 Redeemable Unsecured Loan Stocks issued by SPLASH SB 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 upfront payment of RM1.9 billion was received on April 2019 upon the completion of all condition precedents prescribed in the share purchase agreement. Hence, Gamuda has disposed of its effective 40% equity stake in SPLASH SB via SPLASH Holdings and SPLASH SB had ceased to be the associated company.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

(d) 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 Holdings		LITRAK Holdings		SPRINT Holdings		Other individually immaterial associates		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Summarised statements of financial position										
Non-current assets	650,000	5,754,722	1,409,613	1,495,864	1,390,193	1,460,554	46,689	115,524	3,496,495	8,826,664
Current assets	16,175	446,518	680,711	691,119	491,886	364,661	521,313	455,945	1,710,085	1,958,243
Non-current liabilities	-	(2,009,805)	(788,978)	(994,757)	(773,845)	(1,434,526)	(1,402)	(4,759)	(1,564,225)	(4,443,847)
Current liabilities	(22)	(1,413,192)	(266,758)	(290,811)	(889,925)	(191,114)	(359,148)	(253,833)	(1,515,853)	(2,148,950)
Net assets	666,153	2,778,243	1,034,588	901,415	218,309	199,575	207,452	312,877	2,126,502	4,192,110
Summarised statements of comprehensive income										
Results										
Revenue	-	529,719	518,048	520,797	235,987	214,254	363,484	409,594	1,117,519	1,674,364
Profit/(Loss) for the year	72,911	(498,587)	251,140	229,295	18,737	(8,505)	(32,771)	13,394	310,017	(264,403)
Reconciliation of net assets to carrying amount as at year end										
Group's share of net assets	266,461	1,111,297	450,770	392,783	65,493	59,872	97,528	119,335	880,252	1,683,287
Fair value on acquisition in excess of net assets	-	-	90,537	90,537	-	-	-	-	90,537	90,537
Carrying amount in the statements of financial position	266,461	1,111,297	541,307	483,320	65,493	59,872	97,528	119,335	970,789	1,773,824
Group's net share of profit/(loss) for the year	29,164	(199,435)	109,422	99,927	5,621	(2,552)	(17,573)	5,757	126,634	(96,303)
Other information – Group's share of dividend	714,005	-	57,514	57,514	-	-	4,529	32,367	776,048	89,881

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

19. INTERESTS IN JOINT ARRANGEMENTS

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Unquoted shares at cost:				
– Malaysia	355,603	336,978	289,627	289,627
– Outside Malaysia	7,538	1,508	–	–
Advances to joint ventures	278,292	115,790	–	–
Group's share of post-acquisition reserves, net of dividends receivable	658,574	644,714	–	–
Less: Accumulated impairment losses	(98,452)	(98,452)	(112,000)	(112,000)
	1,201,555	1,000,538	177,627	177,627

(a) Current financial year

Additional investment in a joint arrangement

- (i) Gamuda Land Sdn. Bhd., a wholly-owned subsidiary of the Company subscribed 18,625,000 new ordinary shares for a cash consideration of RM18,625,000 in Gamuda GM Klang Sdn. Bhd., a 50% joint venture to finance the working capital for its wholesale business.
- (ii) Gamuda (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company subscribed for 2,000,000 new ordinary shares for a cash consideration of RM6,030,000 (SGD2,000,000) in Anchorvale Pte. Ltd., a 50% joint venture of the Group to carry out the development project on the land parcel at Anchorvale Crescent site earmarked for executive condominium development.

Advances to joint venture

Gamuda (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company advanced a cash consideration of RM162,502,000 (SGD53,803,000) in Anchorvale Pte. Ltd., a 50% joint venture of the Group to carry out the development project on the land parcel at Anchorvale Crescent site earmarked for executive condominium development.

Advances to joint venture are unsecured and non-interest bearing. The advances would be repayable to joint venture partners at the discretion of the joint ventures.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

19. INTERESTS IN JOINT ARRANGEMENTS (CONT'D.)**(b) Previous financial year****Additional investment in a joint arrangement**

Gamuda Land Sdn. Bhd., a wholly-owned subsidiary of the Company subscribed 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..

Repayment of advance by a joint venture

GEM Homes Pte. Ltd., a 50% joint venture of the Group had repaid an amount of RM59,188,000 to its holding company, Gamuda (Singapore) Pte. Ltd..

Redemption of redeemable preferences shares ("RPS") held by the Company in a joint venture

Hicom-Gamuda Development Sdn. Bhd. has redeemed 25,000 RPS held by the Company for cash consideration of RM2,500,000.

(c) Details of the joint arrangements are as follows:

Name of joint operations	Proportion of ownership		Economic activities
	2019 %	2018 %	
Unincorporated in Malaysia			
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 2019

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
	2019 %	2018 %	
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 residential project at Jalan Stonor
Lim Hoo Seng – Gamuda Engineering (SCM) Joint Venture*	50	50	Undertake the construction works for expansion of the existing Setia City Mall located at Setia Alam, Selangor
Gamuda Engineering – Lim Hoo Seng (GEMS) Joint Venture*	50	–	Undertake the construction works for IOI Resort City project
Held by Masterpave Sdn. Bhd.:			
Wai Fong – Masterpave (SSP UG) Joint Venture*	55	–	Undertake the concrete works for KVMRT Line 2
Unincorporated in Taiwan			
Dong-Pi Gamuda Joint Venture^	70	–	Undertakes civil engineering and construction works for Marine Bridge Project in Taiwan
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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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
	2019 %	2018 %	
Incorporated in Malaysia			
Projek SMART Holdings Sdn. Bhd. ("SMART Holdings")	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	Property development of Horizon Hills
Horizon Hills Resort Berhad	50	50	Undertake the management of a club and golf course
Horizon Hills Property Services Sdn. Bhd.	50	50	Undertake the management and maintenance of the properties
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
Hicom-Gamuda Development Sdn. Bhd.	50	50	Property development of Kota Kemuning

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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
	2019 %	2018 %	
Incorporated in Malaysia (cont'd.)			
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 Botanik, Klang
MRCB Gamuda Sdn. Bhd.*	50	50	Dormant
Incorporated in Singapore			
Held by Gamuda (Singapore) Pte. Ltd.:			
GEM Homes Pte. Ltd. ^{^#}	50	50	Property development of GEM Residences in Singapore
Anchorvale Pte. Ltd. ^{^#}	50	50	Property 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

All joint arrangements have financial year end of 31 March/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 MFRS 11: Joint Arrangements, Sinohydro-Gamuda-WCT JV and Gamuda-WCT 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 2019

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	GEMS Homes RM'000	Anchorvale RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	SMART Holdings RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2019								
Summarised statements of financial position								
Non-current assets	207,328	–	–	429,408	765,611	386,731	396,859	2,185,937
Current assets	1,546,861	860,408	1,160,031	813,493	1,498,033	61,254	686,540	6,626,620
Non-current liabilities	(191,602)	(67,874)	(804,162)	(400,424)	(8,936)	(329,797)	(278,974)	(2,081,769)
Current liabilities	(770,347)	(299,094)	(20,148)	(604,709)	(2,131,326)	(29,542)	(472,512)	(4,327,678)
Net assets	792,240	493,440	335,721	237,768	123,382	88,646	331,913	2,403,110
The above amounts of assets and liabilities include the following:								
Cash and cash equivalents	242,583	43,008	558	8,979	73,072	51,533	316,422	736,155
Current financial liabilities (excluding trade and other payables and provision)	(92,664)	(292,757)	–	–	–	–	(20,980)	(406,401)
Non-current financial liabilities (excluding trade and other payables and provision)	(145,833)	–	(804,162)	–	–	(319,497)	(82,020)	(1,351,512)
Summarised statements of comprehensive income								
Results								
Revenue	302,337	456,568	–	3,432,273	3,102,557	34,630	327,599	7,655,964
Profit/(loss) for the year	80,214	70,192	(777)	213,214	(56,899)	(6,481)	70,221	369,684
The above profit for the year includes the following:								
Depreciation and amortisation	(2,923)	–	–	(3,236)	(11,529)	(11,333)	(8,244)	(37,265)
Interest income	11,716	1,292	122	3,726	–	1,743	6,235	24,834
Income tax expense	(25,386)	(4,943)	–	(59,834)	(11,092)	–	(28,355)	(129,610)
Finance costs	(6,756)	–	–	–	(39,977)	(18,042)	(8,651)	(73,426)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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	GEMS Homes RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	SMART Holdings RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2018							
Summarised statements of financial position							
Non-current assets	201,353	10,285	203,965	1,062,669	397,459	601,969	2,477,700
Current assets	1,140,838	1,057,901	901,568	1,824,458	51,322	783,678	5,759,765
Non-current liabilities	(285,439)	(589,827)	(202,329)	(292,571)	(334,505)	(442,779)	(2,147,450)
Current liabilities	(244,698)	(58,968)	(773,648)	(2,414,275)	(19,149)	(578,141)	(4,088,879)
Net assets	812,054	419,391	129,556	180,281	95,127	364,727	2,001,136
The above amounts of assets and liabilities include the following:							
Cash and cash equivalents	168,146	173,459	18,932	50,117	43,488	268,844	722,986
Current financial liabilities (excluding trade and other payables and provision)	-	-	(57,800)	(199,834)	-	(15,000)	(272,634)
Non-current financial liabilities (excluding trade and other payables and provision)	(250,000)	(530,532)	-	-	(324,205)	(125,628)	(1,230,365)
Summarised statements of comprehensive income							
Results							
Revenue	333,071	1,203,711	2,261,882	3,400,698	32,340	1,195,997	8,427,699
Profit/(loss) for the year	96,173	139,471	90,379	84,518	(5,734)	52,305	457,112
The above profit for the year includes the following:							
Depreciation and amortisation	(2,366)	-	(3,236)	(10,352)	(9,407)	(10,040)	(35,401)
Interest income	12,547	1,382	3,134	22,216	1,897	5,343	46,519
Income tax (expense)/credit	(32,366)	(37,049)	(26,858)	(21,212)	12	(6,610)	(124,083)
Finance costs	(6,775)	-	(409)	(9,231)	(18,341)	(16,467)	(51,223)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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	GEMS Homes RM'000	Anchorvale RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	SMART Holdings RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2019								
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	396,120	246,720	167,860	118,884	61,691	44,323	165,957	1,201,555
Group's share of profit/(loss) for the year	40,107	35,096	(388)	106,607	(28,450)	(3,240)	35,110	184,842
Other information – Group's share of dividend	50,000	–	–	52,500	–	–	73,300	175,800

	Horizon Hills RM'000	GEMS Homes RM'000	KVMRT (PDP SSP) (Line 2) RM'000	KVMRT (T) (Line 1 & 2) (Underground) RM'000	SMART Holdings 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	406,027	209,696	64,777	90,141	47,563	182,334	1,000,538
Group's share of profit/(loss) for the year	48,087	69,736	45,189	42,259	(2,867)	26,152	228,556
Other information – Group's share of dividend	50,000	–	6,500	–	–	31,500	88,000

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

20. OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
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 42.

21. RECEIVABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Current	(a)				
Trade		1,880,471	1,734,305	953,467	732,549
Less: Allowance for impairment		(127,436)	(88,408)	(126,568)	(86,766)
		1,753,035	1,645,897	826,899	645,783
Non-trade		184,995	196,291	68,121	72,849
		1,938,030	1,842,188	895,020	718,632
Non-current	(b)				
Trade		1,049,433	976,707	88,970	200,435
Non-trade		24,861	29,260	–	–
		1,074,294	1,005,967	88,970	200,435
Total receivables		3,012,324	2,848,155	983,990	919,067

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

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

Note	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
(a) Current				
Trade				
Third parties	858,113	759,018	37,865	28,172
Associated companies (i)	20,023	147,684	–	–
Joint venture partners	12,859	15,539	3,434	14,142
Joint ventures (ii)	676,811	430,931	673,053	381,144
Advances to subcontractors	171,751	224,890	130,899	214,225
Retention sums	119,150	100,294	108,216	94,866
Stakeholder funds	21,764	55,949	–	–
	1,880,471	1,734,305	953,467	732,549
Less: Allowance for impairment	(127,436)	(88,408)	(126,568)	(86,766)
	1,753,035	1,645,897	826,899	645,783
Non-trade				
Associated companies (i)	607	2,860	218	548
Joint ventures (ii)	36,118	84,360	11,321	33,606
Deposits	18,552	12,578	4,328	1,460
Prepayments	31,572	43,105	9,217	4,532
Sundry receivables	98,146	53,388	43,037	32,703
	184,995	196,291	68,121	72,849
	1,938,030	1,842,188	895,020	718,632

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2018: 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	
	2019 RM'000	2018 RM'000 (Restated)
Neither past due nor impaired	1,548,887	1,377,154
1 to 30 days past due not impaired	72,302	40,284
31 to 60 days past due not impaired	20,828	41,492
61 to 90 days past due not impaired	13,874	43,633
91 to 120 days past due not impaired	7,024	11,570
More than 120 days past due not impaired	90,120	131,764
	204,148	268,743
Impaired	127,436	88,408
	1,880,471	1,734,305

	Company	
	2019 RM'000	2018 RM'000
Neither past due nor impaired	807,586	609,824
1 to 30 days past due not impaired	19,313	530
More than 120 days past due not impaired	–	35,429
	19,313	35,959
Impaired	126,568	86,766
	953,467	732,549

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

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 RM204,148,000 (2018: RM268,743,000) and RM19,313,000 (2018: RM35,959,000) 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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and for more than one year and forecasts of future economic conditions. Generally, rent and other trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.

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	
	2019	2018
	RM'000	RM'000
Trade receivables – nominal amounts	127,436	88,408
Less: Allowance for impairment	(127,436)	(88,408)
	–	–
Movement in allowance accounts:		
At 1 August 2018/2017	88,408	26,628
Charge for the year (Note 7)	38,963	63,311
Exchange difference	65	(1,531)
At 31 July	127,436	88,408

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

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

	Company Individually impaired	
	2019 RM'000	2018 RM'000
Trade receivables – nominal amounts	126,568	86,766
Less: Allowance for impairment	(126,568)	(86,766)
	–	–
Movement in allowance accounts:		
At 1 August 2018/2017	86,766	26,525
Charge for the year (Note 7)	38,311	61,772
Exchange difference	1,491	(1,531)
At 31 July	126,568	86,766

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.

Included in trade receivables is an amount of RM771,191,000 (2018: RM649,317,000) for the supply of bulk quantity of treated water to SPLASH SB (owned by Pengurusan Air Selangor Sdn. Bhd.) by Gamuda Water Sdn. Bhd.. The directors do not foresee any issue in recovering the receivable amount.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

(a) Current (cont'd.)

Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

During the financial year, the Group's 80%-owned Gamuda Water Sdn Bhd, signed the debt settlement agreement and a new operations and maintenance agreement for Sungai Selangor Water Treatment Works Phase 3. Subsequently, in September 2019, the 10% of upfront payment was received and the balance shall be settled in 9 equal annual instalments. The directors do not foresee any issue in recovering the receivable amount.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors, other than an amount of RM771,191,000 (2018: RM649,317,000) due from SPLASH SB.

(b) Non-current

		Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Note					
Trade					
Third parties		973,866	207,895	88,970	4,113
Associated companies	(i)	–	533,622	–	–
Joint ventures	(ii)	70,521	98,184	–	62,356
Retention sums		23	136,566	–	133,966
Stakeholder funds		5,023	440	–	–
		1,049,433	976,707	88,970	200,435
Non-trade					
Joint ventures	(ii)	12,352	21,976	–	–
Deposits		10,839	5,747	–	–
Sundry receivables		–	8	–	–
Prepayments		1,670	1,529	–	–
		24,861	29,260	–	–
		1,074,294	1,005,967	88,970	200,435

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

(i) Due from associated companies

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Trade	20,023	147,684	–	–
Non-trade	607	2,860	218	548
	20,630	150,544	218	548
Non-current				
Trade	–	533,622	–	–
	20,630	684,166	218	548

Following the disposal of SPLASH SB to Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") in the previous year, Gamuda Water's trade receivables amounting RM771,191,000 is now undertaken by Air Selangor and reclassified into Trade Receivables - Third parties.

The amount due from associated companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. RECEIVABLES (CONT'D.)

(ii) Due from joint venture

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Current				
Trade	676,811	430,931	673,053	381,144
Non-trade	36,118	84,360	11,321	33,606
	712,929	515,291	684,374	414,750
Non-current				
Trade	70,521	98,184	–	62,356
Non-trade	12,352	21,976	–	–
	82,873	120,160	–	62,356
	795,802	635,451	684,374	477,106

Current

Included in the trade receivables of the Group and Company is an amount of RM646,410,000 due from its 50% owned joint venture, MMC Gamuda KVMRT (T) Sdn. Bhd. ("MGKT"). MGKT is the underground works contractor for KVMRT Line 2.

Included in the non-trade receivables of the Group and Company are amounts due from joint ventures which are unsecured, interest free and repayable on demand.

Non-current

Included in the trade receivables of the Group is an amount due from the sale of lands to a joint venture, Gamuda GM Klang Sdn. Bhd. ("GMKSB"), by Gamuda Land (Botanic) Sdn. Bhd., a subsidiary of the Company. The amount of RM67,084,000 (2018: RM83,250,000) is unsecured, non-interest bearing and repayable in 2 tranches on 27 April 2023 and 27 April 2024 respectively.

Included in the non-trade receivables of the Group represents a loan amounting to RM12,352,000 (2018: RM21,976,000), 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 5.20% (2018: 5.08%) per annum.

Other details of fair value of non-current receivables are further disclosed in Note 42.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. 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	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2019				
Investment securities	23	396,664	–	396,664
Current receivables	21(a)			
Third parties		–	858,113	858,113
Associated companies		–	20,630	20,630
Joint venture partners		–	12,859	12,859
Joint ventures		–	712,929	712,929
Retention sums		–	119,150	119,150
Stakeholder funds		–	21,764	21,764
Deposits		–	18,552	18,552
Sundry receivables		–	98,146	98,146
Non-current receivables	21(b)			
Third parties		–	973,866	973,866
Joint ventures		–	82,873	82,873
Retention sums		–	23	23
Stakeholder funds		–	5,023	5,023
Deposits		–	10,839	10,839
Contract assets	22	–	1,604,295	1,604,295
Cash and bank balances	25	–	1,452,272	1,452,272
Total financial assets		396,664	5,991,334	6,387,998

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. 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	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2018				
Investment securities	23	384,271	–	384,271
Current receivables	21(a)			
Third parties		–	759,018	759,018
Associated companies		–	150,544	150,544
Joint venture partners		–	15,539	15,539
Joint ventures		–	515,291	515,291
Retention sums		–	100,294	100,294
Stakeholder funds		–	55,949	55,949
Deposits		–	12,578	12,578
Sundry receivables		–	53,388	53,388
Non-current receivables	21(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
Contract assets	22	–	1,276,378	1,276,378
Cash and bank balances	25	–	1,238,634	1,238,634
Total financial assets		384,271	5,182,051	5,566,322

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. 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.)

Company	Note	Fair value through profit or loss RM'000	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2019				
Investment securities	23	340,371	–	340,371
Current receivables	21(a)			
Third parties		–	37,865	37,865
Associated companies		–	218	218
Joint venture partners		–	3,434	3,434
Joint ventures		–	684,374	684,374
Retention sums		–	108,216	108,216
Deposits		–	4,328	4,328
Sundry receivables		–	43,037	43,037
Non-current receivables	21(b)			
Third parties		–	88,970	88,970
Due from subsidiaries	24	–	2,874,716	2,874,716
Contract assets	22	–	19,425	19,425
Cash and bank balances	25	–	65,184	65,184
Total financial assets		340,371	3,929,767	4,270,138

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

21. 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.)

Company	Note	Fair value through profit or loss RM'000	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2018				
Investment securities	23	21,504	–	21,504
Current receivables	21(a)			
Third parties		–	28,172	28,172
Associated companies		–	548	548
Joint venture partners		–	14,142	14,142
Joint ventures		–	414,750	414,750
Retention sums		–	94,866	94,866
Deposits		–	1,460	1,460
Sundry receivables		–	32,703	32,703
Non-current receivables	21(b)			
Third parties		–	4,113	4,113
Joint ventures		–	62,356	62,356
Retention sums		–	133,966	133,966
Due from subsidiaries	24	–	1,663,592	1,663,592
Contract assets	22	–	21,492	21,492
Cash and bank balances	25	–	79,233	79,233
Total financial assets		21,504	2,551,393	2,572,897

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

22. CONTRACT ASSETS/(LIABILITIES)

		Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
	Note				
<u>Contract assets:</u>					
Construction	(a)	369,396	556,880	19,425	21,492
Property development	(b)	1,234,899	719,498	–	–
		1,604,295	1,276,378	19,425	21,492
<u>Analysed as:</u>					
Current		1,604,295	1,276,378	19,425	21,492
<u>Contract liabilities:</u>					
Construction	(a)	(906,933)	(524,860)	(790,073)	(429,037)
Property development	(b)	(24,408)	(14,645)	–	–
Deferred revenue	(c)	(61,484)	(68,039)	–	–
		(992,825)	(607,544)	(790,073)	(429,037)
<u>Analysed as:</u>					
Current		(932,520)	(540,734)	(790,073)	(429,037)
Non-current		(60,305)	(66,810)	–	–
		(992,825)	(607,544)	(790,073)	(429,037)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(a) Contract assets/(liabilities) from construction

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Construction contract costs incurred to date	14,626,198	12,976,788	11,397,844	11,144,752
Recognised profits less recognised losses	1,775,344	1,378,411	1,439,743	1,293,467
Progress billings received and receivables	(16,939,079)	(14,323,179)	(13,608,235)	(12,845,764)
	(537,537)	32,020	(770,648)	(407,545)
Represented by:				
Contract assets	369,396	556,880	19,425	21,492
Contract liabilities	(906,933)	(524,860)	(790,073)	(429,037)
	(537,537)	32,020	(770,648)	(407,545)
Analysed as:				
Contract assets				
Due within 1 year	369,396	556,880	19,425	21,492
Contract liabilities				
Due within 1 year	(906,933)	(524,860)	(790,073)	(429,037)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(a) Contract assets/(liabilities) from construction (cont'd.)

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

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Finance costs (Note 8)	5,556	4,760	–	–
Depreciation (Note 12)	52,625	7,612	45,763	3,562
Staff costs (Note 5)	164,807	142,116	116,595	102,137
Rental of premises	33	31	–	–
Hire of plant and equipment	2,448	2,148	–	–

Included in contract assets from construction 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 RM188,049,000 (2018: RM185,157,000).

(b) Contract assets/(liabilities) from property development

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Contract assets	1,234,899	719,498
– Accrued billings	1,219,432	705,862
– Others	15,467	13,636
Contract liabilities	(24,408)	(14,645)
– Progress billings	(21,769)	–
– Others	(2,639)	(14,645)
	1,210,491	704,853

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(b) Contract assets/(liabilities) from property development (cont'd.)

Others relating to cost of obtaining contracts or consideration payable to customers are recognised to profit or loss when performance obligations are satisfied for the respective financial years.

	Group	
	2019 RM'000	2018 RM'000 (Restated)
At beginning of the year	704,853	339,460
Consideration payable to customers	16,589	20,975
Revenue recognised during the year	2,121,863	1,774,959
Interest income relating to significant financing component	2,133	3,308
Progress billings during the year	(1,634,947)	(1,433,849)
At end of the year	1,210,491	704,853
Analysed as:		
Contract assets		
Due within 1 year	1,234,899	719,498
Contract liabilities		
Due within 1 year	(24,408)	(14,645)

Unsatisfied performance obligations:

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

	Group
	2019 RM'000
Within 1 year	1,279,199
Between 1 – 4 year	907,091
	2,186,290

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(c) Contract liabilities from deferred revenue

	Note	Group	
		2019 RM'000	2018 RM'000 (Restated)
Advance membership	(i)	(25,402)	(26,315)
Expressway Development Expenditure	(ii)	(36,082)	(41,724)
		(61,484)	(68,039)
Analysed as:			
Due within 1 year		(1,179)	(1,229)
Due after 1 year		(60,305)	(66,810)
		(61,484)	(68,039)

(i) Advance membership

Advance membership fees received are in connection with the provision of services by way of sporting and other recreational facilities. The advance membership fees are recognised as income over the tenure of the membership period which expires on 30 November 2066 and 30 September 2070 for Bandar Botanic Resort Berhad and Jade Homes Resort Berhad respectively.

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Analysed as:		
Due within 1 year	(1,179)	(1,229)
Due after 1 year	(24,223)	(25,086)
	(25,402)	(26,315)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(c) Contract liabilities from deferred revenue (cont'd.)

(ii) Expressway Development Expenditure

Deferred revenue comprises advance maintenance fees, licence fees, and government compensation in relation to Kesas Sdn. Bhd.. Compensation received from the Government of Malaysia for the imposition of revised toll rates lower than those as provided for in the Concession Agreement, which is taken to profit or loss over the period the compensation relates.

	Advance license fees RM'000	Advance maintenance fees RM'000	Government compensations RM'000	Total RM'000
Group				
At 31 July 2019				
At 1 August 2018	(3,299)	(1,626)	(36,799)	(41,724)
Amount recognised				
– As revenue	–	–	4,300	4,300
– As other income	1,066	276	–	1,342
	(2,233)	(1,350)	(32,499)	(36,082)
Analysed as:				
Due after 1 year	(2,233)	(1,350)	(32,499)	(36,082)
At 31 July 2018				
At 1 August 2017	(4,365)	(1,913)	(37,499)	(43,777)
Amount recognised				
– As revenue	–	–	700	700
– As other income	1,066	287	–	1,353
	(3,299)	(1,626)	(36,799)	(41,724)
Analysed as:				
Due after 1 year	(3,299)	(1,626)	(36,799)	(41,724)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

23. INVESTMENT SECURITIES

	2019		2018	
	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	225,813	225,813	265,278	265,278
– Non-islamic	149,383	149,383	54,379	54,379
Others				
– Islamic	1	1	10,648	10,648
– Non-islamic	21,467	21,467	53,966	53,966
	396,664	396,664	384,271	384,271
Company				
Current				
Portfolios:				
Held as fixed deposit placements				
– Islamic	198,885	198,885	5,480	5,480
– Non-islamic	141,396	141,396	16,018	16,018
Others				
– Islamic	1	1	1	1
– Non-islamic	89	89	5	5
	340,371	340,371	21,504	21,504

Investment securities represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprise of money market funds, commercial papers, government bonds and fixed deposits. Investment securities held as fixed deposit placements allow prompt redemption at any time.

Other details of fair value of investment securities are further disclosed in Note 42.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

24. DUE FROM SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Non-current		
Due from subsidiaries		
– Non-trade	844,703	594,080
Current		
Due from subsidiaries		
– Trade	–	829
– Non-trade	2,030,013	1,068,683
	2,030,013	1,069,512
	2,874,716	1,663,592

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2018: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand except for advances of RM2,467,918,000 (2018: RM1,125,328,000) given to subsidiaries which bear interest at 4.35% to 5.32% (2018: 4.55% to 5.18%) per annum.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

25. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash on hand and at banks	167,587	217,358	59,634	38,461
Housing Development Accounts				
– Islamic	99,213	46,739	–	–
– Non-Islamic	37,209	36,992	–	–
	304,009	301,089	59,634	38,461
Deposits with licensed banks with				
– Tenures of less than 3 months				
– Islamic	247,116	156,148	5,550	1,296
– Non-Islamic	529,998	519,831	–	39,476
– Tenures of more than 3 months				
– Islamic	11,019	7,535	–	–
– Non-Islamic	360,130	254,031	–	–
Total cash and bank balances	1,452,272	1,238,634	65,184	79,233

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total cash and bank balances	1,452,272	1,238,634	65,184	79,233
Less: Deposits with tenures of more than 3 months	(371,149)	(261,566)	–	–
Total cash and cash equivalents	1,081,123	977,068	65,184	79,233

Included in total cash and at banks balances of the Group and of the Company are interest bearing balances amounting to RM1,403,474,000 (2018: RM1,137,102,000) and RM59,146,000 (2018: RM67,231,000) 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Licensed banks				
Malaysia – RM	2.98	3.00	2.80	3.15
– USD	–	1.05	–	1.05
India	6.99	6.68	–	–
Australia	1.46	1.75	–	–
Singapore	–	0.65	–	–
Vietnam	5.91	5.59	–	–

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

	Group		Company	
	2019 Days	2018 Days	2019 Days	2018 Days
Licensed banks	1 – 365	1 – 365	1 – 7	7 – 31

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

26. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid:				
At 1 August 2018/2017	2,467,992	2,450,745	3,452,940	3,372,368
Exercise of ESOS	3,228	13,099	8,800	53,790
Conversion of warrants	1,102	4,148	4,739	17,836
Share options exercised under ESOS	–	–	3,250	8,946
At 31 July	2,472,322	2,467,992	3,469,729	3,452,940

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 of RM997,407,000 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 RM3,452,940,000 to RM3,469,729,000 by way of:
- (i) issuance of 3,228,000 new ordinary shares for cash arising from the exercise of options under the Company's ESOS; and
 - (ii) issuance of 1,102,082 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 2019

26. 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	
	2019 '000	2018 '000
At 1 August 2018/2017	388,800	392,948
Converted	(1,102)	(4,148)
At 31 July	387,698	388,800

- (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 2019

26. 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 2019

26. 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
18 December 2018	2.30	5,561	18 December 2018 – 9 April 2020
10 June 2019	3.44	8,504	10 June 2019 – 9 April 2020
		245,484	

(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 follow:

	2019 RM'000	2018 RM'000
Ordinary shares	3,228	13,099
Share premium	5,572	40,691
Aggregate proceeds received on shares issued	8,800	53,790
Aggregate fair value of ordinary shares at exercise date	11,872	64,494

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

26. 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 2019 '000
	Outstanding and exercisable at 1 August 2018 '000	Granted '000	Exercised '000	
RM4.46	56,855	–	–	56,855
RM3.84	39,663	–	(108)	39,555
RM4.78	43,036	–	–	43,036
RM4.88	5,665	–	–	5,665
RM5.36	13,349	–	–	13,349
RM4.65	8,278	–	–	8,278
RM3.38	14,670	–	(855)	13,815
RM2.30	–	5,561	(2,014)	3,547
RM3.44	–	8,504	(251)	8,253
	181,516	14,065	(3,228)	192,353
WAEP	4.40	2.99	2.73	4.33

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	–	(4,442)	56,855
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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

26. 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.

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	8	9
Exercise price, after rights issue of warrants (RM)	4.46	3.84	4.78	4.88	5.36	4.65	3.38	2.30	3.44
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	0.25	0.34
Weighted average share price (RM)									
– Grant date	5.19	4.50	4.86	4.90	5.38	4.65	3.38	2.20	3.39
– 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%	30.00%	30.00%
– 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%	3.46%	3.16%
– 12 February 2016	3.25%	3.25%	–	–	–	–	–	–	–
Expected dividend yield [#]	3.00%	3.00%	3.00%	2.50%	2.50%	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 2019

27. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital reserve				
At 1 August 2018/2017	141,069	137,818	–	–
Movement in capital reserve in an associated company	6,080	3,251	–	–
At 31 July	147,149	141,069	–	–
Foreign exchange reserve				
At 1 August 2018/2017	67,226	289,552	5,468	12,792
Foreign currency translation	30,433	(204,382)	(1,179)	(7,324)
Share of associated companies' foreign currency translation	295	(19,667)	–	–
Non-controlling interests	(154)	1,723	–	–
At 31 July	97,800	67,226	4,289	5,468
Warrants reserve				
At 1 August 2018/2017	97,199	98,236	97,199	98,236
Conversion of warrants	(274)	(1,037)	(274)	(1,037)
At 31 July	96,925	97,199	96,925	97,199
Total other reserves	341,874	305,494	101,214	102,667

28. 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 2019

29. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Present value of unfunded defined benefit obligations, representing net liability	52,260	43,367	5,394	4,065
Analysed as:				
Current (Note 30(b))	2,578	2,150	340	331
Non-current:				
More than one year and less than two years	4,330	2,382	148	44
More than two years and less than five years	3,629	9,108	180	722
Five years or more	41,723	29,727	4,726	2,968
Amount included in payables (Note 30(a))	49,682	41,217	5,054	3,734
Total	52,260	43,367	5,394	4,065

The amounts recognised in profit or loss are determined as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current service cost	5,072	3,574	531	626
Interest cost	2,400	1,896	240	190
Total, included in staff costs and directors' remuneration (Notes 5 and 6)	7,472	5,470	771	816

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

29. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 August 2018/2017	43,367	38,680	4,065	3,580
Recognised in profit or loss	7,472	5,470	771	816
Effect of re-measurement loss in other comprehensive income	3,185	–	558	–
Contributions paid	(1,772)	(743)	–	(331)
Exchange differences	8	(40)	–	–
At 31 July	52,260	43,367	5,394	4,065

The sensitivity analysis on the present value of the retirement benefit obligations 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)	2019 RM'000	Increase/ (decrease)	2018 RM'000
Discount rate	+1%	(5,345)	+1%	(3,425)
	-1%	6,384	-1%	4,067
Expected rate of salary increases	+1%	6,744	+1%	3,959
	-1%	(5,746)	-1%	(3,401)

Principal actuarial assumptions used:

	2019 %	2018 %
Discount rate	5.2	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 12 years (2018: 13 years).

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

30. PAYABLES

		Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Non-current	(a)				
Trade		143,851	100,064	62,735	29,840
Non-trade		54,131	43,332	5,054	3,734
		197,982	143,396	67,789	33,574
Current	(b)				
Trade		1,319,004	1,300,592	166,828	246,965
Non-trade		525,388	328,705	213,332	70,095
		1,844,392	1,629,297	380,160	317,060
Total payables		2,042,374	1,772,693	447,949	350,634

(a) Non-current

		Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Trade					
Retention sums		143,851	100,064	62,735	29,840
Non-trade					
Retirement benefit obligations (Note 29)		49,682	41,217	5,054	3,734
Sundry payables		1,289	899	–	–
Accruals		3,160	1,216	–	–
		54,131	43,332	5,054	3,734
		197,982	143,396	67,789	33,574

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

30. PAYABLES (CONT'D.)

(b) Current

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Trade				
Trade payables	536,272	617,665	15,492	47,819
Joint venture partners	19,047	108	160	–
Retention sums	138,767	133,533	8,565	9,396
Accruals	624,918	549,286	142,611	189,750
	1,319,004	1,300,592	166,828	246,965
Non-trade				
Associated companies	47	212	–	–
Retirement benefit obligations (Note 29)	2,578	2,150	340	331
Sundry payables	176,974	143,309	11,028	15,251
Dividend payables	148,272	–	148,272	–
Accruals	197,517	183,034	53,692	54,513
	525,388	328,705	213,332	70,095
	1,844,392	1,629,297	380,160	317,060

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2018: 30 to 90 days).

The amounts due to associated companies and joint venture partners are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

30. 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	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Financial liabilities at amortised costs					
Current payables	30(b)				
Trade payables		536,272	617,665	15,492	47,819
Associated companies		47	212	–	–
Joint venture partners		19,047	108	160	–
Retention sums		138,767	133,533	8,565	9,396
Sundry payables		176,974	143,309	11,028	15,251
Dividend payables		148,272	–	148,272	–
Accruals		822,435	732,320	196,303	244,263
Non-current payables	30(a)				
Retention sums		143,851	100,064	62,735	29,840
Sundry payables		1,289	899	–	–
Accruals		3,160	1,216	–	–
Contract liabilities	22	992,825	607,544	790,073	429,037
Long term Islamic debts	32	1,975,000	2,465,000	1,300,000	1,500,000
Long term borrowings	33	982,741	1,784,964	–	–
Short term Islamic debts	32	690,000	890,000	300,000	800,000
Short term borrowings	33	1,495,917	596,736	600,298	150,000
Due to subsidiaries	35	–	–	168,449	62,040
		8,126,597	8,073,570	3,601,375	3,287,646

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

31. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
At 1 August 2018/2017 (as previously stated)	361,453	344,812	3,929	(16,423)
Effect of adoption of MFRS 15	4,465	3,396	–	–
At 1 August 2018/2017 (as restated)	365,918	348,208	3,929	(16,423)
Recognised in profit or loss (Note 9)	(31,666)	21,104	(6,023)	20,352
Recognised in other comprehensive income	(89)	–	(134)	–
Exchange differences	707	(3,394)	–	–
At 31 July	334,870	365,918	(2,228)	3,929
Presented after appropriate offsetting as follows:				
Deferred tax assets	(40,924)	(41,401)	(2,228)	–
Deferred tax liabilities	375,794	407,319	–	3,929
	334,870	365,918	(2,228)	3,929

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

31. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)**Deferred tax liabilities of the Group:**

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

	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 2018 (as previously stated)	55,748	189,343	156,248	17,575	418,914
Effect of adoption of MFRS 15	6,647	–	–	–	6,647
At 1 August 2018 (as restated)	62,395	189,343	156,248	17,575	425,561
Recognised in profit or loss	22,509	(26,836)	(14,036)	(10,092)	(28,455)
Recognised in other comprehensive income	–	–	–	–	–
Exchange differences	(599)	627	–	–	28
At 31 July 2019	84,305	163,134	142,212	7,483	397,134
At 1 August 2017 (as previously stated)	53,429	178,804	170,192	31,715	434,140
Effect of adoption of MFRS 15	5,279	–	–	–	5,279
At 1 August 2017 (as restated)	58,708	178,804	170,192	31,715	439,419
Recognised in profit or loss	7,910	10,539	(13,944)	(14,140)	(9,635)
Exchange differences	(4,223)	–	–	–	(4,223)
At 31 July 2018 (as restated)	62,395	189,343	156,248	17,575	425,561

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

31. 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 2018 (as previously stated)	(6,521)	(4,649)	(8,391)	(37,900)	(57,461)
Effect of adoption of MFRS 15	–	–	–	(2,182)	(2,182)
At 1 August 2018 (as restated)	(6,521)	(4,649)	(8,391)	(40,082)	(59,643)
Recognised in profit or loss	7,714	(1,354)	(1,406)	(8,165)	(3,211)
Recognised in other comprehensive income	–	–	(89)	–	(89)
Exchange differences	(5,195)	(970)	42	6,802	679
At 31 July 2019	(4,002)	(6,973)	(9,844)	(41,445)	(62,264)
At 1 August 2017 (as previously stated)	(13,790)	(5,271)	(8,136)	(62,131)	(89,328)
Effect of adoption of MFRS 15	–	–	–	(1,883)	(1,883)
At 1 August 2017 (as restated)	(13,790)	(5,271)	(8,136)	(64,014)	(91,211)
Recognised in profit or loss	6,446	621	(255)	23,927	30,739
Exchange differences	823	1	–	5	829
At 31 July 2018 (as restated)	(6,521)	(4,649)	(8,391)	(40,082)	(59,643)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 August 2018	13,264
Recognised in profit or loss	(5,021)
At 31 July 2019	8,243
At 1 August 2017	–
Recognised in profit or loss	13,264
At 31 July 2018	13,264

Deferred tax asset 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 2018	–	(5,344)	(975)	(3,016)	(9,335)
Recognised in profit or loss	–	(1,019)	(185)	202	(1,002)
Recognised in other comprehensive income	–	–	(134)	–	(134)
At 31 July 2019	–	(6,363)	(1,294)	(2,814)	(10,471)
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)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

	Group	
	2019 RM'000	2018 RM'000
Unutilised tax losses	125,094	65,732
Unabsorbed capital allowances	90,927	88,141
Other deductible temporary differences	137	6,950
	216,158	160,823

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.

Effective from YA 2019, unused tax losses and unutilised capital allowances are allowed to be carried forward for a maximum period of seven years.

32. ISLAMIC DEBTS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Medium term notes					
– secured	(b)	375,000	465,000	–	–
– unsecured	(a)	1,600,000	2,000,000	1,300,000	1,500,000
		1,975,000	2,465,000	1,300,000	1,500,000
Current					
Medium term notes					
– secured	(b)	90,000	90,000	–	–
– unsecured	(a)	600,000	800,000	300,000	800,000
		690,000	890,000	300,000	800,000
Total Islamic debts		2,665,000	3,355,000	1,600,000	2,300,000

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

32. ISLAMIC DEBTS (CONT'D.)

Medium term notes ("MTNs")

The MTNs are drawdown by:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Gamuda Berhad	(a)	1,600,000	2,300,000	1,600,000	2,300,000
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	(a)	600,000	500,000	–	–
Kesas Sdn. Bhd.	(b)	465,000	555,000	–	–
		2,665,000	3,355,000	1,600,000	2,300,000

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows:

(a) Murabahah MTN – unsecured

(i) Gamuda Berhad

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Current				
Issue No. 7	300,000	13.03.2015	13.03.2020	4.55
Non-current				
Issue No. 8	300,000	25.04.2016	23.04.2021	4.62
Issue No. 9	500,000	23.11.2017	23.11.2022	4.83
Issue No.10	400,000	16.03.2018	16.03.2023	4.79
Issue No.11	100,000	27.11.2018	27.11.2023	4.79
	1,300,000			
	1,600,000			

Issue No.1 to No.6 were redeemed upon maturity in previous years.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

32. ISLAMIC DEBTS (CONT'D.)

Medium term notes (“MTNs”) (cont'd.)

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows: (cont'd.)

(a) Murabahah MTN – unsecured (cont'd.)

(ii) Bandar Serai

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
Current				
Tranche Issue No. 1	300,000	20.11.2014	20.11.2019	4.62
Non-current				
Tranche Issue No. 2	200,000	27.10.2015	27.10.2020	4.78
Tranche Issue No. 3	100,000	28.08.2018	28.08.2023	4.69
	300,000			
	600,000			

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 Gardens project in Rawang, Selangor. The facilities are unconditionally guaranteed by the Company.

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

	Group	
	2019 RM'000	2018 RM'000
Primary Sukuk	465,000	555,000
Secondary Sukuk	188,184	188,184
	653,184	743,184
Less: Unamortised profit element	(49,072)	(71,509)
	604,112	671,675
Less: Accumulated profit element charged to profit or loss	(139,112)	(116,675)
	465,000	555,000

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

32. ISLAMIC DEBTS (CONT'D.)

Medium term notes (“MTNs”) (cont'd.)

(b) Sukuk Musharakah Medium Term Notes (“Sukuk”) – secured (cont'd.)

The remaining maturities of the borrowings are as follows:

	Group	
	2019 RM'000	2018 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	285,000	270,000
Five years or more	–	105,000
	465,000	555,000

On 2 October 2014, Kesas Sdn. Bhd. had 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 4.47% to 4.85% (2018: 4.38% to 4.85%) per annum.

The Sukuk was issued to fully redeem its previously issued bonds (BaIDS), government support loan and redeemable convertible unsecured loan stock (“RCULS”).

The borrowings are secured by the following:

- (i) 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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

32. ISLAMIC DEBTS (CONT'D.)

Medium term notes (“MTNs”) (cont'd.)

(b) Sukuk Musharakah Medium Term Notes (“Sukuk”) – secured (cont'd.)

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.

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

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
MTNs	4.70	4.62	4.72	4.61

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

33. BORROWINGS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Term loans					
– secured	(a)	486,353	735,617	–	–
– unsecured	(b)	433,128	967,717	–	–
		919,481	1,703,334	–	–
Revolving credits					
– secured	(c)	63,260	81,630	–	–
		982,741	1,784,964	–	–
Current					
Secured					
Term loans	(a)	209,282	137,781	–	–
Revolving credits	(c)	5,036	2,167	–	–
		214,318	139,948	–	–
Unsecured					
Term loans	(b)	533,152	142,942	–	–
Revolving credits	(c)	598,447	213,846	450,298	50,000
Commercial papers		150,000	100,000	150,000	100,000
		1,281,599	456,788	600,298	150,000
		1,495,917	596,736	600,298	150,000
Total borrowings		2,478,658	2,381,700	600,298	150,000

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

33. BORROWINGS (CONT'D.)

(a) Term loans – secured

The term loans are drawdown by:

	Note	Group	
		2019 RM'000	2018 RM'000
Gamuda Land Vietnam Limited Liability Company ("GLVN")	(i)	–	178,156
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC")	(ii)	254,874	334,611
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning")	(iii)	440,761	360,631
		695,635	873,398

- (i) On 1 March 2016, GLVN, a subsidiary of the Company had 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 4.00% to 7.58% (2018: 4.43% to 4.54%) per annum. The term loan has been fully repaid during the financial year.

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 had 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% (2018: 4.09% to 5.23%) 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 had 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 4.41% (2018: 4.52%) and a range of 4.41% to 4.61% (2018: 4.57% to 4.59%) per annum respectively.

The term loan is secured by leasehold land under development as disclosed in Note 13.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

33. BORROWINGS (CONT'D.)**(a) Term loans – secured (cont'd.)**

Term loans are repayable as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	209,282	137,781
Later than one year but not later than two years	74,630	330,189
More than two years and less than five years	382,457	405,428
Five years or more	29,266	–
	695,635	873,398

(b) Term loans – unsecured

The term loans are drawdown by:

	Note	Group	
		2019 RM'000	2018 RM'000
Gamuda (Australia) Pty. Ltd. ("GB Australia")	(i)	–	113,096
Gamuda (Singapore) Pte. Ltd. ("GB Singapore")	(ii)	150,750	179,076
Megah Capital Sdn. Bhd. ("Megah Capital")	(iii)	815,530	818,487
		966,280	1,110,659

- (i) On 16 June 2016, GB Australia, a subsidiary had 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% (2018: 2.91%) per annum. GB Australia has fully repaid the term loan during the financial year.
- (ii) On 26 September 2016, GB Singapore, a subsidiary of the Company had 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 3.43% (2018: 2.65%) per annum.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

33. BORROWINGS (CONT'D.)

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

- (iii) On 16 July 2015, as disclosed in Note 34, Megah Capital had 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 34, Megah Capital had 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 42.

Term loans are repayable as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	533,152	142,942
Later than one year but not later than two years	–	530,732
More than two years and less than five years	433,128	436,985
	966,280	1,110,659

(c) Revolving credits

The revolving credits are drawdown by:

	Note	Group	
		2019 RM'000	2018 RM'000
Secured			
Jade Homes Sdn. Bhd. ("Jade Homes")	(i)	68,296	83,797

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

33. BORROWINGS (CONT'D.)

(c) Revolving credits (cont'd.)

Revolving credits are repayable as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	5,036	2,167
Later than one year but not later than two years	20,040	20,040
More than two years and less than five years	43,220	60,120
Five years or more	–	1,470
	68,296	83,797

- (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 4.58% (2018: 4.63%) per annum.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unsecured				
Gamuda Berhad	450,298	50,000	450,298	50,000
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	118,000	134,000	–	–
GB Singapore	30,149	29,846	–	–
	598,447	213,846	450,298	50,000

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

33. 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	
	2019 %	2018 %	2019 %	2018 %
Commercial papers	3.43	4.03	3.43	4.03
Revolving credits				
– Ringgit Malaysia	4.17	4.22	3.94	4.18
– Singapore Dollar	3.35	2.64	–	–
– US Dollar	3.90	–	3.90	–
Term loans				
– US Dollar	2.78	2.39	–	–
– Vietnam Dong	5.70	4.65	–	–
– Ringgit Malaysia	4.41	4.53	–	–
– Australian Dollar	–	2.91	–	–
– Singapore Dollar	3.43	2.65	–	–

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

34. DERIVATIVE LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Cross currency interest rate swaps	(7,530)	(10,487)

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.

The Group had obtained existing loans denominated in United States Dollar ("USD") amounting to USD200,000,000 ("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. This facility has been accounted for as embedded derivative and measured at fair value through profit or loss.

Contract amount	CCIRS	Maturity
(a) 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 had 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.)

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34. DERIVATIVE LIABILITIES (CONT'D.)

Contract amount	CCIRS	Maturity
	The Group:	
(b) 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 Group had 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:	
(c) 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 Group had 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 gain of RM2,957,000 (2018: RM1,495,000) arising from fair value changes of derivative. The fair value changes are attributable to changes in interest rate and foreign exchange rate. The Group's USD loan and CCIRS's offset arrangement and the method and assumptions applied in determining the fair values of derivatives are disclosed in Note 42.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

35. DUE TO SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Current		
Due to subsidiaries		
– trade	128,214	30,226
– non-trade	40,235	31,814
	168,449	62,040

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2018: 30 to 90 days).

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

36. PROVISION FOR LIABILITIES

Provision for liabilities of the Group is analysed as follows:

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Current	76,645	54,831
Non-current	29,978	27,936
	106,623	82,767

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

36. PROVISION FOR LIABILITIES (CONT'D.)

Group	Provision for development costs Note (a) RM'000	Provision for affordable housing Note (b) RM'000	Provision for club membership Note (c) RM'000	Provision for heavy repairs Note (d) RM'000	Total RM'000
At 1 August 2018 (as previously stated)	37,039	271,890	2,071	19,031	330,031
Effect of adoption of MFRS 15	14,222	(261,486)	–	–	(247,264)
At 1 August 2018 (as restated)	51,261	10,404	2,071	19,031	82,767
Provision during the year	24,149	33,738	490	4,680	63,057
Utilisation during the year	(5,058)	(20,022)	(541)	(4,680)	(30,301)
Unused amount reversed	(8,220)	–	(680)	–	(8,900)
Exchange differences	–	–	–	–	–
At 31 July 2019	62,132	24,120	1,340	19,031	106,623
At 1 August 2017 (as previously stated)	30,378	134,589	2,908	19,031	186,906
Effect of adoption of MFRS 15	790	(127,547)	–	–	(126,757)
At 1 August 2017 (as restated)	31,168	7,042	2,908	19,031	60,149
Provision during the year	27,757	31,788	971	4,680	65,196
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	–	–	–	–	–
At 31 July 2018 (as restated)	51,261	10,404	2,071	19,031	82,767

Recognised in profit or loss during the financial year: (Note 7)

	2019 RM'000	2018 RM'000
Net provision for club membership	(190)	(677)
Provision for heavy repairs	4,680	4,680
	4,490	4,003

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

36. 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.

37. COMMITMENTS

(a) Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Approved and contracted for:		
Property, plant and equipment	308,078	1,075,530

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

37. COMMITMENTS (CONT'D.)

(b) Operating lease commitments – as lessee

The Group has entered into leases on certain premises, 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than 1 year	3,880	4,129	3	6
Later than 1 year but not later than 5 years	3,018	9,845	398	369
Later than 5 years	1,540	5,320	–	–
	8,438	19,294	401	375

(c) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its premises. 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 receivable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than 1 year	16,298	6,465	145	130
Later than 1 year but not later than 5 years	12,352	2,024	6,480	7,067
Later than 5 years	48	–	–	–
	28,698	8,489	6,625	7,197

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

38. 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 RM378 million at the prevailing exchange rate on 31 July 2019) 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.

On 3 October 2019, the final acceptance certificate was issued and the performance bond is expected to be returned before end of October 2019.

The guarantees issued by the Company for the contracts in (a) and (b) have not been crystallised because Tunnel JV and PDP SSP have been performed and met their obligations in compliance with the terms of the contract.

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

39. MATERIAL LITIGATIONS

- (a) Accolade Sdn. Bhd. claim against MMC Gamuda KVMRT (PDP) Sdn. Bhd.

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.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

39. MATERIAL LITIGATIONS (CONT'D.)

(a) Accolade Sdn. Bhd. claim against MMC Gamuda KVMRT (PDP) Sdn. Bhd. (cont'd.)

Accolade is claiming, jointly and severally against the defendants, damages in the sum of RM303,534,000 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 disclosed 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. On 25 April 2019, Accolade withdrew its appeal against PDP.

(b) Tenaga National Berhad claim against Gamuda Water Sdn. Bhd.

On 9 March 2018, Gamuda Berhad announced that its 80% owned subsidiary, Gamuda Water Sdn. Bhd. ("Gamuda Water") had received four writs of summons filed by Tenaga National Berhad ("TNB"). The suits were premised on the failure by Gamuda Water in paying electricity bills amounted to RM39,512,000. 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 Summary judgment are fixed on 15 August 2019. On 15 August 2019, TNB withdrew the suits against Gamuda Water.

(c) Third party suits by Sungai Harmoni Sdn. Bhd. ("SHSB") against Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH SB") in respect of the suits filed by Tenaga Nasional Berhad ("TNB") against SHSB

On 2 April 2018, Gamuda Berhad announced that Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (a 40% associate company) ("SPLASH SB") 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 was claiming against SPLASH SB (1) the sum of RM621,576,000 for the supply of treated water (less the indemnified sum claimed by TNB in the two suits) and an indemnification sum of RM8,015,000 against TNB's claim together with interest and cost, and (2) an indemnification sum of RM27,693,000 against TNB's claim together with interest and cost. On 26 April 2018, SPLASH SB 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. As at 24 April 2019, SPLASH SB ceases to be an associated company of Gamuda Berhad upon completion of the Share Purchase Agreement dated 28 September 2018, between Syarikat Pengeluar Air Selangor Holdings Berhad and Pengurusan Air Selangor Sdn. Bhd..

Notes to the Financial Statements (Cont'd.)

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39. MATERIAL LITIGATIONS (CONT'D.)

(d) Emrail Sdn. Bhd. claims against MMC-Gamuda Joint Venture Sdn. Bhd.

On 29 October 2018, Gamuda Berhad announced that its 50% jointly controlled entity, MMC-Gamuda Joint Venture Sdn Bhd (“MGJV”) had been served with the Notice by Emrail Sdn Bhd (“Emrail”) in respect of an alleged dispute and differences arising out of the Conditions of Contract dated 23 December 2010 for the Construction, Completion, Testing, Commissioning and Maintenance of Track Works for the Electrified Double Track Project between Ipoh and Padang Besar.

On 6 December 2018, MGJV has notified the Company that they have filed an Originating Summons at the Kuala Lumpur High Court to seek for a declaration, among others, that the Notice is invalidly issued and Emrail is not entitled to commence arbitration proceedings against MGJV. Emrail had withdrawn the Notice against MGJV and consequently, on 16 May 2019, MGJV withdrew its Originating Summons filed at the Kuala Lumpur High Court.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 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	816	1,254	–	–
Rental received from subsidiaries	–	–	(5,285)	(5,250)
Interest receivable from subsidiaries	–	–	(153,716)	(127,492)

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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40. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total	15,842	18,354	14,533	13,268

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

41. SIGNIFICANT EVENTS

- (a) Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") - Share purchase agreement with Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor")

The Group's 40%-owned associated company, SPLASH Holdings had on 28 September 2018 entered into a conditional share purchase agreement with Air Selangor in respect of Air Selangor's purchase of 100% equity in SPLASH SB. SPLASH SB, 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 SB by Air Selangor consist of:

- 50,000,000 ordinary shares in SPLASH SB ("SPLASH Shares"), being 100% of the issued and paid up ordinary share capital of SPLASH SB;
- 350,000,000 Redeemable Unsecured Loan Stocks issued by SPLASH SB to SPLASH Holdings ("SPLASH RULS"), being 100% of SPLASH RULS,

for a combined total purchase consideration of RM2.55 billion, which shall paid in the following manner:

- an upfront payment of RM1.9 billion;
- the balance purchase price of RM650 million to be settled in 9 annual instalments, with an interest of 5.25% per annum.

The upfront payment of RM1.9 billion was received in April 2019 upon the completion of all condition precedents prescribed in the share purchase agreement. Hence, Gamuda had disposed of its effective 40% equity stake in SPLASH SB via SPLASH Holdings.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

41. SIGNIFICANT EVENTS (CONT'D.)

(b) Gamuda Water – New operations and maintenance agreement (“OMA”) of the Sungai Selangor Water Treatment Plant Phase 3 (“SSP 3”)

The Group’s 80%-owned subsidiary, Gamuda Water Sdn. Bhd. (“Gamuda Water”) had 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 (“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
- 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.

On 24 May 2019, Gamuda Water, 80% owned by Gamuda, and Air Selangor signed a debt settlement agreement and a new operations & maintenance agreement for the Sungai Selangor Water Treatment Plant Phase 3. The 10% of upfront payment was received in September 2019 and the balance shall be settled in 9 equal annual instalments.

(c) Proposal of New Warrants

On 14 December 2018 the Company proposed to undertake the following proposals:

- a renounceable rights issue of warrants in Gamuda (“Warrant(s) F”) on the basis of one (1) Warrant F at an issue price of RM0.25 per Warrant F for every four (4) existing ordinary shares in Gamuda (“Gamuda Share(s)”) held on an entitlement date to be determined later (“Proposed Rights Issue of Warrants”); and
- an establishment of a dividend reinvestment plan that provides the shareholders of Gamuda with an option to elect to reinvest their cash dividends in new Gamuda Shares.

collectively referred to as the “Proposals”.

The application was made pursuant to the press statement dated 23 February 2019 from the Prime Minister’s Office which states that the Government of Malaysia has commenced negotiation with the Company to acquire the four tolled highways in which the Company has a majority stake (“Proposed Acquisition”).

On 27 February 2019, Bursa Malaysia Securities Berhad (“Bursa Securities”) approved the Company’s application for the listing and quotation for the Warrants F and new Gamuda Shares to be issued arising from the exercise of the Warrants F.

On 15 March 2019, the Company submitted an application to Bursa Securities to seek a 6-month extension to issue the circular to shareholders in relation to the Proposals.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

41. SIGNIFICANT EVENTS (CONT'D.)

(c) Proposed of New Warrants (cont'd.)

As the Proposed Acquisition would result in a cash injection into Gamuda Group, the Company would need time to re-evaluate the cash flow requirements of the Gamuda Group moving forward in a holistic manner.

On 21 March 2019, Bursa Securities granted the Company extension of time until 19 September 2019 for the issuance of the circular to shareholders. As the requisite approvals for the Proposed Acquisition have not been obtained, Bursa Securities further granted the Company on 6 September 2019:

- i) extension of time to 31 December 2019 for Gamuda to issue the circular in relation to the Proposals to its shareholders; and
- ii) extension of time to 26 February 2020, to complete the implementation of the Proposed Rights Issue of Warrants.

(d) Proposed offers received from MOF in Toll Highway companies

On 21 June 2019, KESAS Holdings Berhad ("KESAS Holdings"), Gamuda's 70% owned subsidiary, received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of KESAS Sdn. Bhd. ("KESAS Offer"). KESAS is a wholly owned subsidiary of KESAS Holdings.

Simultaneously, each of the following associated companies and a joint venture company of Gamuda had on 21 June 2019, received a Letter of Offer from MOF for the following acquisitions:

- (a) Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings"), Gamuda's 52% associated company, received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT Offer"). SPRINT is a wholly-owned subsidiary of SPRINT Holdings;
- (b) Lingkaran Trans Kota Holdings Berhad ("LITRAK Holdings"), Gamuda's 44% associated company, received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of Lingkaran Trans Kota Sdn. Bhd. ("LITRAK Offer"). LITRAK is a wholly-owned subsidiary of LITRAK Holdings; and
- (c) Projek SMART Holdings Sdn. Bhd. ("SMART Holdings"), Gamuda's 50% owned joint venture company received a Letter of Offer from MOF in respect of its offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. ("SMART Offer"). SMART is a wholly-owned subsidiary of SMART Holdings.

(KESAS, SPRINT, LITRAK and SMART shall collectively be referred to as the "Expressway Concession Companies" and each a "Expressway Concession Company", and KESAS Holdings, SPRINT Holdings, LITRAK Holdings and SMART Holdings shall collectively be referred to as the "Concession Holding Companies" and each a "Concession Holding Company").

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

41. SIGNIFICANT EVENTS (CONT'D.)

(d) Proposed offers received from MOF in Toll Highway companies (cont'd.)

The purchase considerations are as follows:

KESAS Offer	SPRINT Offer	LITRAK Offer	SMART Offer
Cash consideration payable on completion equivalent to RM1,377 million less any outstanding	Cash consideration payable on completion equivalent to RM1,984 million less any outstanding	Cash consideration payable on completion equivalent to RM2,470 million less any outstanding	Cash consideration payable on completion equivalent to RM369 million less any outstanding
Indebtedness as at completion	Indebtedness as at completion	Indebtedness as at completion	Indebtedness as at completion

Any cash balance retained by each Expressway Concession Company as at completion shall be for the benefit of their respective Concession Holding Companies.

Gamuda Berhad's board and all concession companies' board have accepted the offers as at the date of the report. The Group is expected to receive RM2.36 billion from the sale of its stakes in the four highways upon completion of the disposal of the Expressway Concession Companies.

Each Concession Holding Company shall negotiate and finalise the definitive agreements with MOF by 30 August 2019 or such other date as may be mutually agreed ("Cut-Off Date"), subject to the following:

- (i) The results of the due diligence exercise being satisfactory to MOF; and
- (ii) The approval of Cabinet of Malaysia.

Upon finalisation of the definitive agreements, each Concession Holding Company needs to fulfil the following conditions precedent ("Conditions Precedent") by 29 November 2019 or such other date as may be mutually agreed:

- (i) The requisite shareholders' approval for the disposal of respective Expressways Concession Company; and
- (ii) The approval or consent of the creditors of the Concession Holding Companies and/or Expressways Concession Companies, where applicable.

The proposed offer is inter-conditional upon each other.

On 29 August 2019, MOF and each of the Concession Holding Company had mutually agreed to extend the Cut-Off Date for the finalisation of the respective definitive agreement from 30 August 2019 to 31 October 2019. Other terms of the offers from MOF remained unchanged.

(e) Award of construction contract for Marine Bridge project in Taiwan

On 28 March 2019, the Company and Taiwan's Dong-Pi Construction Co. Ltd. have been awarded the construction contract amounting to RM521.75 million (NT\$3.95 billion) from Taiwan stated-owned petroleum, natural gas, and gasoline company, CPC Corporation, for the Marine Bridge project at Guan Tang, Taoyuan in Taiwan. The job will be undertaken via an unincorporated joint venture in which the Company and Dong-Pi will hold 70% and 30% respectively.

Notes to the Financial Statements (Cont'd.)

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42. FAIR VALUE

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

		Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
	Note				
Financial assets:					
Current receivables	21	1,862,143	1,862,143	881,472	881,472
Non-current receivables	21	1,072,624	1,072,624	88,970	88,970
Due from subsidiaries	24	–	–	2,874,716	2,874,716
Contract assets	22	1,604,295	1,604,295	19,425	19,425
Cash and bank balances	25	1,452,272	1,452,272	65,184	65,184
Financial liabilities:					
Current payables	30	(1,841,814)	(1,841,814)	(379,820)	(379,820)
Non-current payables	30	(148,300)	(148,300)	(62,735)	(62,735)
Due to subsidiaries	35	–	–	(168,449)	(168,449)
Contract liabilities	22	(992,825)	(992,825)	(790,073)	(790,073)
Islamic debts:					
– Medium term notes	32	(2,665,000)	(2,666,042)	(1,600,000)	(1,600,000)
Borrowings:					
– Term loans	33	(1,661,915)	(1,661,915)	–	–
– Revolving credits	33	(666,743)	(666,743)	(450,298)	(450,298)
– Commercial papers	33	(150,000)	(150,000)	(150,000)	(150,000)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

42. FAIR VALUE (CONT'D.)

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

		Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
	Note				
Financial assets:					
Current receivables	21	1,662,601	1,662,601	586,641	586,641
Non-current receivables	21	1,004,438	1,004,438	200,435	200,435
Due from subsidiaries	24	–	–	1,663,592	1,663,592
Contract assets	22	1,276,378	1,276,378	21,492	21,492
Cash and bank balances	25	1,238,634	1,238,634	79,233	79,233
Financial liabilities:					
Current payables	30	(1,627,147)	(1,627,147)	(316,729)	(316,729)
Non-current payables	30	(102,179)	(102,179)	(29,840)	(29,840)
Due to subsidiaries	35	–	–	(62,040)	(62,040)
Contract liabilities	22	(607,544)	(607,544)	(429,037)	(429,037)
Islamic debts:					
– Medium term notes	32	(3,355,000)	(3,356,896)	(2,300,000)	(2,308,174)
Borrowings:					
– Term loans	33	(1,984,057)	(1,984,057)	–	–
– Revolving credits	33	(297,643)	(297,643)	(50,000)	(50,000)
– Commercial papers	33	(100,000)	(100,000)	(100,000)	(100,000)

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

42. FAIR VALUE (CONT'D.)

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

(i) Non-current receivables, borrowings and subordinate debts

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

(ii) 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.

(iii) 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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42. FAIR VALUE (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

		Fair value measurement using			
Group	Note	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 2019					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	572,056	–	–	572,056
Quoted interest in an associated company	18	1,058,264	1,058,264	–	–
Assets measured at fair value					
Other investments:					
– Investment in transferable club memberships	20	762	–	762	–
Investment securities	23	396,664	396,664	–	–
Liability measured at fair value					
Derivative liabilities	34	(7,530)	–	(7,530)	–
31 July 2018					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	525,579	–	–	525,579
Quoted interest in an associated company	18	1,035,258	1,035,258	–	–
Assets measured at fair value					
Other investments:					
– Investment in transferable club memberships	20	762	–	762	–
Unquoted interest in an associated company – SPLASH Holdings	18	1,111,297	1,111,297	–	–
Investment securities	23	384,271	384,271	–	–
Liability measured at fair value					
Derivative liabilities	34	(10,487)	–	(10,487)	–

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

42. FAIR VALUE (CONT'D.)

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

		Fair value measurement using			
Company	Note	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 2019					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	54,144	–	–	54,144
Quoted interests in an associated company	18	1,058,264	1,058,264	–	–
Assets measured at fair value					
Other investments					
– Investment in transferable club memberships	20	683	–	683	–
Investment securities	23	340,371	340,371	–	–
31 July 2018					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	47,117	–	–	47,117
Quoted interests in an associated company		1,035,258	1,035,258	–	–
Assets measured at fair value					
Other investments:					
– Investment in transferable club memberships	20	683	–	683	–
Investment securities	23	21,504	21,504	–	–

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 2019

42. FAIR VALUE (CONT'D.)

Financial instruments subject to offsetting arrangements

The Group entered into a Cross Currency Interest Rate Swap (“CCIRS”) to hedge against foreign currency and interest rate movements for term loans which have an arrangement to settle simultaneously on due dates at a net basis.

The Group’s borrowings and derivatives that are off-set are as follows:

	Gross carrying amount RM'000	Gross amounts offset RM'000	Net amounts RM'000
As at 31 July 2019			
Derivatives (Note 34)	(7,530)	7,530	–
Borrowings (Note 33(b))	(808,000)	(7,530)	(815,530)
As at 31 July 2018			
Derivatives (Note 34)	(10,487)	10,487	–
Borrowings (Note 33(b))	(808,000)	(10,487)	(818,487)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Notes to the Financial Statements (Cont'd.)

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

(a) Credit risk (cont'd.)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, except amounts due from associated companies and joint ventures as disclosed in Note 21. The directors do not foresee any issue in recovering the receivable amount.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group invests only on quoted debt securities with very low credit risk.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 July 2019 and 2018 is the carrying amount as illustrated in Note 43(a) except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

(a) Credit risk (cont'd.)

Credit risk concentration profile

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

Company	Group			
	2019		2018	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	2,141,669	86%	1,730,145	82%
Vietnam	322,890	13%	341,290	16%
India	19,997	1%	31,963	2%
Others	201	0%	1,067	0%
	2,484,757	100%	2,104,465	100%
By industry sectors:				
Engineering and construction	889,917	36%	626,228	30%
Property development and club operations	691,945	28%	589,643	28%
Water and expressway concessions	902,895	36%	888,594	42%
	2,484,757	100%	2,104,465	100%

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

	Group	
	2019 RM'000	2018 RM'000
Trade receivables – third parties	1,704,543	878,505
Due from associated companies – trade	20,023	681,306
Due from joint venture partners – trade	12,859	15,539
Due from joint ventures – trade	747,332	529,115
	2,484,757	2,104,465

Notes to the Financial Statements (Cont'd.)

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

(b) Liquidity risk

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

At the reporting date, approximately 42% (2018: 26%) of the Group's subordinate debts and borrowings (Note 32 and 33) will mature in less than one year based on the carrying amount reflected in the financial statements. Approximately 41% (2018: 39%) of the Company's subordinate debts and borrowings (Note 32 and 33) will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

Group	2019			
	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	1,841,814	148,300	–	1,990,114
Islamic debts	690,000	1,975,000	–	2,665,000
Borrowings				
– Principal	1,495,917	953,476	29,265	2,478,658
– Interest	189,364	263,251	376	452,991
Total undiscounted financial liabilities	4,217,095	3,340,027	29,641	7,586,763

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	1,627,147	102,179	–	1,729,326
Islamic debts	890,000	2,360,000	105,000	3,355,000
Borrowings				
– Principal	596,736	1,774,855	1,470	2,373,061
– Interest	228,851	375,296	1,067	605,214
Total undiscounted financial liabilities	3,342,734	4,612,330	107,537	8,062,601

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

(b) Liquidity risk (cont'd.)

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

Company	2019			
	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	379,820	62,735	–	442,555
Due to subsidiaries	168,449	–	–	168,449
Islamic debts	300,000	1,300,000	–	1,600,000
Borrowings				
– Principal	600,298	–	–	600,298
– Interest	74,713	132,896	–	207,609
Total undiscounted financial liabilities	1,523,280	1,495,631	–	3,018,911

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	316,729	29,840	–	346,569
Due to subsidiaries	62,040	–	–	62,040
Islamic debts	800,000	1,500,000	–	2,300,000
Borrowings				
– Principal	150,000	–	–	150,000
– Interest	92,655	182,585	–	275,240
Total undiscounted financial liabilities	1,421,424	1,712,425	–	3,133,849

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

(c) Interest rate risk

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

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

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 71% (2018: 74%) 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 RM2,875,000 (2018: RM2,784,000) 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 RM19,833,200 (2018: RM19,210,000) and RM17,018,600 (2018: RM1,075,000) 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 43.

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

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

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

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

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 2019								
Cash and bank balances	826,930	42,075	1,052	4,536	434	563	16,977	892,567
Receivables	1,349,163	23,534	90	13,330	5	68	1,809	1,387,999
Investment	–	–	–	–	–	414,581	–	414,581
Payables	(631,817)	(1,477)	(51)	(13,721)	(14,401)	(140)	(3,039)	(664,646)
Borrowings	(254,874)	–	–	–	–	(180,900)	–	(435,774)

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
Investment	–	–	–	–	–	204,554	–	204,554
Payables	(408,391)	(1,526)	(98)	(51,200)	(10,298)	(141)	(18,116)	(489,770)
Borrowings	(512,768)	–	–	–	–	(208,922)	(113,096)	(834,786)

Company	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Singapore Dollar RM'000	Total RM'000
At 31 July 2019:					
Cash and bank balances	1,019	4,536	434	356	6,345
Receivables	–	13,330	5	68	13,403
Payables	–	(13,721)	(14,401)	(116)	(28,238)

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)

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 2019

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

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the VND, USD, BHD, 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)	
			2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
VND/RM	strengthened 5%	(2018: 5%)	64,470	36,930	–	–
	weakened 5%	(2018: 5%)	(64,470)	(36,930)	–	–
USD/RM	strengthened 5%	(2018: 5%)	55	5	51	9
	weakened 5%	(2018: 5%)	(55)	(5)	(51)	(9)
BHD/RM	strengthened 5%	(2018: 5%)	(698)	1,428	(698)	1,428
	weakened 5%	(2018: 5%)	698	(1,428)	698	(1,428)
QR/RM	strengthened 5%	(2018: 5%)	208	396	208	396
	weakened 5%	(2018: 5%)	(208)	(396)	(208)	(396)
INR/RM	strengthened 5%	(2018: 5%)	3,206	2,352	–	–
	weakened 5%	(2018: 5%)	(3,206)	(2,352)	–	–
SGD/RM	strengthened 5%	(2018: 5%)	11,709	3,271	15	60
	weakened 5%	(2018: 5%)	(11,709)	(3,271)	(15)	(60)
AUD/RM	strengthened 5%	(2018: 5%)	787	(2,656)	–	–
	weakened 5%	(2018: 5%)	(787)	2,656	–	–

44. CAPITAL MANAGEMENT

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

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

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

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

44. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Islamic debts	2,665,000	3,355,000	1,600,000	2,300,000
Borrowings	2,478,658	2,381,700	600,298	150,000
Less: Cash and bank balances	(1,452,272)	(1,238,634)	(65,184)	(79,233)
Investment securities	(396,664)	(384,271)	(340,371)	(21,504)
Net debt	3,294,722	4,113,795	1,794,743	2,349,263
Equity attributable to the owners of the Company	8,071,307	7,596,625	5,915,003	4,952,941
Non-controlling interests	399,317	383,681	–	–
Total capital	8,470,624	7,980,306	5,915,003	4,952,941
Net gearing ratio	39%	52%	30%	47%

45. SEGMENT INFORMATION

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

- (i) Engineering and construction – the construction of highways and bridges, airfield facilities, railway, tunnel, water treatment plants, dams, general and trading services related to construction activities;
- (ii) Property development and club operations – the development of residential and commercial properties and club operations; and
- (iii) Water and expressway concessions – the management of water supply and 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 2019

45. 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
2019						
Revenue						
Revenue as reported	1,939,326	2,146,457	479,279	–		4,565,062
Share of revenue of joint ventures	2,198,418	400,403	17,315	–		2,616,136
	4,137,744	2,546,860	496,594	–		7,181,198
Inter-segment sales	494,819	–	–	(494,819)	A	–
Total revenue	4,632,563	2,546,860	496,594	(494,819)		7,181,198
Result						
Profit from operations	178,303	282,868	228,133	–		689,304
Finance costs	(21,592)	(42,651)	(27,688)	–		(91,931)
Share of profits of associated companies	20,207	–	106,427	–		126,634
Share of profits of joint ventures	105,935	82,148	(3,241)	–		184,842
Profit before tax	282,853	322,365	303,631	–		908,849
Income tax expense						(150,654)
Profit for the year						758,195

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

45. 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
2019 (cont'd.)						
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	3,272,814	9,265,085	2,480,929	–		15,018,828
Interests in associated companies	9,297	–	961,492	–		970,789
Interests in joint arrangements	236,229	921,003	44,323	–		1,201,555
						<u>17,191,172</u>
Segment liabilities						
Other liabilities	(1,969,079)	(1,138,124)	(469,687)	–		(3,576,890)
Borrowings	(777,122)	(3,846,941)	(519,595)	–		(5,143,658)
						<u>(8,720,548)</u>
Other information						
Depreciation and amortisation	38,586	24,443	129,099	–		192,128
Additions to non-current assets	191,455	550,913	14,178	–	B	756,546
Non-cash items other than depreciation and amortisation	42,482	1,698	5,174	–	C	49,354

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

45. 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						
(Restated)						
Revenue						
Revenue as reported	1,924,558	1,796,342	495,651	–		4,216,551
Share of revenue of joint ventures	2,140,996	778,919	16,170	–		2,936,085
	4,065,554	2,575,261	511,821	–		7,152,636
Inter-segment sales	438,071	–	–	(438,071)	A	–
Total revenue	4,503,625	2,575,261	511,821	(438,071)		7,152,636
Result						
Profit from operations	252,543	200,302	252,719	–		705,564
Finance costs	(10,917)	(43,662)	(36,573)	–		(91,152)
Share of profits of associated companies	1,411	–	(97,714)	–		(96,303)
Share of profits of joint ventures	124,456	106,967	(2,867)	–		228,556
Profit before tax*	367,493	263,607	115,565	–		746,665
Income tax expense						(166,013)
Profit for the year						580,652
Core profit before tax	367,493	263,607	422,900	–		1,054,000
Less: Loss on disposal of SPLASH SB	–	–	(300,051)	–		(300,051)
Impairment of Gamuda Water's trade receivables	–	–	(7,284)	–		(7,284)
* Profit before tax as reported	367,493	263,607	115,565	–		746,665

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

45. 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 (cont'd.)						
(Restated)						
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	2,963,140	8,386,233	2,508,656	–		13,858,029
Interests in associated companies	8,115	–	1,765,709	–		1,773,824
Interests in joint arrangements	256,095	696,880	47,563	–		1,000,538
						<u>16,632,391</u>
Segment liabilities						
Other liabilities	(1,703,646)	(700,945)	(510,794)	–		(2,915,385)
Borrowings	(687,370)	(4,494,330)	(555,000)	–		(5,736,700)
						<u>(8,652,085)</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 2019

45. SEGMENT INFORMATION (CONT'D.)

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

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

		2019 RM'000	2018 RM'000 (Restated)
	Note		
Property, plant and equipment	12	253,790	453,248
Investment properties	14	88,522	54,074
Land held for property development	13(a)	400,983	383,023
Expressway development expenditure	16	13,251	2,850
		756,546	893,195

Additions to non-current assets excludes interest in associated companies and interests in joint arrangements.

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

	2019 RM'000	2018 RM'000
Property, plant and equipment written off	31	117
Unrealised loss/(gain) on foreign exchange	31	(370)
Net fair value gains on derivatives	(2,957)	(1,495)
Provisions	52,249	76,089
Discounts on receivables arising from settlement scheme	–	70,056
	49,354	144,397

Notes to the Financial Statements (Cont'd.)

– 31 July 2019

45. SEGMENT INFORMATION (CONT'D.)

Geographical information

	Revenues		Non-current assets	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Malaysia	3,188,593	3,234,127	6,230,678	5,664,800
Outside Malaysia				
– Vietnam	1,356,879	807,496	700,254	819,924
– Others	19,590	174,928	548	14,768
	1,376,469	982,424	700,802	834,692
Consolidated	4,565,062	4,216,551	6,931,480	6,499,492
Share of revenue of joint ventures				
– Malaysia	2,387,852	2,334,463		
– Singapore	228,284	601,622		
Total revenue	7,181,198	7,152,636		

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

	2019 RM'000	2018 RM'000 (Restated)
Property, plant and equipment	1,155,510	1,009,191
Land held for property development	2,919,183	2,655,137
Investment properties	432,815	363,886
Land use rights	1,470	1,895
Expressway development expenditure	1,306,472	1,421,203
Other investments	812	812
Deferred tax assets	40,924	41,401
Receivables	1,074,294	1,005,967
	6,931,480	6,499,492

46. SUBSEQUENT EVENT

Gamuda Berhad acquires 50% stake in Australia's Martinus Rail Pty. Ltd.

In September 2019, the Group has agreed to invest a 50% stake in Martinus Rail Pty. Ltd. to accelerate its expansion into Australia's infrastructure construction market.

The acquisition will give the Group an immediate presence in the construction market in Australia, apart from the two offices in Melbourne and Sydney set up recently. We intend to leverage on Martinus Rail's expertise and know-how to tender more than AUD20 billion of the construction projects over next year or so.

List of Major Properties

Held as at 31 July 2019

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	10	131,411
2	No. 30, Jalan SS2/44 47300 Petaling Jaya Selangor	Freehold	Bungalow	501 sq m	1991	–	33	282
3	No. 36/38, Jalan SS21/62 47400 Petaling Jaya Selangor	Freehold	2 blocks, 4 storey shoplot/office	286 sq m	1991	–	25	876
4	No. 39, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	4 storey shoplot/office	153 sq m	2007	–	25	539
5	No. 53, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	4 storey shoplot/office	153 sq m	2006	–	30	1,179
6	No. 55-61, Jalan SS22/23 47400 Petaling Jaya Selangor	Freehold	4 blocks, 4 storey shoplot/office	612 sq m	1992	–	28	7,474
7	No. 54-58, Jalan SS22/25 47400 Petaling Jaya Selangor	Freehold	3 blocks, 4 storey shoplot/office	460 sq m	2006	–	27	4,165
8	HS (D) 54871 PT No. 56274 Mukim & District of Kelang Selangor	Freehold	Industrial estate/workshop	16,898 sq m	1995	–	–	6,827

No	Location	Tenure	Usage	Area	Year of Valuation/ Acquisition	Year of expiry	Approximate age of building (Years)	NBV (RM'000)
9	Lot 66100, Geran 331933 Mukim of Tanjung Duabelas District of Kuala Langat Selangor	Freehold	Industrial Land/ Industrial Building System ("IBS") factory	66 acres	2016	–	1	225,672
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	–	1,469
11	PT 183485 Meru Industrial Estate Jelapang, 30020 Ipoh, Perak	Leasehold	Industrial estate/ store	12,144 sq m	1991	2050	23	475
12	PT 51683, Jalan Jelapang 30020 Ipoh, Perak	Leasehold	Industrial estate/ workshop	4,353 sq m	1991	2043	29	307
13	No. 152, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	3 storey shoplot/office	164 sq m	1991	2078	33	127
14	No. 158, Jalan Gopeng 31350 Ipoh, Perak	Leasehold	3 storey shoplot/office	163 sq m	1991	2078	33	133

Analysis of Securities of Company

As at 1 October 2019

ANALYSIS OF SHAREHOLDINGS

Total Number of Issued Shares : 2,473,020,033 ordinary shares
 Type of shares : Ordinary shares
 Voting rights : 1 vote per share on a poll
 No. of shareholders : 18,035

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	383	2.12	6,315	*
100 – 1,000	4,678	25.94	3,527,838	0.14
1,001 – 10,000	9,620	53.34	40,416,312	1.64
10,001 – 100,000	2,514	13.94	77,663,831	3.14
100,001 – 123,651,000 (less than 5% of issued shares)	838	4.65	1,948,324,032	78.78
123,651,001 and above (5% and above of issued shares)	2	0.01	403,081,705	16.30
Total	18,035	100.00	2,473,020,033	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	309,265,305	12.51	–	–
Kumpulan Wang Persaraan (Diperbadankan)	176,826,834	7.15	–	–

Note:

* Negligible

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	3.03	–	–
Dato' Ir Ha Tiing Tai	26,936,276 ^{*3}	1.09	86,000 ^{*1}	^{*5}
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	0.01	116,000,000 ^{*2}	4.69
Tan Sri Dato' Setia Haji Ambrin bin Buang	4,000	^{*5}	–	–
Tunku Afwida binti Tunku A.Malek	–	–	–	–
Nazli binti Mohd Khir Johari	–	–	–	–
Dato' Ubull 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 son^{*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 1 October 2019

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	245,986,505	9.95
2	Kumpulan Wang Persaraan (Diperbadankan)	157,095,200	6.35
3	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	105,780,400	4.28
4	Generasi Setia (M) Sdn Bhd	102,500,000	4.14
5	Urusharta Jamaah Sdn Bhd	90,495,000	3.66
6	Dato' Lin Yun Ling	75,035,736	3.03
7	Amanahraya Trustees Berhad – Amanah Saham Malaysia 2 – Wawasan	70,000,000	2.83
8	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	59,870,600	2.42
9	Amanahraya Trustees Berhad – Amanah Saham Malaysia 3	55,792,800	2.26
10	Amanahraya Trustees Berhad – Amanah Saham Malaysia	53,179,700	2.15
11	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 3 – Didik	49,113,600	1.98
12	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	43,475,200	1.76
13	Permodalan Nasional Berhad	38,639,500	1.56
14	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 1)	36,354,275	1.47
15	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Total International Stock Index Fund	35,628,617	1.44
16	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	33,500,000	1.35
17	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	33,357,400	1.35
18	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Emerging Markets Stock Index Fund	33,208,617	1.34

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	Ng Kee Leen	28,001,560	1.13
20	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (NOMURA)	26,628,000	1.08
21	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	26,000,000	1.05
22	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	21,821,700	0.88
23	Dato' Ir. Ha Tiing Tai	21,311,276	0.86
24	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	20,023,963	0.81
25	Amanahraya Trustees Berhad – Public Islamic Dividend Fund	18,596,100	0.75
26	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 14)	18,361,400	0.74
27	Amanahraya Trustees Berhad – Public Ittikal Sequel Fund	17,476,100	0.71
28	Dato' Goon Heng Wah	15,628,300	0.63
29	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	14,707,180	0.59
30	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	14,210,500	0.57
Total		1,561,779,229	63.12

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 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 1 October 2019

ANALYSIS OF WARRANT HOLDINGS

WARRANTS 2016/2021 ("WARRANTS")

No. of Warrants unexercised	: 387,698,531
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	: 6,424

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	78	1.22	3,880	*
100 – 1,000	1,877	29.22	923,749	0.24
1,001 – 10,000	2,342	36.46	12,069,542	3.11
10,001 – 100,000	1,755	27.32	64,320,885	16.59
100,001 – 19,384,925 (less than 5% of total Warrants unexercised)	371	5.76	171,255,875	44.17
19,384,926 and above (5% and above of total Warrants unexercised)	1	0.02	139,124,600	35.89
Total	6,424	100.00	387,698,531	100.00

Note:

* Negligible

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	3.32	–	–
Dato' Ir Ha Tiing Tai	–	–	12,800 ^{*1}	^{*4}
Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	0.01	12,000,000 ^{*2}	3.10
Tan Sri Dato' Setia Haji Ambrin bin Buang	–	–	–	–
Tunku Afwida binti Tunku A.Malek	–	–	–	–
Nazli binti Mohd Khir Johari	–	–	–	–
Dato' Ubull 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 son^{*2} Through Generasi Setia (M) Sdn Bhd^{*3} Held in nominee name^{*4} Negligible

Analysis of Securities of Company (Cont'd.)

As at 1 October 2019

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	Urusharta Jamaah Sdn Bhd	139,124,600	35.88
2	Dato' Lin Yun Ling	12,883,600	3.32
3	Generasi Setia (M) Sdn Bhd	12,000,000	3.10
4	Ng Kee Leen	9,411,000	2.43
5	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Heng Teng Kuang	6,150,000	1.59
6	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	4,534,150	1.17
7	HLB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Yee Hui	4,300,000	1.11
8	Liew Yann Min	3,166,300	0.82
9	Heng Teng Kuang	2,953,023	0.76
10	Dato' Goon Heng Wah	2,741,600	0.71
11	Abd Azis bin Mohamad	2,600,000	0.67
12	Gan Lu Ter	2,563,500	0.66
13	CGS-CIMB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Daniel Lim Hwa Yew (MY1618)	2,254,000	0.58
14	Dai Shek Hung	1,824,100	0.47
15	Wilfred Koh Seng Han	1,601,200	0.41
16	Su Ming Keat	1,561,367	0.40
17	Soong Chee Keong	1,400,000	0.36
18	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tong Kim Eng (E-SPG)	1,322,000	0.34
19	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Lim Chee Meng (PB)	1,221,700	0.32
20	Seow Kah Heng	1,200,000	0.31

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	Lee Foong Ngoh	1,179,833	0.30
22	Yeoh Siew Leng	1,152,300	0.30
23	HLB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Oh Kim Sun	1,150,000	0.30
24	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Ping Yoong	1,088,000	0.28
25	Cheong Ho Kuan	1,085,000	0.28
26	Kintan Equity Sdn Bhd	1,000,000	0.26
27	Lim Chin Ann	1,000,000	0.26
28	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Oh Kim Sun (CEB)	1,000,000	0.26
29	Susy Ding	1,000,000	0.26
30	Low Chu Mooi	880,000	0.23
Total		225,347,273	58.14

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
18.01.2019 – 18.10.2019	5,358,082	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,473,407,033

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third 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, 5 December 2019 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 2019 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 2019.	(Ordinary Resolution 1)
3. To approve the payment of Directors' remuneration (excluding Directors' fees) of up to an amount of RM320,000/- for the period from 6 December 2019 until the next annual general meeting of the Company to be held in 2020.	(Ordinary Resolution 2)
4. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Clause 95 of the Constitution of the Company and, who being eligible, offer themselves for re-election:-	
a. YBhg Dato' Lin Yun Ling	(Ordinary Resolution 3)
b. YM Tunku Afwida binti Tunku A.Malek	(Ordinary Resolution 4)
c. Puan Nazli binti Mohd Khir Johari	(Ordinary Resolution 5)
5. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorise the Directors of the Company to fix their remuneration.	(Ordinary Resolution 6)

As Special Business:-

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:

6. Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	(Ordinary 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."

Notice of Annual General Meeting (Cont'd.)

7. Proposed Renewal of Share Buy-back Authority

(Ordinary 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.”

8. Special Resolution
Proposed Adoption of New Constitution of the Company

(Special Resolution)

“THAT approval be and is hereby given for the Company to revoke its existing Memorandum and Articles of Association with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix II of the Statement/Circular to Shareholders dated 8 November 2019 be and is hereby adopted as the Constitution of the Company with immediate effect (**“Proposed New Constitution”**).

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed New Constitution with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any 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
 8 November 2019

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 28 November 2019 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 3 December 2019 or not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- g. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

3. Explanatory Notes

a. Audited Financial Statements

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). Hence, this matter will not be put for voting.

b. Ordinary 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 2016 to 2018, the Board has approved the proposed revision to the fees of the Non-Executive Directors (including Independent Non-Executive Directors but excluding the Independent Non-Executive Chairman) as set out in the right column of the table below:

Directors' Fees (as approved at AGMs)	FY2016	FY2017	FY2018	Proposed for FY2019 (approval sought at 43rd AGM)
Independent Non-Executive Chairman	RM175,000 per annum	RM175,000 per annum	RM215,000 per annum	RM210,833 per annum
Independent Non-Executive Director	RM125,000 per annum	RM135,000 per annum	RM135,000 per annum	RM160,000 per annum/ RM164,167 per annum*/ RM109,417 per annum [#]
Non-Executive Director	RM95,000 per annum	RM105,000 per annum	RM105,000 per annum	RM130,000 per annum

* Re-designation of Audit Committee Chairman during the financial year under review

[#] Appointment of a new Independent Non-Executive Director during the year under review

There was no revision in the Director's fee of the Independent Non-Executive Chairman for this financial year since his fee has been revised in the last financial year ended 31 July 2018.

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 1.6 times and from Independent Non-Executive Directors at 1.3 times, were seen as fair and equitable.

The payment of the Directors' fees totalling RM774,417/- in respect of the financial year ended 31 July 2019 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-second AGM of the Company held on 6 December 2018 ("42nd AGM"), the benefits payable to the Non-Executive Directors of the Company from 7 December 2018 until this meeting on 5 December 2019 (12 months) was approved for an amount up to RM320,000/-. The utilisation of this approved amount as at 31 July 2019 is approximately RM153,000/-. Based on the schedule of meetings in the fourth quarter of 2019, an amount of RM62,000/- 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 70% 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

Notice of Annual General Meeting (Cont'd.)

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.

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 6 December 2019 to the next AGM in 2020 (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. Ordinary 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 the findings are as follows:-

- i. The Board continues to be effective with each of its member demonstrating commitment of time and energy to their duties as well as their abilities to act in the best interests of the Company in decision-making.
- ii. Their level of contribution to the Board's deliberations through their skills, experiences and strength in qualities meet the demands of the business in line with the strategy of the Company.
- iii. They are able to act in the best interests of the Company in decision-making.

Based on the results of the Annual Evaluation of Board Performance 2018/2019, the individual Directors met the performance criteria required of an effective and high-performance Board.

The Board (saved for YM Tunku Afwida binti Tunku A.Malek and Puan Nazli binti Mohd Khir Johari) has vide the Nomination Committee, also conducted the assessment on the independence of both YM Tunku Afwida and Puan Nazli as Independent Non-Executive Directors of the Company and, supports the Nomination Committee's recommendation for their re-election (who being eligible and have offered themselves for re-election) as Directors of the Company pursuant to Clause 95 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. Ordinary Resolution 6

The Board has at its meeting held on 27 September 2019 approved the recommendation of 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. Ordinary Resolution 7

The proposed Resolution 7 if passed, will empower the 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 42nd AGM.

f. Ordinary Resolution 8

Shareholders are advised to refer to the Statement/Circular to Shareholders dated 8 November 2019, which is despatched together with the Annual Report 2019 for further information.

g. Special Resolution

In view of the substantial amount of proposed amendments to the existing Memorandum and Articles of Association of the Company, the Board proposed to revoke the existing Memorandum and Articles of Association in its entirety and in place thereof, to adopt a new Constitution as set out in the Statement/Circular to Shareholders dated 8 November 2019 ("Proposed New Constitution").

This Resolution, if passed, will streamline the Company's Constitution with the new provisions of the CA 2016 and the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as to enhance administrative efficiency.

The Proposed New Constitution shall take effect once it has been passed by a majority of not less than 75% of such members of the Company who are entitled to attend and vote, and do vote in person or by proxy at this AGM.

Please refer to the Statement/Circular to Shareholders dated 8 November 2019 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 (excluding directors standing for a re-election) as Directors

There are no individuals who are standing for election as Directors at the Forty-third 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

43rd Annual General Meeting ("AGM")

Date : Thursday, 5 December 2019
Time : 10.00 a.m.
Place : Permai Room
 Kota Permai Golf & Country Club
 Kota Kemuning

REGISTRATION

- Registration will start at 8.15 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.
- Please read the signage to ascertain which area to register yourself for the AGM and join the queue accordingly.
- Please produce your ORIGINAL national 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.
- No person will be allowed to register on behalf of another person even with the original I/C or passport of that other person.
- Upon verification and registration:
 - please sign on the Attendance List and you will be given the following items:
 - a **wristband** printed with passcode ("identification wristband") (for attending the AGM and poll voting purposes);
 - a meal voucher;
 - a door gift;
 - if you are attending the AGM as a shareholder as well as proxy, you will be registered once and will be given only one (1) identification wristband;
 - 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 wristbands are allowed to enter the Permai Room; and
- there will be no replacement of lost or misplaced identification wristband(s), meal voucher(s) and door gift. Every shareholder or proxy or corporate representative who register will get one (1) identification wristband only.
- After registration, please leave the registration area immediately and proceed to Permai Room.
- The registration counter will only handle verification of identity and registration of attendance.
- Help desk support is available for any other enquiries/ assistance/revocation of proxy's appointment.

Q&A SESSION

- 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.
- Questions should be confined to matters before the meeting. If a shareholder's question pertains to the shareholder's own circumstances and not the shareholders as a whole, we will ask that the shareholder raise the matter with the customer service attendants outside the AGM.

CORPORATE REPRESENTATIVES

Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the ORIGINAL certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the AGM or to the registration staff on the AGM day for the Company's records.

VOTING PROCEDURE

Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions to be tabled at the AGM will be voted by poll instead of by show of hands. For this purpose, the Company has appointed Tricor Investor and Issuing House Services Sdn Bhd ("Tricor") to conduct the poll

voting electronically via Tricor e-Vote application ("Tricor e-Vote App") and Coopers Professional Scrutineers Sdn Bhd as scrutineers to verify the poll results.

E-voting for each of the resolutions as set out in the Notice of AGM will take place upon the conclusion of the deliberations of all the business transacted.

(a) Voting using own smartphone device

1. Shareholders and proxy holders ("voters") who wish to cast their votes using their own smartphone/tablets ("devices") are advised to download the Tricor e-Vote App onto their devices before attending the meeting.
2. Tricor e-Vote App download is available at no cost from Google Play Store for Androids devices or the Apple App Store for Apple devices.
3. If you require assistance on how to download the Tricor e-Vote App, please contact Tricor personnel listed under Enquiry.
4. Voters need to connect to the following Wi-Fi network provided by Tricor before the voting session commences:

Wi-Fi Name: Tricor_eVote	Password: gamuda0512

5. Please use the camera function of your voting device to scan the passcode printed on the identification wristband which was given to you upon registration, in order to access Tricor e-Vote App.
6. Once login, follow the steps and proceed to vote.
7. Detailed instruction on how to vote will be provided in the AGM before the start of the voting session.
8. You are encouraged to approach any of Tricor's personnel at Helpdesk Counter to check your devices' readiness to participate in the poll voting.

(b) Voters who do not have device

1. Voting kiosks will be set up at the registration room.
2. Upon commencement of voting session, you may proceed to the voting kiosks set up at the registration room to cast your vote.
3. Tricor personnel will be stationed at the kiosks to assist you to vote using Tricor e-Vote App.

RESULTS OF VOTING

The resolutions proposed at the AGM and the results of the voting will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Malaysia Securities Berhad ("Bursa Malaysia") at www.bursamalaysia.com.

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 28 November 2019 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 2019

The Annual Report 2019 is also available on our corporate website at www.gamuda.com.my and the Bursa Malaysia's website at www.bursamalaysia.com. Limited hard copies of Annual Report 2019 are available during the AGM (subject to first-come-first-serve basis).

Administrative Details (Cont'd.)

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.

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 devices for these purposes. This policy will be rigorously enforced. Offenders are subject to dismissal from the AGM.

NO SMOKING POLICY

A no smoking policy is maintained inside the Kota Permai Golf & Country Club building. Your co-operation is much appreciated.

PERSONAL BELONGINGS

Please take care of your personal belongings. Gamuda and Kota Permai will not be held responsible for any missing items.

ENQUIRY

For general queries on the administrative details prior to the AGM, you may contact Gamuda's Share Registrar during office hours:

Tricor Investor & Issuing House

Services Sdn Bhd [197101000970 [11324-H]]

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

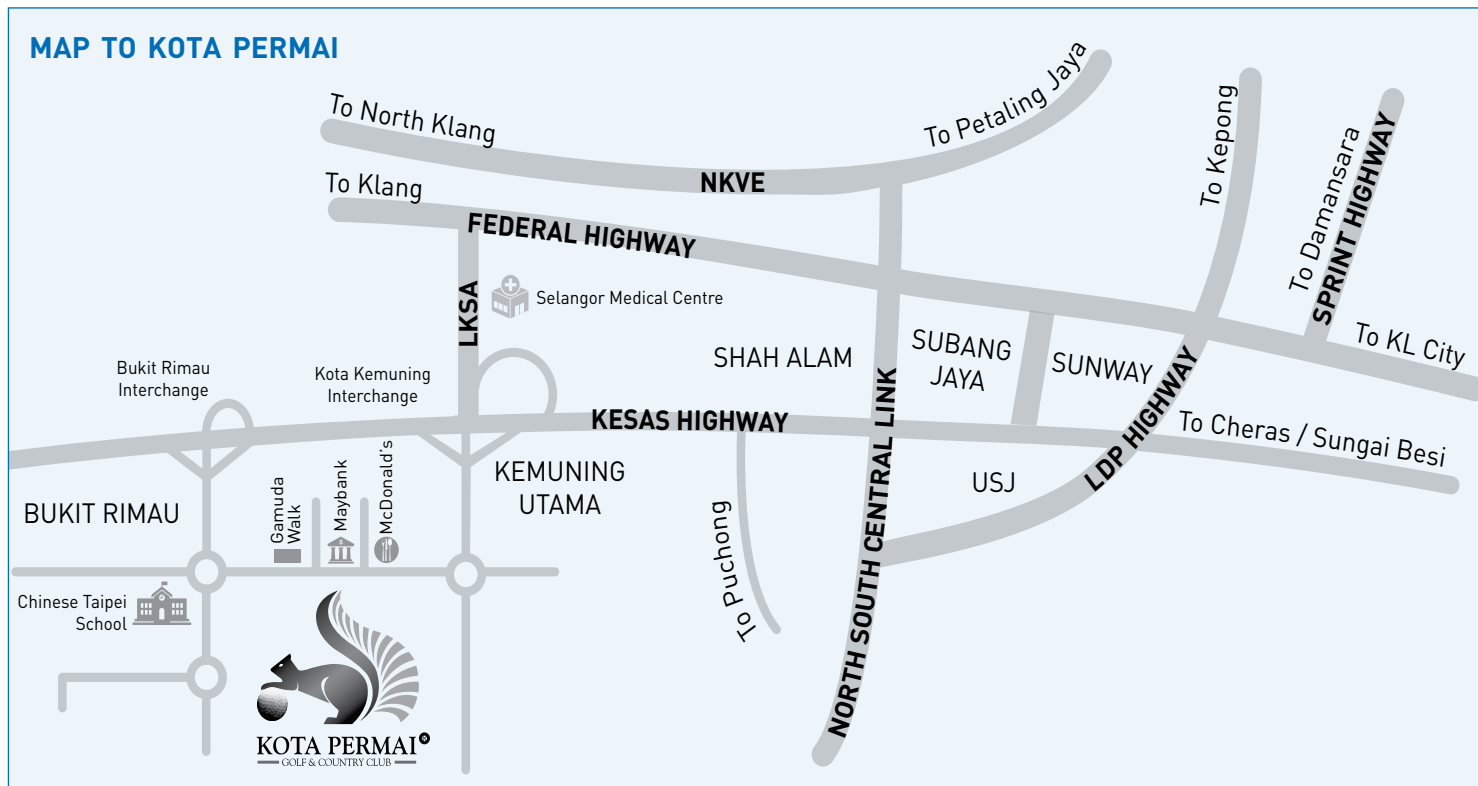
No. 8, Jalan Kerinchi

59200 Kuala Lumpur

(Ms Christine Cheng/Mr Ang Wai Meng/Mr Allen Sii)

Telephone Number : +603 2783 9299

Fax Number : +603-2783 9222



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-third 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, 5 December 2019 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 YBhg Dato' Lin Yun Ling as a Director		
4	Re-election of YM Tunku Afwida binti Tunku A.Malek as a Director		
5	Re-election of Puan Nazli binti Mohd Khir Johari 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		
-	Special Resolution: Proposed Adoption of New Constitution		

(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 _____, 2019.

No. of shares held

Signature/Common Seal of Shareholder

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 28 November 2019 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 (197101000970 (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