

# SUSTAINABILITY

THROUGH WORKFORCE DEVELOPMENT



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



Increasing productivity with the Industrialised Building System and Building Information Modelling



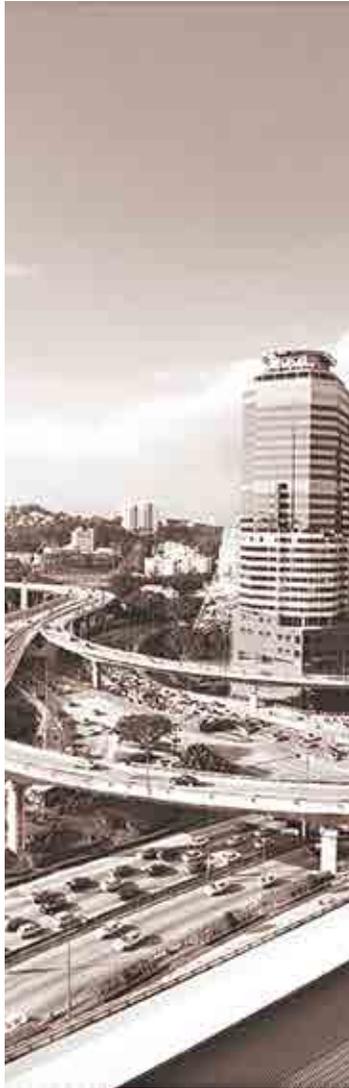
# 4 Decades of Going Beyond

Established in 1976, Gamuda has grown over the years to become Malaysia's leading infrastructure and property developer. Throughout our journey, we have focused on our core values:

- Walk The Talk
- Take Personal Ownership
- Adopt Open, Honest Communication
- Demonstrate Real Team Work
- Develop Our People

Thank you for joining us in our celebration and we look forward to our continued partnership.

---



$\frac{2016}{\text{to}} \frac{2009}{}$

$\frac{2008}{\text{to}} \frac{2000}{}$

$\frac{1999}{\text{to}} \frac{1987}{}$

$\frac{1986}{\text{to}} \frac{1976}{}$





# 40 Years Milestone Timeline

• 2016

## MMC-Gamuda JV awarded the largest portion of KVMRT Line 2 contract

The partnership of MMC Corp Bhd and Gamuda Berhad wins the largest contract for the Underground package of KVMRT Line 2 worth RM15.47 billion. This is credited to the JV's strength in Underground Tunnelling, proven in the construction of the KVMRT Line 1, where MMC-Gamuda undertook the design, construction and completion of tunnels, underground stations and structures such as portals and escape shafts for the Underground portion.

16

• 2014

## Project Delivery Partner (PDP) for KVMRT Line 2

MMC-Gamuda JV chosen as the PDP for the KVMRT Line 2. The 52.2km line will serve a corridor of two million people, cutting through high-density urban areas such as Bandar Sri Damansara, KLCC, Jalan Tun Razak, Seri Kembangan and Putrajaya.

• 2014

## Completion of Malaysia's northern inter-state rail network

The section from Ipoh to Padang Besar (Spine Line) was handed over ahead of schedule, while the remaining section from Bukit Mertajam to Butterworth (Spur Line) was completed in November 2014.

14



• 2012

## World's first Variable Density Tunnel Boring Machine

Partnering the world's largest tunnel boring machine manufacturer, Herrenknecht AG, MMC-Gamuda creates the world's first Variable Density Tunnel Boring Machine (VD TBM) to tackle the highly challenging tropical karstic limestone geology for the underground works of the KVMRT Line 1.

12

• 2016

## Naim-Gamuda JV clinches Pan Borneo Highway in Sawarak

The JV is awarded for the package from Pantu Junction to Batang Skrang, at RM1.57 billion. The contract period is for 51 months from site possession.

• 2015

## Leads JV as PDP for Penang Transport Master Plan

SRS Consortium a 60:20:20 joint venture between Gamuda Bhd, Loh Phoy Yen Holdings Sdn Bhd and Ideal Property Development Sdn Bhd, announced as the PDP for the Penang Transport Master Plan (PTMP) to deliver a modern comprehensive public transport network in Penang, which acts as a catalyst for sustained economic growth for the state.



• 2015

## Maiden project in Melbourne

Gamuda Land enters the Australian property market with 661 Chapel St, a boutique 30-storey luxury apartment just 4km from Melbourne's Central Business District. With a GDV of A\$154 million, this 127-unit residential project in the nation's fashion-and-style capital, will appeal to both foreign and local buyers.

15

• 2015

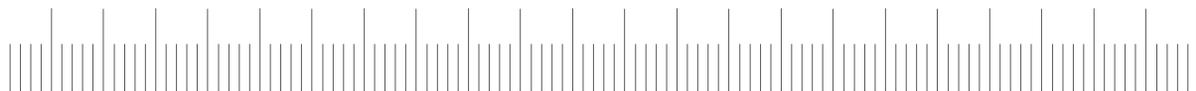
## Consortium wins tender for Singapore Land

A bid by Gamuda Land's joint venture with Evia Real Estate (7) Pte Ltd and Maxdin Pte Ltd to acquire 3 acres of land in Toa Payoh was awarded the job bid by the Housing Development Board of Singapore for the GEM Residences is the first condominium in the city state emulate a club lifestyle, located right in the heart of Singapore between the city centre and reservoir parks.

• 2013

## PM launches the world's first VD TBM

Prime Minister Dato' Sri Mohd Najib bin Tun Abdul Razak launches the fully-assembled Variable Density Tunnel Boring Machine (VD TBM) at the Cochrane Launch Shaft, heralding the start of tunnelling works for the KVMRT Line 1.



• 2011

**World's first Tunnelling Training Academy**

The world's first Tunnelling Training Academy (TTA) is established in Kota Kemuning, Malaysia, to nurture specialists, technicians and skilled labour for the roll-out of the KVMRT Line 1 and future tunnelling projects.



• 2011

**First Project Delivery Partner (PDP) in Malaysia**

The KVMRT Line 1 project in the Greater Kuala Lumpur is the largest public infrastructure development in Malaysia to date, and the first to be built under the PDP model. Expected to serve an estimated 1.2 million residents, the KVMRT Line 1 will be completed in Dec 2016 (from Sungai Buloh Station – Semantan Station), and July 2017 (from Semantan Station – Kajang Station).

11

2016  
to  
2009



• 2010

**Second development footprint in Vietnam**

The 203-acre Celadon City is the first self-sustainable township development in Ho Chi Minh City and features the largest green sanctuary in the city. It incorporates a 40-acre Central Park which interweaves landscaped parklands with beautiful foliage and water bodies.

10



40 Years  
Milestone Timeline

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9

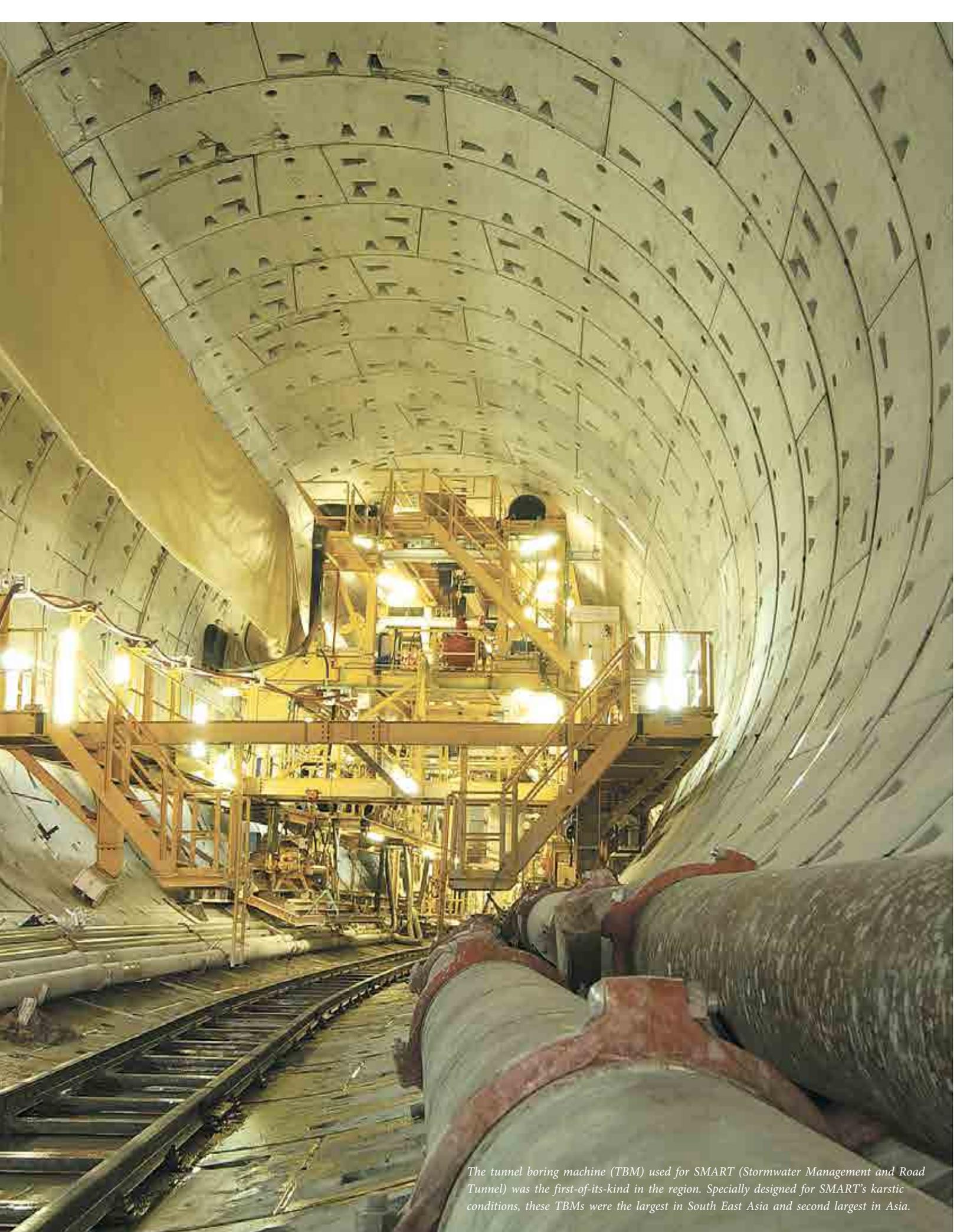
5

Gamuda Berhad  
(29579-T)

Annual Report  
2016

*Gamuda was awarded the design and construction of the Hamad International Airport (formerly known as the New Doha International Airport) in Qatar, which includes airfield facilities, access tunnels and detention ponds.*





*The tunnel boring machine (TBM) used for SMART (Stormwater Management and Road Tunnel) was the first-of-its-kind in the region. Specially designed for SMART's karstic conditions, these TBMs were the largest in South East Asia and second largest in Asia.*

## 40 Years Milestone Timeline



• 2008

### Expanding Malaysia's inter-state rail network

The national rail company appoints Gamuda and its partner, MMC Corporation, to build a 329km Electrified Double Track from Ipoh to Padang Besar. It is one of the country's largest rail infrastructure undertakings.



• 2006

### Strengthening presence in the Middle East

Gamuda takes on the challenge of replacing the 30-year-old bridges and causeway in the capital of Bahrain with two major marine bridges.

• 2007

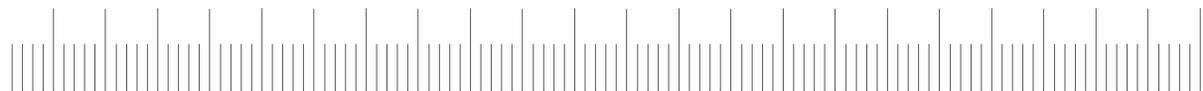
**First international property development foray**  
Gamuda commences a project to build the 426-acre flagship Gamuda City, a major urban redevelopment project in Hanoi, Vietnam.



• 2006

### First property development in Iskandar Malaysia

Work begins on the gated and guarded Horizon Hills residential township in Iskandar Puteri, Johor. Comprising expansive residences and an international championship golf course, it is today among the most prestigious property developments in the southern region.



• 2005

**First highway project in the Middle East**  
Gamuda builds the Dukhan Highway, one of several road modernisation initiatives undertaken in Qatar to gear up for the 2022 FIFA Football World Cup.



• 2005

**First international airport**  
Gamuda leads a consortium of builders in the Hamad International Airport project in Qatar, which represents its best overseas engineering work.



05

2008  
to  
2000



• 2002

**World's first dual purpose tunnel**  
The international award-winning Stormwater Management and Road Tunnel (SMART) is built to manage floods in Kuala Lumpur while relieving traffic congestion in the city centre. Its completion in 2007 establishes Gamuda as a global expert in tunnelling through highly challenging karstic limestone formations.

• 2002

**First Malaysian company to build MRT in Taiwan**  
Gamuda becomes the first Malaysian construction group to penetrate Taiwan's urban mass rapid transit construction industry with the Kaohsiung Metropolitan Mass Rapid Transit project. Gamuda was involved in the tunnelling and construction of one of 11 underground stations, with works carried out under live traffic conditions.



• 2000

**Foray into water treatment and supply**  
The Sungai Selangor Water Supply Scheme Phase 3 (SSP3) is built to meet a critical need for potable water in Selangor. The project yields an additional combined treatment capacity of 1,050 million litres of water daily to residents and businesses in northern Selangor and the Federal Territory.

• 2001

**First overseas venture**  
The Panagarh-Palsit Highway and Durgapur Expressway projects in West Bengal, India, bear testament to Gamuda's strength as a build-operate-transfer contractor in the international arena.



*The Shah Alam Expressway (commonly known as the KESAS Highway) allows road users to conveniently travel between eastern suburbs of Klang Valley to the west. The highway serves as the gateway into the Bukit Jalil Sports Complex, the venue of the 1998 Commonwealth Games.*



*Picturesque aerial view of the Sungai Selangor Dam.*



## 40 Years Milestone Timeline

• 1999

### First tunnelling experience

The 26.5km Western Kuala Lumpur Traffic Dispersal System (SPRINT) is built to relieve congestion in western Kuala Lumpur. Its construction involves cutting through the hard rock and granite of Kiara Hills via the drill and blast method, an engineering feat accomplished with minimal impact to the natural terrain.



• 1999

### First "home in the garden" integrated township

The FIABCI award-winning 1,200 acre Bandar Botanic in the Klang Valley represents Malaysia's first waterfront parkland township.



• 1998

### First resort inspired development with a private golf course

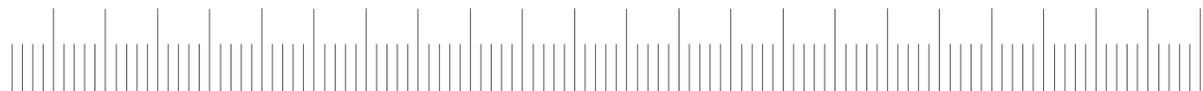
Gamuda Land undertakes the 280 acre Valencia development in Sungai Buloh, Selangor, Malaysia's first residential development that offers a private residents-only 9-hole golf course. Today, the luxurious lifestyle development is a flourishing gated and guarded community with a large expatriate following.



• 1996

### First intra-urban highway in the Klang Valley

Construction of the 40km Damansara-Puchong Highway (LDP), one of the busiest intra-urban highways in the Klang Valley, begins. Completed in 1998, the development boasts numerous engineering feats such as the iconic cable-stayed bridge over the Federal Highway Interchange.



# 1999 to 1987

• 1994

**First integrated township development**

Gamuda Land undertakes its first property development – Kota Kemuning in the Klang Valley – one of Malaysia’s first integrated townships which sets the benchmark for other sustainable townships to come.



• 1994

**First privatised project through tender**

The Shah Alam Expressway (SAE) project is the first large-scale privatised infrastructure project by Gamuda through competitive bidding.



• 1992

**Listed on KLSE**

Gamuda is listed on the Main Board of the Kuala Lumpur Stock Exchange (now Bursa Malaysia) on 10 August 1992.



• 1976

**Gamuda is established**  
Gamuda is incorporated as a private limited company on 6 October 1976 in Ipoh, Perak.



# 1986 to 1976

40 Years  
Milestone Timeline

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9

# 13

Gamuda Berhad  
(29579-T)

Annual Report  
2016

*North Butterworth Container Terminal.*

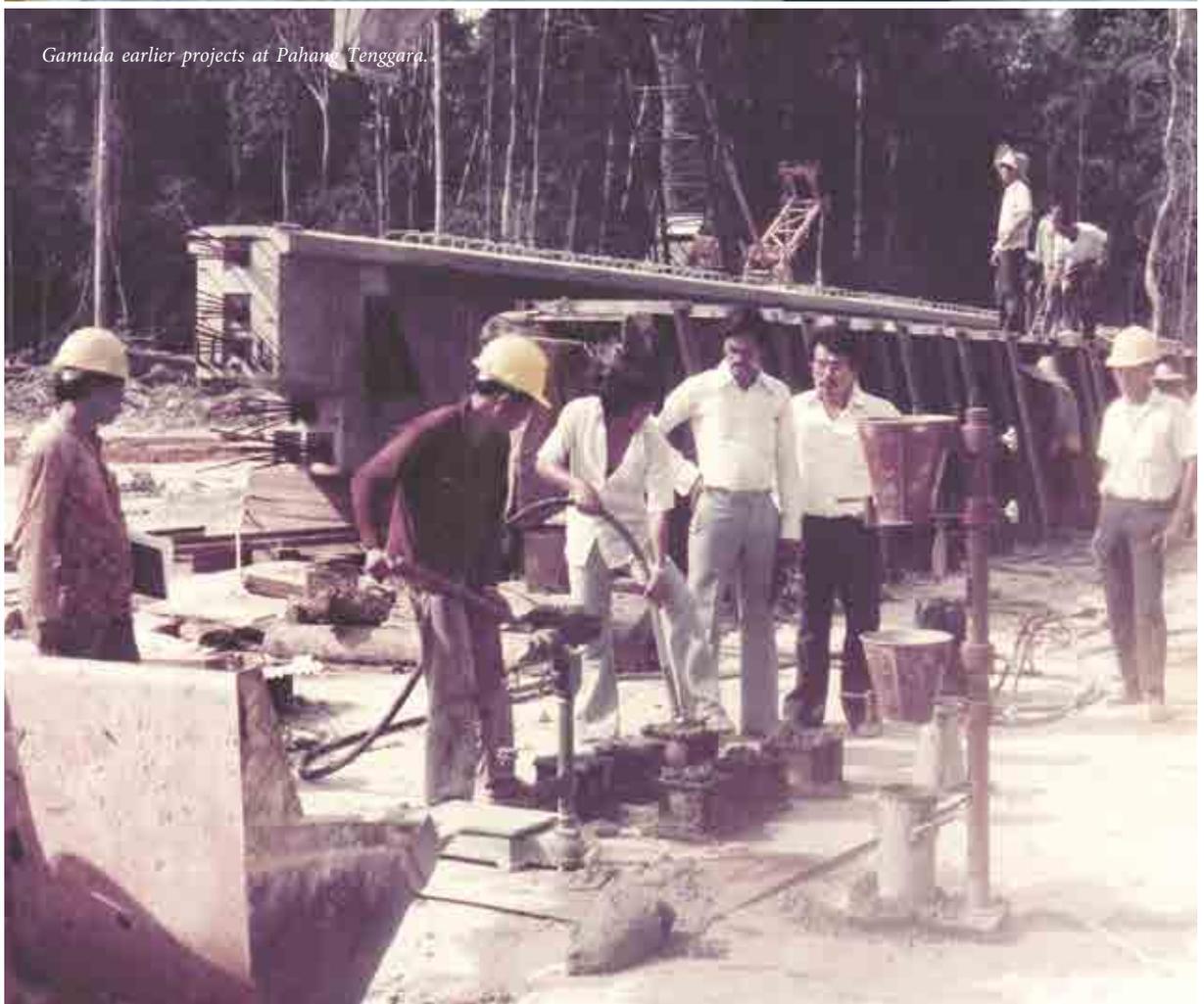




*Construction of the Shah Alam Expressway.*



*Gamuda earlier projects at Pahang Tenggara.*





# CONTENTS

2016 Annual Report

## Cover Rationale

### Sustainability Through Workforce Development

At Gamuda, we thrive on sustainability and innovation to build our business and our people.

Which is why we remain committed to training and upskilling our workforce, in our aim to move up the value chain together.

## 40 Years Milestone Timeline

# 1

## MESSAGE TO SHAREHOLDERS

- 20 Vision
- 23 Mission
- 25 Values
- 26 Facts at a Glance
- 28 Business Highlights
- 30 Chairman's Statement

# 2

## ORGANISATION OVERVIEW

- 40 Our Profile
- 42 Our Presence
- 44 Corporate Information
- 46 Group Corporate Structure
- 48 Group Organisation Structure
- 50 Strategic Business Model

# 3

## LEADERSHIP

- 54 Profile of Board of Directors
- 67 Senior Management Profile

# 4

## OPERATIONS REVIEW

- 72 Core Business
- 74 Engineering and Construction
  - 76 Statement by Gamuda Engineering Managing Director
- 90 Property Development
  - 92 Statement by Gamuda Land Managing Director
- 101 Infrastructure Concessions
  - 102 Statement by Gamuda Infrastructure Concessions Executive Director

# 5

## PERFORMANCE REVIEW

- 110 Group Financial Highlights
- 112 Group Segmental Performance
- 113 Group Quarterly Financial Performance
- 114 Statement of Value Added and Distribution
- 116 Share Performance
- 117 Financial Calendar 2016
- 117 Bond and Credit Ratings
- 118 Investor Relations

# 6

## KEY INITIATIVES

- 122 Talent Capital Development
- 126 Project Differently-Abled
- 128 Driven by Innovation
- 130 Sustainability Statement
  - 134 Economic Growth
  - 141 Environmental Management
  - 143 Social Contribution

# 7

## CORPORATE GOVERNANCE & ACCOUNTABILITY

- 154 Corporate Governance Statement
- 166 Training Programmes Attended by Directors
- 167 Statement on Risk Management and Internal Control
- 169 Audit Committee Report
- 170 Statement on Internal Audit
- 172 Risk Management Committee Report
- 174 Additional Compliance Information
- 175 Code of Conduct

# 8

## MILESTONES & ACHIEVEMENTS

- 178 Media Milestones
- 180 Group Awards and Achievements

# 9

## OTHER INFORMATION

- 184 Analysis of Securities of Company
- 191 Authorised and Issued Share Capital
- 194 List of Major Properties
- 195 Notice of Annual General Meeting
- 198 Administrative Details
  - Form of Proxy



View our Annual Report, Accounts and other information about Gamuda Berhad at [www.gamuda.com.my](http://www.gamuda.com.my)

# SECTION 1

## Message to Shareholders



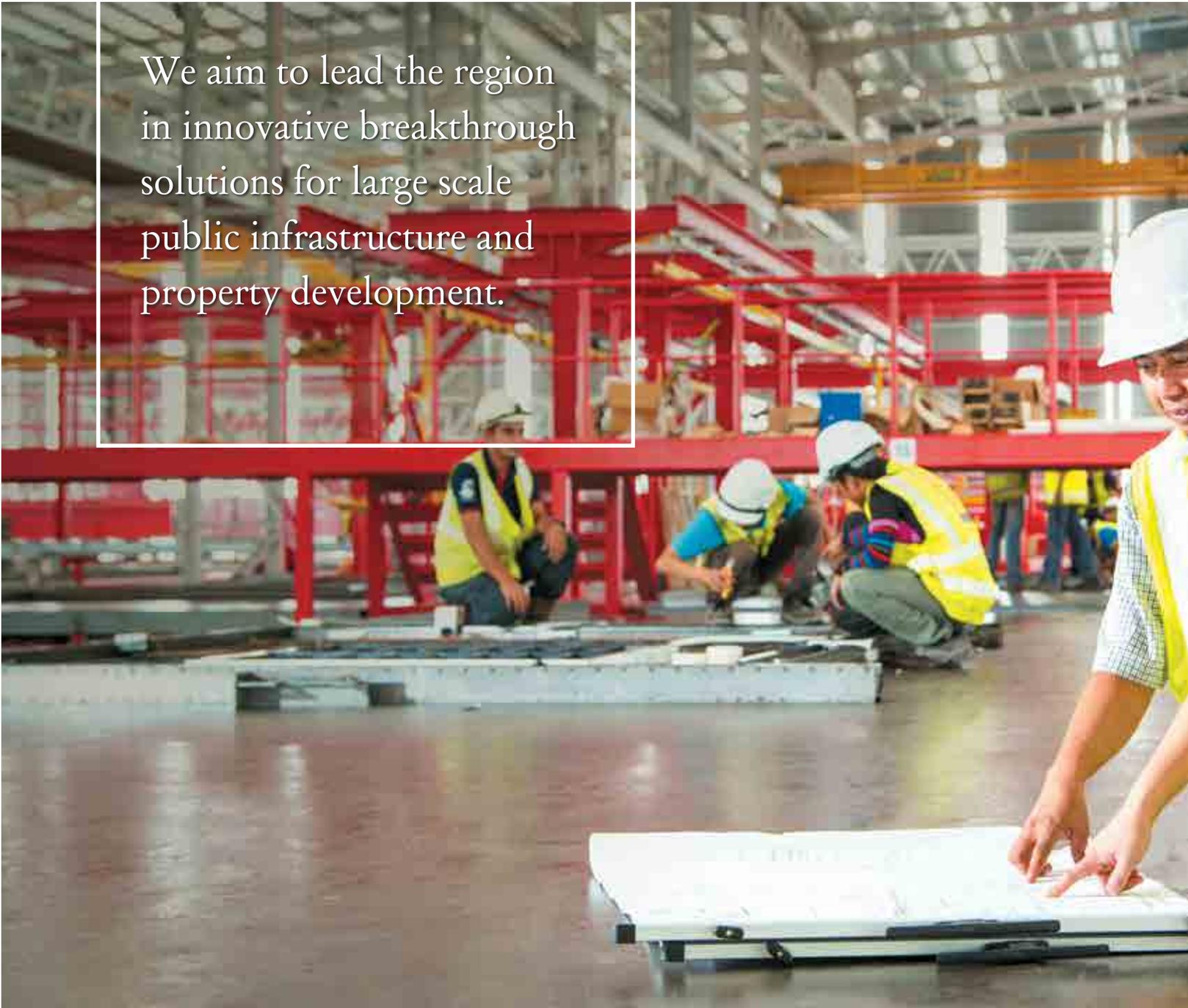
20	Vision
23	Mission
25	Values
26	Facts at a Glance
28	Business Highlights
30	Chairman's Statement

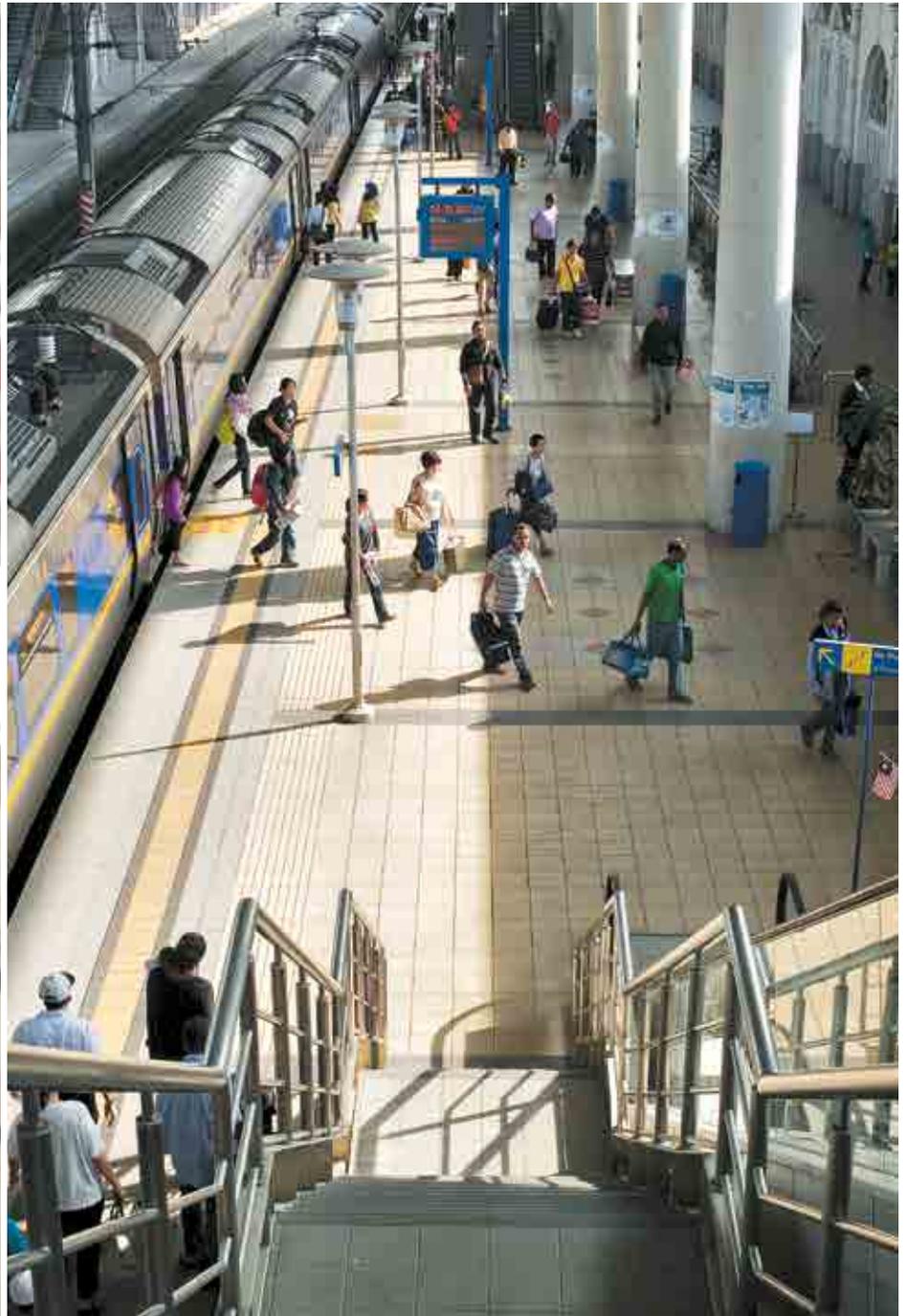


# Vision



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









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



# Mission



# Values



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

# FACTS at a GLANCE

Gamuda Berhad, listed on the Main Board of Bursa Malaysia, is the nation's leading innovative infrastructure and property company



Constructed

## the world's first dual-purpose tunnel

the Stormwater Management  
and Road Tunnel (SMART)

Pioneered a new and holistic delivery model



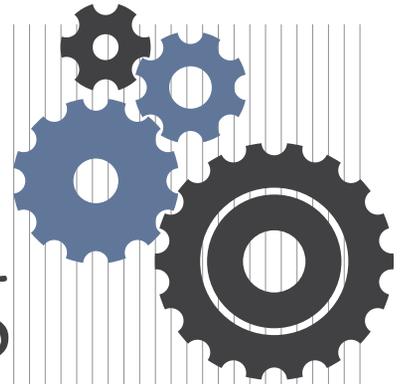
## the Project Delivery Partner (PDP)

Delivered more than

40

major projects in the last four decades

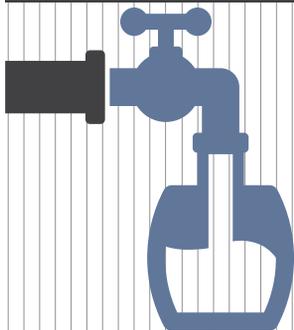
civil engineering



Builder and Operator of major

intra-urban highways

The largest water producer

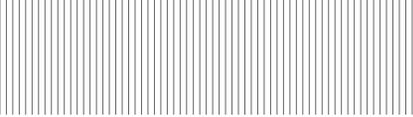


privatised water treatment in Malaysia

Over

4,000 employees





# BUSINESS HIGHLIGHTS



## ENGINEERING & CONSTRUCTION

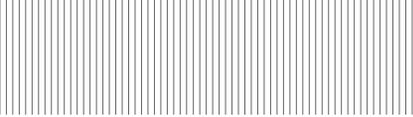
- MRT
  - Kaohsiung MRT (Taiwan)
  - KVMRT Line 1 (Malaysia)
  - KVMRT Line 2 (Malaysia)
- Electrified Double Track Project
  - Ipoh-Padang Besar (EDTP)
- Stormwater Management and Road Tunnel (SMART)
- Highways & Expressways
  - LDP/SAE/SPRINT Highways (Malaysia)
  - Panagarh-Palsit & Durgapur Expressways (India)
  - Dukhan Highway (Qatar)
- Penang Transport Master Plan (PTMP)
- Water Regulating Dam, Water Treatment
  - Sungai Selangor Dam
  - Rasa & Bukit Badong Water Treatment Plants (SSP 3)
- Prai Power Station
- Yen So Sewage Treatment Plant (Vietnam)
- Airport
  - Hamad International Airport (Qatar)
- North Butterworth Container Terminal
- Lumut Naval Harbour
- Hospital University Kebangsaan Malaysia
- Bridges
  - Kuantan Bridge
  - Sitra Causeway Bridges (Bahrain)

## PROPERTY DEVELOPMENT

- MALAYSIA
  - Kota Kemuning
  - Valencia
  - Bandar Botanic
  - Horizon Hills
  - Jade Hills
  - Madge Mansions
  - The Robertson
  - Gamuda Biz Suites
  - Gamuda Walk
  - HighPark Suites
  - GM Klang
  - GM Bukit Bintang
  - Bukit Bantayan Residences
  - Kundang Estates
  - Gamuda Gardens
  - twentyfive.7
  - Gamuda Cove
- INTERNATIONAL
  - Gamuda City (Vietnam)
  - Celadon City (Vietnam)
  - 661 Chapel St (Australia)
  - GEM Residences (Singapore)

## INFRASTRUCTURE CONCESSIONS

- HIGHWAYS & EXPRESSWAYS
  - LDP/SAE/SPRINT Highways (Malaysia)
  - Stormwater Management and Road Tunnel (SMART)
  - Panagarh-Palsit & Durgapur Expressways (India)
- SUNGAI SELANGOR WATER SUPPLY SCHEME PHASE 1 & 3
  - SPLASH
  - Gamuda Water



# Chairman's Statement

The year 2016 marks our 40th anniversary. Over this period we have transformed Gamuda from a small construction outfit into the leading infrastructure and property development Group in the country, contributing significantly to the development of the nation and the region. We celebrate our 40th year on a very positive note. Despite the challenging business landscape, we continued to perform well in each of our three core businesses, namely Engineering and Construction, Property Development and Infrastructure Concessions.

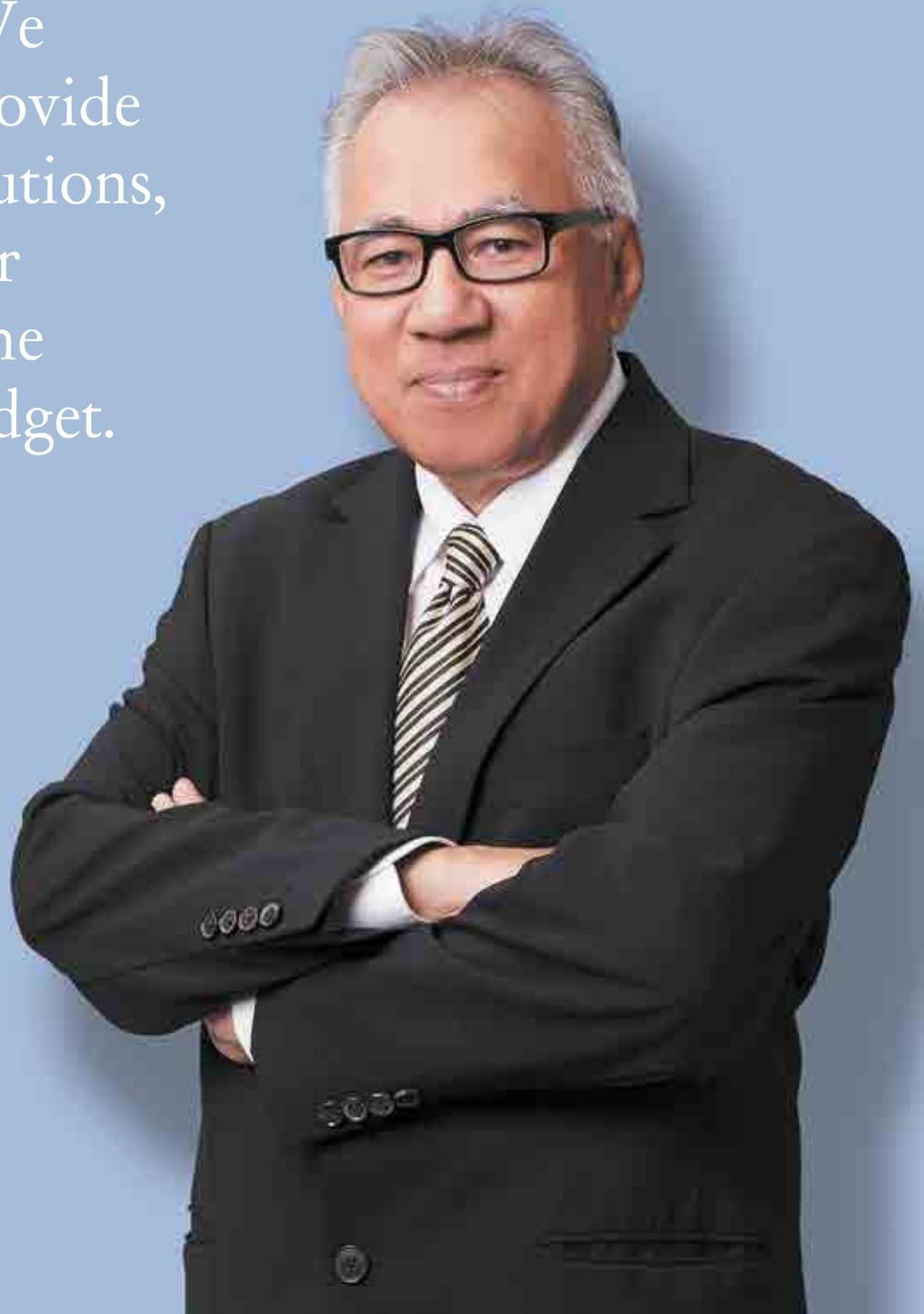
During the financial year ended 31 July 2016, we forged ahead with ongoing projects and were awarded two more major infrastructure projects, which are the much anticipated Underground Works package of the KVMRT Line 2 and a component of the Pan Borneo Highway in Sarawak. We also launched four new property developments, venturing for the first time into Australia and Singapore, and achieved encouraging sales while expanding our land bank to support future earnings for the Group's property division. Meanwhile, our highway and water concessionaires continued with their strong performances.

Our performance record and where we are today is the result of 40 years of constantly challenging ourselves - an innovative engineering-based Group with leading expertise in large public infrastructure and property development. In the process of growing as a Group, we have supported the country's vision to be a highly-skilled and high-income nation by year 2020. Over the years, we have continued to propose innovative solutions such as the SMART and KVMRT projects while building and upskilling our local talent in the construction industry.

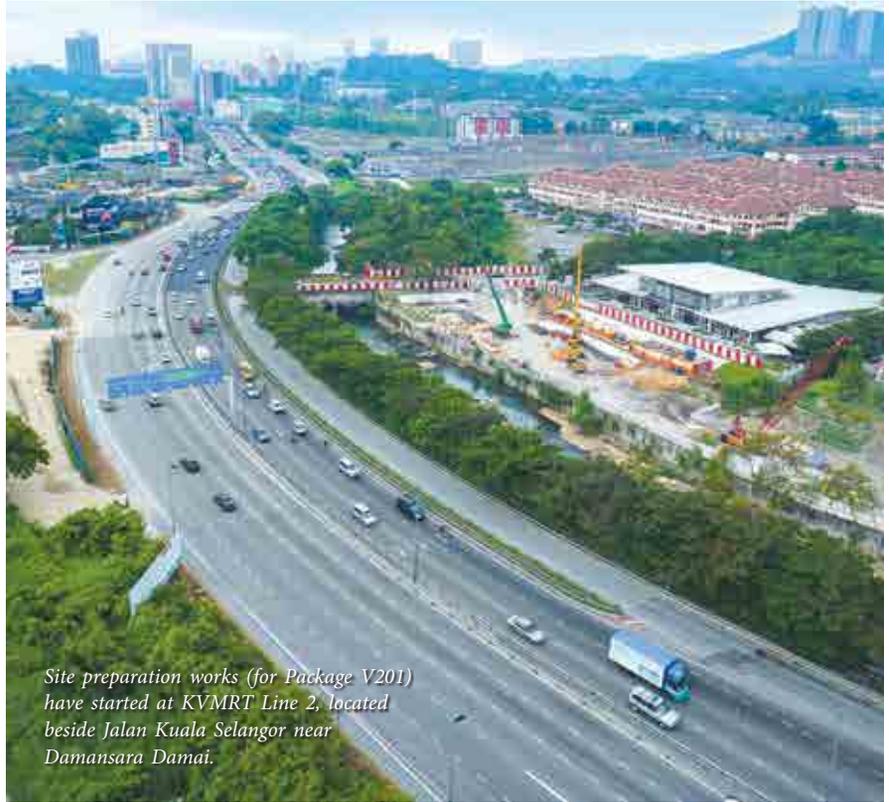
The theme for this year's annual report - Sustainability Through Workforce Development - highlights our achievements as well as the key principles that drive us as an organisation. We have always sought to empower people, both within the Company as well as in the industry. We are committed to delivering on all our promises, presenting to the nation breakthrough projects completed on time and within budget. These, in turn, have served continually to enrich lives - providing essential public service as well as building holistic and sustainable communities.

Gamuda is the leading infrastructure and property developer in Malaysia. We continue to provide innovative solutions, and deliver our projects on time and within budget.

YBhg Dato' Mohammed Hussein



## Chairman's Statement



## EMPOWERING PEOPLE

Having spearheaded a number of infrastructure projects of national significance, we are conscious of our responsibility to nurture a workforce that is sufficiently skilled to carry out their functions efficiently and safely. Towards this end, we have set up training centres to equip everyone involved in our mega projects with the required knowledge and competencies.

On 25 August 2015, we launched the KVMRT Training Centre where the emphasis is not only on technical skills but also safety at all project levels in the MRT project. Collaborating with CIDB Holdings and the National Institute of Occupational Safety and Health (NIOSH), we have developed a safety and health programme which every single one of the many thousands of workers on the KVMRT Line will have to undergo. Upon completion of the programme, the workers will receive a Safety Passport as a prerequisite to work on site. This is in addition to the Tunnelling Training Academy, where we have trained over 1,000 workers since 2011.

Given that the Underground Works for the KVMRT Line 2, linking Sungai Buloh-Serdang-Putrajaya, will be more complex than KVMRT Line 1, which is almost complete, there is a pressing need for the kind of competent and skilled workers that the KVMRT Training Centre will produce. Moreover, with the training and experience they receive, these workers will be qualified and have the confidence to undertake other complex projects not just in Malaysia but globally.

To achieve greater efficiencies in our construction sector as well as streamline project implementation, we are investing significantly in Building Information Modelling (BIM). BIM is a computerised

system that integrates multi-stakeholder coordination while allowing for greater precision and speed in the design and implementation of projects. In order to gain the full benefits of BIM, we are setting up a BIM Training Academy for our staff, those of partners as well as others in the industry. The academy is expected to start operations in the first quarter of 2017.

These capacity-building initiatives are over and above our commitment to empower staff with appropriate training and development programmes. We are fully aware that our people are our greatest asset, and in order to achieve our target of significantly growing the Group's revenues in the next few years, every effort is being made to help them realise their true potential via on-the-job training, mentoring and formal training. In the last financial year, we had set up the Management Development Centre as well as the Career Development Unit which, together, are tasked with developing a strong leadership bench while elevating the level of professionalism across the board in all our business units.

## DELIVERING ON OUR PROMISES

One of Gamuda's key differentiating strengths is our reliable track record in consistently meeting or exceeding project delivery deadlines. This has contributed significantly to building our brand and gaining the trust of customers, partners, regulators as well as the public at large. The ability to deliver rests on the capability and competency of our people as well as our unwavering commitment to embrace the latest, most efficient and effective technologies.

We have made our mark as a leader in cutting-edge engineering, which has enabled us to execute our projects well within projected timelines and budget, while meeting the stringent industry standards in terms of quality. In the process we have pioneered many firsts. Notably, the Stormwater Management and Road Tunnel (SMART) is recognised as the world's first dual-purpose tunnel. We co-developed the first-of-its-kind Variable Density Tunnel Boring Machine (VD TBM) with renowned German manufacturer Herrenknecht AG.



*The KVMRT Training Centre has so far produced 40 master trainers, who went on to help train 300 trainers and assessors.*

## Chairman's Statement

The VD TBMs played a critical role in the successful completion of the underground tunnelling works for the KVMRT Line 1. Following upgrades to these machines, we are now ready to undertake the tunnelling works for the second line. We were hopeful of our joint venture with MMC Corporation Berhad – namely MMC Gamuda KVMRT (T) Sdn Bhd (MGKT) – receiving the contract for the Underground Works for this line, and were duly rewarded for our good performance in the first project by winning this work package – the biggest for the second line – on 31 March 2016.

Indeed, we have successfully delivered more than 40 major civil engineering projects over the last four decades, as a result of which we have earned a reputation for expertise in project management. Gamuda pioneered the Project Delivery Partner (PDP) model for large-scale developments under which entire mega projects are managed by a single entity: the PDP. Recognising the time and cost benefits of this model, the Malaysian

Government engaged us as its first PDP ever. On the heels of its success, we were again awarded the PDP contract for the KVMRT Line 2 in 2015.

Since the first PDP project, it has been replicated in other large infrastructure undertakings. During the financial year under review, SRS Consortium, led by Gamuda, was also named the PDP for the Penang Transport Master Plan (PTMP).

### ENRICHING LIVES

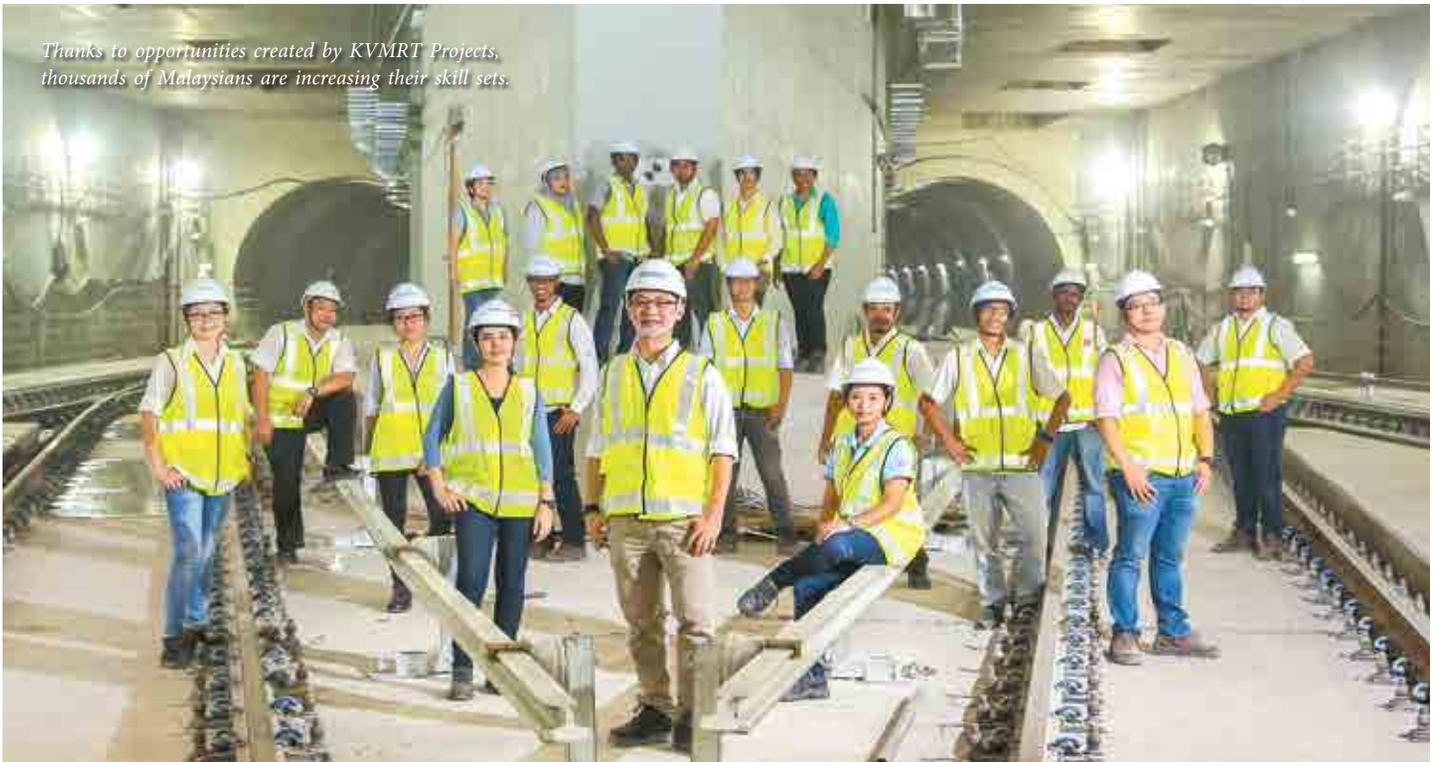
All the public infrastructure projects we have undertaken contribute to a better standard of living for Malaysians. Our current project – the KVMRT – forms part of the Government's Greater Kuala Lumpur/Klang Valley National Key Economic Area (NKEA) which aims to improve the liveability of the nation's political and commercial nucleus which is home to some six million people. Key to a thriving urban metropolis is an

efficient and well-planned integrated public transport system, in which the KVMRT will play a central role.

Under our Infrastructure Concessions business unit, meanwhile, we operate four major highways within the Klang Valley, namely the Damansara-Puchong Highway (LDP), Western Kuala Lumpur Traffic Dispersal System (SPRINT) and the Shah Alam Expressway (SAE); as well as Stormwater Management and Road Tunnel (SMART). These provide greater convenience to motorists, and have also catalysed the development of satellite cities on the periphery of Kuala Lumpur.

Perhaps the most tangible way in which we enrich lives is through the innovative properties we develop, many of which are award-winning. All our projects – be they commercial, residential, mixed developments or even townships – have been designed to blend in with the surrounding environment, enhancing rather than detracting from the

*Thanks to opportunities created by KVMRT Projects, thousands of Malaysians are increasing their skill sets.*



natural landscape. The idea is for these developments to nurture holistic lifestyles that promote the well-being of the local communities in a sustainable manner.

We were among the earliest adopters of the Construction Quality Assessment System (CONQUAS) guidelines, as developed by Singapore's Building and Construction Authority (BCA). We have consistently won awards for top scores in the CONQUAS rating. Similar to our good quality performance in previous years, during the financial year under review, our apartment block in Jadite Suites, Kajang created a new benchmark for residential high-rise buildings by achieving the highest CONQUAS score for the category in the country.

In September 2015, our Yen So Sewage Treatment Plant (STP) in Hanoi, Vietnam, was recognised in the International Achievement Category at the Malaysian Construction Industry Excellence Awards (MCIEA) 2015. Yen So STP forms part of an urban renewal project we undertook on the 426 acre Gamuda City in southern Hanoi. Using innovative technology we managed to transform what was previously a wasteland into a thriving township that has significantly elevated the living standards of Vietnam's capital.

Meanwhile, the meticulous planning that goes into each development has resulted in significant capital appreciation of our properties over the years. As an example, Phase 15 of Ambang Botanic in Bandar Botanic, Klang appreciated by as much as 74% from the time the project was launched in 2013 till it was completed. This outstanding performance was recognised by The Edge-PEPS Value Creation Excellence Award 2015 in the residential category. As far back as 2003, Bandar Botanic won the

much coveted FIABCI Master Planning award. Several other Gamuda properties have won similar development planning awards since.

Within the workplace, we enrich the lives of our employees with meaningful career prospects coupled with intense talent development programmes. We take pride in being an equal opportunity employer and we are especially pleased with the Differently-Abled (DA) programme we started in 2013. Gamuda is the first corporate organisation in the country to employ staff with autism. We now have 18 such staff on board, whom we support to make a success of their careers.

To us, business success goes beyond making profits. We truly believe and promote our five core values of taking personal ownership; walking the talk; adopting open, honest communication; demonstrating real teamwork and developing our people. These core values are fundamental to how we work and in the evaluation of individual staff performance.

We have always strived to be a responsible corporate citizen, not just to our employees but also the community at large. In addition to training workers in the construction industry, we provide employment to those with hearing impediments at the chain of DiB (Deaf in Business) Coffees of Hawaii. This, together with our DA programme and other initiatives aimed at improving the lives of those from marginalised communities, earned us the Best Corporate Responsibility Initiatives Award in the Big Cap companies category at The Edge Billion Ringgit Club Corporate Awards 2016.

To further extend a positive influence in society, we have also become a sponsor of the Star Golden Hearts Awards, organised by

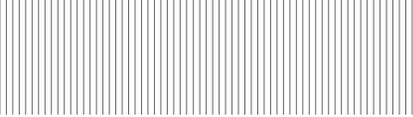
The Star newspaper to honour individuals and groups who go out of their way to help others in need. Along with our sponsorship, there is a new award category called Gamuda's Choice Award: Inspiration for a Moderate Malaysia. This will be presented to individuals whose actions not only bring about social good but who also promote a more united nation, one that upholds the spirit of Muhibbah as inspired by our country's founding fathers.

## FINANCIAL PERFORMANCE

Despite the overall challenging economic environment during the year, the Group has performed commendably. We achieved a group revenue of RM4.17 billion (including the share of revenue of the Group's joint venture companies) and profit before tax of RM781 million, lower by 12% and 9% respectively compared to the previous year.

Segmentally, our Construction division saw a 19% dip in revenue to RM2.6 billion while PBT decreased from RM222 million to RM192 million. However, with an unbilled order book standing at a record RM9 billion following the award of new contracts – inclusive of the Underground Works Package of the KVMRT Line 2 and Pan Borneo Highway in Sarawak – we expect a quick recovery in the division's performance.

Although our Property division experienced a downturn in the domestic market, we were fortunate that our projects in Vietnam continued to perform well. Additionally, a new residential condominium launch in Singapore was very successful, enabling us to achieve a total sales of RM2.1 billion for the year, marking a 75% year-on-year increase.



## Chairman's Statement

As always, robust income from our Infrastructure Concessions division provided a cushion to the Group's revenue. The increase in toll rates on certain highways contributed to an increase in revenue from RM422 million in FY2015 to RM479 million while PBT increased from RM378 million to RM413 million.

The Board is pleased that our good financial performance allowed the Group to maintain out total dividend payout for the financial year at 12.00 sen per ordinary share, amounting to RM289 million. Our shareholders remain utmost in our minds, and we continue to place great emphasis on enhancing the value of the Group to all our stakeholders.

### CORPORATE GOVERNANCE

While the Board of Directors of Gamuda places great emphasis on the good financial performance of the Group, we are committed to ensuring this is achieved as we adhere to the highest principles of corporate governance. Gamuda stands guided by best practices locally – namely the Code on Corporate Governance 2012 issued by Bursa Malaysia – as well as in the markets where we operate. Having diversified our property portfolio into Singapore and Australia, we are adopting the guidelines of the relevant regulatory bodies in these countries.

We believe not only in the inherent value of operating transparently and with integrity but also in the value it creates for the Gamuda brand, establishing the Group as an organisationally ethical, operationally reliable and socially responsible partner to all our stakeholders. The trust that we have built into our brand translates into the continuous award of significant projects, strong performance of our property developments and knowledge of the public that they remain topmost in our minds as we endeavour to enhance and enrich their lives.

### INTO THE NEXT FINANCIAL YEAR

The diversity of Gamuda's core businesses as well as our geographical expansion in the property sector enable us to mitigate risks associated with uncertainties in the markets where we have a presence. Given this fundamental strength, and building on our current achievements, we are confident of pulling in another strong performance in the financial year 2017 (FY2017).

Our Engineering and Construction order book is particularly robust, totalling some RM9 billion. Earnings from this business unit is expected to increase in FY2017 as work on the KVMRT Line 2 commences. At the same time, we will be bidding for various other large and smaller scale infrastructure projects that have been given the green light by the Government such as the Pan Borneo Highway in Sabah, Light Rapid Transit 3 (LRT3), Kuala Lumpur-Singapore High Speed Rail, the Gemas – JB Electrified Double Track Project, and the East Coast Rail Link.

In the Property Development business, we have RM2 billion in unbilled sales and an outstanding gross development value (GDV) of about RM55 billion. Although the property market in Malaysia remains soft, we have high expectations of good sales from ongoing projects, which cater to first time homebuyers and other targeted segments, offering true value for money that will ensure their purchase represents not only a home but also a sound investment. At the same time, our developments in Vietnam, Australia and Singapore are doing well and we have increased our property sales target for FY2017 to reflect optimism in these markets.

Our highways business will provide us with stable and growing income as road traffic continues to increase. We are also hopeful that a final agreement will soon be reached by the Selangor State Government and Federal Government on the takeover of Syarikat Pengeluar Air Selangor Holdings Berhad, allowing us to focus more intently on our remaining water operation run by Gamuda Water.

As we celebrate our 40th anniversary, we would like to thank all our stakeholders for their constant support which has been integral to our success. In particular, I would like to thank the Government of Malaysia for entrusting us to build our large national infrastructure projects; our customers for their faith in the Group; our partners for their high level of professionalism and cooperation; and our employees for their unwavering commitment to our shared goals. To the management team, led by Dato' Lin Yun Ling, I express on behalf of the board our sincere gratitude for the clarity of your vision, able leadership and strong ability to execute, that has taken Gamuda from strength to strength.



*Gamuda Industrial Building System aims to significantly change the method of construction of buildings in the country.*

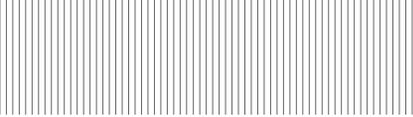
# SECTION 2

## Organisation Overview



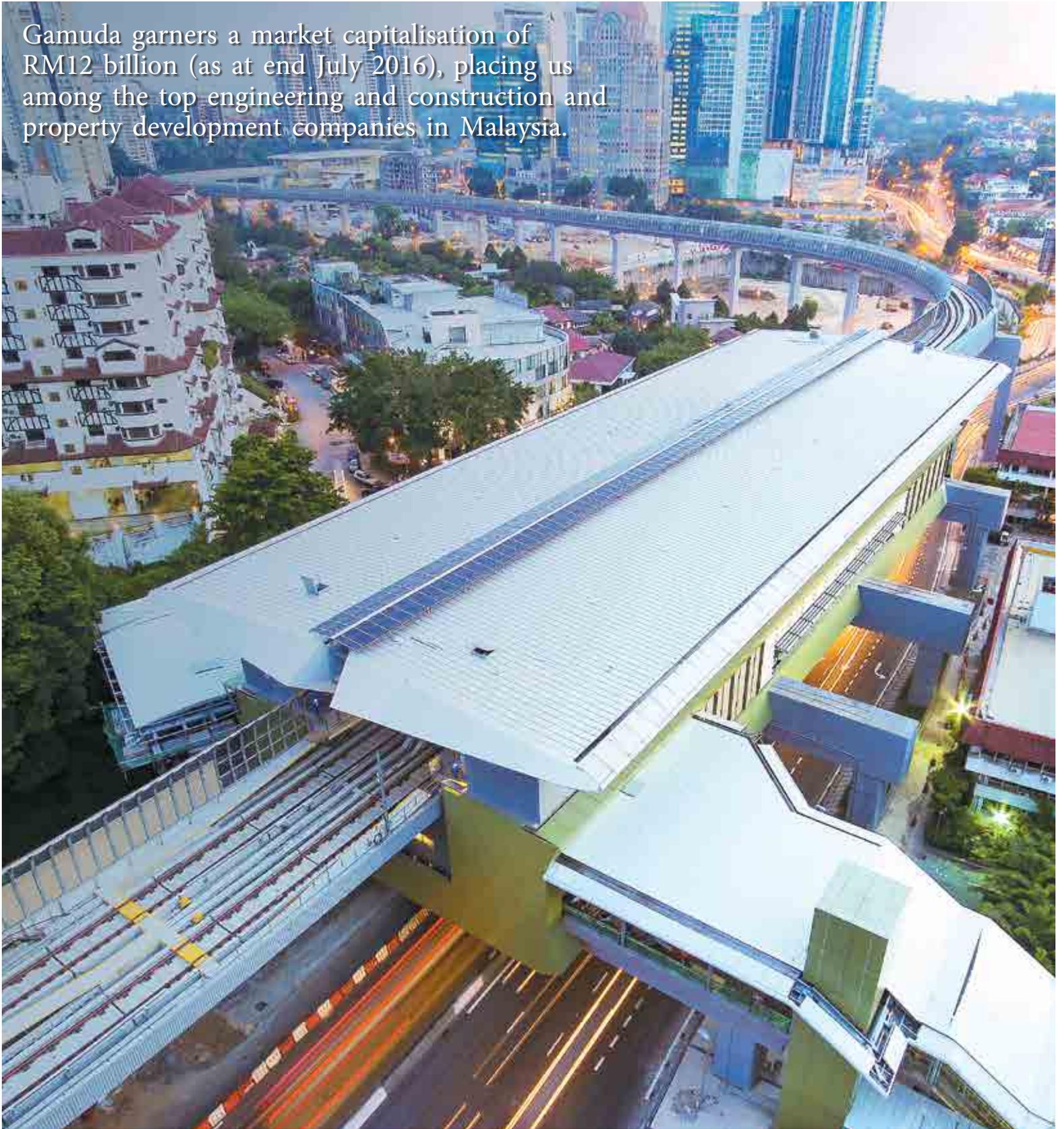
40	Our Profile
42	Our Presence
44	Corporate Information
46	Group Corporate Structure
48	Group Organisation Structure
50	Strategic Business Model





## Our Profile

Gamuda garners a market capitalisation of RM12 billion (as at end July 2016), placing us among the top engineering and construction and property development companies in Malaysia.





Established in 1976 as a construction-based enterprise, Gamuda has since grown to become Malaysia's leading infrastructure and property developer.

Leveraging on our three core competencies in engineering and construction, property development, as well as infrastructure concessions, Gamuda has built some of the most iconic award winning infrastructures in Malaysia, Southeast Asia and the Middle East.

Continuously challenging the status quo in the last four decades, we deliver creative engineering solutions while nurturing local expertise in our quest to realise world-class infrastructure, delivering on our promise of top-notch design and quality, cost effectiveness and on-time completion.

Through our property development division – Gamuda Land, we are the name behind Malaysia's award-winning townships, creating value for homeowners through creative masterplan and quality execution.

Gamuda Land is among the top property developers in Malaysia with significant and growing interest in Asia and the Oceania. Today, we have sold more than 29,000 properties in our integrated lifestyle townships and boutique developments.

We are also among the largest infrastructure concessionaires in Malaysia, with significant interests in highway and water concessions. Moving forward, we strive to enrich communities and our employees with leading-edge initiatives that drive innovation, long-term sustainability, talent advancement and nation building.



# Our Presence



## BAHRAIN

### Causeway Bridges

- Sitra Causeway Bridges

## QATAR

### International Airport

- Hamad International Airport

### Highway

- Dukhan Highway

## INDIA

### Key Urban Expressway and Highway

- Panagarh-Palsit Highway
- Durgapur Expressway

## VIETNAM

### Property Development

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

### Sewage Treatment Plant

- Yen So Sewage Treatment Plant, Hanoi

## TAIWAN

### Urban Rail Transport

- Kaohsiung Metropolitan Mass Rapid Transit

## SINGAPORE

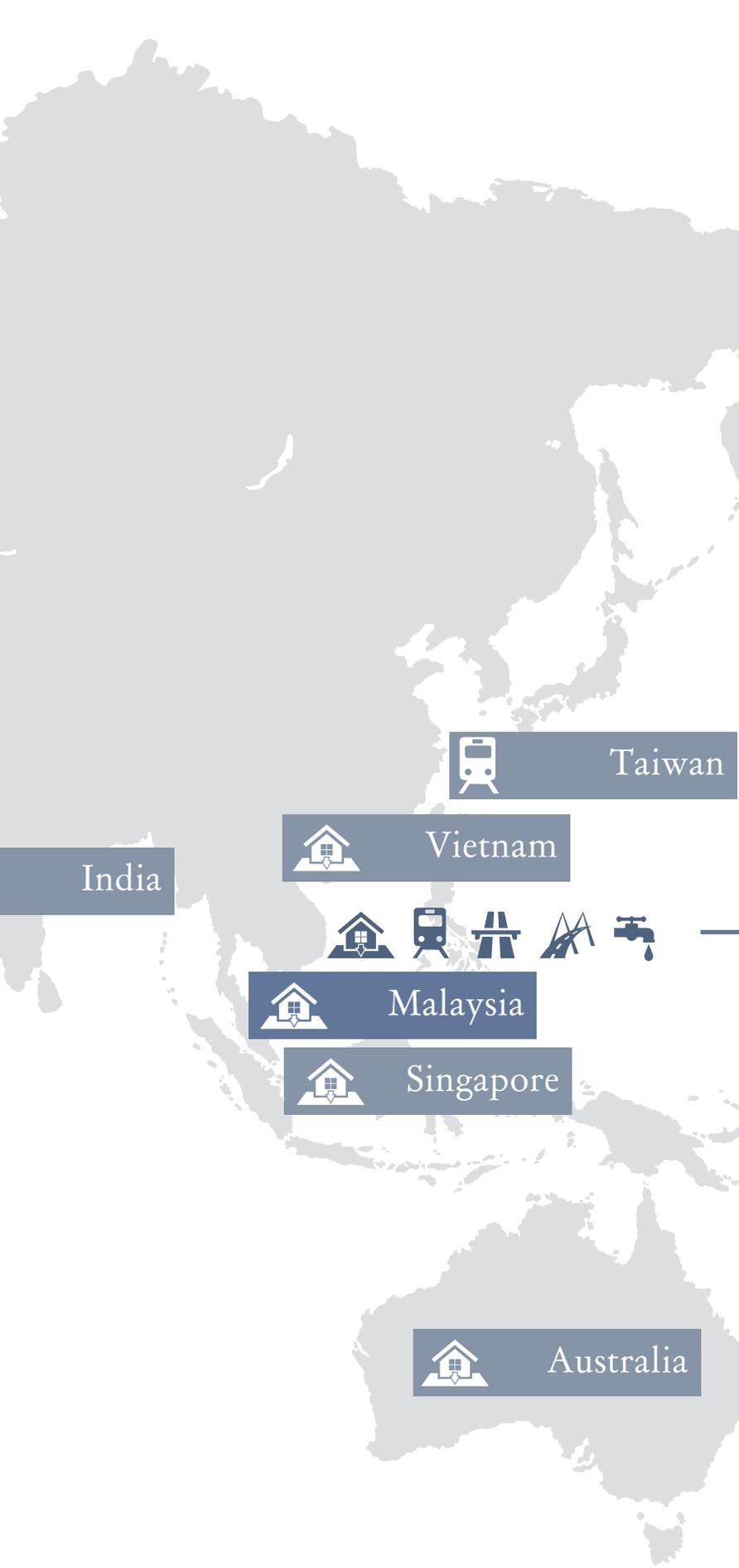
### Property Development

- GEM Residences, Toa Payoh

## AUSTRALIA

### Property Development

- 661 Chapel St, Melbourne



**MALAYSIA**

**Urban Rail Transport in Greater KL**

- Klang Valley Mass Rapid Transit (KVMRT)
  - (i) Sungai Buloh-Kajang Line (SBK Line)
  - (ii) Sungai Buloh-Serdang-Putrajaya Line (SSP Line)

**Urban Transformation in Penang**

- Penang Transport Master Plan

**Inter-State Rail Transport**

- Electrified Double Track Project (Ipoh-Padang Besar)

**World's First Dual Purpose Tunnel**

- Stormwater Management and Road Tunnel (SMART)

**Key Intra-Urban Expressways and Highways in Greater KL**

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

**Water Regulating Dam, Water Treatment**

- Sungai Selangor Water Supply Scheme Phase 1 and 3 (SSP1 and SSP3)

**Water Regulating Dam**

- Sungai Selangor Dam

**Property Development**

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

**Urban Transformation in East Malaysia**

- Pan Borneo Highway in Sarawak

# 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

YBhg Dato' Haji Azmi bin Mat Nor

YBhg Dato' Goon Heng Wah

Mr. Saw Wah Theng

YM Tunku Afwida binti Tunku A.Malek

Puan Nazli binti Mohd Khir Johari

Ir Chow Chee Wah

(Alternate to YBhg Dato' Lin Yun Ling)

YBhg Dato' Ubull Din Om

(Alternate to YBhg Dato' Ir Ha Tiing Tai)

Ir Chan Kong Wah

(Alternate to YBhg Dato' Goon Heng Wah)

Mr. Soo Kok Wong

(Alternate to Mr. Saw Wah Theng)

## AUDIT COMMITTEE

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

## COMPANY SECRETARIES

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

## SHARE REGISTRAR

**Insurban Corporate Services Sdn Bhd**  
149, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel : 603-7729 5529  
Fax : 603-7728 5948  
Email : insurban@gmail.com

## AUDITORS

Messrs Ernst & Young (AF: 0039)  
Chartered Accountants

## PRINCIPAL BANKER

Malayan Banking Berhad

## REGISTERED OFFICE/ CORPORATE OFFICE

**Menara Gamuda**  
D-16-01, Block D, PJ Trade Centre  
No. 8, Jalan PJU8/8A  
Bandar Damansara Perdana  
47820 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 603-7726 9210  
Fax : 603-7728 9811

## COMPANY NO.

29579-T

## DATE AND PLACE OF INCORPORATION

6 October 1976, Malaysia

## WEBSITE

[www.gamuda.com.my](http://www.gamuda.com.my)

## STOCK EXCHANGE LISTING

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

## LISTING DATE

10 August 1992

# Group Corporate Structure



## Expressway Tolling & Management

Kesas Sdn Bhd	70%
Sistem Penyuraian Trafik KL Barat Sdn Bhd	52%
Mapex Infrastructure Private Limited	50%
Emas Expressway Private Limited	50%
Syarikat Mengurus Air Banjir & Terowong Sdn Bhd	50%
Lingkar Trans Kota Sdn Bhd	44%

## Water Related

Gamuda Water Sdn Bhd	80%
Syarikat Pengeluar Air Sungai Selangor Sdn Bhd	40%

## Construction

Gamuda Engineering Sdn Bhd	100%
Masterpave Sdn Bhd	100%
Ganaz Bina Sdn Bhd	100%
Gamuda-WCT (India) Private Limited	70%
Gamuda Naim Engineering and Construction (GNEC) Sdn Bhd (formerly known as General Mission Sdn Bhd)	65%
MMC-Gamuda Joint Venture Sdn Bhd	50%
MMC Gamuda KVMRT (PDP) Sdn Bhd	50%
MMC Gamuda KVMRT (T) Sdn Bhd	50%
MMC Gamuda KVMRT (PDP SSP) Sdn Bhd	50%
Naim Gamuda (NAGA) JV Sdn Bhd (formerly known as Barisan Sehati Sdn Bhd)	30%



## Golf Club & Clubhouse

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

## Quarrying, Plant Hire and Others

Gamuda Industrial Building System Sdn Bhd	100%
G. B. Kuari Sdn Bhd	100%
Megah Management Services Sdn Bhd	100%
Megah Sewa Sdn Bhd	100%

## Investment

Gamuda Overseas Investment Ltd	100%
Megah Capital Sdn Bhd	100%
Gamuda (Offshore) Private Limited	100%
Gammau Construction Sdn Bhd	100%
Kesas Holdings Berhad	70%
Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd	52%
Gamuda-WCT (Offshore) Private Limited	50%
Suria Holding (O) Pvt Ltd	50%
Projek Smart Holdings Sdn Bhd	50%
Lingkar Trans Kota Holdings Berhad	44%
Syarikat Pengeluar Air Selangor Holdings Berhad	40%



### Trading

Gamuda Trading Sdn Bhd 100%

### Property/Township Infrastructure Development

Gamuda Land Sdn Bhd 100%

Valencia Development Sdn Bhd 100%

Gamuda Land (Botanic) Sdn Bhd 100%  
(formerly known as Harum Intisari Sdn Bhd)

Jade Homes Sdn Bhd 100%

Madge Mansions Sdn Bhd 100%

Idaman Robertson Sdn Bhd 100%

Gamuda Land (Kemuning) Sdn Bhd 100%  
(formerly known as Setara Hati Sdn Bhd)

Highpark Development Sdn Bhd 100%

Dinamik Atlantik Sdn Bhd 100%

Bandar Serai Development Sdn Bhd 100%

Gamuda Land (T12) Sdn Bhd 100%  
(formerly known as Salak Land Development Sdn Bhd)

Gamuda Land (HCMC) Sdn Bhd 100%

Lifestyle Heritage Sdn Bhd 100%

Semarak Kuasa Sdn Bhd 100%

Gamuda Land Vietnam Limited 100%  
Liability Company

Gamuda Land (HCMC) Joint 100%  
Stock Company (formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company)

Gamuda (Australia) Pty Ltd 100%

Gamuda (Singapore) Pte Ltd 100%

Gamuda-NamLong Development 70%  
Limited Liability Company

Hicom-Gamuda Development Sdn Bhd 50%

Horizon Hills Development Sdn Bhd 50%

Gamuda GM Klang Sdn Bhd 50%

Gamuda GM Sdn Bhd 50%

GEM Homes Pte Ltd 50%

### Property Management and Maintenance

Gamuda Land Property Services Sdn Bhd (formerly known as Rebung Property Services Sdn Bhd) 100%

Valencia Township Sdn Bhd 100%

Botanic Property Services Sdn Bhd 100%

Jade Homes Property Services Sdn Bhd 100%

HGD Property Services Sdn Bhd 50%

Horizon Hills Property Services Sdn Bhd 50%



### Landscaping

Megah Landscape Sdn Bhd 100%

Kota Kemuning Nursery & Landscaping Sdn Bhd 50%

# Group Organisation Structure

## Board of Directors

- **YBhg Dato' Mohammed Hussein**  
Chairman
- **YBhg Dato' Lin Yun Ling**  
Group Managing Director
- YBhg Dato' Ir Ha Tiing Tai
- YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah
- YBhg Dato' Haji Azmi bin Mat Nor
- YBhg Dato' Goon Heng Wah
- Mr. Saw Wah Theng
- YM Tunku Afwida binti Tunku A.Malek
- Puan Nazli binti Mohd Khir Johari

### Alternate Directors:

- Ir Chow Chee Wah
- YBhg Dato' Ubull Din Om
- Ir Chan Kong Wah
- Mr. Soo Kok Wong

Respective BODs and EXCOs



**YBhg Dato' Lin Yun Ling**  
Group Managing Director



**YBhg Dato' Ir Ha Tiing Tai**  
Deputy Group Managing Director

**YBhg Dato' Goon Heng Wah**  
Group Directors Projects

**Mr. Saw Wah Theng**  
Group Finance Director

## Board Committees

- Audit
- Remuneration
- Nomination
- Risk Management



**YBhg Dato' Ubull Din Om**  
Managing Director, Gamuda Engineering



**Ir Chow Chee Wah**  
Managing Director, Gamuda Land



**YBhg Dato' Haji Azmi bin Mat Nor**  
Executive Director, Infrastructure Concessions

### Head Office

- Finance and Management Accounting
- HR and Admin
- Legal and Company Secretary
- Investor Relations
- Business Development
- Corporate Development
- Information Services
- Group Corporate Communications
- Internal Audit

### Engineering and Construction

- Klang Valley Mass Rapid Transit (KVMRT)
  - (i) Sungai Buloh-Kajang Line (SBK Line)
  - (ii) Sungai Buloh-Serdang-Putrajaya Line (SSP Line)
- Penang Transport Master Plan (PTMP)
- Electrified Double Track Project (Ipoh-Padang Besar)
- Pan Borneo Highway in Sarawak

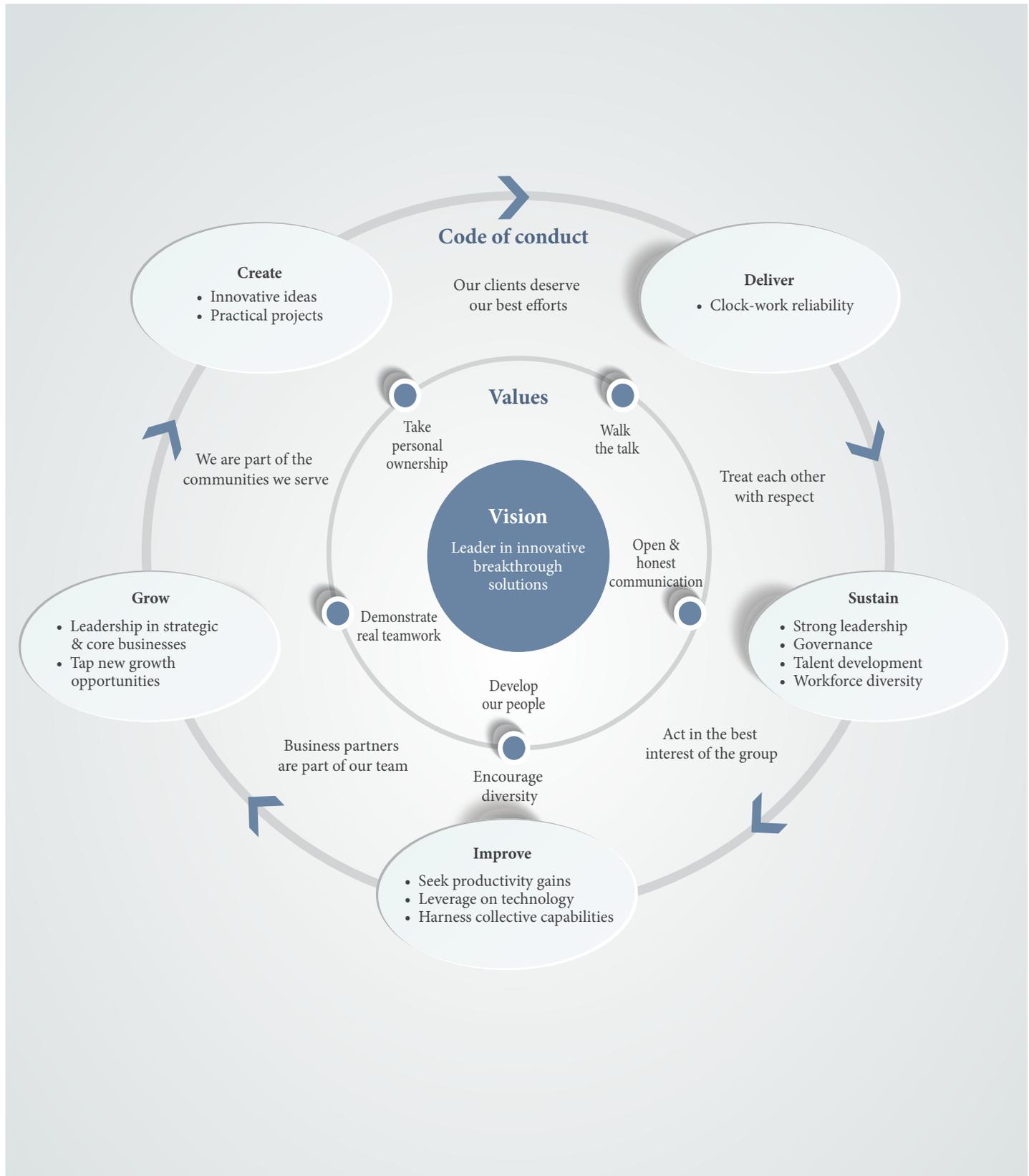
### Property Development

- |                             |                                   |
|-----------------------------|-----------------------------------|
| <b>Malaysia</b>             | <b>Vietnam</b>                    |
| – Kota Kemuning             | • Gamuda City (Hanoi)             |
| – Valencia                  | • Celadon City (Ho Chi Minh City) |
| – Bandar Botanic            |                                   |
| – Horizon Hills             | <b>Singapore</b>                  |
| – Jade Hills                | • GEM Residences, Toa Payoh       |
| – Madge Mansions            |                                   |
| – The Robertson             | <b>Australia</b>                  |
| – Gamuda Biz Suites         | • 661 Chapel St, Melbourne        |
| – Gamuda Walk               |                                   |
| – HighPark Suites           |                                   |
| – GM Klang                  |                                   |
| – GM Bukit Bintang          |                                   |
| – Bukit Bantayan Residences |                                   |
| – Kundang Estates           |                                   |
| – Gamuda Gardens            |                                   |
| – twentyfive.7              |                                   |
| – Gamuda Cove               |                                   |

### Infrastructure Concessions

- LITRAK
- KESAS
- SPRINT
- SMART
- SPLASH

# Strategic Business Model

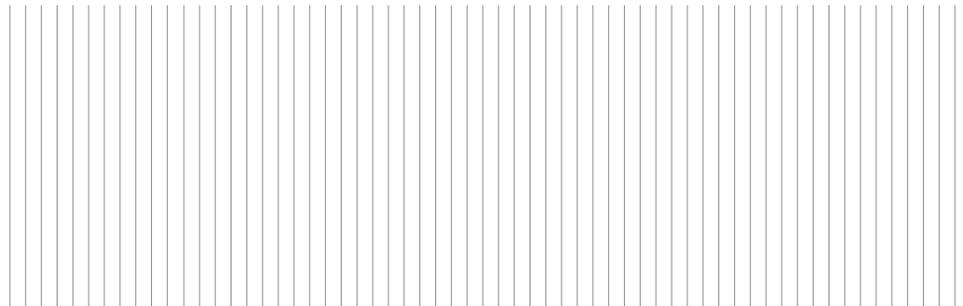


## VISION

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 business in infrastructure development and construction, operation of infrastructure facilities and property development.



## STRATEGIC BUSINESS MODEL

### BUSINESS PRIORITIES/IMPERATIVES

#### Create

Initiate innovative and practical projects.

#### Deliver

Ensure clock-work reliability in execution.

#### Sustain

Strong leadership, governance, and talent development ensures future sustainability; workforce diversity promotes inclusiveness.

#### Improve

Seek productivity gains leveraging on technology and harnessing our collective capabilities.

#### Grow

Expand our leadership of strategic and core sectors, tap new growth opportunities.

# SECTION 3

## Leadership



54	Profile of Board of Directors
67	Senior Management Profile



# Profile of Board of Directors

## YBhg Dato' Mohammed Hussein

Aged 66, Malaysian (Male)

Independent Non-Executive Chairman



### BOARD COMMITTEE MEMBERSHIP

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

### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Bank of America Malaysia Berhad
- Hap Seng Consolidated Berhad
- Danajamin Nasional Berhad
- CapitaCommercial Trust Management Limited

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

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

Having worked in predominantly banking and financial roles, YBhg Dato' Mohammed Hussein's experiences enable him to bring highly valued advice to the Board and make him ideally suited to chair the Board as well as the Audit, Remuneration and Nomination Committees.

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

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

YBhg Dato' Mohammed Hussein attended all 4 board meetings held during the financial year ended 31 July 2016.

#### BOARD COMMITTEE MEMBERSHIP

- Chairman of Risk Management Committee
- Member of Remuneration Committee

#### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

YBhg Dato' Lin 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. He brings to the Group more than 38 years of experience in civil engineering and construction. Over the years under his leadership, Gamuda expanded its business focus from construction into infrastructure and property development, all sectors in which the Group has dominant positions, both locally and internationally.

As a key pioneer founder of the Group, YBhg Dato' Lin has a deep understanding of the strengths and capabilities of the Group. Consequently his differentiated vision and strategies have led to the Group's successful track record of growth and financial strength. YBhg Dato' Lin is instrumental in leading the executive team in formulating and implementing the Group's strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading the Group into the future.

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

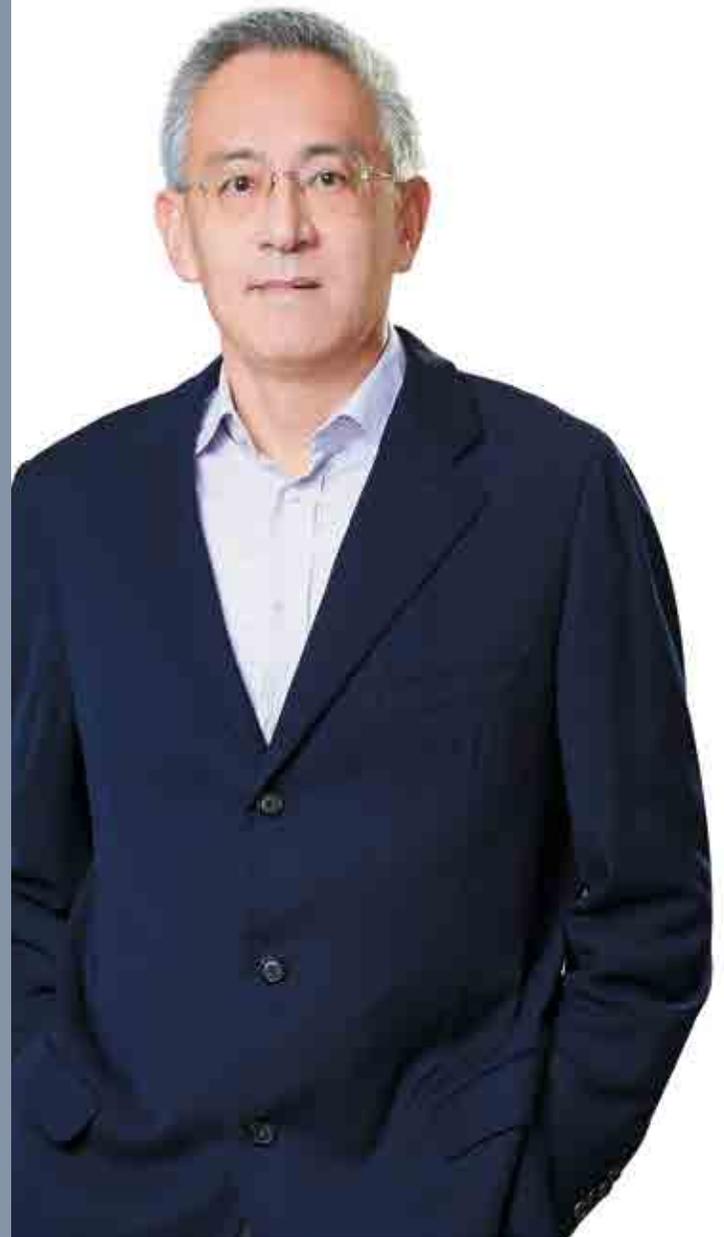
YBhg Dato' Lin has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed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

YBhg Dato' Lin attended 3 out of the 4 board meetings held during the financial year ended 31 July 2016.

## YBhg Dato' Lin Yun Ling

Aged 61, Malaysian (Male)

Group Managing Director



Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

## YBhg Dato' Ir Ha Tiing Tai

Aged 62, Malaysian (Male)

Deputy Group Managing Director



### BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Danau Permai Resort Berhad
- Lingkaran Trans Kota Holdings Berhad

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

A civil engineer, YBhg Dato' Ir Ha has 38 years of experience in the engineering and construction sectors. He has extensive experience in large-scale design-and-build (DAB) projects, build-operate-transfer (BOT) projects and project delivery partner implementation concept from project inception to project financing and implementation, both in Malaysia and overseas.

As Deputy Group Managing Director, YBhg Dato' Ir Ha assists the Group Managing Director in managing the Group's local and international engineering and construction, property development and infrastructure concession business divisions. Currently, through the Company's role as Project Delivery Partner (PDP), and Underground Works contractor, he also directs, oversees and manages the implementation of the massive Klang Valley MRT Project.

YBhg Dato' Ir Ha's expertise and extensive experience particularly in large and complex projects enable him to contribute significantly to the Group's business and to the Board. He was also appointed Vice President of the China Economic & Trade Promotion Agency in September 2010 on a 5-year term.

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 4 board meetings held during the financial year ended 31 July 2016.

**YTM Raja Dato' Seri Eleena binti  
Almarhum Sultan Azlan  
Muhibbuddin Shah Al-Maghfur-lah**  
Aged 56, Malaysian (Female)  
Non-Independent Non-Executive Director



**BOARD COMMITTEE  
MEMBERSHIP**

- Member of Remuneration Committee

**OTHER DIRECTORSHIPS  
IN PUBLIC COMPANIES**

- KAF-Seagroatt & Campbell Berhad

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 is 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 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 4 board meetings held during the financial year ended 31 July 2016.

Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

## Profile of Board of Directors

### BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

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

YBhg Dato' Haji Azmi has been on the Board since 24 September 2001. Before that, he was the Alternate Director to Mr. Heng Teng Kuang from 22 December 2000 to 1 August 2001 (Mr. Heng Teng Kuang retired from the Board and Company on 1 August 2001).

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

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

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

YBhg Dato' Haji Azmi 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' Haji Azmi attended all 4 board meetings held during the financial year ended 31 July 2016.

## YBhg Dato' Haji Azmi bin Mat Nor

Aged 58, Malaysian (Male)

Executive Director



# YBhg Dato' Goon Heng Wah

Aged 60, Malaysian (Male)

Executive Director



## BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

## OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Danau Permai Resort Berhad

YBhg Dato' Goon has been on the Board since 1 June 1992. He was previously a member of the Board from 11 November 1986 to 30 October 1988.

A civil engineer, YBhg Dato' Goon has many years of working 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 with responsibilities of the overall oversight, including the management and supervision of major projects, amongst which is the ongoing Klang Valley MRT Project.

YBhg Dato' Goon also has substantial regional responsibilities for the Group's engineering and construction activities from India to the Middle East. YBhg Dato' Goon's 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).

YBhg Dato' Goon 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' Goon attended all 4 board meetings held during the financial year ended 31 July 2016.

Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

## Mr. Saw Wah Theng

Aged 59, Malaysian (Male)

Executive Director



### BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

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

A chartered accountant, Mr. Saw has been on the Board since 1 February 1998.

As head of the finance function, Mr. Saw is responsible for the Group's budgetary control, treasury, tax and corporate finance including mergers and corporate restructuring exercises. He has extensive working experience in accounting, finance and corporate finance gained 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 he is a member of the Malaysian Institute of Accountants.

Mr. Saw 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.

Mr. Saw attended all 4 board meetings held during the financial year ended 31 July 2016.

# YM Tunku Afwida binti Tunku A.Malek

Aged 51, Malaysian (Female)

Independent Non-Executive Director



## BOARD COMMITTEE MEMBERSHIP

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

## OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

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

A chartered accountant, YM Tunku Afwida joined the Board on 1 June 2012.

YM Tunku Afwida has had 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 related 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 all 4 board meetings held during the financial year ended 31 July 2016.

## Profile of Board of Directors

### BOARD COMMITTEE MEMBERSHIP

- Member of Audit Committee
- Member of Nomination Committee

### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

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 Department.

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 Percon. The job encompasses 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. Puan Nazli left Percon in July 2002 and she is not attached to any particular company at present.

Puan Nazli's vast exposure in a variety of industries had contributed positively to her analytical and conceptual approach in decision making. Her extensive man-management and general management experience both at corporate and line-management levels, also enabled 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 Masters in 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.

Since Puan Nazli was appointed to the Board on 7 March 2016, she attended 2 out of the 4 board meetings held during the financial year ended 31 July 2016.

## Puan Nazli binti Mohd Khir Johari

Aged 62, Malaysian (Female)

Independent Non-Executive Director



# Ir Chow Chee Wah

Aged 58, Malaysian (Male)

Alternate Director to YBhg Dato' Lin Yun Ling



## BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

## OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Horizon Hills Resort Berhad

Ir Chow has been on the Board as Alternate Director to YBhg Dato' Lin Yun Ling since 24 September 2001. Before that, he was the Alternate Director to Mr. Chan Kuan Nam @ Chan Yong Foo from 22 December 2000 to 1 August 2001.

A civil engineer, he has more than 34 years of working experience in the design of roads, expressways, buildings and large scale property developments. He joined Gamuda as a project coordinator after working with a leading engineering consultancy as Associate Director. In Gamuda, he held increasingly senior positions within the Group and he assumed the property development portfolio in 1996 in line with the Group's business diversification. Ir Chow heads the property development division as its Managing Director.

Ir Chow's engineering expertise and considerable number of years of experience working within the Group, particularly on the design and technical aspects of the construction side of the business and in later years, on property development, enable him to contribute significantly to the Group's business and to the Board.

Ir Chow holds a Bachelor of Science (Honours) degree in Civil Engineering from the University of London, UK. He is a Professional Engineer registered with the Board of Engineers, Malaysia and a member of The Institution of Engineers Malaysia.

Ir Chow 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.

Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

## Profile of Board of Directors

### YBhg Dato' Ubull Din Om

Aged 54, Malaysian (Male)

Alternate Director to YBhg Dato' Ir Ha Tiing Tai



#### 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 27 years, he has advanced rapidly through various business and operations roles within the Group. He is currently the Managing Director of Gamuda Engineering Sdn Bhd. Among the notable projects he was involved in are Klang Valley MRT Project for Tunnelling and Underground works package, Electrified Double Track Project (Ipoh-Padang Besar), Sungai Selangor Water Supply Scheme Phase 3, Shah Alam Expressway Package and Damansara-Puchong Expressway and SPRINT Highway.

YBhg Dato' Ubull holds a Bachelor Degree in Housing, Building and Planning from Universiti Sains Malaysia. He is a Council Member of the 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.

# Ir Chan Kong Wah

Aged 60, Malaysian (Male)

Alternate Director to YBhg Dato' Goon Heng Wah



## BOARD COMMITTEE MEMBERSHIP

- Member of Risk Management Committee

## OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

A civil engineer, Ir Chan joined the Board as the Alternate Director to YBhg Dato' Goon Heng Wah on 8 March 2013.

Ir Chan has 38 years of experience in civil engineering works. He was the Head of Facility Engineering Division of Pengurusan LRT, Kuala Lumpur prior to joining the Company in 1995. He is highly experienced in managing the construction of highways, airports and water supply schemes in Malaysia, the United Kingdom, Middle East and India. He is also involved in the Electrified Double-tracking Railway Project from Ipoh to Padang Besar and the Klang Valley MRT Project in Malaysia.

Ir Chan holds a Bachelor of Science (Engineering) degree from King's College London, University of London, UK. He is a Professional Engineer registered with the Board of Engineers, Malaysia; a member of The Institution of Engineers Malaysia and a Chartered Engineer of The Institution of Civil Engineers, UK.

Ir Chan 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.

Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

## Profile of Board of Directors

### BOARD COMMITTEE MEMBERSHIP

- None

### OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

A chartered accountant, Mr. Soo joined the Board as Alternate Director to Mr. Saw Wah Theng on 8 March 2013.

Mr. Soo was attached to a major accounting firm in Malaysia prior to joining the Company in 1996. He has vast experience in accounting, tax, audit, finance, treasury and budgetary control and presently heads the Company's Financial Management and Accounting Department.

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

Mr. Soo 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.

## Mr. Soo Kok Wong

Aged 47, Malaysian (Male)

Alternate Director to Mr. Saw Wah Theng



# Senior Management Profile



**Adil Putra bin Ahmad**  
Executive Director, Gamuda Engineering

Encik Adil, aged 51, was appointed the Executive Director in April 2013, and is 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 the Sapulut-Kalabakan Road in Sabah.

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.

Encik Adil graduated with a BSc 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.

Mr. Ngan, aged 51, was formerly the group financial controller of Gamuda Land before assuming the position as its Chief Operating Officer in January 2013.

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.



**Ngan Chee Meng**  
Chief Operating Officer, Gamuda Land



**Lai Tak Ming**  
Director, Group Human Resources and Administration

Mr. Lai, aged 56, who has been with Gamuda Berhad for 15 years, assumed his current role in May 2011. As the Group head of Human Resources and Administration, he is responsible for overseeing the strategic development of the Group's human capital.

He was formerly with Human Dynamic Asia Pacific, an Asia-wide people management consultancy, initially holding the post of Managing Director, ASEAN, India and Australia, and then moving on to helm the group as its Chief Operating Officer.

Mr. Lai has accumulated vast experience in strategic HRM, talent and leadership development, as well as coaching line managers and senior management in developing and managing team members.

He is a Certified Master Performance Coach (CMPC) which is recognised by the International Coach Federation (ICF).

He graduated with a BSc Ed (Hons) from University of Malaya and holds an MBA from the University of Hull.

Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

## Senior Management Profile



**Wong Tsien Loong**  
Chief Information Officer

Mr. Wong, aged 51 was appointed to the role of Chief Information Officer (CIO) in September 2015. He also serves as an Executive Director of Gamuda Engineering Sdn Bhd.

He has extensive experience in design management, conceptualisation and feasibility studies of infrastructure projects, having been involved in the Shah Alam Expressway, Lebuhraya Damansara-Puchong and Lebuhraya SPRINT projects.

As CIO, Mr Wong is responsible for the Group's IT Strategy and operations. He leads the overall business technology planning and implementation, maximising the use of technology and information for competitive advantage.

Mr. Wong was previously with Ove Arup and Partners, London. He graduated with a Bachelor of Engineering (Honours) in Civil Engineering from the University of Leeds. He also holds a Master of Business Administration from the University of Leicester.

Dato' Hj Abdul Sahak, aged 56, assumed his current role as Executive Director of the Group's property division in July 2016 and is involved in the planning of Gamuda Cove, a new development in Selangor spanning over 1,500 acres.

Since joining the Group in May 2001, he has been involved in the planning and conceptualisation of key projects namely Bandar Botanic in Klang, Valencia in Sungai Buloh and Horizon Hills in Nusajaya, Johor.

Dato' Hj Abdul Sahak was formerly with the Lion Group.

He holds a BSc (Honours) degree in Science Architecture from Universiti Sains Malaysia.



**Dato' Hj Abdul Sahak bin Safi**  
Executive Director

Ms. Lim, aged 51, 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 stayed on until 1995, after which she joined a public listed company as Head of its Legal Department.

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



**Lim Soo Lye**  
Senior Group General Manager  
Legal & Company Secretarial

**Declaration by Senior Management Team**

Family relationship with any director/major shareholder of the Company – None

Conflict of interest – None

Conviction for offences over last 5 years (except traffic) –None

All senior management team members listed here are Malaysians.



Ms. Sreejaya, aged 48, joined Gamuda as Head of Corporate Communications in June 2016 and is responsible for the Group’s overall communication strategy, corporate branding and reputation management.

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

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

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

Ms. Kam, aged 45, took on the role as Gamuda Land’s Head of Marketing and Sales in July 2016 after joining the Group’s property division as the General Manager for Strategic Marketing.

She has 15 years of senior marketing leadership experience, spanning customer relationship management, customer analytics, consumer research, lead generation, marketing communication and brand management.

She graduated with a Master of Arts, majoring in Marketing, from the University of Northumbria, Newcastle Business School, UK.



Ms. Murnira, aged 43, joined the Group as Head of Organisational Development and Talent Management in July 2014.

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 Practitioner (IAALP).

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

Leadership	1	2	3	4	5	6	7	8	9
------------	---	---	---	---	---	---	---	---	---

# SECTION 4

## Operations Review



72	Core Business
74	Engineering and Construction
76	Statement by Gamuda Engineering Managing Director
90	Property Development
92	Statement by Gamuda Land Managing Director
101	Infrastructure Concessions
102	Statement by Gamuda Infrastructure Concessions Executive Director



# Segmental Performance FY2016

## Profit Before Taxation

The core business activities of the Group are:

- Engineering and Construction
- Property Development
- Infrastructure Concessions

25%

- Engineering and Construction



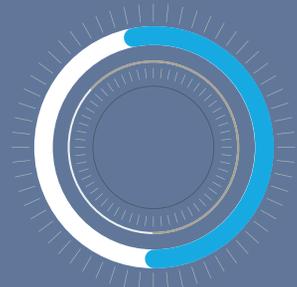
22%

- Property Development



53%

- Infrastructure Concessions



The Group has enjoyed a year of strong performance where all three business divisions recorded healthy earnings.



Engineering and  
Construction



Property  
Development



Infrastructure  
Concessions

# ENGINEERING and CONSTRUCTION

## Facts at a Glance

Continuously challenging the status quo in the last four decades, we deliver creative engineering solutions that have shaped communities, encouraged development and elevated local talent. We will continue in our quest to build world-class infrastructure and deliver on our promise of top-notch design and quality, cost effectiveness and on-time completion.

Mass Rapid Transit  
development of the  
**KAOHSIUNG**  
MRT project in  
Taiwan by Gamuda



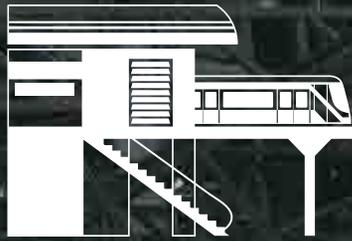
## KVMRT LINE 1

31 Stations 7 Underground Stations

Underground : 9.5 km

Elevated : 41.5 km

Estimated journey time from  
Ipoh to Padang Besar on  
the **HIGH-SPEED**  
**ELECTRIFIED**  
**TRAIN SYSTEM**  
is 3 hours, 40 minutes.



## KVMRT

**LINE 2** has 15 stations  
with park & ride facility.



KVMRT  
**LINE 2** has an  
estimated daily ridership  
of 533,000 people.



KVMRT  
**LINE 1** and  
**LINE 2** will serve  
an estimated total  
catchment population  
of 3.2 million people.



# Statement by Gamuda Engineering

Managing Director

Dato' Ubull Din Om

While the country has braved through a tough economic environment, there has been no let up on infrastructure projects that are critical to the nation's continued development. This has been a boon to engineering and construction companies such as Gamuda Engineering, which once again charted positive growth, meeting our revenue target of RM2 billion by progressing with ongoing projects while also winning two new major contracts that augur well for our goal to double profits by 2020.

Our new contracts were for the Underground Works Package of the KVMRT Line 2; and for a section of the extensive Pan Borneo Highway in Sarawak.

Our joint venture with MMC Corp Berhad, MMC Gamuda KVMRT (T) Sdn Bhd (MGKT), was awarded the Underground Works Package for the KVMRT Line 2 on 31 March 2016 by Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) for a contract sum of RM15.47 billion. This forms the largest work package for the line and encompasses the design, construction and completion of the tunnels, 11 underground stations and associated structures such as portals and escape shafts for the 13.5km alignment from the Jalan Ipoh North Escape Shaft to the Desa Waterpark South Portal. The package was awarded to us given our proven experience for the same scope of work – namely as the underground contractor – in the KVMRT Line 1, which carries a contract value of RM8.28 billion.

Overall, the Underground Works Package for KVMRT Line 2 is 42% longer than the KVMRT Line 1, and presents an even more challenging terrain due to complexity of the soil which is made up of a mix of karstic, granite and Kenny Hill formation, presenting numerous fault zones. We are, however, well prepared to manage the expected challenges, having upgraded our Tunnel Boring

Machines (TBM) and modified them for the project. To meet our deadline for this more extensive and complex project, we have also acquired four new TBM machines.

As for our endeavour for the Penang Transport Master Plan (PTMP), SRS Consortium, in which Gamuda holds a majority stake of 60%, was named the PDP vide a Letter of Award (LoA) dated 12 August 2015.

Our two partners in the venture are Ideal Property Development Sdn Bhd and Loh Phoy Yen Holdings Sdn Bhd, each with 20% equity.

This project, which aims to address the worsening traffic congestion in Penang through a holistic and well-integrated transport master plan, will also deliver a balanced and sustainable transformative development that addresses the people's concerns and accomplish Penang's economic and social objectives.

The PTMP together with its development component will be implemented over a period of 50 years. Comprising a modern, comprehensive public transport network, along with new highway improvements, the PTMP is a reflection of Penang's 'Vision for the Future' to safeguard the livelihood of current and future generations with better connectivity and accessibility, while further enhancing liveability in the heritage-rich State.

In mid December 2015, the consortium obtained approval from the Penang Executive Council for the proposed new public transport network and highway improvement initiatives.

The proposed Phase 1 of PTMP involves the implementation of an elevated Light Rail Transit (LRT) from Komtar to the Penang International Airport (Bayan Lepas LRT) and the Pan Island Link 1 (PIL 1) Highway.

On 29 March 2016, we together with the Penang State Government, submitted the preliminary railway scheme application for the Bayan Lepas LRT to the Land Public Transport Commission (SPAD) for approval. We had also embarked on a Detailed Environmental Impact Assessment (DEIA) for the project, and preparation for the three-month public inspection of the LRT line that ahead of SPAD's approval that is ongoing.

Engagements with all relevant stakeholders are also underway. Meanwhile, on 29 July 2016, the Penang State Government extended the validity of our LoA to serve as the PDP of the project to 28 February 2017.

Just before our financial year ended, on 28 July 2016, our 30:70 joint venture with Naim Engineering Sdn Bhd accepted the award of a package worth RM1.57 billion under Phase 1 of the Pan Borneo Highway. This is for the development and upgrading of the stretch of highway between Pantu Junction to Batang Skrang, in Sarawak. The contract was awarded by Lebuhraya Borneo Utara Sdn Bhd for a duration of 51 months from the date of site possession. The 1,089km Pan Borneo Highway will connect Sabah and Sarawak.

Meanwhile, work on KVMRT Line 1 is progressing as per schedule. As at the end of August 2016, underground works are 92% complete, while our scope as PDP of the project is 91% completed. Construction of Phase 1 (from Sungai Buloh to Semantan Station) is on track for operation by end December 2016. Phase 2, between Semantan and Kajang, will be operational in July 2017. Track works have been completed, and all the Phase 1 systems are currently undergoing testing.

Fifty-eight trains, of which 24 are for Phase 1 operations, have been delivered to the depots and are undergoing dynamic testing

Gamuda Engineering once again charted positive growth, meeting our revenue target of RM2 billion by progressing with ongoing projects while also winning two new major contracts.



## Statement by Gamuda Engineering

to fine-tune stopping accuracy and reliability of the rolling stock, signalling and train control systems. Meanwhile, Railway Systems Operational Readiness preparation is well under way, as Operation and Maintenance Manuals have been prepared and the operator's personnel are being trained in advance of the trial operations of Phase 1.

Good progress is seen for PDP of the KVMRT Line 2 since the signing of the PDP Agreement & Scope of Services with MRT Corp on 14 April 2015, which was subsequently approved by the Ministry of Finance on 13 July 2015. Approval for the DEIA Public Display was received on 9 July, with conditions, while formal approval from the Prime Minister on the railway scheme was granted on 7 October 2015. According to our agreement, Phase 1 of the contract is to be completed by 31 July 2021 and Phase 2, by July 2022.

As of July 2016, MRT Corp had awarded 20 tenders for KVMRT Line 2 comprising advanced works, the viaduct, systems, designated suppliers and depot over the 52.2km alignment. Preparatory construction works on the earlier awarded viaduct packages – V201 (Sunway Construction), V202 (Ahmad Zaki), V203 (IJM), V210 (MRCB) – commenced at the beginning of the third quarter of 2016.

For the Underground Works, site clearing and establishment works, demolition of existing structures, soil investigation and the procurement of contractors for the retaining wall systems are under way. Assessment of the structural integrity of existing buildings and structures along the tunnel drives is ongoing. There will be a total of 16 tunnel drives, utilising 12 tunnel boring machines (TBMs). Eight TBMs that were previously used for KVMRT Line 1 are undergoing refurbishment, while orders for the remaining TBMs have been placed. The first TBM is targeted to be launched in the fourth quarter of 2017.



*The KVMRT Operations Control Centre (OCC), housed at the Sungai Buloh Depot, will provide an integrated means to control and monitor the operation of both the SBK and SSP Lines.*



*Testing of trains is underway in preparation for the operator of KVMRT Line 1 operation by end 2016.*

### PROMOTION OF SAFETY STANDARDS

Safety continues to be given utmost priority in all our projects; and as a mark of our commitment to upholding the highest standards to safeguard lives and structures, on 28 September 2015, MMC-Gamuda together with MRT Corp signed a Memorandum of Understanding (MoU) with CIDB Holdings and the National Institute of Occupational Safety and Health (NIOSH) to deliver an enhanced OSH programme for the KVMRT Line 2 project. This includes raising awareness of safe behaviours as well as developing the necessary skills and competencies of all workers involved to avoid accidents or injuries, especially in high-risk activities.

The enhanced programme will see the introduction of the Safety Passport Scheme, Skilled Trainer Scheme, and Safety, Health and Environment Performance Assessment Scheme. Safety training for workers on the KVMRT project is being carried out at the RM10 million, 2.7-acre KVMRT Training Centre, established on 25 August 2015. To date, 40 master trainers have been certified, who will now help train another 300 trainers and assessors. This will help to ensure that the nearly 20,000 workers required for KVMRT Line 2 are "safety-ready".

## AWARDS

Gamuda Engineering has over the years won a string of awards due to our commitment to continuously elevate engineering and construction standards in the country by injecting cutting-edge technology and innovation into our projects. During the financial year under review, we added more accolades to our list.

On 25 November 2015, the SMART tunnel was presented with the Kuala Lumpur Mayor Design Award for Infrastructure under the Engineering Category in recognition of the benefits that the dual-purpose tunnel brings to residents of the city as well as in promoting Kuala Lumpur's image locally and internationally.

Later in the financial year, on 16 April 2016, Gamuda received two awards at the Institute of Engineers Malaysia (IEM)'s 57th Annual Dinner & Awards Night. In addition to an award for our contributions in general to the field of transport engineering, we won the Geotechnical Engineering for Tunnelling and Underground Space Division Award.

More recently, in September 2016, we received the prestigious Builder of the Year Award from the Construction Industry Development Board (CIDB) at its Malaysian Construction Industry Excellence Awards (MCIEA) 2016. This was in recognition of our portfolio of infrastructure projects that have contributed to nation-building, such as the SMART Tunnel in Kuala Lumpur, Ipoh-Padang Besar Electrified Double Track and KVMRT Line 1 & Line 2.

## LOOKING FORWARD

We remain optimistic about the coming financial year and beyond given the long-term nature of our ongoing projects as well as the Government's commitment to see through various major infrastructure projects that have been announced. These include the Light Rapid Transit Line 3 (LRT3), Kuala

Lumpur-Singapore High-Speed Rail, Gemas-JB Electrified Double Track, Pan Borneo Highway in Sabah and the East Coast Rail Link. In addition, there are plans for several smaller-scale projects such as the West Coast Expressway and highways within the Klang Valley.

While our focus will be on meeting all set deadlines for current projects and ensure these remain within stipulated budgets, we will also be looking to further increase our order book by tendering for new projects.

At the same time, Gamuda Engineering seeks to diversify our business by entering into the property construction sector via property projects undertaken by the Group itself as well as by third parties. Our long-term strategy is to have the ability to compete for any engineering and construction-related contract. Towards this end, we are intensifying our investments in our people and technology to maintain an edge in an increasingly competitive environment.

In line with CIDB's agenda to elevate standards of the local construction industry under the Construction Industry Transformation Programme (CITP), we are investing in the Building Information Modelling (BIM), which integrates data from various parties involved in multi-stakeholder projects to create more open access and transparency of information as well as to facilitate the entire project from its design to completion. In effect, the system will increase efficiencies and reduce project lifecycle costs. As this is a relatively new system in the country, we recognise the need to train people to be able to use it. Towards this end, we are launching a BIM Training Academy in the first quarter of 2017. We will also be seconding a number of our BIM-trained staff to our KVMRT Line 2 consultants to accelerate their learning process. Internally, we are upgrading our IT infrastructure to be able to host and run BIM software.

Meanwhile, we achieved a milestone when our Industrialised Building System (IBS) factory began production on 15 June 2016. IBS represents an advanced construction technology through which building components are prefabricated at a factory allowing for speedy on-site installation. This brings multifarious benefits to the industry – enabling companies to be more cost effective by shortening the construction process, reducing dependency on foreign labour and enhancing overall quality, occupational safety and health standards while minimising waste.

In light of its productivity benefits, on 5 August 2016, CIDB and the Malaysian Investment Development Authority (MIDA) signed a memorandum of understanding (MoU) which, among others, seeks to promote greater adoption of IBS among industry players to boost productivity and sustainability within the manufacturing, services and construction sectors. The aim is for all public projects worth RM10 million or more to achieve a minimum IBS score of 70 by the year 2020, and for private projects to attain a minimum score of 50.

In support of the IBS initiative, the Government has offered tax and other incentives to companies that make use of the technology. We are proud to share that Gamuda was the first to be awarded these incentives, in recognition of the advanced level of automation and state-of-the-art robotics employed at our 27-acre IBS factory in Tanjung Industrial Park, Sepang where we have the capacity to produce up to 2,000 apartment units per year. Our advanced IBS technology enables us to offer turnkey solutions to customers encompassing design, automated precast production and installation at site, and we see great potential in being able to leverage on our leadership in this area to the benefit of the Group, as well as the nation.

Statement by Gamuda Engineering

*Testing and commissioning of trains being conducted at the KVMRT Line 1 – Taman Pertama Station, Cheras.*





Statement by Gamuda Engineering



*Marked progress for KVMRT Line 1 – Stadium Kajang Station seen here in 2011 and 2016. Upon completion in mid-2017, the presence of three KVMRT stations in Kajang (Sungai Jernih, Stadium Kajang and Kajang) will create new commercial hubs for local small and medium-sized businesses which will help revitalise the township.*



*Tracked construction progress of the KVMRT Line 1 – Pusat Bandar Damansara Station shown here in 2013 and 2016. A comprehensive traffic management plan was implemented at the busy Jalan Ma'arof Interchange during the construction phase.*



*The construction progress of the KVMRT Line 1 - Mutiara Damansara Station at Persiaran Surian as captured in 2012 and 2016.*



*At 162 acres, the KVMRT Line 1 - Sungai Buloh Depot is the biggest train depot in Southeast Asia. It is able to house 100 trains.*





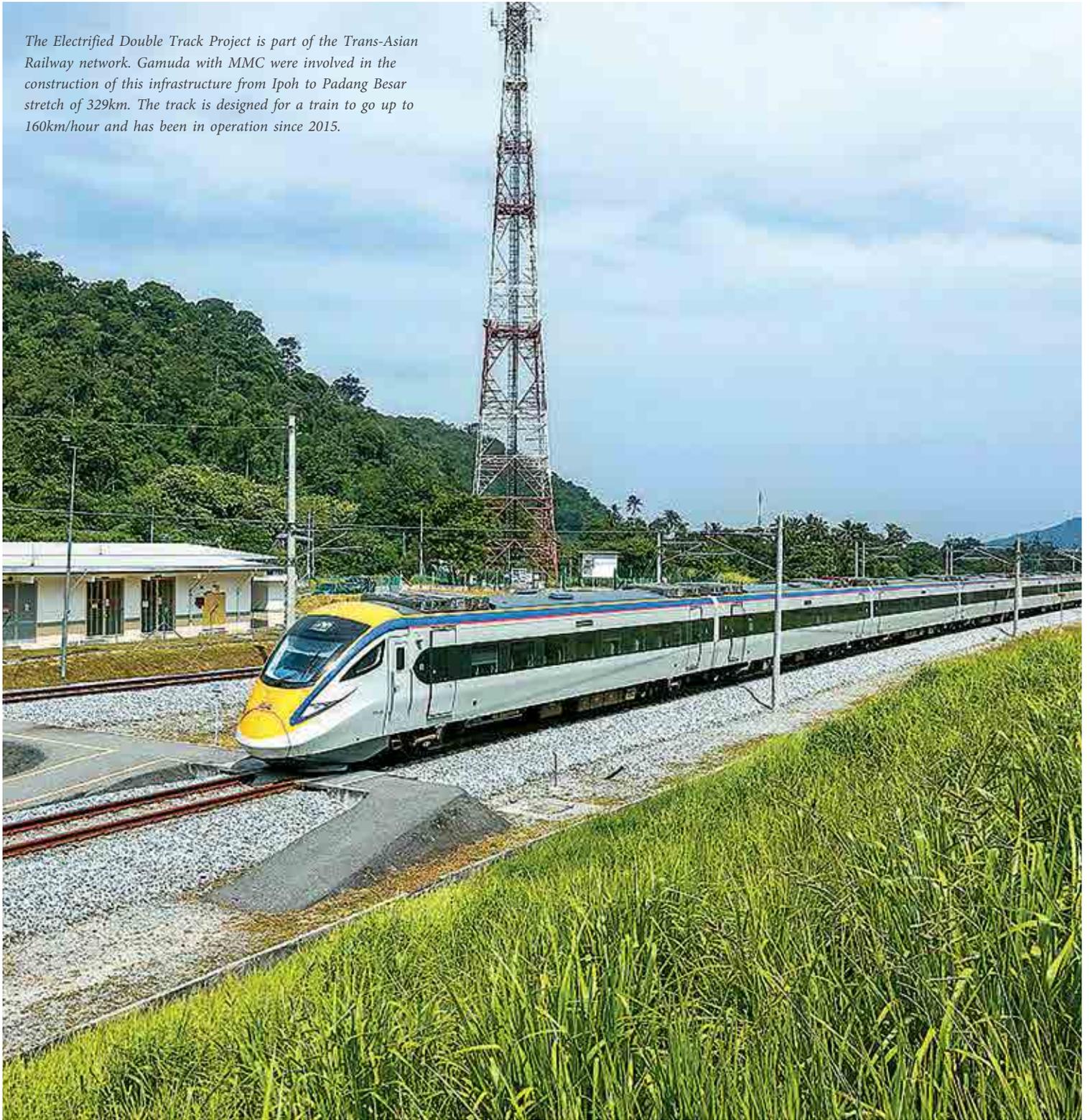


*The construction of the KVMRT Line 1 – Semantan Portal started in 2011 and will be fully completed in mid-2017.*

*The track at Semantan Portal inclines at a rate of 3.7% over a distance of 470m to ensure the smoothest climb for commuters as the alignment heads underground towards the KL city centre.*

## Statement by Gamuda Engineering

*The Electrified Double Track Project is part of the Trans-Asian Railway network. Gamuda with MMC were involved in the construction of this infrastructure from Ipoh to Padang Besar stretch of 329km. The track is designed for a train to go up to 160km/hour and has been in operation since 2015.*





*The Prai Swing Bridge in Penang , which is part of the Electrified Double Track Project alignment was rebuilt in 2013. On command, the bridge swings open to allow ships to pass through. When it closes back into position, it reconnects with the main track and overhead catenary system so trains can safely pass through again. This is the only double track electrified swing bridge with a horizontal rotation in Southeast Asia.*



# PROPERTY DEVELOPMENT

## Facts at a Glance

At Gamuda, we believe in enriching lives and carrying a pioneering spirit in all we do to build sustainable homes and communities by staying true to our key pillars of quality.



Malaysia

### BUKIT BANTAYAN RESIDENCES

Bukit Bantayan Residences is a highland retreat-inspired project

**18-acre** site.



### THE ROBERTSON

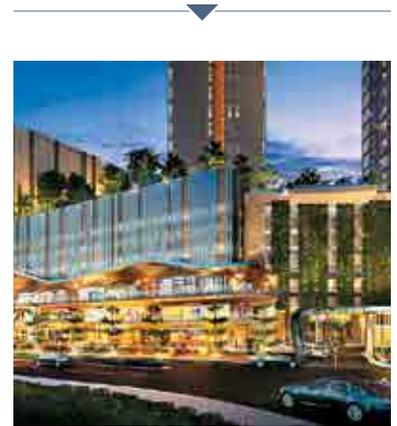
Strategically located in Kuala Lumpur city centre. Connected via MRT, LRT and monorail.



### HIGHPARK SUITES

A 5-acre freehold development in the established part of Petaling Jaya – Kelana Jaya.

**2.7 acres** of facilities and park podium.





International



**CELADON CITY**

HO CHI MINH CITY, VIETNAM

Celadon Park spreads over 40 acres of sweeping green land.

**203 acres** offers home owners eco-modern lifestyle.



**GAMUDA CITY**

HANOI, VIETNAM

Gamuda City is strategically located in the center of Greater Hanoi, just 6km from the old CBD.

**426 acres** development consists of bustling business districts & commercial hubs.

**66I CHAPEL ST**  
MELBOURNE, AUSTRALIA

66I Chapel Street changes the rules of luxury living.

Located in the most sought-after address in Melbourne.

# Statement by Gamuda Land

## Managing Director

Ir Chow Chee Wah

Although the property market continued to be challenging during the financial year (FY2016), there were still many opportunities that developers were able to capitalise on. This was certainly true for Gamuda Land, which overcame soft consumer sentiment due to the general economic slowdown by focusing more intently on delivering quality, value-creating products with unique offerings to meet the different needs of modern lifestyles, not only in Malaysia but in markets across the region as well, namely Singapore, Australia and Vietnam. Our developments with emphasis on strategic locations, fortified by comprehensive master planning and beautifully crafted environments, ensure the creation of sustainable value for our customers.

Our strategic response to the prevailing landscape enabled Gamuda Land to surpass our targeted sales figure of RM1.3 billion by 62%, to reach a total sales of RM2.1 billion, marking an increase of 75% from FY2015. Contributing to our encouraging performance were four new project launches in addition to continuous sales from ongoing local and overseas developments.

In order to increase non-Malaysian ringgit contribution to the company in the long term, two new international projects were launched in FY2016 – GEM Residences in Singapore and 661 Chapel St. in Melbourne, Australia. Together with Gamuda City in Hanoi and Celadon City in Ho Chi Minh City, these projects contributed to 75% of our total sales for the year.

The other two launches were in Malaysia – Bukit Bantayan Residences in Kota Kinabalu and HighPark Suites in Kelana Jaya.

GEM Residences marked our first foray into Singapore. The two-block high-rise condominium with an estimated GDV of S\$650 million is located in the well-connected, mature neighbourhood of Toa Payoh. A joint venture with Evia Real Estate (7) Pte Ltd,

holding 20% interest, and Maxdin Pte Ltd with 30% equity, the project was launched in May 2016 with a phenomenal take-up rate. Over 50% of the 578 luxurious units were snapped up on the VIP launch day ahead of its public release, making it the most successful property launch in the island republic over the preceding year. Based on a ‘club condo’ concept – the first-of-its-kind in Singapore – and complemented by top-class facilities, GEM Residences has set new benchmarks for other lifestyle-oriented developments in the market.

Our first Australian project, 661 Chapel St. in Melbourne, is a 30-storey luxury apartment on a 1,435 sq m site in premium South Yarra, close to the central business district (CBD). Comprising 127 units, this development has a total GDV of A\$154 million. With great views of the city and Yarra River that can never be built out, a beautiful luxurious environment adorned with exclusive art pieces and a central location close to all essential amenities, 661 Chapel St. is set to be a hit with both locals and foreigners looking to buy for own-stay or investment. Ahead of its Melbourne launch in August 2016, 30% of all the units had already been taken up from our foreign sales. Moving forward, we expect the uptake to be primarily from the local Australian market.

In Malaysia, we launched HighPark Suites in the early part of FY2016. This 5-acre Green Building Index (GBI) Gold-certified residential development has two towers of 512 units each and is expected to bring in a GDV of RM627 million. Reflective of our strength in creating beautifully crafted environments, HighPark Suites dedicates 5.67 acres to green landscaping inclusive of vertical green walls and offers five uniquely designed elevated parks for residents to work as well as play in. The 1km jogging path, an Olympic-sized swimming pool as well as indoor and outdoor gymnasiums on Level 7 Central Park ensure that residents can work out in a safe environment any time of the day. HighPark Suites promotes wellness park living in the city, catering to the lifestyle

needs of young professionals, couples and even young entrepreneurs choosing to run their start-ups from home.

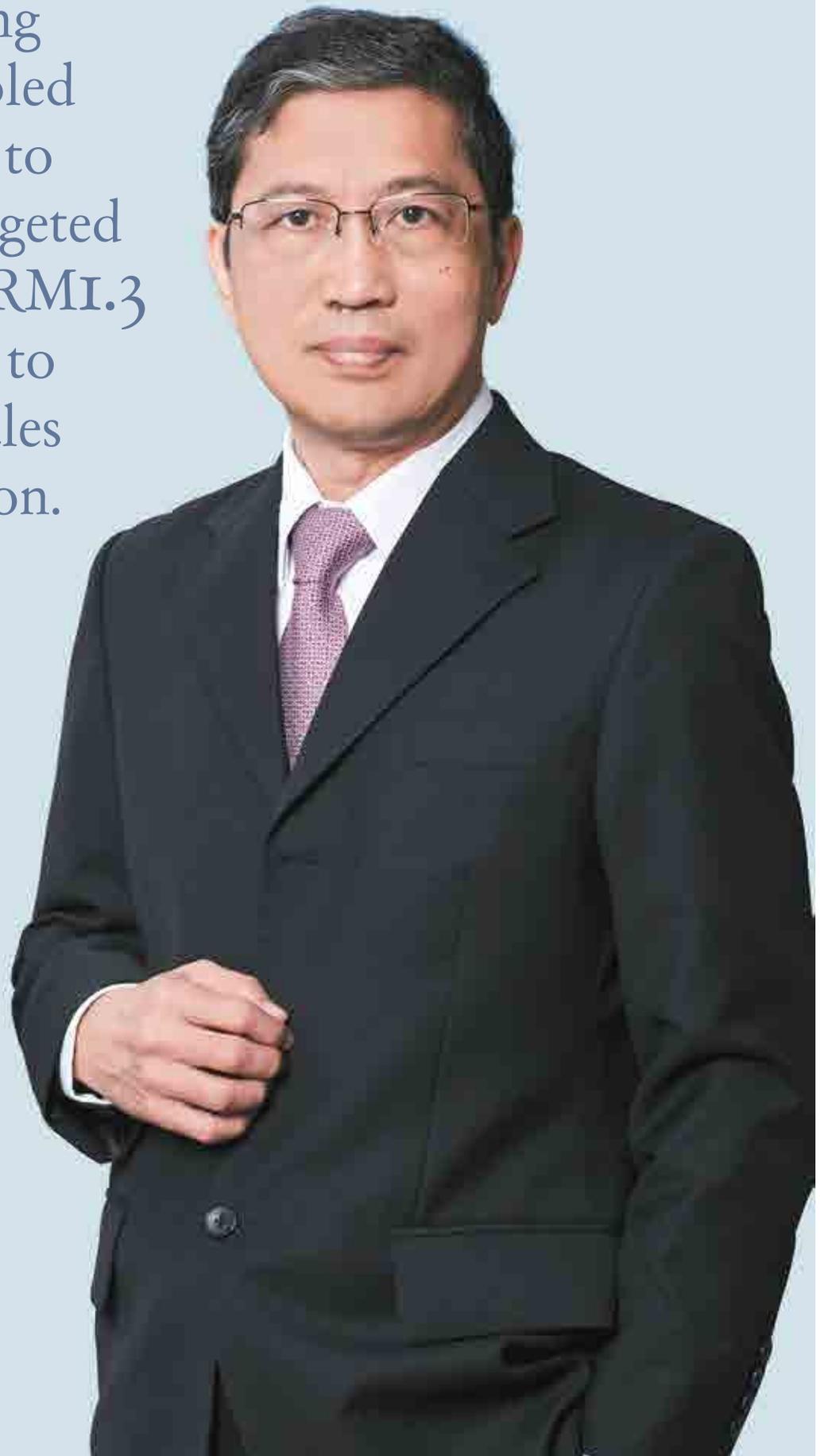
This was followed by the launch of the first out of five apartment blocks at Bukit Bantayan Residences, our maiden project in East Malaysia. Our highland retreat-inspired development is perched on a hilltop in the suburbs of Inanam, 12km from Kota Kinabalu. Once completed, the 18-acre development that comes with seismic allowance and magnificent city or mountain views will provide a total of over 1,500 units with a GDV of RM823 million. Since its launch in April 2016, 60% of the 296 units in the first block have been taken up. Bukit Bantayan Residences is targeted at young families who appreciate the wide array of facilities that cater to the needs of different age groups, as well as those who prefer to live amidst lush greenery and fresh air.

Supported by strong marketing and aggressive sales efforts, we are confident of the success of these developments. The detailed level of thought that goes into our master planning, selection of locations and crafting of beautiful living environments for an enhanced quality of life, ensure that the value of these assets will grow over time.

## AWARDS FOR VALUE CREATION AND QUALITY

Our track record of delivering value-sustaining developments has been irrefutably proven by winning The Edge-PEPS Value Creation Excellence Award for four consecutive years for different precincts in Kota Kemuning, Bandar Botanic and Horizon Hills. The award is well-recognised within the industry for properties that have shown capital appreciation over a specific period of time each year. Gamuda Land as a company has also been on The Edge Top Property Developers Award list for the past four years.

Our strategic response to the prevailing landscape enabled Gamuda Land to surpass our targeted sales figure of RM1.3 billion by 62% to reach a total sales of RM2.1 billion.



## Statement by Gamuda Land

The quality of our developments is also a key priority, and is reflected in our unwavering focus on doing things right. Since adopting the Construction Quality Assessment System (CONQUAS) in 2003, we have put in place increasingly stringent quality measures and procedures, and require our contractors, consultants and suppliers to adhere to these standards. CONQUAS, administered by the Building and Construction Authority (BCA) of Singapore, is widely recognised and accepted internationally as a benchmarking tool for quality. Strict adherence to CONQUAS' guidelines has seen Gamuda Land achieve recognition from the regulatory body for various developments. In May 2016, our serviced apartment Jadite Suites in Kajang achieved the highest CONQUAS score of 82.8 out of 100 in the residential high-rise building category in Malaysia. In the previous year, this honour was given to Madge Mansions, our luxury 52-suite development in the heart of Kuala Lumpur. In the landed property category, Bandar Botanic with a score of 91.4 has remained the top CONQUAS scorer in Malaysia since 2012.

Meanwhile, Gamuda Land's clubs continued to accumulate more accolades. In November 2015, Kota Permai Golf & Country Club and Horizon Hills Golf & Country Club garnered second and third placing respectively in the inaugural Golf Magazine Top Ten Courses in Malaysia Awards. The two golf clubs followed through with more wins in March 2016 at the inaugural ParGolf People's Choice Awards, where Kota Permai was voted as having among the Top 3 Best Greens and being among the Top 3 Best Maintained, Best Corporate Tournament Venue as well as Best F&B Halfway Huts, while Horizon Hills was voted among the Top 3 for offering the Best Golfing Experience.

### NEW PROSPECTS

Over the past few years, Gamuda Land has substantially increased our landbank through acquisitions totalling RM2.7 billion in the Klang Valley, Kota Kinabalu, Australia and Singapore. Consequently, we now have in

our possession about 3,800 acres of land which we plan to develop over the next 20 years to achieve a combined GDV of RM55 billion.

We will be embarking on four new township developments, with three to be launched in FY2017 – Gamuda Gardens and Kundang Estates in north Sungai Buloh as well as twentyfive.7 in Kota Kemuning. Gamuda Cove, along the ELITE expressway in Kuala Langat, will be launched in 2018. Having raised the bar in all aspects of planning and developing these new projects, we are confident that these truly unique offerings will get the public excited.

Together, Gamuda Gardens and Kundang Estates make up 900 acres of development situated ideally at the intersection of three major highways – the Kuala Lumpur-Kuala Selangor Expressway (LATAR), Guthrie Corridor Expressway and North-South Highway. Poised to change the face of northern Kuala Lumpur, they will generate a combined GDV of RM11 billion for the company.

The over 810-acre Gamuda Gardens is a mixed-use development that ingeniously combines lifestyle and nature in one township. Through careful preservation of the natural topography, Gamuda Gardens will feature five cascading lakes and a majestic waterfall integrated within a 50-acre central park. Buyers will have a choice of exclusive hilltop villas and lakeside homes, surrounded by lush greenery or our signature homes with striking facades. At the heart of this development will be a vibrant commercial Village, a lifestyle destination for not only the residents but nearby communities as well. The masterplan also includes an approximately 80-acre lifestyle retail and business park facing the North-South Expressway and Guthrie Corridor Expressway.

Kundang Estates, only 5km away from Gamuda Gardens, is an 89-acre, 573-unit boutique residential development offering modern countryside living. Over here, we are creating four interconnected parks with

special facilities such as the community farm, flying fox and extreme bike trail to cater to people of different ages.

Gamuda Gardens will be launched in early 2017 while Kundang Estates will be open for sale in November 2016.

Just south of our award-winning Kota Kemuning, we are building twentyfive.7 – a 257-acre lifestyle integrated development with a waterfront commercial village featuring trendy, new-concept retail and F&B offerings. This project will introduce striking designs and architecture that has never been seen in the Malaysian property landscape. twentyfive.7, with a GDV of RM3.8 billion, will be launched in the year of 2017.

Gamuda Cove is a satellite city sprawling across 1,530 acres in Kuala Langat, just south of Putrajaya. The development will unravel in phases over a period of 21 years with a GDV of RM19 billion. Strategically located within lush greenery, it is being designed as a nature sanctuary city boasting the latest technologies for business and residential use.

As we continue to develop and market our current landbank, we will keep a vigilant eye for new opportunities, both in Malaysia and overseas. We are, however, in the enviable position of being in no rush towards this end and have the luxury of being able to pick and choose from strategic landbanks that presents great potential to be transformed into value-creating assets.

While we expect the property market in the region to continue to be soft, we remain upbeat about our prospects as our developments, especially the upcoming ones, offer unique propositions. Differentiating Gamuda Land from other property developers and winning the hearts of our existing, as well as potential customers.



*Kota Kemuning, Shah Alam.*



*Valencia, Sungai Buloh.*



*Kundang Estates, Kuang.*



*Celadon City, HCMC, Vietnam.*



*Valencia, Sungai Buloh.*



*Kota Kemuning, Shah Alam.*



*Bandar Botanic, Klang.*



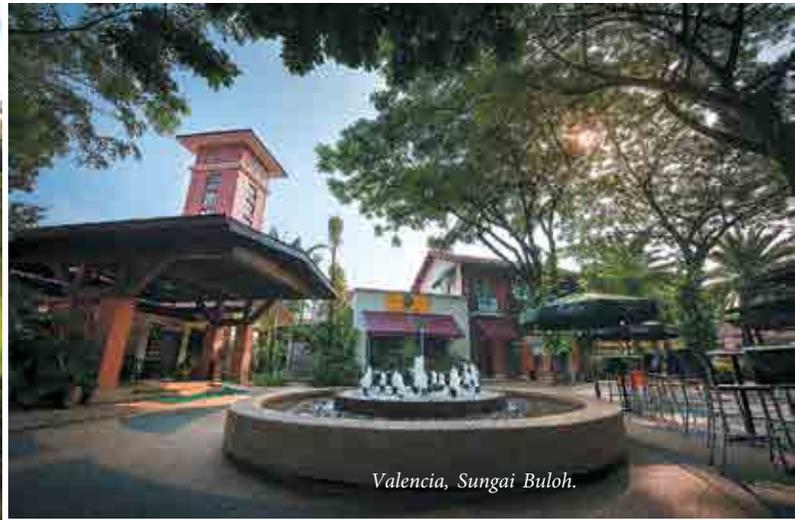
*Gamuda Walk.*



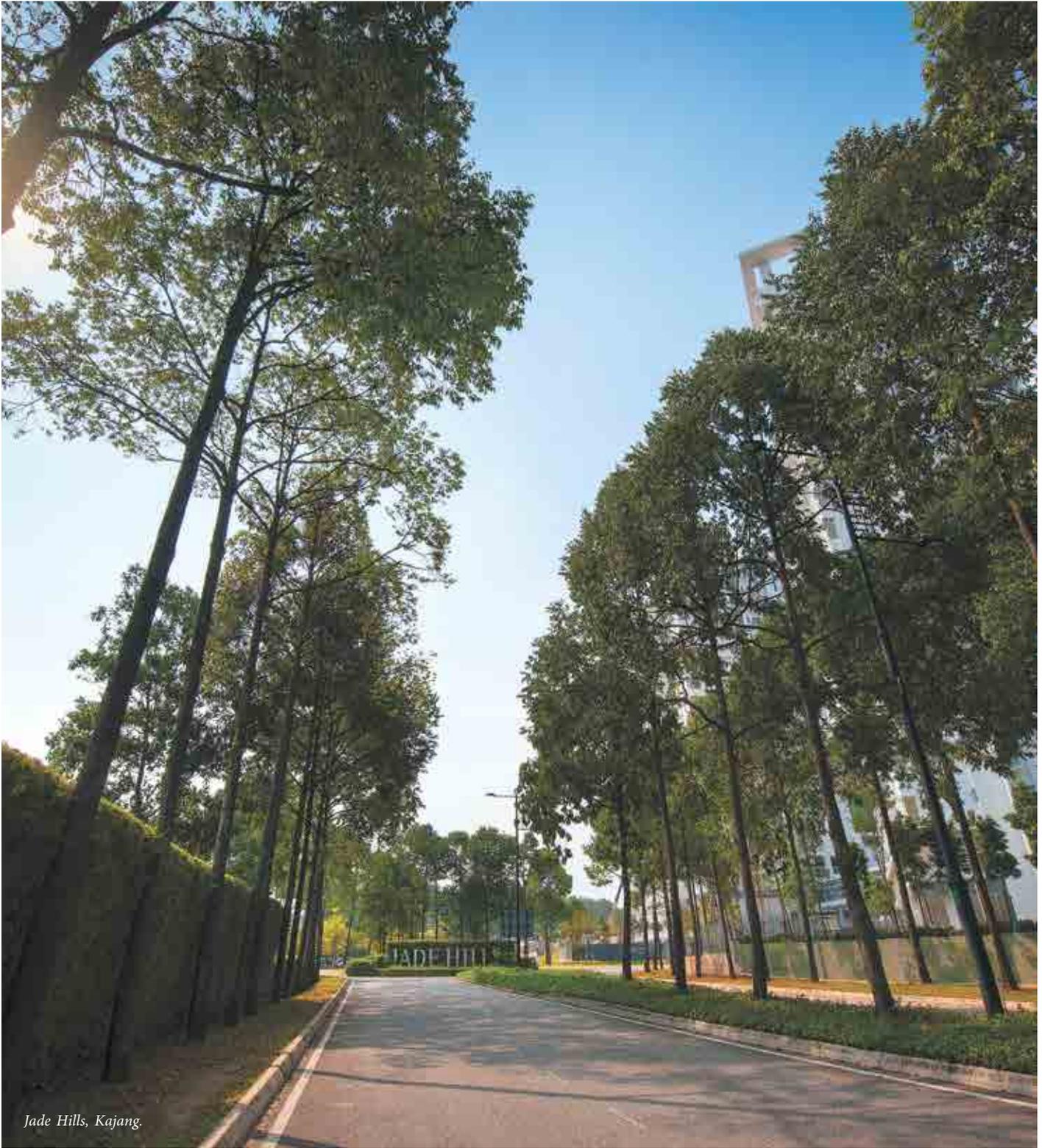
*Bandar Botanic, Klang.*



*Horizon Hills, Iskandar Johor.*



*Valencia, Sungai Buloh.*



*Jade Hills, Kajang.*



## HIGHWAY CONCESSIONS

As a concessionaire, we take pride in ensuring the the Damansara-Puchong Highway, Shah Alam Expressway, the SPRINT Highway and the Stormwater Management and Road Tunnel (SMART) are properly managed, maintained and upgraded. This is to ensure efficient traffic flow and management at all areas resulting in significant socioeconomic growth for the population, small businesses and property value.



# INFRASTRUCTURE CONCESSIONS

Facts at a Glance

There are many ways to serve the people. For us, it's maintaining and operating infrastructure that benefits the lives around us, to help connect cities and the people who live within them.

We want our projects to empower change and to move forward into the future.



## SUNGAI SELANGOR WATER SUPPLY SCHEME

Through Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH), we operate the Selangor dam and two water treatment plants (Rasa and Bukit Badong) to supply fresh clean water to over 45% of residence in the Federal Territory and Selangor. Ensuring the water quality is always at an optimum level, the supply goes through a 14-step process that produces water that is clean and safe to use.



# Statement by Gamuda Infrastructure Concessions

## Executive Director

Dato' Haji Azmi Bin Mat Nor

The Concessions business – comprising the management of four highways within the Klang Valley and water treatment in the state of Selangor – continued to perform well, providing stable income to the Group.

Our highway business, it comprises the Damansara Puchong Highway (LDP), Shah Alam Expressway (KESAS), Western KL Traffic Dispersal System (SPRINT) and the Stormwater Management and Road Tunnel (SMART). Revenue from these highways increased steadily every year along with an increase in car ownership, and hence traffic volume. In 2015, despite a generally subdued economy, a total of 666,674 units of vehicles were sold in the country, which was 0.03% higher than the 666,487 units sold in 2014, marking the highest total industry volume (TIV) in Malaysian history.

A key development during the year was the increase in toll rates beginning 15 October 2015 affecting some 19 highways in the country, inclusive of those operated by Gamuda (with the exception of KESAS for Lebuhraya Shah Alam). This had a double-edged effect of increasing our revenue per vehicle, yet also decreasing traffic on the highways, especially in the first few months of the new price regime. Subsequently, however, traffic on all our highways picked up again and in the case of LDP, even surpassed the pre-toll hike rate, reflecting growth in car ownership and use.

The toll increase on KESAS was meant to have been implemented in January 2016, however Government approval for this has yet to be obtained.

Despite the delay in toll increase, KESAS saw the greatest quantum growth of 22% in revenue from RM259 million to RM315 million. Revenue from LDP, meanwhile, increased 22% to RM469 million. The performance of these highways more than compensated for the drop in revenue from SMART and SPRINT, in line with the 16% and 6% drop in traffic volume on the two highways, respectively. Revenue from SMART stood at RM39 million; and that from SPRINT was RM233 million.

Also adding to efficiencies, we started converting the toll systems at our highways from a mix of manual and electronic to becoming fully electronic, in line with the Government's aim of having fully automated toll payment systems nationwide by 2018. Conversion was completed at SMART on 9 September 2015, followed by KESAS and SPRINT highways on 2 March 2016. Meanwhile the LDP will be converted by November 2016. Not only will the electronic toll collection (ETC) enhance drivers' convenience, it will also help to reduce our manpower costs as we will no longer require personnel to man the toll booths.

In order to ensure the smooth transition from the mixed system to fully electronic, all our highway concessions collaborated with the Malaysian Highway Authority to create awareness of the change and educate the public of the advantages of ETC, namely faster flowing traffic and less bottlenecks at toll booths. The idea is for all highways in the country eventually to adopt the gantry system which is sensor operated. This would speed up traffic even more at toll booths, enabling us to offer greatest service efficiency to highway users.

As part of continuous efforts to maintain our highways and offer users the best possible experience, during the financial year, we upgraded the Awan Besar Rest & Service Area (RSA), and carried out road widening works at the Sg. Klang Bridge – both on the KESAS highway. In addition to infrastructure changes, we also facilitate the flow of traffic during peak hours via contra flow, whereby one or two lanes in the low-volume traffic direction are open to motorists from the opposite, high-traffic direction.

Quality in our operations is part of our DNA, as reflected in the conscientious efforts of our subsidiaries to continuously enhance their management systems. As a result, we are pleased to share that during the financial year KESAS received recognition for its Environment Management System and its Occupational Health and Safety Management by being awarded the ISO 14001:2004 and ISO 18001:2007, respectively.

The biggest challenge facing the division is to manage traffic congestion.



## Statement by Gamuda Infrastructure Concessions

As for the water treatment business, negotiations with the Selangor State Government are ongoing with regard to its proposed takeover of Syarikat Pengeluar Air Selangor Holdings Berhad (SPLASH Holdings), the holding company to the water concession holder, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH), which produces treated water from the Sungai Selangor Water Supply Scheme Phases 1 and 3.

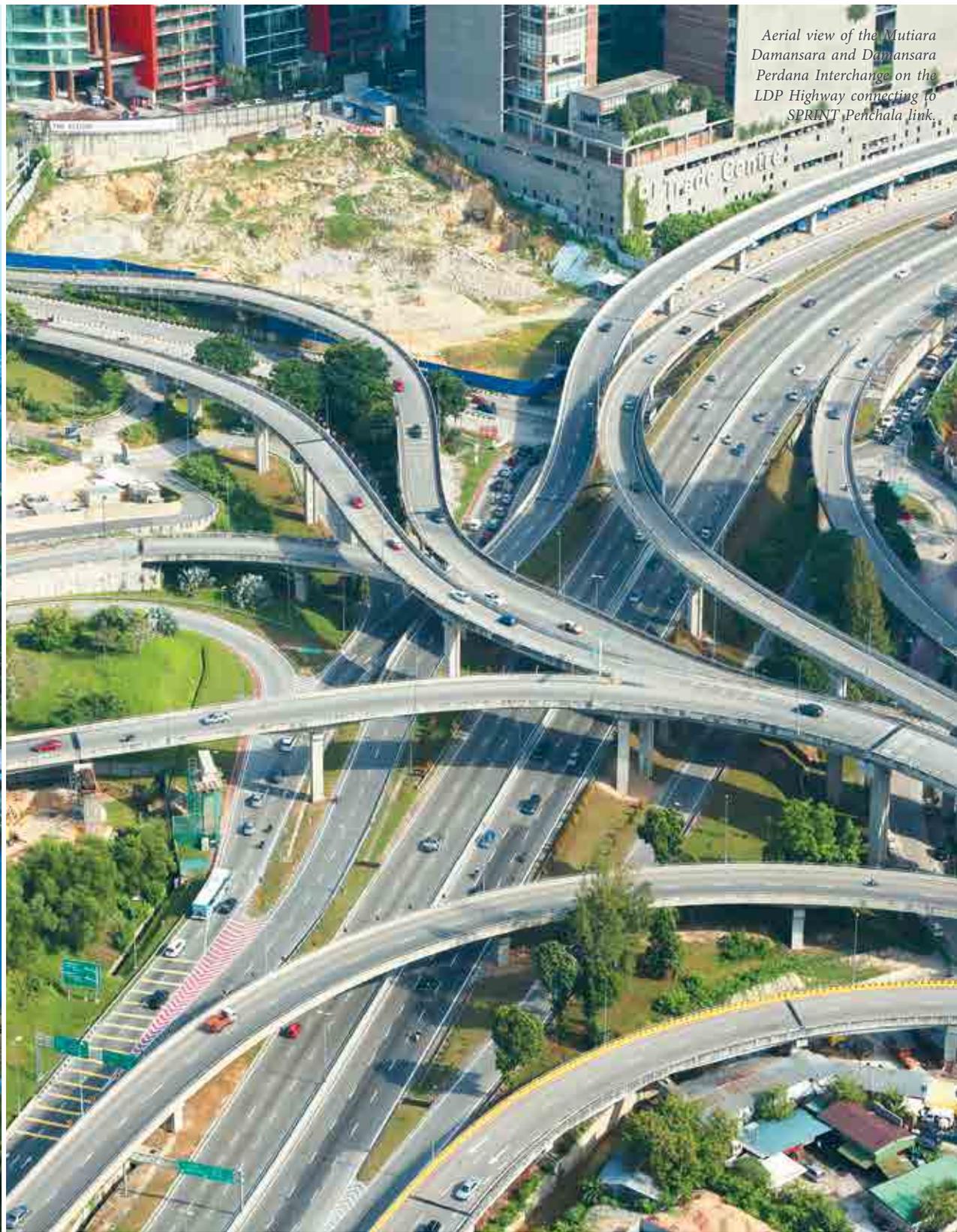
### LOOKING FORWARD

The highway concession business has always been stable, with revenue increasing along with ever-increasing traffic. We do not, however, focus solely on deriving income from our highways but are committed to offering the best possible driver/riders experience and will continue to seek ways in which we are able to meet the challenges posed by increasing traffic.

Meanwhile we look forward to the successful conclusion to discussions with the State and Federal governments on the sale of SPLASH Holdings to the Selangor State Government, as this will enable us to focus on our remaining water operation comprising the Sungai Selangor Phase 3 (SSP3) water treatment plants operated and maintained by Gamuda Water Sdn Bhd. This subsidiary currently supplies about 25% of water supply to the State and we are confident of continuing to offer this service to the Selangor State Government even after the takeover of SPLASH Holdings, given Gamuda Water's proven record of being both efficient and cost effective.

*Thousands of motorists use the SMART system as an alternative highway from the congested city centre.*



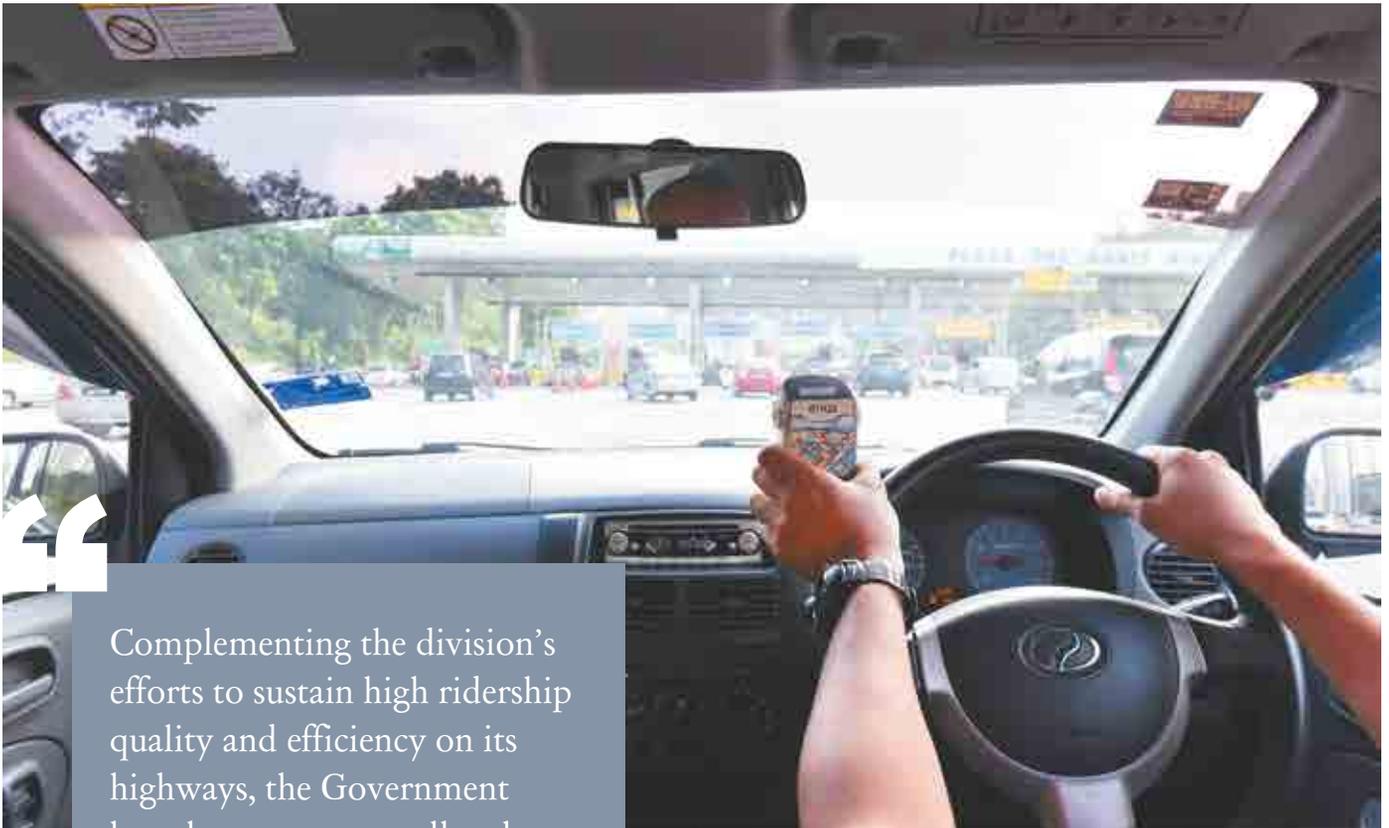


*Aerial view of the Mutiara Damansara and Damansara Perdana Interchange on the LDP Highway connecting to SPRINT Penchala link.*

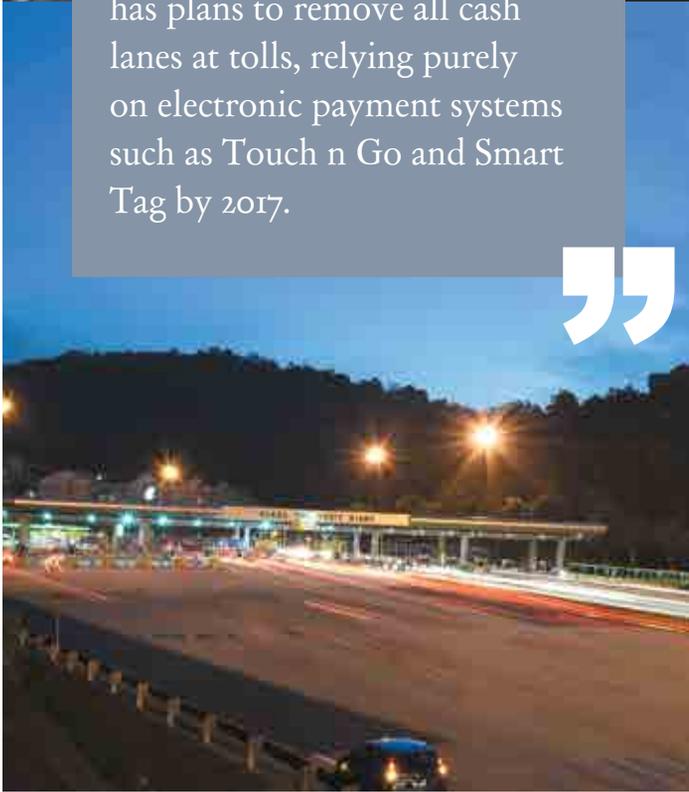
## Statement by Gamuda Infrastructure Concessions

*The Penchala Link is a 5.5km highway that provides a direct link from the Sungai Buloh-Damansara corridor to Mont' Kiara.*





Complementing the division's efforts to sustain high ridership quality and efficiency on its highways, the Government has plans to remove all cash lanes at tolls, relying purely on electronic payment systems such as Touch n Go and Smart Tag by 2017.



# SECTION 5

## Performance Review



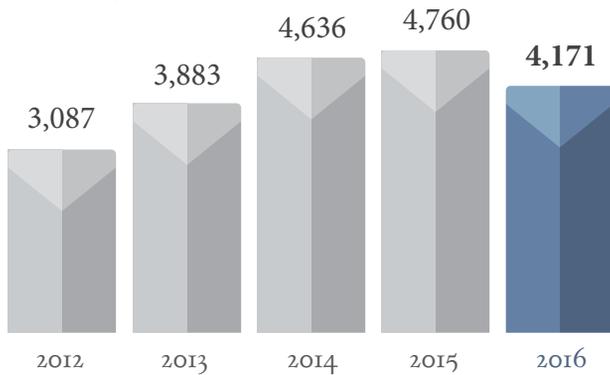
110	Group Financial Highlights
112	Group Segmental Performance
113	Group Quarterly Financial Performance
114	Statement of Value Added and Distribution
116	Share Performance
117	Financial Calendar 2016
117	Bond and Credit Ratings
118	Investor Relations



# Group Financial Highlights

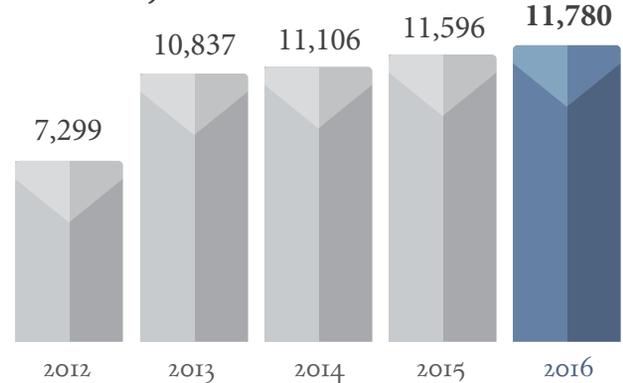
## TOTAL REVENUE (RM'Million) (includes share of joint ventures' revenue)

RM4,171 million



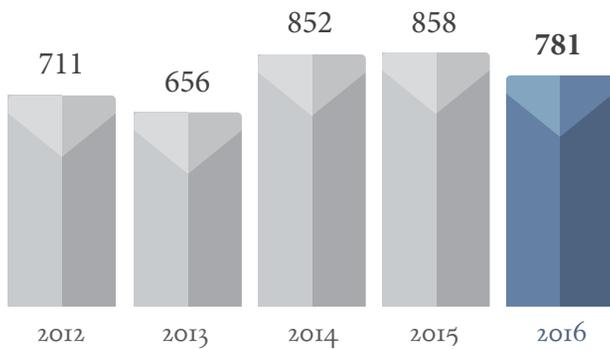
## MARKET CAPITALISATION (RM'Million)

RM11,780 million



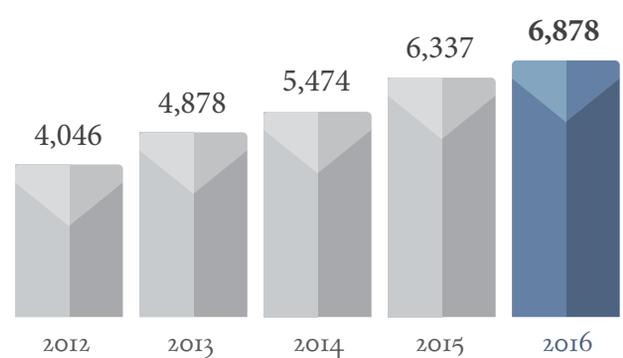
## PROFIT BEFORE TAXATION (RM'Million)

RM781 million



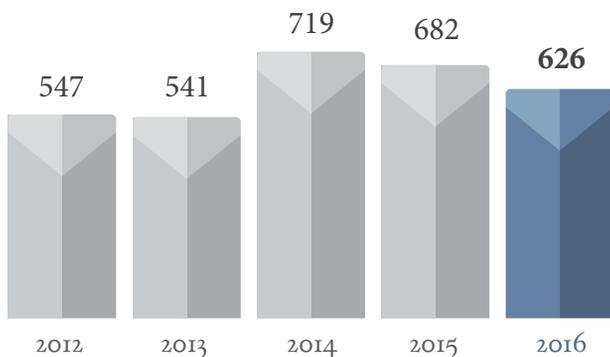
## OWNER'S EQUITY (RM'Million)

RM6,878 million



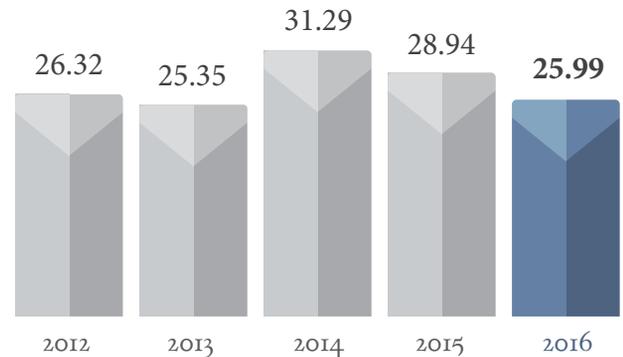
## PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'Million)

RM626 million



## BASIC EARNINGS PER SHARE (Sen)

25.99 sen



# Group Financial Highlights

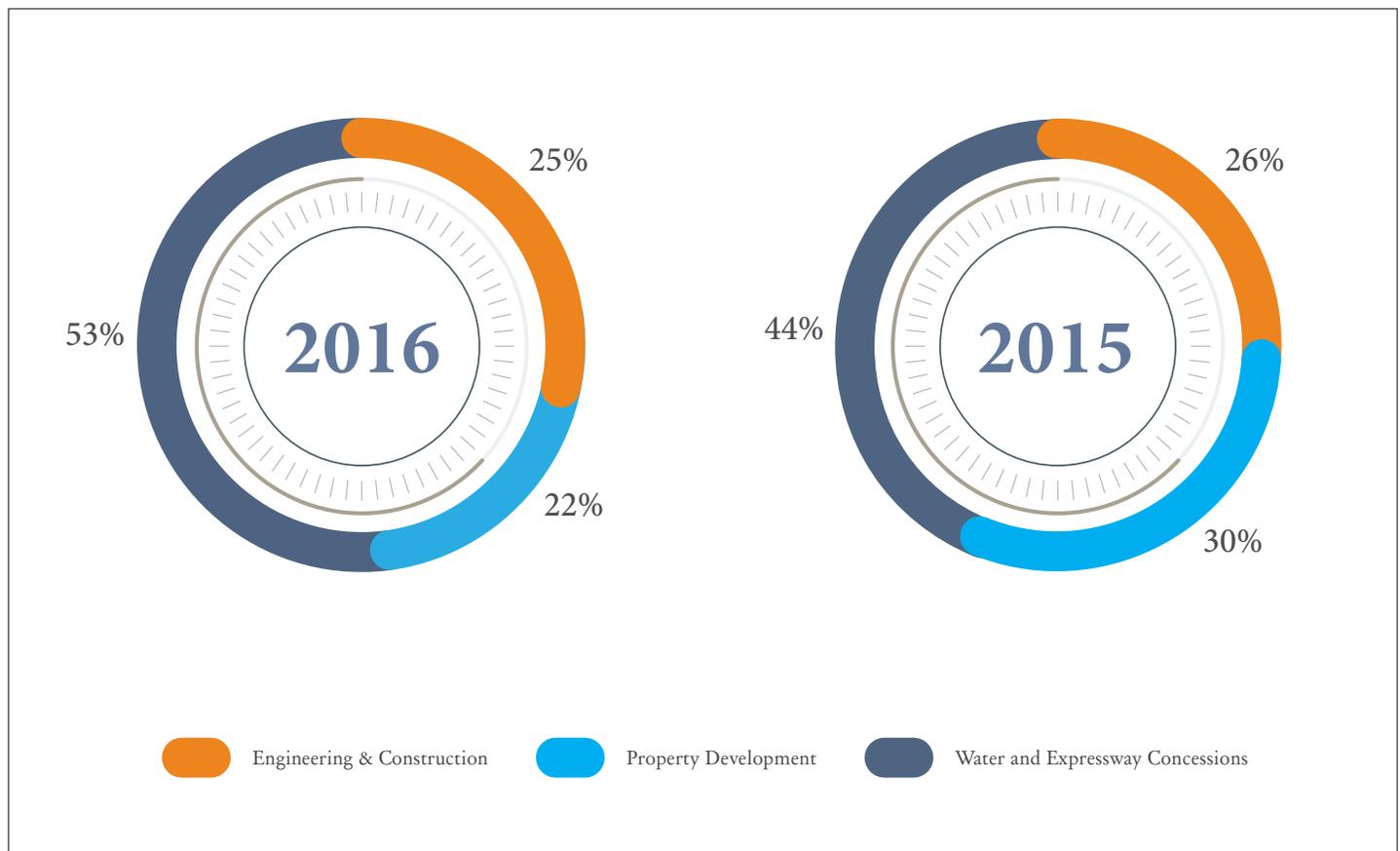
For the year ended 31 July					
	2012	2013	2014	2015	2016
<b>FINANCIAL RESULTS (RM'Million)</b>					
Revenue as Reported	2,303	2,235	2,230	2,400	2,122
Share of Joint Ventures' Revenue (N1)	784	1,648	2,406	2,360	2,049
<b>Total Revenue</b>	<b>3,087</b>	<b>3,883</b>	<b>4,636</b>	<b>4,760</b>	<b>4,171</b>
Profit Before Taxation	711	656	852	858	781
Profit After Taxation	566	550	735	725	669
Profit Attributable to Equity Holders	547	541	719	682	626
<b>FINANCIAL POSITION (RM'Million)</b>					
Total Cash & Bank Balances and Investment Securities	1,005	1,306	920	1,438	1,473
Total Assets	7,428	8,436	10,353	13,326	14,169
Total Borrowings	1,895	1,973	2,531	4,135	4,808
Total Net Assets	4,267	5,104	6,162	6,693	7,214
Share Capital	2,079	2,277	2,323	2,406	2,419
Owners' Equity	4,046	4,878	5,474	6,337	6,878
<b>FINANCIAL RATIOS</b>					
Basic Earnings per Share (sen)	26.32	25.35	31.29	28.94	25.99
Return on Equity (%)	14%	11%	13%	11%	9%
Return on Total Assets (%)	8%	7%	7%	5%	5%
Share Price at Year End (RM)	3.51	4.76	4.78	4.82	4.87
Price Earnings Ratio (times)	13	19	15	17	19
Dividend per Share (sen)	12.0	12.0	12.0	12.0	12.0
Dividend Yield (%)	3.39	2.86	2.66	2.43	2.56
Net Assets per Share Attributable to Equity Holders (RM)	1.95	2.14	2.36	2.63	2.84
Net Gearing Ratio (times)	0.21	0.13	0.26	0.40	0.46
Market Capitalisation (RM'Million)	7,299	10,837	11,106	11,596	11,780

N1 Pursuant to the Financial Reporting Standard (FRS) 11 Joint Arrangements, the revenue of joint venture companies is excluded from the Group's revenue in the audited financial statements.

# Group Segmental Performance

RM'Million	2012	2013	2014	2015	2016
<b>OPERATING REVENUE</b>					
Engineering & Construction	1,898	2,749	3,157	3,173	2,571
Property Development	1,067	1,015	1,307	1,165	1,122
Water and Expressway Concessions	122	119	172	422	478
Total Revenue (includes share of joint ventures' revenue)	3,087	3,883	4,636	4,760	4,171
<b>PROFIT BEFORE TAXATION</b>					
Engineering & Construction	225	152	260	222	192
Property Development	266	233	225	258	176
Water and Expressway Concessions	220	271	367	378	413
Total Profit Before Taxation	711	656	852	858	781

## PROFIT BEFORE TAXATION



# Group Quarterly Financial Performance

## 2016

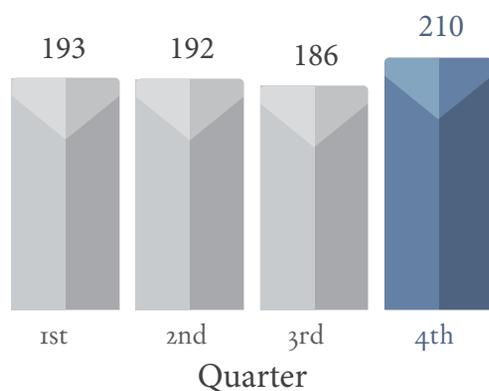
RM'Million	First Quarter Oct-15	Second Quarter Jan-16	Third Quarter Apr-16	Fourth Quarter Jul-16	2016 YTD
Revenue as Reported	513	527	468	614	2,122
Share of Joint Ventures' Revenue	720	422	447	460	2,049
<b>Total Revenue</b>	<b>1,233</b>	<b>949</b>	<b>915</b>	<b>1,074</b>	<b>4,171</b>
Profit Before Taxation	193	192	186	210	781
Profit After Taxation	173	170	165	161	669
Profit Attributable to Equity Holders	161	160	153	152	626
Basic Earnings per Share (sen)	6.70	6.65	6.34	6.29	25.99
Dividend per Share (sen)	6.00	-	6.00	-	12.00
Net Assets per Share Attributable to Equity Holders (RM)	2.76	2.76	2.77	2.84	2.84

## 2015

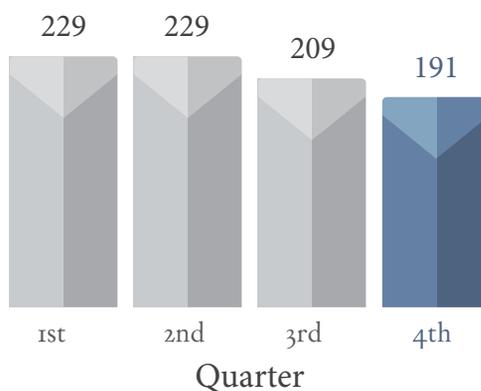
RM'Million	First Quarter Oct-14	Second Quarter Jan-15	Third Quarter Apr-15	Fourth Quarter Jul-15	2015 YTD
Revenue as Reported	570	653	554	623	2,400
Share of Joint Ventures' Revenue	590	536	537	697	2,360
<b>Total Revenue</b>	<b>1,160</b>	<b>1,189</b>	<b>1,091</b>	<b>1,320</b>	<b>4,760</b>
Profit Before Taxation	229	229	209	191	858
Profit After Taxation	200	193	177	155	725
Profit Attributable to Equity Holders	186	182	160	154	682
Basic Earnings per Share (sen)	8.00	7.78	6.81	6.39	28.94
Dividend per Share (sen)	6.00	-	6.00	-	12.00
Net Assets per Share Attributable to Equity Holders (RM)	2.45	2.54	2.58	2.63	2.63

### PROFIT BEFORE TAXATION (RM million)

#### 2016



#### 2015

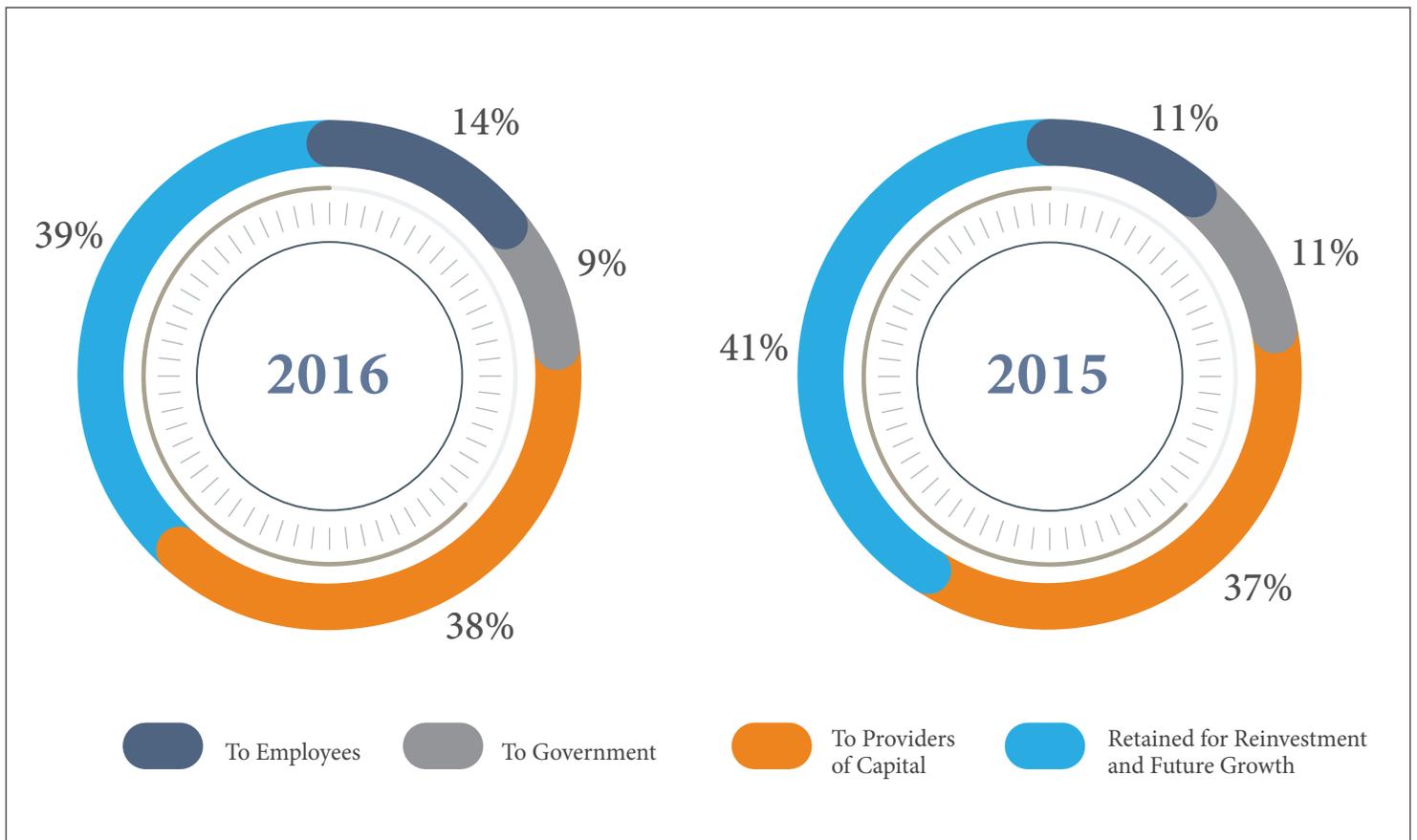
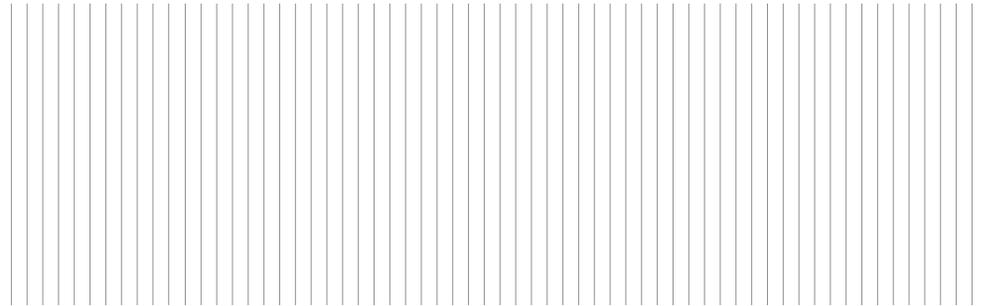


# Statement of Value Added and Distribution

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

	2016 RM'mil	2015 RM'mil
<b>VALUE ADDED</b>		
Revenue (includes share of joint ventures' revenue)	4,171	4,760
Operating Expenses	(3,296)	(3,836)
Other Income	109	101
Share of Profits of Associated Companies	211	199
<b>Total Value Added for Distribution</b>	<b>1,195</b>	<b>1,224</b>
<b>DISTRIBUTION</b>		
To Employees:		
– Salaries & Other Staff Costs	166	139
To Government:		
– Income Tax Expense	112	133
To Providers of Capital:		
– Finance Cost	126	124
– Dividends	289	285
– Non Controlling Interest	43	43
Retained for Reinvestment & Future Growth:		
– Depreciation and Amortisation	122	103
– Retained Profits	337	397
<b>Total Distributed</b>	<b>1,195</b>	<b>1,224</b>
<b>Reconciliation</b>		
Net Profit for the Year Attributable to Equity Holders	626	682
Add: Staff Costs	166	139
Depreciation and Amortisation	122	103
Finance Cost	126	124
Income Tax Expense	112	133
Non Controlling Interest	43	43
<b>Total Value Added</b>	<b>1,195</b>	<b>1,224</b>

# Statement of Value Added and Distribution

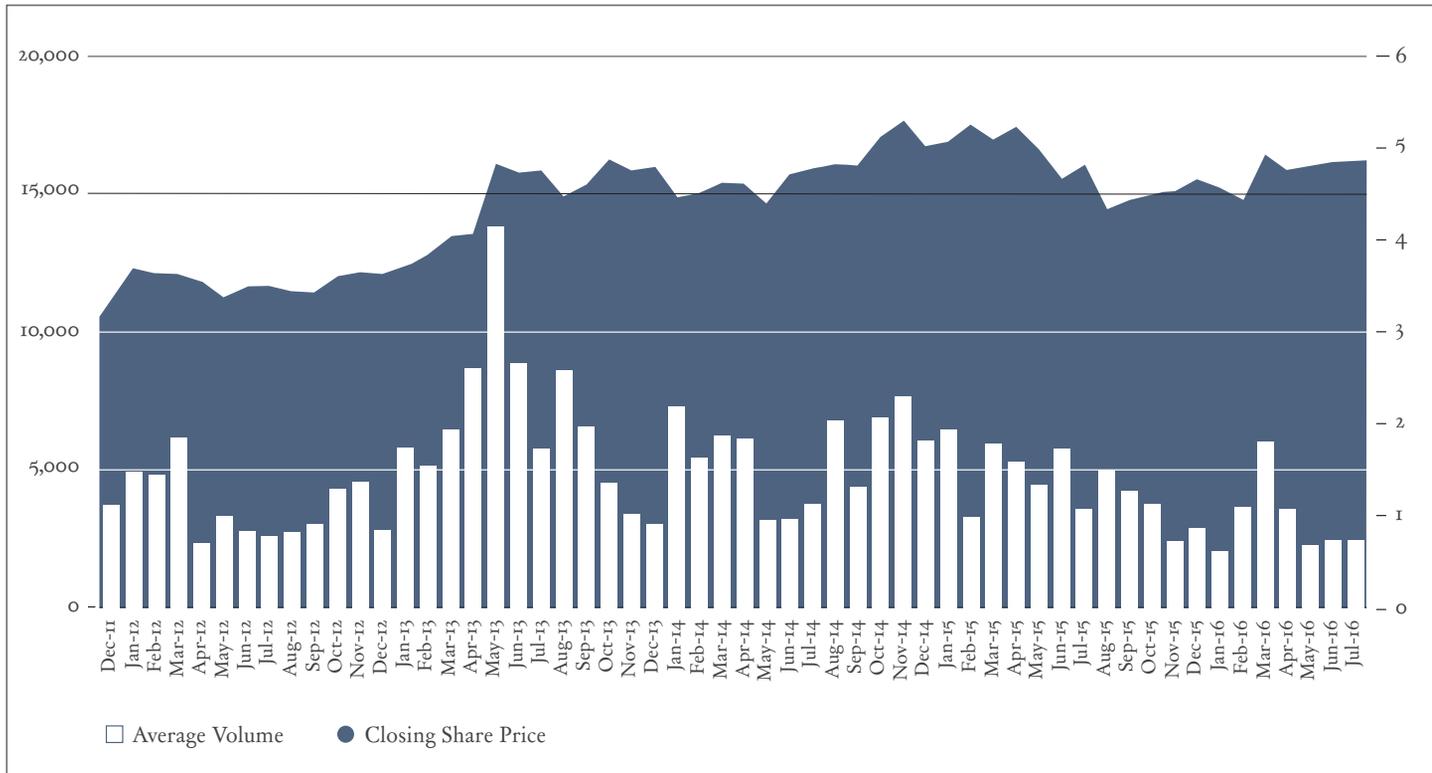


# Share Performance

**Stock Exchange**  
Bursa Malaysia Securities Berhad

**Trading Name**  
Gamuda

**Stock Code**  
5398



Share price	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
High	5.00	4.83	5.00	4.58	4.78	4.73	4.77	5.00	5.00	4.86	4.90	4.92
Low	4.72	4.29	4.33	4.68	4.30	4.38	4.35	4.44	4.64	4.59	4.65	4.78
Average Volume ('000)	5,023	4,276	3,796	2,436	2,923	2,082	3,693	6,041	3,612	2,299	2,496	2,496

# Financial Calendar 2016

## Dividends

### First Interim Single Tier Dividend of 6 sen

Declaration: 16 December 2015

Entitlement: 14 January 2016

Payment: 29 January 2016

### Second Interim Single Tier Dividend of 6 sen

Declaration: 29 June 2016

Entitlement: 18 July 2016

Payment: 28 July 2016

## Annual General Meeting

9 November 2016

Notice of Annual General Meeting

8 December 2016

40th Annual General Meeting

## Announcement of Consolidated Results

1st quarter  
16 December 2015

2nd quarter  
24 March 2016

3rd quarter  
29 June 2016

4th quarter  
28 September 2016

# Bond and Credit Ratings

**Rating : AA3/Stable/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) and RM100 million Islamic Commercial Papers Programme (2008/2015) with a combined limit of RM800 million.
- (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/Stable/P1**  
**Outlook : Stable**

### Bandar Serai Development Sdn Bhd

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

**Rating : AA2/Stable**  
**Outlook : Stable**

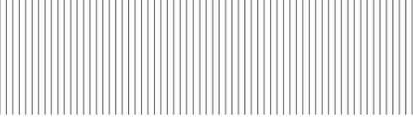
### Kesas

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

**Rating : AA2/Stable**  
**Outlook : Stable**

### Smart

- (i) RM330 million Islamic Medium-Term Notes Facility ("Sukuk Murabahah") (2015/2032)



# Investor Relations

## – Policy, Practices and Programmes

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

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

### 1. EQUAL ACCESS TO INFORMATION

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

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

### 2. BUILDING TRUST AND CREDIBILITY

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

### 3. FOSTERING HIGH QUALITY RELATIONSHIPS

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

### 4. MAINTAINING OPEN AND HONEST COMMUNICATION CHANNELS

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

## PROGRAMMES AND ACTIVITIES

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

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

### IR Activities

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

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

Notable observations during FY2016 include the high level of interest in visiting our various KVMRT project sites (both elevated and underground) in order to gain insights into the construction of this world-class project. On the Property front, despite the generally sluggish property sector, there was considerable interest in visiting some of our signature projects in Iskandar, Johore as well as in Hanoi and Ho Chi Minh City, Vietnam.

The following is a summary of all IR activities during FY2016.

Type of Event	Investment Centre	No of Meetings
Investor Conferences	Hong Kong, Singapore, Kuala Lumpur, London, Edinburgh	7 trips
Investor Briefings	Kuala Lumpur	4
Project Site Visits	Kuala Lumpur, Johore, Hanoi, Ho Chi Minh City	8 trips
Teleconference Calls	Various	6
Private Meetings	Various	70

### Key IR issues

On the Construction front, investors were generally interested in tracking the progress of our KVMRT 1 project, as well as the implementation timeline of the second MRT Line, KVMRT 2. There was also growing interest in the progress of our proposed Penang Transport Master Plan project following the release of the project details by the Penang State Government. On the Property front, investors generally focussed on our land-banking efforts, as the property sector remained sluggish. On the Concessions front, investors were focussed on the progress made on the negotiations pertaining to the planned disposal of SPLASH.

### Electronic Communication

Broader investor communication also takes place via our corporate website at [www.gamuda.com.my](http://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.

# SECTION 6

## Key Initiatives



122	Talent Capital Development
126	Project Differently-Abled
128	Driven by Innovation
130	Sustainability Statement
134	Economic Growth
141	Environmental Management
143	Social Contribution



# Talent Capital Development

## 40 Years of Values-Based Talent Development

In today's intensely competitive marketplace, key to maintaining an edge over others is to have high performance staff who are committed to their organisation's business vision. This is something we at Gamuda acknowledge, honouring the sheer hard work and values of our pioneers who laid the foundation of this Group, and the contribution of successive waves of employees who, collectively, are responsible for what Gamuda is today.

Attracting and developing the right talent has played a critical role throughout our 40-year journey, and continues to be a key focus of our group, representing one of our five core values. To bring out the best in our current corps of 4,300 personnel, we have an extensive human capital framework – coordinated and spearheaded by our Management Development Centre (MDC) – that provides the support required for them to realise their true potential.

Our efforts to develop human capital is, further, not restricted to the Group but extends to the industry more generally. We have four technical training centres that focus on equipping our own and our contractors' personnel with the knowledge and skills to conduct construction work safely and efficiently. As a result of the tailor-made programmes provided at the Tunnelling Training Academy (TTA), KVMRT Training Centre, Gamuda Plant Operators School (GPOS) and Construction Training Centre (CTC), we have contributed significantly to moving the entire construction industry human capital up the value chain. We developed workers who have the technical competencies to undertake some of the most challenging work in infrastructure development, especially in our core area of expertise, namely tunnelling.

A key initiative during the year under review has been to set up a Talent Council to identify successors and drive the career development of key incumbents. Through our own Strengths, Development, Opportunities and Career stagers (SDOC) review of all key employees, suitable development opportunities

are provided for them to achieve their career aspirations as they progress along career plans that are agreed with them. The initiative has the full support of our top management, with our Group Managing Director Dato' Lin Yun Ling himself serving as chair of the council.

Because we are a values-driven organisation, to us the best talent are not just the most knowledgeable and skilled. They also have the right values. Our talent development programme, therefore, encompasses instilling in our people values that we believe in. We remain firm in our conviction that our five core values – Take Personal Ownership; Walk the Talk; Adopt Open, Honest Communication; Demonstrate Real Teamwork; and Develop Our People – are critical to achieving our long-term goals.

We recognise that for employees to internalise these values, they have to be reinforced constantly. Hence, during the year, we ran a Values Campaign over a five-month period from April to August; and will follow up on this with various on-going initiatives to integrate our values into our day-to-day operations. By anchoring our growth on these values we are confident of building a truly sustainable organisation.

### BUILDING CORPORATE TALENT

Our corporate talent management programme has one simple vision: to ensure Gamuda has a strong leadership, developed from within the organisation, to fulfil our current and future needs.

Building talent for the organisation begins at the recruitment stage, where every effort is made to attract those who are not only academically strong but who also have leadership potential. Because we believe in developing our own people, most of our new recruits are fresh graduates, with mid-level management brought in only to fill urgent gaps that appear as a result of our rapid expansion. In addition to standard channels of recruitment for mid-level management, we also partner with TalentCorp Malaysia (TalentCorp) in its Returning Expert

Programme (REP), under which we have brought on board Malaysian professionals previously working overseas.

Every year, we take on board 80-100 fresh graduates through the Gamuda Scholarship programme, Gamuda Graduate Programme, the Government's Skim Latihan 1Malaysia (SL1M-Gamuda) and through direct hires of fresh graduates based on needs.

### Gamuda Scholarship

Since the Gamuda Scholarship programme was initiated in 1996, we have awarded an average of 20 scholarships a year, investing a total of almost RM34 million in enabling outstanding young Malaysians to pursue tertiary education in subjects relevant to our needs at the best local and foreign universities.

As with our general talent management framework, the scholarship programme has also evolved, and starting from 2012 we have included a rigorous one-day workshop to ensure we select those who truly fit Gamuda's corporate culture and values. During the workshop, the participants work in groups to manage a variety of possible scenarios. We believe this selection method is unique as it enables the participants to learn something about themselves apart from being observed and assessed for their behaviour, values and leadership potential.

This year, we received a record 927 applicants for the scholarship programme, of whom 120 were shortlisted, based on phone interviews, to undergo psychometric and aptitude tests. From this group, we selected 90 applicants to attend the workshop following which 60 were interviewed by an external panel and eventually 32 were awarded scholarships – a record number to date.

In line with our tagline "More than a Scholarship", we engage with our scholars throughout their three to four years at university. We set them up with buddies who guide them through university life; organise leadership and grooming workshops during term breaks; and offer them internship experience within Gamuda.

## Gamuda Graduate Programme

Every year, we take in about 30 fresh graduates, who demonstrate personal and thought leadership, critical thinking skills, innovativeness and assertiveness. These graduates undergo an intensive three-year programme that provides on-the-job training in different functions. A calendar of activities and intervention sessions are embedded in the programme to develop the graduates' leadership skills and technical competencies to ensure they achieve their full potential. These include on-boarding, site visits, mentoring, values campaigns, cross-generational understanding and EQ development. Monthly engagement sessions are held by Talent Management.

## TalentCorp Collaborations

As part of our collaboration with TalentCorp, since 2011, we have been taking in Public Service Department (JPA) scholars who have completed their degree programmes, providing an avenue for them to fulfil their government bond in the private sector. A total of 19 JPA scholars have joined us to date, of whom 13 have been offered full-time employment with Gamuda.

## 70:20:10 Training & Development Programme

Gamuda's professional training and development programme follows a 70:20:10 guide on on-the-job (OTJ) learning, mentoring and formal training.

- **On-the-Job Learning** represents a formal understudy programme under which employees are assigned to specific seniors, including expatriates, who guide them through assignments and projects. This provides our employees with on-site and off-site exposure within the country and abroad.
- **Mentoring** is provided to all fresh graduates, which helps them adjust to the working environment and particularly to the Gamuda culture. Mentors also counsel the graduates on any personal or career related issue they may have and help the young recruits establish a strong, supportive network within the



organisation. The initial mentoring partnership lasts for a year, after which our young employees have the choice of changing their mentor – who can come from any department or business unit within the organisation, or even from outside Gamuda – the idea being for them to find a good match so they benefit optimally from the relationship.

All employees are encouraged to have one or more mentors. To create awareness of this programme and to promote it, a Mentoring Week was organised to highlight its benefits.

In order to make the mentoring programme effective, we provide 'job coach' training to mid-level management. To date, we have trained a total of 307 coaches.

- **Formal Training** is provided on management, leadership, business communication, contract administration, finance, IT applications, QSHE and other relevant subject areas. These programmes are held at Gamuda Learning Centre (GLC), located within our headquarters. Since it was established in 1995, GLC has invested more than RM18 million in staff training, organising more than 2,300 programmes that have been attended by over 18,000 employees.

Key programmes held during the year included an Executive Development Programme, Women in Leadership, Management Development Programme, Senior Management Development Programme, Keepers of the Flame, Coaching and Mentoring, Supervisory Skills, Project Management, Contracts Administration and Business Communication.

## English Learning Unit

A fresh development during the year under review was to set up an English Learning Unit dedicated to enhancing the language proficiency of all employees. As English is the lingua franca of international business, and key to accessing technical knowledge, we feel it is imperative to ensure all employees are up to mark in their ability to comprehend and communicate in the language.

As a first step, we conducted a proficiency assessment using the Cambridge English Placement Test on all employees, from our young graduates to managerial level, and identified individuals for whom positive intervention is needed. In order to make the training effective, we went a step further to identify specific areas of deficiency, such as grammar or spoken English, in order to tailor training programmes to overcome them.

## Talent Capital Development



In addition to formal learning, the English Learning Unit has also introduced a number of social activities that employees can participate in to improve their language competency. These include English Sidekick on our internal Workspace where we post jokes and anecdotes; and Brown Bag Sharing, where groups have meals together and speak only in English. The objective is to create relaxed and fun avenues that motivate employees to become more fluent and confident in the language.

Special coaching sessions are made available for more senior managers, dealing with specific language issues.

### Career Development Unit

We take a democratic view of career development, in the belief that this long-term process should be initiated by employees, with support given by the organisation. To encourage employees to take ownership of their careers, we have set up a Career Development Unit (CDU) where Gamudians have direct access to psychometric and other HR tools that enable them to discover their strengths and enhance their effectiveness in current and future roles. They can also engage with certified job coaches at the CDU to plan their careers and discuss the way forward.

In addition, the CDU provides members external executive coaching for some of senior management, to accelerate their leadership development.

### Supporting National Talent Development

In addition to training our own people, Gamuda supports various government-driven programmes to nurture a more professional and skilled workforce in order to meet its Vision 2020 aspirations. This forms part of our contribution to achieving the targets of the 11th Malaysia Plan.

- **Skim Latihan 1Malaysia (SLIM).** We participate in this programme which seeks to improve the employability and marketability of Malaysian graduates who have not secured job placements, by re-skilling and up-skilling them in areas that are relevant to the industry. Under the programme, we have trained more than 300 and 89 were hired since 2012. The programme instils a greater sense of confidence in the graduates, who are job-market ready after their experience with us. Some are given full-time employment at Gamuda while others are offered jobs by our Work Package Contractors.
- **Internships.** We take in about 100 interns a year from local and foreign universities and provide them with exposure to a dynamic work environment in preparation for entry into the work space upon graduation. The interns are guided by mentors who ensure their experience with us is meaningful and makes a positive impact on the young students.

### School Outreach Programme

We support the Government's initiative to promote interest in science, technology, engineering and mathematics (STEM) among secondary school students in order to ensure sufficient talent, especially women, to meet the nation's needs. Between April and July 2016, we visited eight schools in the Klang Valley, where our engineers delivered presentations aimed at inspiring the students to take up careers in engineering. Through this initiative, we were able to connect with 1,229 students, many of whom expressed interest in pursuing further studies in STEM subjects. We intend to continue with this programme to promote engineering and other science and technology-related career options among a greater number of students, with a special focus on girls. More information on School Outreach Programme can be found under Community Development within our Sustainability Statement.

### BUILDING TECHNICAL EXPERTISE

As a leading engineering and construction corporation, Gamuda has a critical need for technically competent personnel who are able to undertake various construction projects efficiently and safely. Towards this end, we have invested in four training centres, both to upskill our employees as well as to train a cadre of quality workers in the industry. These centres are managed by our Construction Training Unit (CTU).

### Tunnelling Training Academy

The Tunnelling Training Academy (TTA) was set up in 2011 to equip the local workforce in the skills needed to carry out tunnelling work, specifically for the Klang Valley MRT (KVMRT). TTA's primary focus is to train some 1,000 specialist welders, mechanics, electricians and technicians to operate tunnel boring machines (TBMs) to complete this extensive infrastructure project successfully.

To date, the workers have undergone various programmes at the RM10 million facility in Kota Kemuning, which is thought to be one of the first of its kind in the world. The facility boasts a life-sized TBM cutting wheel, shotcrete mould, testing unit for annular gap filing and grouting, testing unit for foam production, erector simulator, lab equipment and safety gear.



Other than train workers for the KVMRT lines, we also collaborate with the Higher Education Ministry and the Ministry of Youth and Sports to offer internships to students from community colleges and the National Youth Skills Institute (IKBN). The first batch of 17 trainees from the Higher Education Ministry gained immediate employment at underground worksites upon completion of their training.

As an extension of the TTA, we set up a TBM Refurbishment Plant in Pusing, Perak in 2015 to prepare the machines that had been used for the first KVMRT Line for work on the second line, which promises to be more challenging because of the more complex nature of the soil. Besides restoration and repair, the used Variable Density (VD) TBMs will be upgraded to ensure better performance, while the Earth Pressure Balance (EPB) TBMs will be modified and converted into regular TBMs. The refurbishment work will be carried out by local engineers, supervisors and graduates from TTA under the supervision of experts from our German partner, Herrenknecht AG.

### KVMRT Training Centre

Focusing specifically on safety, we set up the KVMRT Training Centre in Sungai Buloh in 2015. Every worker involved in the KVMRT project will be trained here to obtain a Safety Passport certifying a high level of knowledge of safety processes and procedures.

Programmes offered at the centre have been developed in collaboration with MRT Corporation (MRTC), CIDB Holdings (CIDBH), the Department of Occupational Safety and Health (DOSH) and National Institute of Occupational Safety and Health (NIOSH). These aim to instil a strong safety culture and mindset among our workers, where each individual takes responsibility for his own safety and that of his colleagues.

Occupying 2.7 acres, the centre has an interactive SHE Display Area with real-life exhibits including a tool store and a first aid facility set up within containers; scaffold access; SBG safety protection; Peri temporary works and formwork models; a cofferdam including ground support and access; noise attenuation barriers; hand-dug caisson pile; slope protection samples; a silt trap; site storage area for fuel; a skid tank and bund; and wheel wash trough.

### Gamuda Plant Operator School

Gamuda Plant Operator School (GPOS) was established in 1997 as a non-profit training centre dedicated to upgrading the competencies and skills of personnel in the construction industry. It is the largest and only one-stop training centre for plant operations in Malaysia; and an approved centre for crane operator certification which is required by DOSH for all crane operators. In addition to technical competence, trainees are inculcated to observe high standards of safety and proper plant maintenance techniques.

A total of RM31 million has been invested in the school, which offers state-of-the-art training facilities including a practical training field, classrooms, a workshop, canteen and hostel.

Courses offered are accredited by CIDBH and DOSH, and recognised by the Master Builders Association of Malaysia (MBAM), Human Resources Development Council (HRDC) and NIOSH.

### Construction Training Centre

The Construction Training Centre (CTC) is a non-profit organisation set up to facilitate the training of skilled labour and equip sub-contractors and industry players with internationally benchmarked construction skills adopted from best practices in Australia, Europe and Singapore. It serves as a basic quality training ground for young Malaysians who seek to start a career in the construction industry, in line with the Government's aspiration to reduce dependency on foreign labour.

Among the comprehensive facilities available are a practical training site, classrooms, administration office, building materials and machinery. Experienced instructors conduct a variety of courses on wet trade skills including concreting, bar-bending and formwork as well as bricklaying, plastering and tiling.

CTC's training modules have been developed in collaboration with CIDBH's training arm Akademi Binaan Malaysia, and are accredited by CIDBH.

# Project Differently-Abled



One initiative at Gamuda that truly sets us apart from other companies in Malaysia – not just among players in the construction and engineering industry – is our Project Differently-Abled (DA). As its name implies, the programme focuses on individuals who are ‘different’ yet have the ability to contribute to the workforce in a meaningful way. More specifically, it aims to provide gainful and sustainable job opportunities to those with autism spectrum disorder (ASD), a neurological disorder that affects the functioning of the brain, especially in areas related to social interaction and communication.

Recent research reports that an estimated one out of every 600 children in Malaysia is born with autism. Despite their setbacks, a number of those with autism have gone on to obtain diplomas and even degrees. Yet, most companies are not willing to employ them, seeing only their disabilities and not the skills they possess which could be positively harnessed in the workplace.

Gamuda is perhaps the only company in the country that employs a significant number of employees with autism, and has put in place a proper structure to recruit such individuals

as well as provide them with all the support necessary to enable them to become valued contributors to the Group.

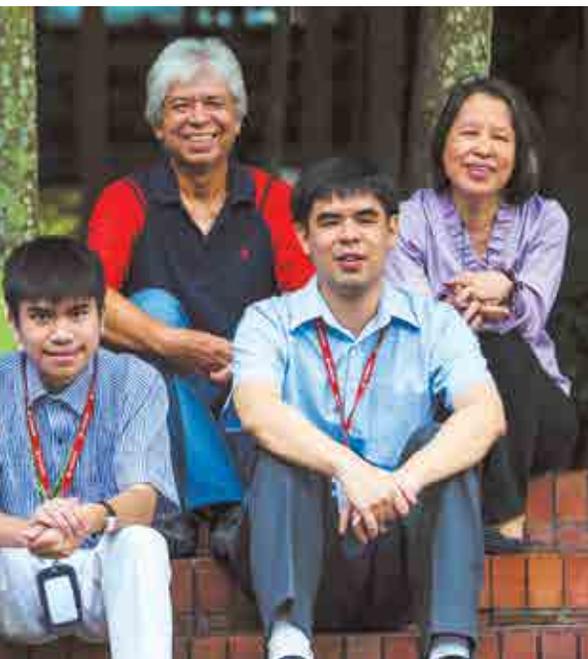
Project DA forms part of a broader Diversity and Inclusion programme at Gamuda. Initiated by Group Managing Director Dato’ Lin Yun Ling, the scheme got off the ground in 2013, when we did the preparatory work of researching the needs of persons with autism and trained volunteers to helm the programme. Two volunteers were sent to Australia to undergo training in Relationship Development Intervention (RDI), an approach founded in the US specifically to address issues related with autism. The following year, on 1 March 2014, we brought in our first batch of DA employees. Today, we have a group of 18 DA staff within the organisation, aged between 18 and 39 years, of whom 16 are employees and two are interns.

Some of our DA staff have been referred by non-governmental organisations (NGOs) such as United Voice Malaysia, Malaysian Care and the National Autism Society of Malaysia (NASOM). Others, mainly our later recruits, applied to join the company. Once we have ascertained their suitability to be part of the

Gamuda family, we run a profiling assessment on them to match them to appropriate jobs. To date, we have placed DA staff in various departments from design engineering, human resources, trading, contracts and commercial, and group finance. Their roles include clerical work, IT support and programming, document control, environmental research, and golf buggy maintenance.

While some of our DA staff have undergone pre-employment training, those who have joined us directly may need additional support to make the transition into a work environment. This is provided by our DA team, comprising about 60 volunteers, all of whom have themselves received training to be job coaches by organisations such as Japan International Cooperation Agency (JICA), Job Coach Network Malaysia, Malaysian Care, United Voice and Foundation of People with Learning Disabilities, UK.

The DA team meets with the entire group of DA employees regularly to enable them to share their views and challenges, and to provide them with encouragement. For daily support, each DA is paired up with a ‘buddy’ and a supervisor, who play the role of a job coach.



Buddies involved in the programme have regular brainstorming sessions to come up with more effective ways of helping DA employees socially and functionally. Through the sharing of experiences, the team has discovered, for example, that DA employees perform best within a highly structured environment accompanied by step-by-step instructions. Accordingly, various templates have been created to help them carry out their duties efficiently. The support provided has proven effective, where a few of our DA staff have made good career progress. One of them has risen from being a junior clerk to an assistant data controller, and is now being groomed to become a data controller.

Recognising that employees not directly involved in Project DA would need some positive intervention to help them understand the initiative, we have put together a handbook on how to support DA colleagues at the workplace. We also organise awareness workshops by local experts as well as those from Britain and the United States. By and large, any reservation that our employees may have had about the project initially will have dissipated as they have come to better understand and appreciate their DA colleagues.

While there have been various challenges to the project, it has grown in strength – none of our DA colleagues have left the organisation, infact all of them vouch for the way in which their employment has changed their lives for the better. Simple activities that we take for granted, such as using the lift to get to a different floor or commuting by public transport, are major feats for our DA friends, and are just some of the positive changes they have achieved since working with Gamuda. Put simply, their employment has given them a heightened sense of self-worth and self-confidence, boosting their ability to do things independently and to be part of the mainstream.

David Foo Khee Choong, who works in the Group Human Resources department, was very reserved during the first few months of joining the company. “These days,” he says, “I try to participate in conversations, and sometimes I voice out my thoughts on certain issues.”

On the other side of the coin, as Gamudians have adapted to their DA colleagues, there has been a discernible positive change in the overall work culture. Employees are now

more caring and patient than before. Even more encouraging is the fact that integration between our DA employees and others has grown organically, in ways that we could not have anticipated. One of our DA staff, Dennis Liew, is a talented artist and holds quarterly ‘art jamming’ sessions at our headquarters for colleagues with an interest in painting.

Roger Khaw, who handles data entry and filing in the trading department, perhaps speaks for the rest of the DA group when he says: “I feel great working here. The best bit is, I’m appreciated and respected. It’s a good working environment and I learn something new each day.”

# Driven by Innovation

Gamuda's transformation from a contractor to a leading infrastructure and property developer has been driven not merely by the strong work ethic and values of our founders, but also by our visionary leadership that has always sought to challenge boundaries to go beyond the norm. This 'out of the box' mindset has enabled the Group to pioneer many firsts in the country, each accomplishment being the result of a culture of innovation.

Broadly speaking, our innovation can be categorised into three main categories – technology, projects and processes.

## INNOVATIVE PROJECTS

We made our mark as a leading tunnelling expert in 2002, when we undertook to build the Stormwater Management and Road Tunnel (SMART). Although this was our first major underground tunnelling project and involved cutting through highly challenging karstic limestone formation, we were not deterred.

The 9.7km (11.5km including the connections to the motorway) SMART itself represented the world's first dual dual-purpose tunnel serving both to manage and mitigate floods as well as to ease the flow of traffic in Kuala Lumpur city.

Subsequently, we partnered leading tunnelling technology experts Herrenknecht AG to train our workforce in advanced tunnelling technology, and collaborated with them to build the world's first Variable Density Tunnel Boring Machines (VD TBMs), which in 2015 was awarded the Technical Innovation of the Year by London-based New Civil Engineer and the Switzerland-based International Tunnelling and Underground Space Association. Without these cutting-edge machines, we

would not have been able to complete the tunnelling works for the KVMRT Line 1 project safely and competently.

The sharp rise in industrialisation and urban population growth in the Klang Valley in the late 1990s created a critical need for clean treated water.

This resulted in the development of the Sungai Selangor Water Supply Scheme Phase 3 (SSP3) through Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH), serving as the last major resource from Selangor River in Selangor. SSP3 was built in 2000 and saw the completion of the Sungai Selangor regulation dam and two water treatment plants in Rasa and Bukit Badong.

The 110m rock-filled regulation dam with a storage capacity of 235 million cubic meters was constructed three months ahead of schedule. The water treatment facilities include raw water intake, pumps, pipes and balancing reservoirs with total treatment capacities of 1,050 million litres per day (mld), attesting to Gamuda's engineering capability.

We maintain an edge in the highly competitive property market by applying the principles of innovation to the entire chain of product design, from the master planning to value-add services we offer homebuyers. From townships that integrate the natural with the built environment seamlessly to create a holistic sense of well-being, to creative designs never before seen in Malaysia, we ensure every development we undertake offers the best possible solutions to enrich lives.

In this respect, our Kota Kemuning green street layout was the first of its kind, where all utility cabling, piping and drainage are concealed underground as part of our masterplan implementation. This set a new

benchmark where other developers went on to emulate this pioneer concept that we introduced in their respective developments, again a testament to our culture of thinking out of the box.

Currently, in the construction sector, we are spearheading the development of an innovative IT-based system called the Building Information Modelling (BIM), which integrates data from a project's multiple stakeholders to facilitate access and transparency of information. The system enhances efficiencies throughout the lifecycle of a project, enabling smooth progress from the design stage to completion while also reducing project costs.

Gamuda is also an industry leader in the adoption of the Industrialised Building System (IBS), which represents advanced construction technology through which building components are prefabricated at a factory, allowing for speedy on-site installation. We are the first engineering and construction organisation in Malaysia to have a fully robotic IBS factory with the capacity to produce up to 2,000 apartment units a year. IBS allows us to be more cost-effective by shortening the construction time by more than half, reducing our dependency on foreign labour and enhancing overall quality, occupational safety and health standards. The system is also environmentally-friendly as it decreases our carbon footprint and material wastage by up to 10%.

Production at our factory in Tanjung Industrial Park, Sepang started on 15 June 2016. We are currently using IBS for Group projects in the engineering and property divisions. In the KVMRT project, for example, the segmental tunnel linings are precast. Eventually, we will use the system to manufacture products for the industry.



## INNOVATIVE PROCESSES

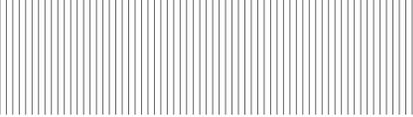
The spirit of innovation at Gamuda extends to our project management approach. In 2011, we developed the Project Delivery Partner (PDP) model and proposed it to the Government for the KVMRT project – which represents the largest public infrastructure project in the country to date. With this model, the Government is able to hand over an entire mega project to a single entity, the PDP, which assumes single-point accountability to oversee its end-to-end delivery. Recognising the time and cost benefits of this model, the Government accepted our proposal and engaged us as its first PDP ever, for the first KVMRT Line, in 2012. This project set a new benchmark for the delivery of large and complex

infrastructure projects of national interest, and the PDP model has been replicated in various other significant undertakings.

Gamuda, together with our relevant partners, has subsequently been awarded the PDP contract for the KVMRT Line 2, and most recently for the Penang Transport Master Plan (PTMP) and South Reclamation Scheme (SRS).

Innovation has become so entrenched in Gamuda, it is now part of our DNA. We encourage all employees to approach their work in an innovative fashion, always with an eye on doing things better and more efficiently. This is what gives us an edge, and reinforces our long-term sustainability.

Key Initiatives	1	2	3	4	5	6	7	8	9
-----------------	---	---	---	---	---	---	---	---	---



# Sustainability Statement

## DELIVERING VALUE – SUSTAINABILITY AT GAMUDA

Our values have been our guiding principle since the beginning, providing roots for the company's growth. In order for us to be the leading infrastructure and property developer in Malaysia, sustainability has been an integral part of our business.

We view our ability to contribute towards nation building as well as to meet current and future societal demands as crucial aspects of the growth of our business as a whole. We continue to uphold sustainable practices in everything that we do, embrace innovation and integrate environmental and social aspects across our business operations.

## INAUGURAL SUSTAINABILITY STATEMENT

This inaugural Sustainability Statement underlines our commitment towards sustainable development and our endeavours to continuously improve across the three aspects of sustainability: economic, environmental and social (EES).

Throughout the Statement, we have provided insights on the approaches and strategies that we have undertaken to integrate sustainability across all our operations, the progress and key accomplishments that we have made during this financial year, and our plans on moving forward. Where possible, we have also listed the qualitative and quantitative data, as well as year-on-year comparison data for the required indicators. Such an approach was taken with a goal to ensure that all our stakeholders have access to better disclosure in regard to our sustainability performance and management throughout the years.

The Statement was prepared in accordance with the guidelines from Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers. It details our non-financial performance for the financial period of 1 August 2015 to 31 July 2016 (unless stated otherwise), and covers our operations in Malaysia, key projects overseas and where possible, information across our supply chain.

## MATERIALITY

To identify issues that are most material to our business, we conducted our very first materiality workshop in May 2016 with key internal stakeholders including senior management teams who had insights into strategic directions, operations and project performances. The findings of the workshop were further refined with analysis of internal policies, documents as well as comments by various departments.

### Material Sustainability Issues



As part of our efforts for continual improvement, we will be refining our assessment of issues in order to enhance the level of disclosure for our future reporting. Some aspects such as quality, safety and health are already reasonably well established while others still require further assessment and data collection.

Key Initiatives	1	2	3	4	5	6	7	8	9
						6			

# Sustainability Statement

## MANAGING SUSTAINABILITY

Key sustainability issue at Gamuda are managed by various departments including the Company Secretary, Group Human Resources Department, Group Corporate Communications, Group Finance, as well as Group Quality, Safety, Health and Environment (QSHE) Department. We have also put in place an enterprise risk management framework to allow us to identify risks, and to strengthen the resilience and agility of our business. Sustainability governance is further strengthened by a set of existing systems and policies.

Category	Relevant Policies and Systems
Economic 	<ul style="list-style-type: none"> <li>• Innovative Group Procurement Policies and Procedures (G3P)</li> <li>• Gamuda Procurement Code of Conduct (GPCC)</li> <li>• ISO 9001:2008 Quality Management Systems</li> <li>• ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories</li> </ul>
Environment 	<ul style="list-style-type: none"> <li>• Gamuda QSHE Policy</li> <li>• ISO 14001:2004 Environmental Management Systems (EMS)</li> </ul>
Social 	<ul style="list-style-type: none"> <li>• Gamuda QSHE Policy</li> <li>• Human Resources &amp; Administration Policies and Procedures (HRAPP)</li> <li>• Gifts and Benefits Policy</li> <li>• OHSAS 18001:2007 Occupational Health and Safety Management Systems</li> <li>• MS 1722:2011 Occupational Health and Safety Management Systems</li> </ul>

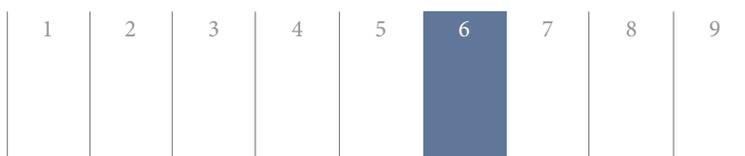
A continuous approach towards ensuring sound business ethics, governance and excellent product stewardship in all our endeavours safeguards the long-term viability of not only our projects but also Gamuda as a whole. For details of our Code of Ethics and Business Conduct and Whistle Blowing Policy, please refer to Section 7 (Corporate Governance & Accountability) of this Report.

In 2015, Gamuda was recognised as a Top 100 Public-listed company by the Minority Shareholder Watchdog Group (MSWG), which ranks companies based on their transparency and performance. Our sustainability efforts were recognised at The Edge Billion Ringgit Club (BRC) Corporate Awards 2016 where we were awarded the Best Corporate Responsibility (CR) Initiatives Award in the Big Cap companies category.

## ENGAGING OUR STAKEHOLDERS

We place a high value on open and honest two-way communication with all our stakeholders, individuals or groups who are impacted or have the ability to influence our business. As such, we continuously engage with stakeholders to address their needs and concerns on issues related to our business operations. In this regard, we have implemented engagement strategies that vary according to stakeholder groups. These diverse communication channels are as listed.

Stakeholder Groups	Communication Channels	FY2016 Highlights
<b>Employees</b> 	<ul style="list-style-type: none"> <li>- Employee engagement survey</li> <li>- Town hall meetings</li> <li>- Internal communications</li> <li>- Interviews</li> <li>- Face-to-face meetings</li> <li>- Performance reviews</li> <li>- Gamuda Hub &amp; Workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning: Town halls were conducted in batches in accordance with employee grades. Group Human Resources (HR) Department reviewed all feedbacks including executing career planning and career discussions, as well as importance of job rotation among young talents to gain sufficient exposure and experience.</li> <li>• Career discussions with panel members who work with our talent closely and are able to give feedback.</li> <li>• Monthly Values campaign to build deeper awareness on the meaning of each Gamuda core value through activities and events.</li> <li>• Living the Values Award – Gamuda Values Award.</li> <li>• Management Retreat.</li> <li>• A blogging or open microphone platform for employees to share their journey in career and personal growth with Gamuda in conjunction with Gamuda’s 40th anniversary.</li> <li>• Understanding Emotional Quotient (EQ) programme for newly hired fresh graduates and young engineers.</li> <li>• Managing across Generation programme for Generation Y, mid and senior management.</li> <li>• Engagement Workshop to educate employees on the nature of Gamuda’s internal engagement.</li> <li>• Employee Volunteerism campaign to encourage employees to participate in volunteerism.</li> <li>• Employer Brand Assessment to determine perception about Gamuda as an employer among professionals and students.</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>- Surveys</li> <li>- Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Brand Audit and Brand Strategy Recommendations 2015/16.</li> </ul>
<b>Investors</b> 	<ul style="list-style-type: none"> <li>- Press releases</li> <li>- Briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing analyst briefings.</li> </ul>
<b>Local communities</b> 	<ul style="list-style-type: none"> <li>- Surveys</li> <li>- Town hall meetings</li> <li>- Community development programmes</li> <li>- Press releases</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion on the results from the environmental and social impact of the Penang Transport Master Plan (PTMP) project.</li> <li>• Traffic announcements from traffic management plans that are a part of works in ongoing projects.</li> <li>• Scholarship Facebook page to promote Gamuda Scholarship among students aged between 18 to 21.</li> <li>• School Outreach Programme to promote interest in science, technology, engineering and mathematics (STEM) among secondary school students.</li> <li>• A heritage impact assessment report has also been done for the KVMRT Line 2 to assess the impact against the tangible and intangible cultural heritage.</li> </ul>
<b>Government/Regulatory/local authorities</b> 	<ul style="list-style-type: none"> <li>- Town hall meetings</li> <li>- Press releases</li> <li>- Workshops</li> <li>- Face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Timely stakeholder updates before approval and during a project.</li> <li>• Sharing of results from Public Inspection with the Land Public Transport Commission (SPAD) for the approval of the KVMRT Line 2 railway scheme.</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>- Ongoing engagement sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing project development and construction updates in order for public to be suitably updated.</li> <li>• Key issues affecting public or motorists are disclosed in a timely manner.</li> </ul>



# Sustainability Statement

## SUSTAINABILITY PERFORMANCE ON MATERIAL SUSTAINABILITY ISSUES

This year, in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements Relating to Sustainability Statement in Annual Reports of Listed Issuers, we are reporting on our material sustainability issues that are listed in the Materiality section based on the Economic, Environmental and Social (“EES”) framework.

### Economic Growth

Key Highlights
Awarded RM4.7 billion worth of contracts to 608 SMEs through the KVMRT project
CONQUAS score of 82.8 for Jadite Suites (Highest in Malaysia for residential high-rise building category)
Affordable housing: Commenced development of 714 apartment units using Industrialised Building System (IBS)
Improved project efficiency and delivery with Building Information Modelling (BIM)

### Best-in-class Delivery Standards

To ensure excellent product quality and delivery standards, we have in place several key systems, benchmarking tools and quality assessment processes.

### Project Delivery Partner (PDP)

At Gamuda, we take pride in delivering not just quality products but also in ensuring that the entire project development process

occurs smoothly and effectively. The Project Delivery Partner (PDP) model has set a new benchmark for the delivery of large-scale and complex infrastructure projects of national interest. Our approach has provided regulators the assurance that a separate entity – the PDP – will provide single-point accountability for project delivery.

The PDP is responsible for every stage of the project from its conceptualisation to the design, procurement, construction, integration and commissioning risks associated with it. It will also ensure that the project is completed on time and within budget. Whenever there is a gap in project delivery, the PDP will step in to assume the role by injecting resources and expertise to move ahead. Furthermore, it ensures the success of the project by engaging all relevant stakeholders such as the Government, the Project Owner, regulatory bodies/authorities, land owners and operators. Overall, the PDP has set us apart from our competitors and enables us to scale up and innovate in the industry.

### Malaysian Civil Engineering Standard Method of Measurement (MyCESMM)

In 2016, we moved ahead with the MyCESMM after signing a MoU with the Construction Industry Development Board (CIDB) in August 2015. Gamuda is now a Committee Member for MyCESMM, which is a standardised measurement system that handles project tender submissions and budgets. Moving forward, all submission and evaluation of project tenders will be carried out in accordance with MyCESMM. For the KVMRT Line 2 project, two of the work packages (Package DPT 202 and 203) involving earthworks were undertaken using MyCESMM.

### Construction Quality Assessment System (CONQUAS)

Gamuda Land operates based on the “Four Pillars of Quality”, which emphasises quality design, community and amenities, healthy lifestyle, as well as safety and security. Underlying our focus on quality, we adhere to the world-class standards of CONQUAS in the development of all our products.

CONQUAS is a widely accepted international benchmarking tool to assess the overall quality of a building’s workmanship during the various stages of construction. Developed by the Building Construction Authority (BCA) of Singapore, it is currently a trademark in Singapore, Malaysia, China, Hong Kong Special Administrative Region (SAR), United Kingdom, Australia, South Africa and India.

Through CONQUAS, we have implemented more stringent quality measures and requirements for all our projects. As such, all our contractors, consultants and suppliers have been required to adhere to CONQUAS standards.

In FY2016, our effort was rewarded with an average score of 82.8 for all our projects, which is the highest score since 2014. Jadite Suites, our exclusive serviced apartment in Kajang, also achieved the highest CONQUAS score in Malaysia in the residential high-rise building category. In the landed properties category, we have remained as the top CONQUAS scorer with Bandar Botanic scoring 88.6 out of 100.

**Quality Assessment System in Construction (QLASSIC)**

QLASSIC is a system adopted by the Construction Industry Development Board (CIDB) to evaluate the workmanship quality of a building’s construction based on the Construction Industry Standard (CIS 7:2006).

Gamuda Land benchmarks all property products against QLASSIC in order to attain the highest construction standards while also preserving the environment. Adaptation of QLASSIC plays a part in our journey towards achieving Green Building Index (GBI) certification. We have been incorporating various innovative eco-friendly elements in all our new and upcoming projects.

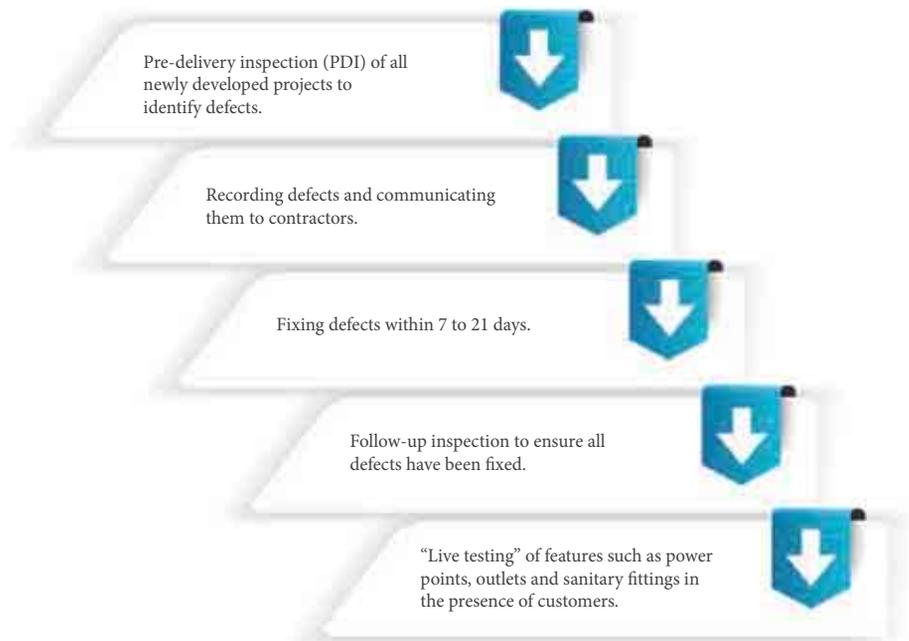
Our Gamuda Walk development in Kota Kemuning has attained a certified high QLASSIC score of 78%.

**Green Building Index (GBI)**

Two of our projects – The Robertson (a mixed development in the heart of Kuala Lumpur) and HighPark Suites (a SOHO development in Kelana Jaya) attained a provisional GBI Gold Rating. In addition to these achievements, this year our Bandar Serai township project in Rawang has attained a certified GBI Silver Rating.

**Quality Assurance Solution (SnagR)**

Gamuda Land is focused on customer experience. As such, we believe in delivering high-quality products in a timely manner and ensuring that the entire new property owning journey occurs as smooth as possible for all our customers. Our Construction Management and Township Management team undertakes several key steps prior to property handover.



**Quality Assurance Steps Prior to Property Handover**

We are tapping into SnagR, a Web and Mobile site inspection and defect management system that will allow our employees to manage workmanship during construction and defects during the defects liability period. With this system in place, laborious and error-prone paperwork can be done away with, and communication of information between relevant parties will also be more effective.

In FY2016, we successfully delivered 1,924 properties with 30% being completed 100 days before their target completion date.

**Embracing Innovation through Industrialised Building System (IBS)**

The fully automated, robotic Industrialised Building System (IBS) technology is anticipated to fulfil the nation’s demand for a skilled workforce.

It is also expected to boost productivity and cut dependency on manpower by 60%. This system, developed in Germany, is already being used at the Gamuda Industrial Building System Sdn Bhd (GIBS) fully robotic factory in Tanjung Industrial Park, Sepang.

For starters, the technology has already been used at our KVMRT worksites and our property project, Jade Hills, in Kajang. The key advantage of using IBS over conventional production systems is the consistent high quality of products manufactured with low material waste and labour needs. It also doubles the construction speed and enhances safety.

With IBS, the construction sector is able to meet the nation’s demand for a skilled workforce, reduce dependency on foreign labour and reduce carbon footprint.

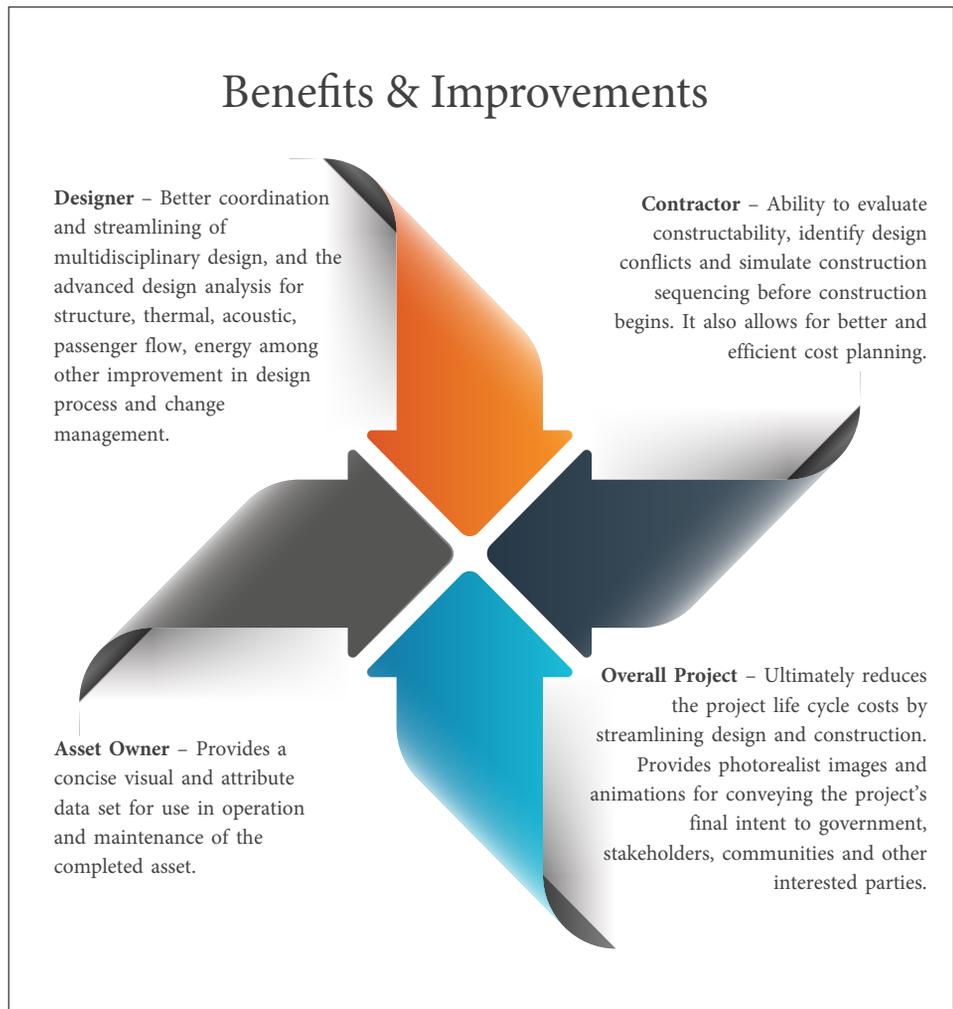
Key Initiatives	1	2	3	4	5	6	7	8	9
-----------------	---	---	---	---	---	---	---	---	---

# Sustainability Statement

## Improving Efficiency with Building Information Modelling (BIM)

Seamless integration of technology across the business has enabled us to improve efficiency and delivery. In the construction segment, we have benefitted from the utilisation of Building Information Modelling (BIM). The BIM is a three-dimensional (3-D) model-based process that involves the creation and management of digital information to facilitate the planning, designing, construction, operation and maintenance of a building or facility.

With the implementation of BIM, we will significantly improve efficiency in construction processes especially at the design stage. One of the key features of BIM is that it allows collaboration with multiple parties involved in the project. The BIM functions as a platform with real-time access to all design information coupled with 3-D visualisation and animated walkthroughs. Real-time data tracking enables early decision-making with regard to design and construction issues. As such, project outcomes will be greatly improved as it allows for efficient utilisation of time and effort while avoiding aborted works. Such features will also be advantageous for construction design analysis and optimisation. BIM is integrated easily with project management and is especially useful in improving project cost and schedule.



## Yen So Urban Renewal Project, Vietnam

International Achievement Award for Yen So Urban Renewal Project – Malaysian Construction Industry Excellence Awards (MCIEA) 2015.

As with all developing countries, with rapid population growth and urbanisation, sewage generation increases tremendously as a consequence. In Hanoi, the effect can be clearly seen based on the daily generation of sewage of up to 470,000 m<sup>3</sup>, which comprises both domestic and industrial wastewaters. The high volume of sewage generated can potentially be a threat to both human health and the environment if not properly treated and allowed to enter the environment.

In this regard, Gamuda had taken the initiative to clean up what was previously a highly polluted wastewater-plagued land in the eastern part of the Yen So Park township development by building a new state of the art sewage-treatment-plant. The Yen So Urban Renewal Project completed in April 2013, is currently serving approximately 900,000 people living in the eastern part of Hanoi with its treatment capacity of 200 MLD. To date, the Yen So STP remains the largest and most advanced wastewater treatment plant in Vietnam. With the Yen So STP in place, pollution of the city's lakes and waterways has been greatly reduced and controlled. This has subsequently led to an improvement in the health and quality of life of the residents.

Surrounding the Yen So STP is the award-winning Yen So Park, which was developed by Gamuda Land Vietnam. Located in the southern gateway into the city of Hanoi and considered as one of the capital's green lungs, Yen So Park spans over 274 hectares and houses green parks, five rejuvenated lakes and recreational facilities. The well maintained and lushly landscaped park is now a focal point for residents with its art gallery, a boathouse, an amphitheatre, a maze garden, traditional architecture and a vast expanse of beautifully landscaped gardens.

In 2016, Gamuda Land won an award in the Property Developer category at the 8th Malaysia Landscape Architecture Awards (MLAA) for its efforts on Gamuda Gardens, a 73-hectare township nestled within the Yen So Park. Gamuda Gardens was built upon the five key pillars of design quality, community and amenities, safety and security, healthy lifestyle, and sustainable values. One of the notable features of Gamuda Gardens was the dedication of more than 60 percent of the total area to tree cover and public amenities.

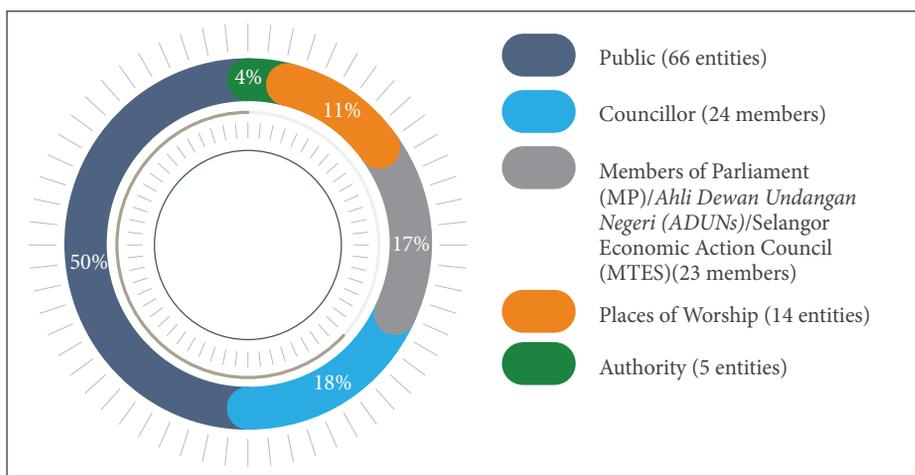
### Klang Valley Mass Rapid Transit (KVMRT)

In recent years, the KVMRT development has become ubiquitous in Klang Valley and it is still a work in progress. Proposed and approved by the Malaysian government in 2010, it is the nation's largest public infrastructure project to date and when completed, it is expected to serve as a backbone to the nation's public transportation network. Ultimately, the goal of this project is to propel Kuala Lumpur and the Greater Kuala Lumpur metropolitan area to be on par with that of a developed, modern city.

For the construction of the KVMRT Line 1 and Line 2, we have taken steps to ensure that we comply with all the regulations and to minimise the impact of our work on the surrounding area. We continuously engage the communities living close to and those affected by the project site. In FY2016, we held 120 engagement sessions with a total of 1,440 stakeholders.

A large proportion of the engagement sessions held were during the Public Inspection stage for the 52.2km KVMRT Line 2. Post approval of the railway scheme in October 2015, we held engagement sessions in stages with the affected communities in accordance with the awarded construction packages. For the development of the KVMRT line, we also ensured that all communities were engaged before construction started.

Particulars	Year	
	2015	2016
Number of stakeholders engaged	1,500	1,440
Engagement sessions	132	120



KVMRT stakeholders engaged in 2016.

# Sustainability Statement

## Responsive Complaint Management System (CMS)

Our complaint management system is one of the most responsive and effective among large-scale infrastructure projects in Malaysia. Affected stakeholders of the KVMRT are provided with 24-hour access to the MRT Hotline, whereby resolutions are governed by a Standard Operating Procedure (SOP) and the status of these resolution are reviewed by the PDP and reported to MRT Corporation Sdn Bhd (MRT Corp) on a monthly basis.

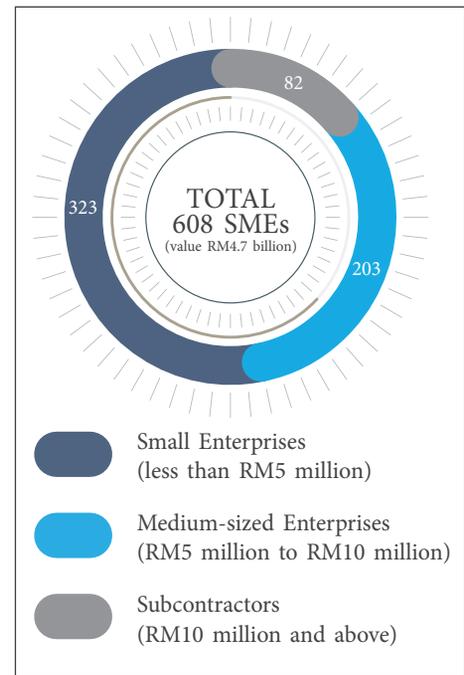
The CMS functions not only as a tool to gauge public satisfaction, but it is also used to evaluate Work Package Contractors' (WPCs) quality of work as well as their ability to identify and rectify potential safety, health and environmental risks at MRT worksites. As the CMS works are based on real-time monitoring including SMS and email notifications, it allows for quicker response and effective management of complaints, which eventually improves our overall performance and relationship with all affected stakeholders. Respective resolution timeline will be assigned to each task to ensure the task is resolved accordingly.

## Building Local Strength

Through the large-scale infrastructure projects that we have undertaken, we have also helped to nurture a robust Small and Medium Enterprise (SME) ecosystem for the construction industry. In FY2016, we provided RM4.7 billion worth of contracts to 608 SMEs that employ a total of 27,864 workers.

This is an increase from our previous provisions in FY2015:

	Year	
	2015	2016
Contracts worth (RM billion)	4.3	4.7
Number of SMEs supported	480	608
Number of jobs created	22,000	27,864



Total number of Small and Medium Enterprises (SMEs) that were awarded KVMRT work packages.

Thus far, we have empowered SMEs by creating opportunities for them to invest in and own the latest equipment and machinery. We also promoted the growth of other local enterprises by giving preference to the procurement of local materials. The results are especially evident in the production of tunnel segment linings and segmental box girders of the KVMRT.

The KVMRT project has also contributed to the creation of a highly skilled and knowledgeable workforce, as well as significantly raised competency and delivery standards of SMEs. It is our hope that the ripple effect of the capacity building will eventually help local companies become globally competitive.

### Improving Connectivity through Highways and Expressways

Gamuda, being the pioneer in privatised urban highway construction, has contributed greatly to the urbanisation of the Klang Valley through projects such as the Damansara-Puchong Highway (LDP), the Shah Alam Expressway (SAE), as well as the Western Kuala Lumpur Traffic Dispersal Scheme (SPRINT). These highways have effectively connected the south-west and east of the Klang Valley to Kuala Lumpur city, leading to greater industrialisation and economic growth, as can be seen from the commercial and retail developments along these highways. They have also provided faster connectivity and contributed to the growth of vibrant townships in the Klang Valley such as Puchong, Desa Park City, Mont Kiara, Bandar Botanic and Kota Kemuning. As such, Gamuda has been continuously working on improving them to enhance motorist travelling experience.

Lingkar Trans Kota Holdings Berhad (LITRAK), a highway concessionaire owned by Gamuda, has been actively working to improve the LDP. One of the most recent initiatives done by LITRAK was to introduce a contra-flow scheme at one of the busiest sections of the LDP during the morning peak hour. This scheme was implemented to provide a dedicated bypass route for commuters travelling from Puchong to Kelana Jaya. The first phase of its implementation was successful as it significantly reduced travel time and shortened the queue length at the toll plaza.

Improvements have also been conducted on SAE, whereby RM70 million was invested into upgrading work such as lane expansion, lane widening and ramp construction. Upgrades on traffic management have also been conducted through the implementation of contra-flow during peak hours at stretches where there are no available corridors for lane expansion. To date, the SAE is the only stretch of highway that has a dedicated motorcycle lane built for the safety of all motorists. In March 2016, the Electronic Toll Collection (ETC) system was fully implemented in SAE.

As for the Stormwater Management and Road Tunnel (SMART), maintenance work has been continuously conducted to ensure that it remains safe to use. For this purpose, the tunnel has been closed for a total of 23 times throughout FY2016. SMART has also converted all its toll lanes from a mixed collection of cash and ETC systems to full ETC system in September 2015.

Aside from upgrading work, we have also embarked on a new highway project in Sarawak, which was awarded to us in July 2016. The award, which is worth RM1.57 billion under a joint venture with Naim Engineering Sdn Bhd, is to be used for the construction of the Pan Borneo Highway stretch from Pantu Junction to Batang Skrang. Overall, the highway is expected to improve the connectivity between Sarawak and Sabah, and ultimately, improve the living standards of communities in East Malaysia.

### Business Continuity Management (BCM)

In our day-to-day operations, we consider it vital for us to ensure that our business will continue to stay on course regardless of any obstacles or disruptions. We have in place a business continuity management (BCM) plan that works as a solid framework for us to lean on in times of crisis.

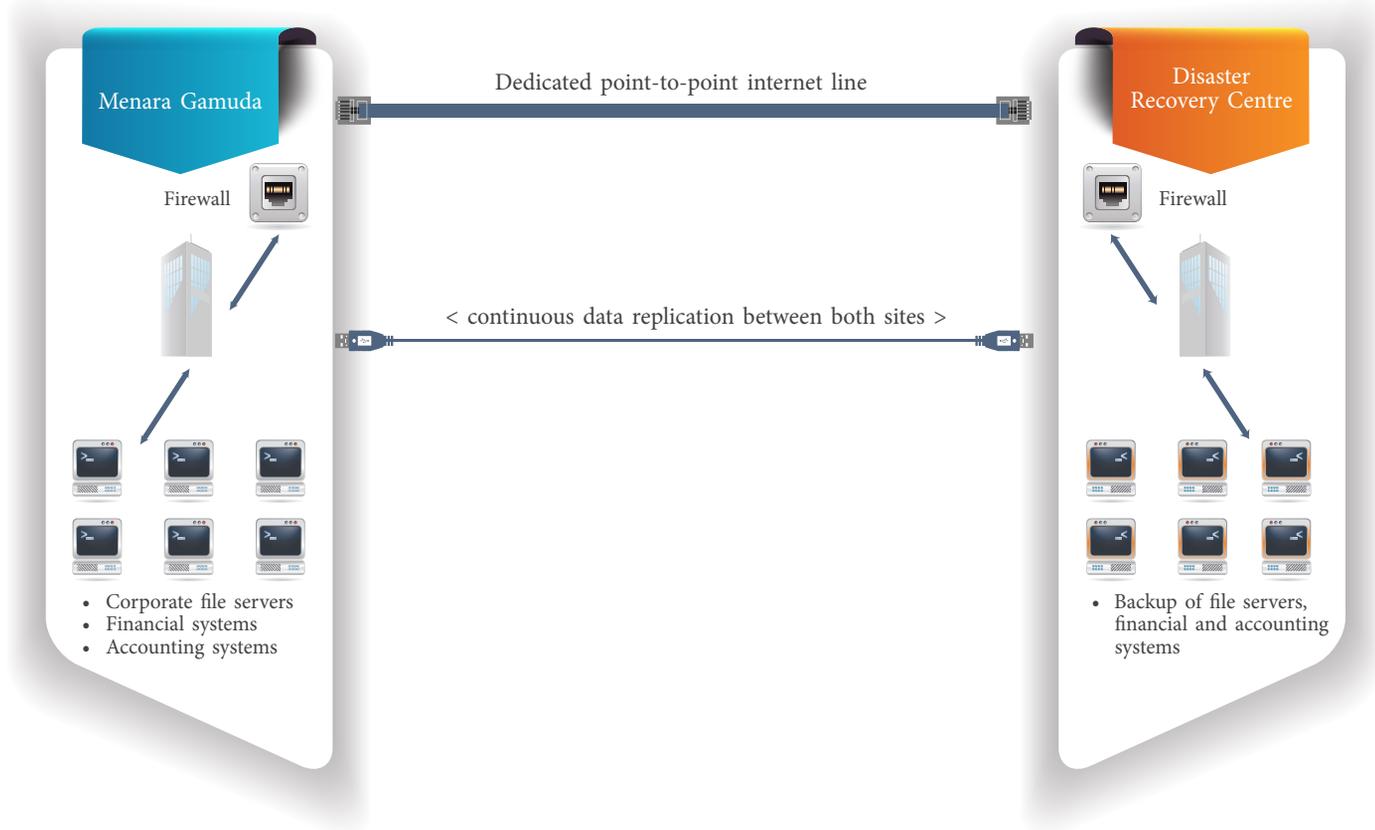
Our BCM plan is steered by our Business Continuity Team (BCT), which consists of heads from various departments and led by our senior management. Every member within the team is assisted by a 'second-in-command' and this system also serves as an important avenue for future leaders to be groomed.

The BCT is responsible for the identification of any potential threats to the business and to devise plans and strategies for the respective departments to recover quickly and effectively under different scenarios. We also periodically conduct training and workshops to ensure that we review our risks and that the organisation is ready to face any disasters or disruptions to our business processes.

Complementing our BCT is our Emergency Response Team (ERT) that swings into action during times of crisis. We also maintain a strong working relationship with the Fire and Rescue Department of Malaysia (BOMBA) and hospitals as external agencies to assist us during times of emergencies.

## Sustainability Statement

To date, one of our most established BCM plans is the Disaster Recovery (DR) centre for IT systems that is located away from our headquarters. At the centre, vital data related to corporate file servers, human resource systems, financial and accounting systems are replicated every six hours to ensure continuity and to minimise data loss.



*Gamuda's Disaster Recovery (DR) centre for IT systems*

We have also engaged external service providers for their mobile generator sets and have in place our own standby sets to ensure that we will always have continuous power supply at our headquarters. This year, our preparedness was tested when our power supply was disrupted during a fire outside our building. Our BCM plan enabled us to respond quickly to the incident and power supply was restored.

### Responsible Supply Chain Practices

Gamuda's success in all its endeavours is also largely dependent on the productiveness and reliability of its business supply chain. To ensure that our transactions with all our business supply chains are transparent, effective and fair, we employ our independent trading entity, Gamuda Trading, which acts as a third party to introduce potential vendors and suppliers for all our projects and undertakings. Gamuda Trading ensures strict compliance with specified standards as stated in the official agreements and contracts. It also assumes a supervisory role in the pre-selection of qualified vendors to be proposed to the Material Review Board (MRB) of Gamuda Land, and continuously reviews construction materials to minimise long-term impact to the environment.

For details of our Procurement Policy, please refer to <http://gamuda.com.my/procurement-policy/>

## Environmental Management

We have been moving towards a greener approach in all our operations such as green engineering and the incorporation of environmentally friendly features in our new property developments. Our ongoing journey towards environmental management is beginning to scale up and we will continue to strive to do better by identifying core issues, gaps and improvement opportunities. Our environmental stewardship, is evident in the ISO 14001 Environmental Management System, which has been in place since 2008. We have been integrating more good practices in our management system since then.

To minimise our environmental footprint effectively, everyone has to play a part. We have undertaken various initiatives to instil a sense of environmental responsibility in all our employees via our Quality, Safety, Health and Environment (QSHE) policy, training as well as programmes and campaigns.

## Ensuring Compliance

In all our operations, we constantly adhere to the highest environmental compliance procedures. This can especially be seen in the delivery of our KVMRT Line 1 project, where quarterly environmental reports are submitted to the Department of

Environment (DOE), Malaysia, as part of the project's Environmental Management Programme. Data in the report is based on monthly monitoring of water quality, silt trap discharge, air quality, noise, as well as vibration levels at the project site.

## Green Engineering – Tunnel Boring Machines (TBMs)

The use of underground spaces especially for public transportation is one of the ways forward to sustainable development. Some of the clear environmental benefits of using underground spaces include energy efficiency and conservation; reduction of noise and air pollution; and most importantly, permits preservation of open land for habitat and environmental protection. Over the years, Gamuda has built capacity in the development and use of green engineering in the form of high-precision tunnel boring machines (TBMs).

For the construction of KVMRT Line 1, tunnelling works were required for the underground sections. Based on our previous experience in tunnelling works for the SMART project, we are now aware that the use of the conventional slurry TBMs results in ground loss, which is ground movement triggered by over-excavation or changes in soil conditions. We now use Earth Pressure Balance (EPB) – TBMs and Variable Density

(VD) – TBMs to work through highly challenging ground conditions. As a result, we have worked through Kuala Lumpur's various limestone formations without any incident.

To ensure that we will be ready for the next job, we have partnered with a TBM manufacturer, Herrenknecht AG to refurbish and upgrade our existing TBMs. MMC-Gamuda will be spending RM100 million to refurbish all eight TBMs that were used to construct the KVMRT Line 1. Besides restoration and repair, we will also be upgrading the performances of our existing VD-TBMs and converting our EPB-TBMs to VD-TBMs.

For this purpose, MMC-Gamuda has set up a TBM refurbishment plant at Waiko Engineering in Perak last year as part of the MRT Project Offset Programme. The programme serves as a platform to develop high technology in Malaysia through cooperation with foreign contractors and suppliers.

Refurbishment of TBMs at the plant will be conducted by a team of experienced local engineers, supervisors and trained tunnel crew from our tunnelling training academy (TTA). As such, the setup of the plant has created more than 50 local jobs and hired 100 short- to medium-term local vocational technicians throughout the two-year refurbishment programme.

At the plant, 70% of the parts to be used for TBM refurbishment were locally manufactured and almost RM50 million worth of local parts will be procured from the local supply chain. By refurbishing our TBMs locally, it will also help to reduce the tunnelling operation cost.

The use of TBMs has pushed the envelope for green construction on a global scale by enabling the development of underground spaces to increase business and commercial activities within the city centre.



# Sustainability Statement

## Green Development

For our property division at Gamuda Land, we are seeking to embrace innovations and designs that are in harmony with the surrounding environment. At present, we have adopted eco-friendly principles in all our developments with an aim to achieve the Green Building Index (GBI) for all new and upcoming properties. The target supports our pursuit of minimising our environmental footprint as green-rated buildings are more resource efficient - in terms of energy and materials used, and waste generated - in their construction, operation and maintenance. They are also designed to reduce the emission of toxic substances throughout their life cycle.

To date, two of our development projects – The Robertson and HighPark Suites – have been awarded provisional GBI Gold Ratings. This year, we have been awarded the GBI Silver Rating for Bandar Serai. The awards are in recognition of the features adopted in the projects such as rainwater harvesting, maximised natural lighting and ventilation, as well as the provision of facilities for recycling.

## Managing Waste

In our daily operations, we pay special attention to reducing our environmental footprint through concerted efforts at elevating energy efficiency, reducing wastage and recycling materials on a consistent basis.

Within the Gamuda headquarters, all divisions have adopted the “3R” programme that focuses on “Reducing, Reusing and Recycling” materials to manage as well as to conserve resources at the workplace. We have provided dedicated 3R bins for paper, glass and aluminium, and plastics at the lift lobby of each floor in Menara Gamuda, PJ Trade Centre. Waste from the bins will be transferred to a main waste chamber before being collected by an appointed recycling contractor.

As paper accounts for most of the waste that is generated, steps have been taken to reduce wastage whereby, all our employees are encouraged to print on both sides of the paper; reuse used paper for non-crucial printing, internal notes and memos; increase communication via email to minimise printing; and recycle used envelopes for internal mail. Gamudians are also encouraged to use their own food containers whenever dining at the cafeteria in order to reduce and hopefully, eliminate the use of styrofoam boxes.

We organised a talk by the National Solid Waste Management Department (NSWMD) on waste segregation at source for our employees. The slogan for the talk “SEPARATE: IT’S THE RIGHT THING TO DO” was aimed at raising the awareness of our employees on the advantages of waste separation and to encourage them to start separating their waste both at work and home. Some of the key advantages of waste segregation that were highlighted at the talk include making recycling more efficient, reducing landfills and instilling a sense of social responsibility with regard to waste management.

At our project sites, we also ensure that we manage our construction waste in compliance with the Environmental Quality (Scheduled Wastes) Regulation 2005. Towards this end, we consistently ensure that all waste generated from our project site will be transported to the designated disposal site by appointed licensed contractors.

## Using Resources Effectively and Efficiently

### *Water and electricity consumption at our headquarters, Menara Gamuda*

Financial Year	2014	2015	2016
Water (m <sup>3</sup> )	1,824	1,524	1,571
Electricity (kwh)	238,026	254,803	255,858

Despite the increase in employees, our overall consumption of water at Gamuda headquarters in FY2016 is still much lower than the recorded values in FY2014. This is mainly due to the reduction of water discharge for our cooling tower. We also ensure that there are no water leakages in the pantry and washrooms.

As for our electricity consumption, it is still increasing on a yearly basis but the increment is much lower in FY2016 (0.41%) than FY2015 (7.05%). For the most part, this can be attributed to air-conditioning as our main electricity usage, and the efficient use of air-conditioning. Some of the other initiatives that we have taken to conserve electricity include:

- Setting room thermostated at an average of 24°C in each department.
- Daily practice of late switch-on and early switch-off of air-conditioning at headquarters.
- Reducing the amount of fluorescent lights in the basement car park at night (energy savings of up to 40% in the car park).
- Use of LED lights at Gamuda car park.

In an effort to ensure that we continue to efficiently use water and electricity, we have set our resource KPI to not more than a 5% increase of the yearly average consumption. With determination, we hope to maintain or further advance our resource-use efficiency and move closer towards fully integrating sustainability at Gamuda.

## Social Contribution

Aside from our economic and environmental impacts, we recognise that our business also has a strong impact on the lives of our employees and society at large. At Gamuda, our commitment and accountability to both groups are reflected in our efforts to provide a safe and conducive workplace for our employees, and to give the best possible support to our surrounding communities. In the long term, this will help us improve our relationship with both stakeholders and eventually, the viability of the Group as a whole.

### Key Highlights

16 Differently-Abled (DA) colleagues and 2 interns for our Project DA

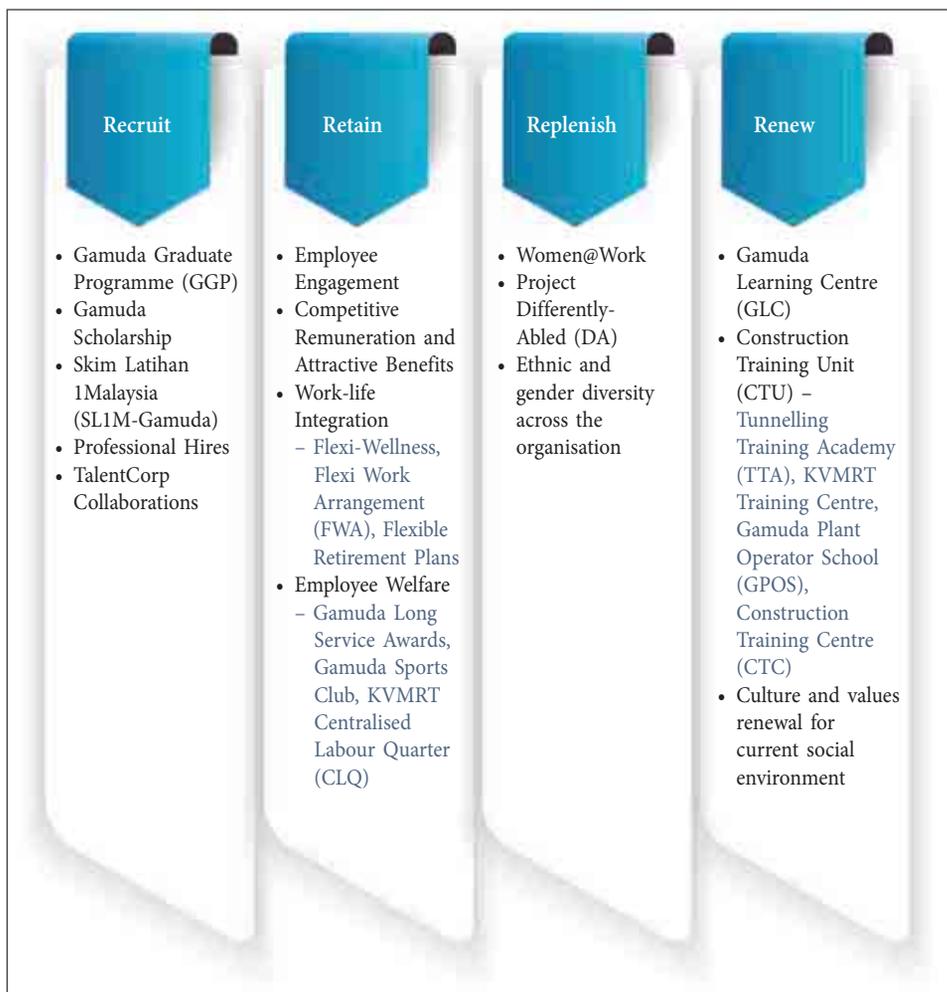
Group employee turnover rate of 8%

3 female members on Board (30%)

Enhanced Women@Work benefits to encourage more women participation in Gamuda

## Workplace

As we continue to grow, so do our human capital needs. Therefore, we have intensified our efforts to recruit, train and retain our talent pool in order to support current and future business needs. In our talent capital development, we are guided by Gamuda's philosophy that encompasses a 4R approach to "Recruit, Retain, Replenish and Renew" talent. We strongly believe that nurturing a sustainable and competent workforce will continue to position us as the industry leader in Malaysia and beyond for many years to come.



Gamuda's Integrated Human Capital Development Approach (4R)

## Recruit

Talent acquisition is the first step to acquiring the right skills and knowledge to cater to the requirements of the company's various business divisions. While sourcing for experienced talent is important for the advancement of our company, recruiting and grooming young talent to shape them the Gamuda way is our strategy of choice. Our candidates are sourced via popular employment channels such as LinkedIn, JobStreet, newspaper advertisement, career fairs and networking events such as Graduan. We also hire via employee referral programmes as our employees are familiar with our company culture and needs, and therefore, are well suited to recommend candidates for vacancies. In addition, we conduct career talks at institutions of higher learning and work with TalentCorp Malaysia on initiatives such as the Gamuda Graduate Programme (GGP), Gamuda Scholarship and Skim Latihan 1Malaysia (SL1M-Gamuda), which serve as pipeline for the identification and intake of new talent. We also make annual trips to Australia and UK to recruit talents, and for brand awareness.

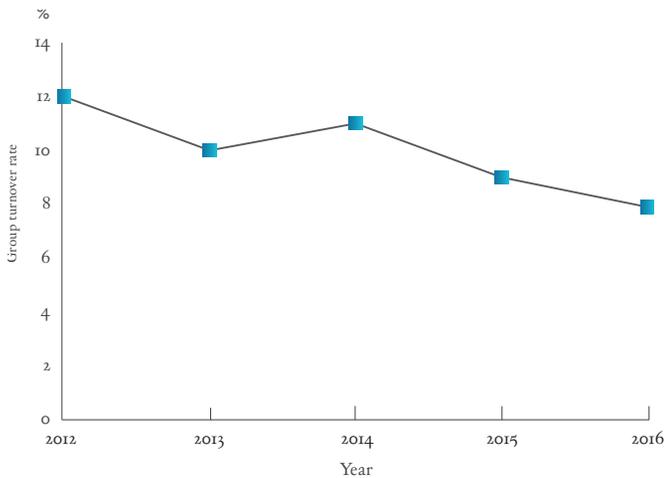
For more information on Talent Capital Development initiatives, please refer to page 122.

# Sustainability Statement

## Retain

Aside from recruitment, we also place a high value on the contribution of each of our current employees and we continuously work to meet their needs and concerns at the workplace. This includes engaging our employees so that they feel a sense of belonging in the company; motivating them to take ownership of their roles and responsibilities; respecting the need for balanced work-life integration; and providing for their well-being.

As testimony of our commitment to our employees, our annual overall turnover rate has been on a declining trend since 2012. Our Group turnover rate was at a five-year low at approximately 8% in FY2016, this was considered to be one of the lowest in the industry. One of the main reasons for this success is our commitment towards the creation of a harmonious work culture premised on a simple word: 'Community'. This represents our core employee value proposition, which we hold true in all our endeavours.



Gamuda annual turnover rate (2012-2016)

## Employee Engagement

Open and honest two-way communication is one of the core values at Gamuda. As such, we constantly engage our top management and employees to cater to their needs and concerns, as well as to improve camaraderie and reinforce a sense of unity among employees across all levels. Senior management often meets with employees through one-on-one sessions and town hall dialogues to discuss key issues.

Gamuda Hub, a group-wide intranet, has also been strategically designed to facilitate open communication across the entire company. The site serves as a one-stop resource centre for Gamudians to connect with each other based on common and professional interests, as well as to get updates on the latest developments of the Group.

Gamuda Hub	Year
	2016
Average monthly visitors	1,471

## Competitive Remuneration and Attractive Benefits

In the construction industry, Gamuda is known to offer some of the best remuneration and compensation packages. Gamuda employees who occupy top or specialised roles receive top quartile remuneration benefits while fresh graduates, as well as those who provide general and support skills are often offered some of the highest salaries benchmarked within the industry.

Gamuda employees are also provided with a range of pro-health, relevant, flexible and innovative benefit scheme designed to meet a wide spectrum of their needs. At the same time, the benefits framework serves to promote a more egalitarian workplace with reduced gaps between levels.

### Work-Life Integration

There has been a significant shift in the work-life environment where employees are looking for work-life integration. We have been actively working to offer a range of Flexi-Wellness Benefits designed for optimal work-life integration, and personal effectiveness, which in turn inspires our people to contribute optimally to the Group.

Work-Life Integration	
Flexi-Wellness Benefits	All employees
Flexi Work Arrangement (FWA)	51 employees
Gamuda Long Service Awards 2016	<b>Total: 219</b> 10 years – 85 15 years – 47 20 years – 70 25 years – 15 35 years – 2

Total number of employees who applied for parental leave	
a. Male	Jan – Aug 2016 Paternity leave: 24
b. Female	Jan – Aug 2016 Childcare leave: 45 Maternity leave: 28

### Flexi-Wellness

At Gamuda, employees are encouraged to adopt a healthy lifestyle where they are allowed to claim annual medical entitlements and to enrol for activities that promote holistic wellness. These include gym, swimming and martial arts classes, golf lessons, yoga, as well as music or art lessons. In 2016, we have enhanced our Flexi-Wellness scheme by making some positive changes to our existing outpatient medical treatment and optical benefits. Employees are now able to make claims for medical expenses for their elderly parents (applies to employees without dependents/unmarried) and vision correction treatment via LASIK (Laser Eye Surgery).

### Flexi-Work Arrangement (FWA)

FWA allows for employees, who have served Gamuda for a minimum of two years, to adopt a staggered working hour structure, and to be flexible about where they work and the total number of hours worked. This scheme was put in place to ensure that our employees are able to meet the demands of both work and family. Employees who wish to adopt this scheme are required to discuss their options with respective line managers.

### Flexible-Retirement Plans

The national official retirement age, in compliance with the Minimum Retirement Age Act 2012, is set at 60. However, Gamudians are provided with a flexible retirement plan, whereby they can opt for early retirement at ages 50 and 55. As a gesture of appreciation to our retiring employees, Gamuda offers tax-free retirement benefits based on the number of years served.

### Employee Welfare

The Group Hospitalisation and Surgical (GHS) scheme was improved in FY2016.

Current	What's New?
Annual limit (GHS policy) RM60,000 to RM80,000	Total Protection RM120,000 to RM160,000

Further improvements were also made to Group Term Life (GTL) insurance coverage.

Current	What's New?
Existing employees who have exceeded the age limit of 70 cannot be covered under GTL (e.g. not accepted by insurance company).	Existing employees aged above 70 and cannot be covered under GTL will be directly covered by the company.

In addition to the Flexi-Wellness Benefits, employees at Gamuda are also entitled to a range of perks to help them deal with the rising cost of living and to encourage continuous learning among Gamudians. One such perk is the financial assistance schemes – encompassing study loans and non-paid leave – for employees who wish to further their education in order to enhance their careers.

## Sustainability Statement

Additionally, employees are given a 50% reimbursement on their monthly toll expenses incurred at highways such as the LDP, SAE, SPRINT, and SMART.

This year, we have also enhanced some of our existing employee benefits as can be seen with the increment of pre- and post-natal expenses claims up to RM2,000 per confinement for our employees, as well as claims of up to RM100 for employees' handphone expenses and parking fees, respectively.

### *Gamuda Long Service Awards*

Gamuda recognises that the success of the company is due to the dedication, sacrifice and contributions of our employees through the decades. As a gesture of appreciation, loyal employees who have served Gamuda for at least a decade will be awarded the Gamuda Long Service Award during the annual Gamuda Awards Night. The awards also serve to inspire Gamudians to stay motivated and to grow with the company. Every year, approximately 200 employees are conferred the awards and this serves as an indication of our employees' satisfaction with the Group.

### *Gamuda Sports Club*

The sports club serves as an avenue for Gamuda employees to adopt a healthy lifestyle, and to network or build relationships with each other regardless of levels and divisions. All Gamudians are default members of the sports club and they can choose a variety of sports to participate in, from badminton, futsal and bowling to paintball, golf and basketball.

The club also organises exciting annual trips and social activities for Gamudians on an annual basis. This year, we organised annual trips, weekend trips, as well as trips to Kenyir Lake, Terengganu and Royal Belum Rainforest, Perak for our employees. Some of the social activities also include charitable events to give back to society. We encourage these activities among our employees as it helps to promote camaraderie and team spirit among Gamudians.

### *KVMRT Centralised Labour Quarters (CLQ)*

Gamuda's care for well-being extends beyond its own employees whereby contractors employed by us are also taken care of. Gamuda pays special attention to this as we recognise that most of our construction workers are from countries like Indonesia, Bangladesh, Myanmar, India, Nepal, Pakistan and Vietnam. Therefore, we go the extra mile to ensure their safety and comfort, providing them with a conducive living environment.

The MMC Gamuda JV has invested and built four Centralised Labour Quarters (CLQs) that can accommodate approximately 10,000 KVMRT Line 1 workers. The CLQs are installed with proper washrooms, laundry facilities, sports courts, medical and first aid facilities, a television room, mini-market, cafeteria, mini-kitchens, and a surau (prayer hall). In total, the construction cost for all four CLQs located in Sg. Buloh, Cochrane, Cheras and Kajang is RM100 million.

We believe that this has nurtured a sense of belonging and security among the workers. This, in turn, creates a positive attitude towards their job and plays a crucial role in ensuring successful delivery of the KVMRT project.



### *Replenish*

We place great value on diversity and aim to create a vibrant workforce where different skillsets and capabilities are valued. We have been working on strengthening our gender and racial diversity as well as our hiring process to ensure that we provide equal opportunities for employment.

*Women@Work*

In May 2016, the Malaysian 30% Club was launched as an initiative to triple the percentage of women on companies' boards to 30% by 2016 and achieve better gender balances at all levels of an organisation. The initiative is a collaboration between PEMANDU (Performance Management & Delivery Unit, Prime Minister's Department), Bursa Malaysia (Malaysia Stock Exchange), and the Ministry of Women, Family and Community Development. In tandem with the Government's initiative of the Malaysian 30% Club, Gamuda's talent growth strategy encompasses an approach that encourages and supports women participation in the workforce. We aim to provide a supportive environment for our female employees to reach their full potential in their career and family life. As of 2016, women make up about 36% of Gamuda's workforce and we have also achieved our target of having 30% female participation on Board with our three female Board members. This year, we made a conscious effort to further support our female employees by enhancing the benefits package for them, which includes:

- **Childcare subsidies** – RM120 is provided to cover the cost of childcare services (for all female employees with pre-school child below seven or disabled child below 18).
- **Childcare leave** – Up to 5 days (maximum 10 days per annum) of paid leave per admission to hospital or deemed hospitalised can be given to mothers.
- **Extended maternity leave** – Female employees enjoy 90 days of maternity leave with full pay. Additionally, employees, if required and subject to approval, may apply to extend up to another 3 months on a no pay basis, allowing for a total maternity leave duration of 6 months.
- **Support facilities** – As of end 2014, we provide stork parking facility for expecting mothers in the office car park, a nursing room and a crèche for young children at our headquarters. The crèche along with other family-friendly facilities at Gamuda was set up by a committee consisting of four working mothers.
- **Others** – We also provide additional pre-post natal support; vaccination for young children' and family hospitalisation insurance on a co-sharing basis.

We have also gone the extra mile by identifying high potential female employees and tailor-made their career plans for advancement within the Group.

The crèche at our headquarters, which is open to both Gamudians and members of the public, is a full-fledged nursery and kindergarten for children between 3 months old and 6 years old. On a daily basis, the crèche opens early and has long operating



hours to help meet the needs of working parents. To further assist our employees in fulfilling family obligations, we have also provided them a 20% rebate for signing up at the crèche. Overall, the crèche has been very well received particularly by Gamudians, whose children account for 80% of the total children there.

*Employee Composition*

Employee composition by race	Year
	2016
Bumiputera	61%
Non-Bumiputera	39%

Employee composition by gender	Year
	2016
Male	64%
Female	36%

Employee composition by age group	Year
	2016
Below 25	11%
25 to less than 35	40%
35 to less than 45	27%
45 to less than 55	16%
55 to less than 60	4%
60 and above	2%

*Project Differently-Abled (DA)*

Gamuda's Project DA stemmed from a passion to go the extra mile and to engage individuals with different abilities in the hope of giving them an opportunity to be part of the national work force.

For more information on Project DA, please refer to page 126

# Sustainability Statement

## **Renew**

By “renew”, we refer to our commitment in providing an environment for our employees to enhance their skills and knowledge in the industry, which will not only project personal growth but also the company’s growth as a whole. Gamuda is in a unique position to allow for such career advancement given the breadth and depth of our business operations.

Our career development strategy consists of a three-pronged strategy, namely: 70% on on-the-job (OTJ) training, 20% mentoring and guided learning, and 10% formal training. All employees are required to plan their career development with their respective supervisors or managers via regular meetings to identify their key strengths, aspiration and career goals.

In 2015, Gamuda established a Management Development Centre (MDC) to oversee all activities related to employee career development such as training and development programmes encompassing OTJ training, coaching, mentoring, as well as formal training.

For more information on our training and skill development units such as Gamuda Learning Centre (GLC) and Construction Training Unit (CTU), please refer to page 124.

By “renew”, we also mean renewing our culture and values to ensure that our business growth is always founded on a bedrock of strong values and a culture that stays relevant and responsive to the changing social environment.

## **Quality, Safety, Health and Environment (QSHE)**

The safety of our employees and contractors is always our number one priority. One of our first missions was to put in place a robust health and safety framework, which led to Gamuda’s successful acquisition of OHSAS 18001 and MS 1722 certifications by SIRIM in January 2008. Since then, we have continuously worked on improving our QSHE management system, and it is updated regularly to ensure that we maintain the highest standards in the industry

While our QSHE department is responsible for the management of all QSHE matters, we believe that safety is everyone’s responsibility. Thus, we invest considerably in creating a safety-conscious environment where all our employees are fully equipped with the knowledge and skills to ensure their own safety, as well as the safety of others at all times.

### *QSHE Policy Statement*

Gamuda’s QSHE Policy outlines the Group’s commitment to continuously improve the sustainability of our operations by providing high-quality, cost-effective, reliable, safe and environment-friendly services.

We strive to:

- understand and consistently respond to the needs and expectations of our customers;
- manage our products and services systematically to enhance our shareholder value;
- develop and inculcate a self-regulating mindset among all employees to adhere to our QSHE Management System, which in turn contributes towards attainment of the Group’s objectives;
- continually improve our QSHE processes that facilitate the effective management and control of these areas;
- prevent negative environmental impacts through the proper and effective management of resources;
- identify and comply with the relevant safety and health, and environmental legislations and regulations; and
- provide appropriate training to our employees and other related parties to improve awareness and knowledge of these requirements.

### *Certification*

In our pursuit to provide a safe and healthy work environment, while maintaining an environmentally responsible approach to our businesses, we have put in place an effective management system that is certified by international and local bodies. Our effort is reflected in the achievement of various international and national certifications such as ISO 9001, ISO 14001, OHSAS 18001 and MS 1722.

The following is a list of certifications achieved by the registered companies under Gamuda:

- Gamuda Berhad and Gamuda Engineering Sdn Bhd – ISO 9001:2008, OHSAS 18001:2007, MS 1722:2005, ISO 14001:2004
- MMC Gamuda KVMRT (T) Sdn Bhd – ISO 9001:2008
- Lingkaran Trans Kota Holdings Berhad (LITRAK) – ISO 9001:2008
- Kesas Sdn Bhd – ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007
- G.B. Kuari Sdn Bhd – ISO 9001:2008
- Megah Sewa Sdn Bhd – ISO 9001:2008
- Gamuda Land (Hicom-Gamuda Development Sdn Bhd, Valencia Development Sdn Bhd, Harum Intisari Sdn Bhd) – ISO 9001:2008
- Gamuda Land (Horizon Hills Development Sdn Bhd) – ISO 9001:2008
- Masterpave Sdn Bhd – MS 9001:2008

### Management and Leadership Commitment

Gamuda's top management has an uncompromising stand on QSHE matters and strict compliance to QSHE practices and standards are expected from all staff. Reviews are conducted annually on our QSHE performance and actions taken to rectify identified issues or improve our QSHE management system.

The culture and strategy of Gamuda's safety and health management practice includes the following:

- Strong commitment and leadership from top management in spearheading safety and health at work.
- Empower middle management to ensure relevant safety and health procedures are implemented.
- Encourage all employees to participate in and sustain safety and health activities.
- Drive behavioural change, enhance awareness, knowledge and skills via training programmes.
- Adopt a holistic and proactive risk management approach at all levels at headquarters and project sites.

### Safety and Health Initiatives

In order to promote and strengthen the QSHE culture among Gamudians, we have taken various initiatives such as:

- Gamuda Wellness Campaign – programmes aimed at promoting the wellness of employees. Various wellness, health and safety related activities are carried out during the campaign.
- Continuous training and campaigns at headquarters and project sites to promote behavioural-based practices in safety such as work-at-height, lifting operations, scaffolding, temporary works, electrical safety and risk assessment.
- SHE Reward Programme – an existing programme further enhanced with the inclusion of 5S elements (Sort, Set in Order, Shine, Standardise and Sustain), in the workplace inspection criteria to ensure SHE compliance.



- QSHE knowledge sharing – e-Library and Messenger (newsletter) serve as online or physical knowledge-sharing channels for all Gamudians. QSHE e-library aims at sharing knowledge and lessons learnt from past experiences to improve our techniques and processes in future undertakings. The library is an essential collection that includes valuable online documents prepared by our experienced staff from past and current projects, local and international construction standards, best practice guidelines, legal and other regulatory requirements. It is accessible by all our employees as a ready source of reference, anytime anywhere within our facilities.
- Building Safety Certification Scheme – a mandatory passport programme implemented at all our building construction sites aimed at enhancing safety and health knowledge and awareness of all personnel at site.
- Lessons learnt workshop – a periodic event aimed at sharing lessons learnt and best practices from various project sites for continuous improvement.
- Independent inspection by HQ QSHE team at building construction sites to gauge effectiveness of QSHE measures at site.
- Setting of key performance indicator (KPI) for QSHE for all our building construction sites to measure QSHE performance on a monthly basis and report to top management.
- Safety task force at project sites to closely monitor and report on safety and health violations.
- Development of training centres, working closely with authorities like CIDB and National Institute of Occupational Safety and Health (NIOSH).

Apart from the listed initiatives, Gamuda also places great emphasis on emergency preparedness. We are continuously working to identify potential emergencies, and we conduct training and drills to ensure that we will be prepared to handle any eventuality. Some of the training that we have conducted include flashover training, fire, rescue from confined space, deep shaft rescue, works train derailment and suspended rescue.

### Safety Programmes for MRT Workers

QSHE is paramount in the KVMRT project as it traverses high-density populated areas and involves high-risk heavy civil engineering works. We ensure that works are carried out in compliance with international standards and practices. To date, approximately 17,000 workers have been provided with classroom and on-the-job training. Towards this end, Gamuda has taken various initiatives to inculcate safety awareness among workers such as:

- Construction Design Management – reduce risk and continuous assessment via Gate Review Process.
- Specifications and Contractual Knowledge – enforce higher standard of work and workplace practices.
- SHE Performance Scheme – a two-pronged approach where bonus will be given to WPCs and there will be deductions in contract payments of WPCs whose performance does not meet the threshold.
- KVMRT Safety Passport Scheme – ensures that all workers in the KVMRT project will undergo the required training before they are allowed to work. This will be implemented in the construction of the KVMRT Line 2 project and thus, an estimated total of 20,270 KVMRT Line 2 workers will be

# Sustainability Statement

targeted for the scheme. Aside from the KVMRT site workers, the senior management team for the project are required to attend the scheme as well.

- Master Trainer Programme – 15-day rigorous training courses that include Lifting Operations Training as well as Scaffolding and Temporary Works Training, and a 5-day ‘Train the Trainer’ programme to produce PDP master trainers, WPC master trainers, trainers and assessors. This programme aims to produce Master Trainer and trainers/ assessors, who in turn will train and prepare all workers on site for the delivery of the KVMRT Line 2 project.
- Signing of a Memorandum of Understanding (MoU) between MMC-Gamuda, CIDB Holdings, MRT Corp and NIOSH to enhance skills and competencies of all workers involved in the KVMRT project and, to develop new occupational, safety and health standards as well as guidelines for the project.

## Safety and Health Performance

As a testament to our commitment towards safety and health at the work site, Gamuda along with our partner MMC achieved a Five Star Rating for Safety and Health Best Practices from DOSH Malaysia for the Tun Razak Exchange MRT Station in FY2016.

## Continual Improvement

To gauge the effectiveness and to explore opportunities for improvement of our QSHE policies, our management system is being audited by SIRIM on a yearly basis. We continue to strive to maintain an excellent safety scorecard and ensure that all our QSHE targets are met.

## Community Development

We are aware that our business and organisation as a whole is interconnected with our surrounding communities. As such, we are not only committed towards nation building via infrastructure and property development but we also pay special attention to giving back to society through various programmes. We believe that such initiatives are some of the best ways to empower and create long-lasting relationships with society. Ultimately, we hope that our efforts will assist in uplifting the lives of their families and communities, as well as narrow the gap between the marginalised and mainstream society.

### Empowerment through Education

The Gamuda Scholarship Awards serve as the main instrument for Gamuda to promote higher education among young deserving Malaysian students. The scholarships also provide an excellent opportunity for young Malaysians to develop a rewarding career in the construction industry.

In our pursuit of building a knowledgeable and sustainable workforce for our nation, we have offered various training programmes to Malaysian youth with a focus on rail construction and tunnelling. Towards this end, we have set up training centres such as the KVMRT Training Centre, GPOS and CTC. To improve the employability of young Malaysians, especially those in rural areas or low-income families, we have been actively participating in the Government’s SLIM programme since 2011.

While these initiatives will contribute greatly to the construction industry, to the benefit of the nation and Gamuda, they will also serve to provide lifelong skills and knowledge to Malaysians, and uplift the lives of their families and communities.

### School Outreach Programme

In 2016, Gamuda Engineering embarked on the School Outreach Programme to reach out to secondary school students in the Klang Valley. The programme aims to promote interest in science, technology, engineering and mathematics (STEM) among the students as well as to encourage them towards a choice in STEM-related courses in their tertiary education.

This programme ran for four months from April 2016 to July 2016 and received positive response from both teachers and students alike. In total, the programme reached eight schools in the Klang Valley and benefited 1,229 students:

Date	Schools	Total Attendance
13 April 2016	SMK Bandar Utama	130
14 April 2016	SMK Convent Bukit Nanas	150
15 April 2016	SMK Convent Jalan Peel	112
29 April 2016	SMK Cochrane	115
4 May 2016	SMJK (C) Chung Hwa	172
23 May 2016	SMK Jinjang	100
24 May 2016	SM Sains Alam Shah	160
20 July 2016	SM Teknik Cheras	290

**Community Participation**

Besides contributing to the community, we also encourage community participation in our projects. For our KVMRT project, we developed a bench design competition for the seven underground stations along Line 1. Each station had a designated theme and participants were required to design the benches accordingly. A total of 133 designs from 19 higher learning institutes around the country were submitted. After an initial round of screening by the judging committee (industry experts and senior management team from MRT Corp and MMC-Gamuda), 21 designs made it to the finals and were then put up for public voting. Winning bench designs will then be adapted and installed in the selected stations of the underground KVMRT Line 1 stations.

As for our townships, we collaborated with the Shah Alam City Council (MBSA) and ECO Warriors in November 2015 to plant trees in the Taman Tasik Kota Kemuning Park. On that day, more than 250 Gamudians and their family members, as well as almost 90 local community members planted over 1,000 trees. To promote species diversity, we included many trees that thrive in urban areas such as Bucida (*Pokok Teduh*), White Mussaenda (*Pokok Bunga Janda Kaya*), Cassia (*Kasia Kuning*) and Tecoma (*Sakura Malaysia*). Tree planting programmes are beneficial as trees not only provide carbon reduction benefits but also aid in the conservation of biodiversity.

In our efforts to conserve the environment, Gamuda in association with Persatuan Kebajikan Nelayan-nelayan Pantai Pulau Pinang also conducted a mangrove planting programme at Sg. Acheh, Nibong Tebal Pulau Pinang where 500 mangrove trees were planted.



**EPIC Homes**

In partnership with EPIC Homes organisation, Gamuda gathered a group of volunteers to build new homes for identified disadvantaged indigenous families. This initiative also allows Gamuda employees to develop genuine relationships with the larger community.

In FY2016, we gathered 35 Gamuda employees to build a new home for a family of 2 adults and 3 children in Kampung Orang Asli Serendah, Selangor, who used to live in a dilapidated shed by the riverbank. Previously, their home would be flooded when it rained and was overall, a non-conducive environment for their family especially for young children. Through EPIC Homes, we helped to lift the burden of Erman, the head of the family, by building a new home of 6 modules: 3 bedrooms, a living area, a kitchen and a foyer for his family. Erman can now focus on providing for his family in terms of food and education while knowing that his family can be raised in a safe environment.

In FY2017, we will aim to venture into other initiatives where we can further enrich the lives of other needy communities and to foster long-term relationships with them.

**DiB Coffees of Hawaii**

DiB Coffees of Hawaii is a unique community business project for the hearing-impaired. Located at Menara Gamuda, it is a gourmet coffee chain in Malaysia that is fully operated by the hearing-impaired. All employees at the DiB outlets are guided and trained by specialist hearing coaches.



# SECTION 7

## Corporate Governance & Accountability



154	Corporate Governance Statement
166	Training Programmes Attended by Directors
167	Statement on Risk Management and Internal Control
169	Audit Committee Report
170	Statement on Internal Audit
172	Risk Management Committee Report
174	Additional Compliance Information
175	Code of Conduct



— The Board of Directors  
(“Board”) of Gamuda Berhad  
(“Gamuda” or “Company”) is committed to maintaining a high standard of corporate governance practices within Gamuda and its subsidiary companies (“Group”) and devotes considerable effort to identify and formalise best practices.

---

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

This statement relates to the Malaysian Code on Corporate Governance 2012 (“Code”) published by the Securities Commission. The Code can be found at [www.sc.com.my](http://www.sc.com.my) and this Statement in the Gamuda corporate website at [www.gamuda.com.my](http://www.gamuda.com.my).

## COMPLIANCE

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

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

The Board is pleased to disclose below how the Group has applied the principles set out in the Code to its particular circumstances, having regard to the recommendations stated under each principle and governance standards prescribed and the provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the extent to which it has complied with the principles and recommendations under the Code for the financial year ended 31 July 2016. The Group has also identified any recommendations under the Code which were not followed and provides reasons for these.

## LEADERSHIP

### The role of the Board

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

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

### Board Composition and Balance

There was no change in the Board's composition during the financial year under review except for the appointment of Puan Nazli binti Mohd Khir Johari as an Independent Director of Gamuda on 7 March 2016 to replace YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain who retired at the Thirty-Ninth ("39th") Annual General Meeting ("AGM") of the Company held on 7 December 2015.

As of the date of this statement, the Board comprises one (1) Group Managing Director, one (1) Deputy Group Managing Director, three (3) Executive Directors and a significant presence of four (4) Non-Executive Directors of whom three (3) are Independent Directors. The biographical details of the Directors are set out in the Profile of Board section of this annual report. An updated list of the Directors of the Company, their respective roles and functions, and their biographical details is maintained on the Company website.

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

Independent/Non-Executive/Executive Directors	
Executive	5
Non-Executive	1
Independent Director	3

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

### Roles of the Chairman and Group Managing Director

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

The Chairman of the Company is an independent non-executive Director who provides effective oversight of the 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; this can be summarised as follows:-

Corporate Governance & Accountability	1	2	3	4	5	6	7	8	9
---------------------------------------	---	---	---	---	---	---	---	---	---

# Corporate Governance Statement

## Chairman (YBhg Dato' Mohammed Hussein):-

- Leads the Board and ensures it is effective in its role and governance of the Board.
- Chairs the orderly conduct of meetings and facilitates discussions of all agenda items, in particular strategic issues and matters between the Board and investors.
- Promotes a culture of openness and debate by facilitating effective contributions of Independent Directors, and constructive relationships between Executive, Non-Executive and Independent Directors.
- Ensures that the Directors receive accurate and clear information on time.

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

- Manages the day-to-day business operations of the Group and ensures that appropriate standards of corporate governance permeate throughout the organisation.
- Recommends key strategies/policies and implements those agreed/approved by the Board, plans the future direction of the Group and delegates decision-making and responsibilities accordingly.
- Acts as the Group's official spokesperson and manages communication with shareholders and employees.
- Takes a leading role in establishing relationships with all external agencies and in promoting the Gamuda Group.

## **Senior Independent Director**

The Group has complied throughout the financial year with the best practices of the Code except in the identification of a Senior Independent Non-Executive Director. Given the current composition of the Board which separates the roles of the Chairman and the Group Managing Director, the Board does not consider it necessary at this juncture to identify a Senior Independent Non-Executive

Director as the Board Chairman promotes an open environment for deliberation and ensures that Board meetings are conducted in a manner that allows Non-Executive Directors to participate in meaningful and active discussion. Furthermore, any concerns from the Company shareholders can be easily brought to the attention of the Board via the Company Secretaries.

## **Independence of Board**

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

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

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

Length of tenure of Independent Directors	
4 – 6 years	1
0 – 3 years	2

The Board assesses the independence of its Independent Directors through a Self-Assessment of Independence of Independent Directors under the annual Board evaluation process. The assessment of independence is based on the criteria prescribed under the Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia Berhad.

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

## **Board Diversity**

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

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

Recognising the benefits of diversity in its broad spectrum, the Board has adopted a Diversity Policy on 28 September 2016. With the appointment of Puan Nazli binti Mohd Khir Johari as an Independent Director of the Company on 7 March 2016, the Company has achieved the requirement for 30% women participation on Board.

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

In evaluating candidates for appointment to the Board, the Nomination Committee and the Board evaluates and matches the criteria of the candidate based on experience, skills, competencies, knowledge, potential contributions and boardroom diversity (including gender, ethnicity and age).

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

Directors	Industry/ Background Experience					Age Composition			Ethnic Composition		Gender	
	Construction & Engineering	Public Services	Banking	Accounting/ Finance	Legal	40 to 49 years	50 to 59 years	60 to 69 years	Bumiputera	Non-bumiputera	Male	Female
YBhg Dato' Mohammed Hussein			✓					✓	✓		✓	
YBhg Dato' Lin Yun Ling	✓							✓		✓	✓	
YBhg Dato' Ir Ha Tiing Tai	✓							✓		✓	✓	
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah					✓		✓		✓			✓
YBhg Dato' Haji Azmi bin Mat Nor	✓	✓					✓		✓		✓	
YBhg Dato' Goon Heng Wah	✓							✓		✓	✓	
Mr. Saw Wah Theng				✓			✓			✓	✓	
YM Tunku Afwida binti Tunku A.Malek			✓	✓			✓		✓			✓
Puan Nazli binti Mohd Khir Johari	✓			✓				✓	✓			✓

The profile of the Board members are set out on pages 54 to 66 of this Annual Report.

# Corporate Governance Statement

## EFFECTIVENESS

### Board charter

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

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

The Board believes that the Directors' Handbook effectively encapsulates the essence of the suggested contents of a Board charter. The Handbook 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 Articles of Association of the Company, and statutory and regulatory requirements.

### Board appointments

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

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

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

### Re-election of Directors

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

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

Upon the recommendations of the Nomination Committee, the Board has confirmed that the following Directors standing for re-election at this year's 40th AGM continue to perform effectively and demonstrate commitment to their roles:

- a. YBhg Dato' Lin Yun Ling retiring pursuant to Article 95 of the Articles of Association of the Company;
- b. YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, retiring pursuant to Article 95 of the Articles of Association of the Company;
- c. YM Tunku Afwida binti Tunku A.Malek, retiring pursuant to Article 95 of the Articles of Association of the Company;
- d. Puan Nazli binti Mohd Khir Johari, retiring pursuant to Article 101 of the Articles of Association of the Company.

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

Pursuant to Section 129 (6) of the Companies Act, 1965 ("Act"), Directors who reached the age of 70 years are required to retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM. Nonetheless, the Board has established a policy that the mandatory retirement age of Directors shall be 75 years.

### Board meetings and supply of information

Board Meetings are scheduled to be held regularly, at least four (4) times in a financial year with sufficient notice given for all Board Meetings of issues to be discussed. Additional Board Meetings may be called as and when significant issues arise and which require the Board's decision. The dates for Board Meetings for the ensuing financial year are scheduled well in advance and the Board has formal schedule of matters specifically reserved for the Board's discussion and/or approval. The schedule ensures that the direction and control of the Group are in the hands of the Board.

During the financial year ended 31 July 2016, the Board had met four (4) times whereby all Directors complied with the requirements in respect of Board Meeting attendance. This is as follows:

Name of Director	Number of Board Meetings	
	Held (during tenure)	Attended
YBhg Dato' Mohammed Hussein	4	4
YBhg Dato' Lin Yun Ling	4	3
YBhg Dato' Ir Ha Tiing Tai	4	4
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	4	4
YBhg Dato' Haji Azmi bin Mat Nor	4	4
YBhg Dato' Goon Heng Wah	4	4
Mr. Saw Wah Theng	4	4
YM Tunku Afwida binti Tunku A.Malek	4	4
Puan Nazli binti Mohd Khir Johari <sup>(Note 1)</sup>	2	2
YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain <sup>(Note 2)</sup>	1	1

Note 1:-  
Appointed as Independent Director on 7 March 2016

Note 2:-  
Retired as Independent Director on 7 December 2015

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

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

Notices of meetings setting out the agenda, and the relevant Board papers in particular, financial information are promptly provided to all Directors for their reviews in a timely manner prior to meetings. Management presentations are given by the Management to facilitate proper consideration and debate of matters brought before the Board. Progress on key initiatives is reported regularly and documented together with routine matters such as financial performance and current progress of projects and operations in each of the Group's business activities. This enables the Board to make informed decisions on corporate and business issues

under consideration. When the Directors are unable to attend a meeting, they are advised to make their views known, if any, to the Chairman prior to the meeting.

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

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

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

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

The Board is supported by suitably qualified and competent Company Secretaries who are members of the relevant professional bodies. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. The Articles of Association 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

## Corporate Governance Statement

Company Secretaries and the Management of 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 legislations and regulatory framework affecting the Group.

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

### Board commitment

Recognising the substantial time commitment required of Directors, it is expected that Directors will serve on the boards of other companies only to the extent that such services do not detract from their ability to devote the necessary time and attention to the Company.

From the Board attendances (as illustrated on page 159 of this Annual Report), the Board is thus, satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors complied with the Listing Requirements of Bursa Securities on the limit of five directorships in public listed companies.

### Directors' training

Directors' Training is an on-going process as the Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the financial and business landscape, both domestically and internationally.

The Directors are aware and are encouraged to attend continuing education programmes, seminars and conferences to keep themselves abreast of the current developments and business environment affecting their roles and responsibilities to the Group.

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

The newly appointed Director, Puan Nazli binti Mohd Khir Johari attended and completed the MAP for Directors of Public Listed Companies on 4 and 5 May 2016 at Hilton Hotel, Petaling Jaya.

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

The list of training programmes attended by the Board during the financial year ended 31 July 2016 is set out on page 166 of this Annual Report.

The Board continues to assess the training requirements/programmes which would enhance the Directors' effectiveness as Company Directors and their understanding of the economic sectors and businesses in which the Company is engaged in, including external seminars, courses, programmes and/or conference within or outside Malaysia.

### Board evaluation

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

During the financial year 2016, an annual evaluation of the effectiveness of the Board as a whole and the Audit Committee was conducted. The evaluation process was led by the Nomination Committee's Chairman

and supported by the Company Secretaries. The evaluation results were considered by the Nomination Committee, which then made recommendations to the Board with the aim of helping the Board to discharge its duties and responsibilities. The evaluation was based on specific criteria such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

The 2015/2016 Evaluations of the Board's performance and the 2015/2016 Audit Committee Self-Assessment were 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 concludes that the Board as a whole and its Board Committees have performed well, are effective and have all the necessary skills, experiences and qualities to lead the Company.

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

As mentioned, an assessment of the Directors who are subject to retirement by rotation at the forthcoming 40th AGM in accordance with the provisions of the Articles of Association of the Company was also conducted.

### Board Committees

The Board delegates specific responsibilities to Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, all of which operate within defined terms of reference.

All these Board Committees do not have executive power but report to the Board on all matters they have considered and recommended thereon.

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

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

Name of Director	Audit Committee (Note 1)	Remuneration Committee (Note 2)	Nomination Committee (Note 3)	Risk Management Committee
YBhg Dato' Mohammed Hussein	Chairman	Chairman	Chairman (Note 4)	
YBhg Dato' Lin Yun Ling	-	Member	-	Chairman
YBhg Dato' Ir Ha Tiing Tai	-	-	-	Member
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	-	Member (Note 5)	-	-
YBhg Dato' Haji Azmi bin Mat Nor	-	-	-	Member
YBhg Dato' Goon Heng Wah	-	-	-	Member
Mr. Saw Wah Theng	-	-	-	Member
YM Tunku Afwida binti Tunku A.Malek	Member	-	Member	Member
Puan Nazli binti Mohd Khir Johari (Note 6)	Member (Note 6)	-	Member (Note 6)	-
Ir Chow Chee Wah (Alternate to YBhg Dato' Lin Yun Ling)	-	-	-	Member
YBhg Dato' Ubull a/l Din Om (Alternate to YBhg Dato' Ir Ha Tiing Tai)	-	-	-	Member
Ir Chan Kong Wah (Alternate to YBhg Dato' Goon Heng Wah)	-	-	-	Member

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

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

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

Note 4:-  
Redesignated as Chairman of Nomination Committee on 7 March 2016.

Note 5:-  
Appointed as a member of the Remuneration Committee on 7 March 2016.

Note 6:-  
Appointed as Independent Director and a member of the Audit Committee and Nomination Committee on 7 March 2016 respectively.

# Corporate Governance Statement

## Audit Committee

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

A full Audit Committee Report enumerating its composition and its activities and the Internal Audit Function and activities during the financial year under review are set out on page 169 of this Annual Report.

## Nomination Committee

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

- a. To review, from time to time, the Policy Framework on the nomination and recommendation of candidates to be members of the Board. In making its recommendations, the Nomination Committee shall take into consideration candidates proposed by the Group Managing Director and, within the bounds of practicability, by any other Director or shareholder. The Nomination Committee shall evaluate candidates on the aspect of their:
  - skills, knowledge, expertise and experiences;
  - professionalism;
  - integrity; and
  - for position of independent non-executive director, the candidates' abilities to discharge such responsibilities/functions independently as expected from the independent non-executive director;

- b. To review annually the Board's required mix of skills, experience and other qualities including the core competencies which Non-Executive Directors should bring to the Board;
- c. To assess annually the effectiveness of the Board as a whole and the Audit Committee;
- d. To identify suitable training programmes for the Directors for each financial year end.

The terms of reference of the Nomination Committee is available at the Company's website at [www.gamuda.com.my](http://www.gamuda.com.my).

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

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

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

A summary of the activities undertaken by the Nomination Committee in the discharge of its duty for the financial year ended 31 July 2016 is as follows:

- a. Reviews and make recommendations to the Board concerning new appointment to the Board having regard to the balance of skills, knowledge, experience and diversity of the Board;
- b. Re-election and retirement by rotation of Directors at the 40th AGM;
- c. Annual Board Assessment;
- d. Annual Audit Committee Self-Assessment; and
- e. Annual Independent Directors' Assessment.

The Nomination Committee met twice during the financial year ended 31 July 2016 with full attendance from its members.

## Remuneration Committee

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

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

Each Executive Director's remuneration package currently consists of basic salary, annual performance related bonus, contribution to the national pension fund and benefits-in-kind such as private medical care, car allowance and fuel, and the Group's club membership. Remuneration for the Non-executive Directors takes the form, primarily, of fees approved by the Company shareholders.

The Remuneration Committee, whilst establishing the appropriate levels of the Directors' remuneration package for the year 2016, has considered the information in the salary survey of comparator-listed companies provided by external sources and information from sources within the Company, taking into account external market data and conditions within the business and performance of the Group.

The Board as a whole determines the remuneration package of Non-Executive Directors. The respective Directors shall abstain from deliberations in respect of their own remuneration packages.

The Remuneration Committee met once during the financial year ended 31 July 2016 with full attendance by its members.

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

#### Risk Management Committee

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

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

## ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management and Internal control

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

Significant risks faced by the business are identified and evaluated based on the likelihood and potential impact of each risk and where necessary, actions to mitigate the risks are 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 are brought to its attention.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal control within the Group, is set out on pages 167 to 168 of this Annual Report.

### Financial reporting

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

Each business unit maintains financial controls and prepares monthly results with a comparison against budget. There are clearly defined guidelines for the review and approval of capital expenditure projects.

These include annual budgets, periodic reviews and designated levels of authority. The Group's centralised internal audit function reviews the systems and procedures in all business units and reports regularly to the Audit Committee, which in turn, reports to the Board.

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

The Group's financial statements and quarterly announcements, prepared using appropriate consistent accounting policies and supported by reasonable and prudent judgements and estimates, are reviewed and deliberated by the Audit Committee in the presence of the external auditors, internal auditors of the Company and the Finance Director prior to recommending them for adoption by the Board. The Audit Committee ensures that the information to be disclosed is accurate, adequate and in compliance with the various disclosure requirements imposed by the relevant authorities. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to its adoption. The Board also ensures accurate and timely release of the Group's quarterly and annual financial results to Bursa Securities and to the Securities Commission.

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

# Corporate Governance Statement

## Directors' responsibility statement

The Directors are required by the Act to prepare financial statements for each financial year which give a true and fair view of the financial position and financial performance and cash flows of the Group and the Company.

In preparing the financial statements, the Directors have:

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

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

## Relationship with external auditors

A formal mechanism has been established by the Audit Committee to ensure that there is frank, transparent and candid dialogues with external auditors. The external auditors attended two (2) out of the four (4) Audit Committee Meetings held during the financial year to discuss their audit plan, audit findings and financial statements. The external auditors highlights to the Audit

Committee and the Board on 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 with external auditors 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 the external auditors' audit and their findings. For this purpose, the Audit Committee and the external auditors met twice (September 2015 and June 2016) during the financial year under review.

The Audit Committee had considered the provision of non-audit services by the external auditors during the financial year under review and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors of RM984,530 (2015: RM706,000). 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 2016 was RM290,124 (2015: RM239,190).

The Audit Committee had on 28 September 2016, reviewed the suitability and independence of the external auditors and recommended their re-appointment for the ensuing financial year.

The external auditors had provided a confirmation of their independence to the Audit Committee that they were and had been independent throughout the conduct of the audit engagement during the financial year ended 31 July 2016 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The engagement partner involved in the external audit of the Company for the financial year ended 31 July 2016 was rotated in accordance with the MIA By-Laws which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years.

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

## RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

### Communications with shareholders and investors

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

As part of its corporate governance initiatives, the Board has set up a full-time Investor Relations ("IR") unit primarily tasked to implement effective IR policies and programmes. A comprehensive Investor Relations report enumerating its policy, practices and programmes, during the financial year under review are as set out on pages 118 and 119 of this Annual Report.

## ETHICS

### Directors' Code of Conduct

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

The Directors' Code of Conduct is available for reference on Gamuda's corporate website at [www.gamuda.com.my](http://www.gamuda.com.my).

### Code of practice

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

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

### Corporate Disclosure Policy

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

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

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

### Whistleblowing Policy

There is a Whistleblowing reporting procedure which encourages transparency and accountability within the Group. The Whistleblowing Policy of the Company was adopted in August 2011 following the introduction of the Whistleblower Protection Act 2010 to enhance the coverage and protection to whistle-blowers.

This encompasses report of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group.

The aim of this policy is to encourage the reporting of such matters, in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

The Whistleblowing Policy is posted on the Gamuda corporate website at [www.gamuda.com.my](http://www.gamuda.com.my) for ease of access for reporting by employees and associates of the Group.

### Sustainability of business

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

Information on the Group's corporate social responsibility activities appears in the Key Initiatives (Sustainability) section of this Annual Report.

This Corporate Governance Statement has been approved by the Board of Gamuda on 28 September 2016.

# Training Programmes Attended By Directors

## DIRECTORS' TRAINING

For the financial year ended 31 July 2016, all Directors have attended the following training programmes:-

Director	Topic
YBhg Dato' Mohammed Hussein	<ul style="list-style-type: none"> <li>Directors' Remuneration Report 2015: Briefing Session for Directors</li> </ul>
YBhg Dato' Lin Yun Ling	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> </ul>
YBhg Dato' Ir Ha Tiing Tai	<ul style="list-style-type: none"> <li>Latest Emerging Issues for Company Directors</li> </ul>
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	<ul style="list-style-type: none"> <li>Latest Emerging Issues for Company Directors</li> </ul>
YBhg Dato' Haji Azmi bin Mat Nor	<ul style="list-style-type: none"> <li>Latest Emerging Issues for Company Directors</li> </ul>
YBhg Dato' Goon Heng Wah	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> <li>Annual Report Sustainability Statement Workshop</li> </ul>
Mr. Saw Wah Theng	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> <li>Latest Emerging Issues for Company Directors</li> <li>Annual Report Sustainability Statement Workshop</li> </ul>
YM Tunku Afwida binti Tunku A.Malek	<ul style="list-style-type: none"> <li>MIA International Conference 2015</li> <li>Whistle-Blowing and Cyber Fraud</li> </ul>
Puan Nazli binti Mohd Khir Johari <sup>(Note 1)</sup>	<ul style="list-style-type: none"> <li>Latest Emerging Issues for Company Directors</li> <li>MAP for Directors of Public Listed Companies</li> </ul>
Ir Chow Chee Wah (Alternate to YBhg Dato' Lin Yun Ling)	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> <li>Latest Emerging Issues for Company Directors</li> <li>Annual Report Sustainability Statement Workshop</li> </ul>
YBhg Dato' Ubull a/l Din Om (Alternate to YBhg Dato' Ir Ha Tiing Tai)	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> <li>Annual Report Sustainability Statement Workshop</li> </ul>
Ir Chan Kong Wah (Alternate to YBhg Dato' Goon Heng Wah)	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> <li>Latest Emerging Issues for Company Directors</li> <li>Annual Report Sustainability Statement Workshop</li> </ul>
Mr. Soo Kok Wong (Alternate to Mr. Saw Wah Theng)	<ul style="list-style-type: none"> <li>Whistle-Blowing and Cyber Fraud</li> <li>Latest Emerging Issues for Company Directors</li> </ul>

**Note 1:-**

Appointed as an Independent Director on 7 March 2016

# Statement on Risk Management and Internal Control

## BOARD'S RESPONSIBILITY

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

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

## RISK MANAGEMENT

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

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

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

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

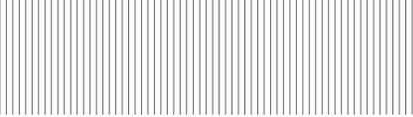
During the year, the significant risks of business units were presented to the Risk Management Committee for their deliberation.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

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

- Clearly defined operating structure, lines of responsibilities and delegated authority. Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are:
  - Audit Committee
  - Risk Management Committee
  - Nomination Committee
  - Remuneration Committee
  - Budget Committee
  - ESOS Committee

- Feasibility study, risk impact and assessment on new investments/projects is evaluated by the business development team for the Board's deliberation.
- Internal control activities have been established in all business units with clearly defined lines of responsibilities, authority limits for major capital expenditure, contract awards and other significant transactions, segregation of duties, performance monitoring and safeguarding of assets.
- Systematically documented Policies, Procedures and Standard Operating Procedures are in place to guide employees in their day-to-day work. These policies and procedures are reviewed regularly and updated when necessary.
- An annual budgetary process that requires business units to prepare budgets, business plans and control measures is in place to mitigate identified risks for the forthcoming year. These budgets are deliberated by the Budget Committee before being presented to the Directors for approval.
- A comprehensive information system comprising budgets, key business indicators and performance results on operations are reported to the Management and the Directors. The regular and comprehensive flow of information allows the Management and the Directors to review business unit's performance against budgets and performance indicators on monthly basis.
- An Integrated Management System, incorporating ISO 9001:2008, ISO 14001:2004, 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.



## Statement on Risk Management and Internal Control

- A performance management system with clearly defined business objectives and targets are set for relevant employees. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectations.
- An adequately resourced Internal Audit Department, which reports directly to the Audit Committee, conducts regular reviews on integrity and effectiveness of the Group's system of internal controls.
- Executive Directors and Senior Management conduct regular site visits and communicate with employees of different levels to have first-hand knowledge of significant operational matters and risks.
- The Board of our associated companies include our representatives. Information on the financial performance of these associated companies is provided regularly to the Management and Board of the Company via regular management reports and presentations at Board meetings.
- In respect of joint ventures entered into by the Group, the Management of the joint ventures, which consist of representations from the Group and other joint venture partners, are responsible to oversee the administration, operation and performance of the joint venture. Financial and operational reports of these joint ventures are provided regularly to the Management of the Company.

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

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

This Statement is made in accordance with the resolution of the Board dated 28 September 2016.

# Audit Committee Report

## MEMBERSHIP

The current composition of the Audit Committee is as follows:

1. YBhg Dato' Mohammed Hussein  
*Chairman/Independent Non-Executive Director*
2. YM Tunku Afwida binti Tunku A.Malek  
*Member/Independent Non-Executive Director*
3. Puan Nazli binti Mohd Khir Johari  
*Member/Independent Non-Executive Director*  
*(Appointed with effect from 7 March 2016)*
4. YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain  
*Member/Independent Non-Executive Director*  
*(Retired with effect from 7 December 2015)*



## ATTENDANCE OF MEETINGS

During the financial year ended 31 July 2016, the Audit Committee met four times. The attendance of the Committee members is as follows:

Name of Directors	Attendance
YBhg Dato' Mohammed Hussein	4/4
YM Tunku Afwida binti Tunku A.Malek	4/4
Puan Nazli binti Mohd Khir Johari	2/2
YBhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain	1/1

## 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 2016 was in compliance with the criteria set out in the ESOS by-laws and by the ESOS Committee.

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

---

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

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

## PRACTICES AND FRAMEWORK

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

## SCOPE AND COVERAGE

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

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

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

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

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

## RESOURCES AND CONTINUOUS DEVELOPMENT

There are 18 internal auditors in the Group. The total cost incurred during the year was RM1,640,220 (This includes 10 auditors based at business units and projects. Cost incurred: RM422,920).

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.

# Risk Management Committee Report

## MEMBERSHIP

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

1. Dato' Lin Yun Ling  
*Chairman/Group Managing Director*
2. Dato' Ir Ha Tiing Tai  
*Member/Deputy Group Managing Director*
3. Dato' Haji Azmi bin Mat Nor  
*Member/Executive Director, Head of Infrastructure Concessions Division*
4. Dato' Goon Heng Wah  
*Member/Executive Director*
5. Mr. Saw Wah Theng  
*Member/Executive Director*
6. YM Tunku Afwida binti Tunku A.Malek  
*Member/Independent Non-Executive Director*
7. Ir Chow Chee Wah  
*Member/Managing Director, Property Division*
8. Dato' Ubull Din Om  
*Member/Managing Director, Engineering & Construction Division*

## TERMS OF REFERENCE

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

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

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

## MANAGING OPERATIONAL RISK

### Risk Management Framework

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

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

- 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 follows:

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

## Risk Mitigation Measures

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

### Engineering & Construction Division:

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

### Property Division:

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

### Infrastructure Concessions Division:

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

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

## Risk Reporting and Monitoring

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

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

# Additional Compliance Information

## 1. UTILISATION OF PROCEEDS

The Company has on 11 March 2016 completed the Rights Issue of Warrants following the listing of, and quotation of 400,984,509 Warrants 2016/2021 on the Main Market of Bursa Securities on the same day.

The status of utilisation of proceeds raised from the said Rights Issue of Warrants as at 31 July 2016 was as follows:-

Details of Utilisation	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)
Repayment of borrowings	50,000	(50,000)
Working capital	49,246	(49,246)
Expenses for the Rights Issue of Warrants	1,000	(1,000)

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and 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 2016 were RM984,530 and RM290,124 respectively. As such, the non-audit fees incurred was not significant as it only accounted for 29.5% of the total fees payable.

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

Save as disclosed under Note 40 of the Financial Statements in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries involving the interest of its Directors, Chief Executive who is not a Director or major shareholders still subsisting at the end of the financial year ended 31 July 2016.

## 4. EMPLOYEES' SHARE OPTION SCHEME

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

The total number of options granted, exercised and outstanding (as adjusted and based on the par value of RM1.00 per ordinary share) under the ESOS, are set out in the table below:-

Description	Number of Options (Since commencement of ESOS to 31 July 2016)	
	Grand Total	Directors
(a) Granted	69,947,000	11,220,000
(b) Exercised	325,000	-
(c) Outstanding	69,622,000	11,220,000

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

Directors and Senior Management	During the financial year 2016	Since commencement up to 31 July 2016
(a) Aggregate maximum allocation	13%	28%
(b) Actual granted	13%	28%

# Code of Conduct

## 1. OUR CLIENTS DESERVE OUR BEST EFFORTS

Our products and services in infrastructure engineering and construction, property development, concession operations and other businesses must be delivered based on proper research, analysis and thoughtful and innovative design, and efficient execution and delivery that exceed the expectations of our clients and deliver enduring benefits to the users.

## 2. WE TREAT EACH OTHER WITH RESPECT

We treat each other with due respect, consideration and courtesy. We shall create appropriate, healthy, supportive and safe work environments and relationships so that each and every one is able to contribute his/her best.

## 3. WE ACT IN THE BEST INTEREST OF THE GROUP

We work in the best interest of the group, safeguarding its interests, reputation, information and assets to achieve the group's objectives. We shall avoid situations of conflict of interest.

## 4. WE ENCOURAGE DIVERSITY

We value diversity and inclusiveness and recognise each and everyone's legitimate rights and innate potential, irrespective of one's gender, ethnic origin or social background. Each and every person, including the differently-abled and marginalised among us, shall have equal and adequate opportunity for learning, career progress and rewards.

## 5. BUSINESS PARTNERS ARE PART OF OUR TEAM

Our projects require the participation of consultants, suppliers, vendors and sub-contractors who provide the much needed expertise, technology, equipment and materials. They are a necessary part of our team and shall be accorded fair and proper consideration of their claims, access to relevant resources and information to efficiently perform their contractual obligations.

## 6. WE ARE PART OF THE COMMUNITY WE SERVE

We understand the needs and aspirations of the communities where we operate. We shall ensure that what we do will ultimately benefit them in a sustainable way.

# SECTION 8

## Milestones & Achievements



- 178 Media Milestones
- 180 Group Awards and Achievements



## Gamuda sees Melbourne project fully taken up

**KUALA LUMPUR:** Gamuda Land expects its luxury residence project 601 Chapel Street in Melbourne, Australia, with a gross development value (GDV) of A\$154 million (RM464.29 million), to be fully taken up in the next one to two years.

Chief operating officer Ngan Chee Jeng said the 20-story development, scheduled to be fully completed in 2019, had already been about 30% sold.

"The project's site location is ideal with a

short stop just outside the downtown area, a mere eight minutes' walk to the South Yarra train station, less than a minute's walk to Wicksley's Supermarket, and five minutes' walk to the Place Cinema," he said.

Ngan urged local property buyers and investors to purchase units in the 601 Chapel Street project, as the Victorian government had announced an increase in stamp duty surcharge for foreign buyers to 7% in July this year from 3% currently.

He said the government's decision was probably made to curb the rise in purchases of local properties by foreigners, especially from China.

"We are

close to achieving our revenue contribution ratio target between the local and international markets of 60:40," he added.

Ngan said the company already had a presence in three international markets, namely Vietnam, Singapore and Australia, with Vietnam being the biggest international revenue contributor at about 25%.

Back home, Ngan said, Gamuda Land is looking to launch a RM7 billion GDV mixed residential project close to Banting, Selangor by year end.

"In the next two years, you will see more issues, especially during the end of the year, including one more issue this year, and another near the Kota Kemuning and Elinor Highways in 2018," he said. — *Srinivasan*



Ngan Chee Jeng, CEO of Gamuda Land, says the Melbourne project is ideal with a short stop just outside the downtown area.

## Two more Pan Borneo Highway contracts awarded

Naim Gamuda bags RM1.57b job, Modjaja Masayati wins RM1.33b

BY STEPHANIE

**KUALA LUMPUR:** Gamuda Berhad has secured two more contracts for the Pan Borneo Highway project in Sarawak, Malaysia. The contracts are valued at RM1.57 billion and RM1.33 billion respectively.

The contracts are for the construction of the highway between Kuching and Miri, and between Miri and Bintulu. The contracts are awarded to Naim Gamuda and Modjaja Masayati respectively.

The Pan Borneo Highway is a major infrastructure project in Sarawak, Malaysia. It is a 1,000-kilometre-long highway that will connect Kuching, Miri, and Bintulu. The highway is expected to be completed by 2025.



## TWO MORE Pan Borneo Highway contracts awarded

Naim Gamuda IV bags RM1.57b job, Modjaja Masayati IV wins RM1.33b job



A large-scale view of the Gamuda City project in the Klang Valley, which is expected to be completed next year. — *AAA Project*

## Gamuda City project on track for completion during 2012

**KUALA LUMPUR:** The RM2.5-billion Gamuda City project in the Klang Valley is on track for completion during 2012.

The project, developed by Gamuda Berhad, includes the construction of a new residential development, a commercial centre, and a transit hub.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

Gamuda Standard features more than 1,000 units (condo, villa and apartment) and temporary facilities such as a temporary school, hospital and recreational centre.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

## Wujudkan rantai bekalan tempatan

Big project, complex program in a project, construction

K

The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.



The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.



The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.



The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.



Arrival of first train for Klang Valley MRT project.

## Engineered for success

Gamuda brings out the best by practising moderation

The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.



The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

## INTELLIGENCE

Local news

## Gamuda the best transport infra proxy

Gamuda is the best transport infrastructure proxy. The company has a strong track record in the industry and is well-positioned to benefit from the growth of the transport infrastructure sector.

The company has a strong track record in the industry and is well-positioned to benefit from the growth of the transport infrastructure sector.

## Gamuda leases school to Eaton

EDUCATION EXCELLENCE Option to buy

Gamuda has leased a school to Eaton. The school is located in the Klang Valley and is expected to be completed by the end of 2012.

The school is located in the Klang Valley and is expected to be completed by the end of 2012.

## Gamuda leases school to Eaton

EDUCATION EXCELLENCE Option to buy

Gamuda has leased a school to Eaton. The school is located in the Klang Valley and is expected to be completed by the end of 2012.

The school is located in the Klang Valley and is expected to be completed by the end of 2012.

## Gamuda leases school to Eaton

EDUCATION EXCELLENCE Option to buy

Gamuda has leased a school to Eaton. The school is located in the Klang Valley and is expected to be completed by the end of 2012.

The school is located in the Klang Valley and is expected to be completed by the end of 2012.

## Gamuda leases school to Eaton

EDUCATION EXCELLENCE Option to buy

Gamuda has leased a school to Eaton. The school is located in the Klang Valley and is expected to be completed by the end of 2012.

The school is located in the Klang Valley and is expected to be completed by the end of 2012.

## Gamuda leases school to Eaton

EDUCATION EXCELLENCE Option to buy

Gamuda has leased a school to Eaton. The school is located in the Klang Valley and is expected to be completed by the end of 2012.

The school is located in the Klang Valley and is expected to be completed by the end of 2012.

## RECOGNISING THE BEST IN CONSTRUCTION

Gamuda is the best in construction. The company has a strong track record in the industry and is well-positioned to benefit from the growth of the construction sector.

The company has a strong track record in the industry and is well-positioned to benefit from the growth of the construction sector.

The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

## RECOGNISING THE BEST IN CONSTRUCTION

Gamuda is the best in construction. The company has a strong track record in the industry and is well-positioned to benefit from the growth of the construction sector.

The company has a strong track record in the industry and is well-positioned to benefit from the growth of the construction sector.

The project is a complex program in a project, construction. It involves the construction of a large-scale infrastructure project in the Klang Valley.

The project is expected to be completed by the end of 2012. The completion of the project will provide a new residential and commercial hub in the Klang Valley.

## RECOGNISING THE BEST IN CONSTRUCTION

Gamuda is the best in construction. The company has a strong track record in the industry and is well-positioned to benefit from the growth of the construction sector.

The company has a strong track record in the industry and is well-positioned to benefit from the growth of the construction sector.

# Media Milestones



## Kundang Estates to be launched next month

Gamuda Land has announced the project of construction group Gamuda Land, to launch the residential township development in the Klang Valley, Kuala Lumpur, Selangor, Johor Bahru and Ipoh. The project is a 1,000-acre residential development in the Klang Valley, Kuala Lumpur, Selangor, Johor Bahru and Ipoh. The project is a 1,000-acre residential development in the Klang Valley, Kuala Lumpur, Selangor, Johor Bahru and Ipoh. The project is a 1,000-acre residential development in the Klang Valley, Kuala Lumpur, Selangor, Johor Bahru and Ipoh.



Milestones & Achievements



## Keeping track of safety standards

MRT Corp sets up new training centre to prioritise occupational safety and health matters

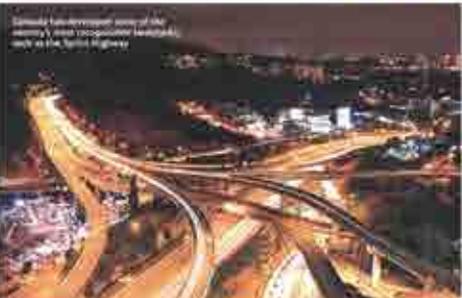
MRT Corp has set up a new training centre to prioritise occupational safety and health matters. The centre is located at the MRT Corp headquarters in Kuala Lumpur. The centre will provide training for MRT Corp employees and contractors. The centre will also provide training for other organizations. The centre will be a one-stop training centre for all safety and health matters. The centre will be a one-stop training centre for all safety and health matters.

## Infrastructure projects to lift Gamuda share price

CIMB Research raises construction firm's target price to RM5.97

PETALING JAYA: Large-scale infrastructure projects and sale of water infrastructure assets will help support construction firm Gamuda's share price, says CIMB Research. The research house said the company has eyed some RM3.5 billion to RM4 billion worth of infrastructure projects over the next 12 months. CIMB Research has raised the company's target price to RM5.97 from RM5.52, an upside of 21.8% from its last traded price of RM4.90. It said the target price was raised as the valuations was raised over to end-2017 still pegged to a 10% realized net asset value discount. "We continue to like Gamuda for its earnings turnaround in FY17 and exposure to large-scale rail projects. It remains our sector top pick. Downside risk is delay in job rollouts but this is outweighed by the revival of job wins, sale of water assets and the likely recovery in foreign shareholding (currently at a low of 32%)", it said in a report. The research house said the core net profit for the fiscal year ended July 31, 2016 (FY16) was 3% above its and 2% ahead of market consensus forecasts. The overall results were broadly in line. The 8.3% decline in core net profit was largely expected, given the full-year recognition of

## MMC-GAMUDA MAKES A DIFFERENCE IN NATION BUILDING



## Harnessing her potential

Gamuda's potential to harness her potential is being realized through her infrastructure projects. The company is positioning itself to be a leader in the infrastructure sector. The company is positioning itself to be a leader in the infrastructure sector. The company is positioning itself to be a leader in the infrastructure sector. The company is positioning itself to be a leader in the infrastructure sector. The company is positioning itself to be a leader in the infrastructure sector.



# Group Awards & Achievements



## GAMUDA

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

## GAMUDA LAND

- Gamuda Land, The Edge Malaysia Top Property Developers Awards, The Edge Malaysia Property Excellence Awards (2012-2015)
- Kota Kemuning, The Edge Top Property Developers Award, The Edge Malaysia Property Excellence Awards 2015
- Horizon Hills and Bandar Botanic (2014), Bandar Botanic and Kota Kemuning (2013), Kota Kemuning and Horizon Hills (2012), The Edge Malaysia – PEPS Value Creation Excellence Award, The Edge Malaysia Property Excellence Awards
- Horizon Hills, Jade Hills, Valencia and Yen So Park, Property Developer Category for Excellent Landscape Planning and Development, Malaysia Landscape Architecture Awards, Institute of Landscape Architects Malaysia (ILAM)
- Bandar Botanic, Engineering Awards, Association of Consulting Engineers Malaysia
- Kota Kemuning, Planning, Innovation and Concept Award, Malaysian Institute of Planners
- Kota Kemuning, Bandar Botanic, Valencia, Horizon Hills, Jade Hills, Top Rated on CONQUAS for Landed Residential and Institutional Buildings, BCA of Singapore
- Celadon City, Malaysia Landscape Architecture Awards 2014, Property Developer Category for Excellent Landscape Planning and Development, Institute of Landscape Architects Malaysia
- Kota Permai Golf and Country Club, HAPA Best Golf Excellence-Exhilarating Experience 2015, Hospitality Asia Platinum Awards
- Kota Permai Golf and Country Club, Best Course in Malaysia 2014, Asian Golf Awards
- Kota Permai Golf and Country Club, Malaysia's Best Golf Course 2015, Malaysian Golf Awards
- Kota Permai Golf and Country Club, Best Course in Malaysia 2015, IAGTO Excellence Awards

## MMC-GAMUDA JOINT VENTURE

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

# SECTION 9

## Other Information



184	Analysis of Securities of Company
191	Authorised and Issued Share Capital
194	List of Major Properties
195	Notice of Annual General Meeting
198	Administrative Details



# Analysis of Securities of Company

as at 4 October 2016

## ANALYSIS OF SHAREHOLDINGS

Authorised	: RM3,000,000,000	Voting rights	: 1 vote per share on a poll
Issued and fully paid	: RM2,421,274,645	No. of shareholders	: 12,524
Type of shares	: Ordinary shares of RM1.00 each		

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	365	2.91	5,843	0.00
100 – 1,000	3,068	24.50	2,506,701	0.10
1,001 – 10,000	6,605	52.74	26,620,558	1.10
10,001 – 100,000	1,731	13.82	53,701,596	2.22
100,001 – 121,063,731 (less than 5% of issued shares)	751	6.00	1,714,537,842	70.81
121,063,732 and above (5% and above of issued shares)	4	0.03	623,902,105	25.77
<b>Total</b>	<b>12,524</b>	<b>100.00</b>	<b>2,421,274,645</b>	<b>100.00</b>

## 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	284,096,205	11.73	–	–
Kumpulan Wang Persaraan (Diperbadankan)	169,324,400	6.99	–	–
Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	131,687,500	5.44	–	–
Lembaga Tabung Haji	131,631,900	5.44	–	–

## DIRECTORS' INTEREST IN ORDINARY SHARES OF THE COMPANY

(as per Register of Directors' Shareholdings)

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
YBhg Dato' Mohammed Hussein	-	-	-	-
YBhg Dato' Lin Yun Ling	73,535,736	3.04	-	-
YBhg Dato' Ir Ha Tiing Tai	21,554,276 <sup>*3</sup>	0.89	16,000 <sup>*1</sup>	<sup>*5</sup>
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	0.01	118,000,000 <sup>*2</sup>	4.87
YBhg Dato' Haji Azmi bin Mat Nor	316,600	0.01	-	-
YBhg Dato' Goon Heng Wah	15,628,300	0.65	5,755,432 <sup>*1</sup>	0.24
Mr. Saw Wah Theng	804,775 <sup>*3</sup>	0.03	-	-
YM Tunku Afwida Binti Tunku A.Malek	-	-	-	-
Puan Nazli Binti Mohd Khir Johari	-	-	-	-
Ir Chow Chee Wah (Alternate to YBhg Dato' Lin Yun Ling)	435,000	0.02	-	-
YBhg Dato' Ubull a/l Din Om (Alternate to YBhg Dato' Ir Ha Tiing Tai)	-	-	-	-
Ir Chan Kong Wah (Alternate to YBhg Dato' Goon Heng Wah)	400,000 <sup>*4</sup>	0.02	-	-
Mr. Soo Kok Wong (Alternate to Mr. Saw Wah Theng)	315,800 <sup>*3</sup>	0.01	-	-

### Notes:

<sup>\*1</sup> Through spouse

<sup>\*3</sup> Held in own name and in nominee name

<sup>\*2</sup> Through Generasi Setia (M) Sdn Bhd

<sup>\*4</sup> Held in nominee name

<sup>\*5</sup> Negligible

# Analysis of Securities of Company

## as at 4 October 2016

### 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	223,733,505	9.24
2	Kumpulan Wang Persaraan (Diperbadankan)	138,581,200	5.72
3	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	134,000,100	5.53
4	Lembaga Tabung Haji	127,587,300	5.27
5	Generasi Setia (M) Sdn Bhd	108,500,000	4.48
6	Dato' Lin Yun Ling	73,535,736	3.04
7	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	56,506,000	2.33
8	Amanahraya Trustees Berhad – Amanah Saham Malaysia	55,475,000	2.29
9	Permodalan Nasional Berhad	55,436,900	2.29
10	Cartaban Nominees (Tempatan) Sdn Bhd – Exempt An for Eastspring Investments Berhad	51,082,463	2.11
11	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	44,011,910	1.82
12	AMSEC Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	40,168,200	1.66
13	HSBC Nominees (Asing) Sdn Bhd – BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	34,943,716	1.44
14	Amanahraya Trustees Berhad – AS 1Malaysia	32,665,900	1.35
15	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	31,480,808	1.30
16	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	31,303,803	1.29
17	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	27,204,900	1.12
18	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	25,552,900	1.06
19	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	25,004,716	1.03
20	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	25,000,000	1.03
21	Ng Kee Leen	24,768,980	1.02
22	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (NOMURA)	23,134,900	0.96

## 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	%
23	Citigroup Nominees (Asing) Sdn Bhd – CBNY for United Nations Joint Staff Pension Fund	21,230,000	0.88
24	Amanahraya Trustees Berhad – Amanah Saham Didik	19,751,400	0.82
25	Amanahraya Trustees Berhad – Public Islamic Dividend Fund	17,416,100	0.72
26	Amanahraya Trustees Berhad – Public Islamic Select Enterprises Fund	16,442,300	0.68
27	Dato' Ir Ha Tiing Tai	15,929,276	0.66
28	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 12)	15,855,600	0.65
29	Dato' Goon Heng Wah	15,628,300	0.65
30	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (CIMB PRIN)	15,444,100	0.64
<b>Total</b>		<b>1,527,376,013</b>	<b>63.08</b>

## SHARE OPTIONS HELD BY DIRECTORS OF THE COMPANY

(Share Options held under Gamuda Berhad Employees' Share Option Scheme)

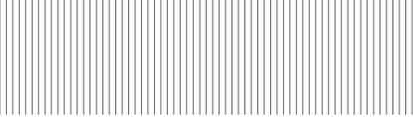
Name of Director	No. of Share Options Held
YBhg Dato' Lin Yun Ling	3,000,000
YBhg Dato' Ir Ha Tiing Tai	1,600,000
YBhg Dato' Haji Azmi bin Mat Nor	1,000,000
YBhg Dato' Goon Heng Wah	1,200,000
Mr. Saw Wah Theng	1,200,000
Ir Chow Chee Wah (Alternate to YBhg Dato' Lin Yun Ling)	1,000,000
YBhg Dato' Ubull a/l Din Om (Alternate to YBhg Dato' Ir Ha Tiing Tai)	715,000
Ir Chan Kong Wah (Alternate to YBhg Dato' Goon Heng Wah)	1,000,000
Mr. Soo Kok Wong (Alternate to Mr. Saw Wah Theng)	505,000



## 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 shares held	%
1	Lembaga Tabung Haji	72,304,800	18.34
2	Generasi Setia (M) Sdn Bhd	17,000,000	4.31
3	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Koon Yew Yin	13,000,000	3.30
4	Dato' Lin Yun Ling	12,883,600	3.27
5	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Koon Yew Yin	10,244,800	2.60
6	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Kit Pheng	8,852,400	2.25
7	Permodalan Nasional Berhad	8,000,000	2.03
8	Kumpulan Wang Persaraan (Diperbadankan)	7,616,618	1.93
9	HSBC Nominees (Asing) Sdn Bhd – BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	5,563,852	1.41
10	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Heng Teng Kuang	5,000,000	1.27
11	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd.	4,634,534	1.18
12	Malaysia Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	4,534,150	1.15
13	Ng Kee Leen	4,333,800	1.10
14	Yap Yoon Kong	3,975,000	1.01
15	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	3,649,266	0.93
16	UOB Kay Hian Nominees (Asing) Sdn Bhd – Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,555,661	0.90
17	Cartaban Nominees (Tempatan) Sdn Bhd – Exempt An for Eastspring Investments Berhad	3,020,577	0.77
18	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Koon Yew Yin	2,881,800	0.73
19	Heng Teng Kuang	2,853,023	0.72
20	Dato' Ir Ha Tiing Tai	2,795,100	0.71
21	Dato' Goon Heng Wah	2,741,600	0.70
22	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Ooi Ying Nee	2,600,000	0.66
23	HSBC Nominees (Asing) Sdn Bhd – HSBC BK PLC for Saudi Arabian Monetary Agency	2,234,700	0.57



## Analysis of Securities of Company as at 4 October 2016

### 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 shares held	%
24	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chia Siya Heng (E-SS2)	2,150,000	0.55
25	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yap Sung Pang	2,111,300	0.54
26	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wong Siew Chan	2,040,900	0.52
27	Gan Lu Ter	1,953,600	0.50
28	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chang Soke Hun (E-BBB/RLU)	1,950,000	0.49
29	ABB Nominee (Tempatan) Sdn Bhd – Pledged Securities Account for Generasi Setia (M) Sdn Bhd (1102095548)	1,663,000	0.42
30	Lee Foong Ngoh	1,518,833	0.39
<b>Total</b>		<b>217,662,914</b>	<b>55.25</b>

# Authorised and Issued Share Capital

## AUTHORISED SHARE CAPITAL

Date	Type of Share	Par Value (RM)	No. of shares Created	Cummulative (RM)
06.10.1976	Ordinary	1.00	1,000,000	1,000,000.00
05.05.1984	Ordinary	1.00	4,000,000	5,000,000.00
30.07.1988	Ordinary	1.00	5,000,000	10,000,000.00
29.04.1992	Ordinary	1.00	90,000,000	100,000,000.00
19.12.1994	Ordinary	1.00	100,000,000	200,000,000.00
03.12.1996	Ordinary	1.00	800,000,000	1,000,000,000.00
04.10.2007	Ordinary	1.00	2,000,000,000	3,000,000,000.00

## ISSUED AND PAID-UP SHARE CAPITAL

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative (RM)
06.10.1976	2	Cash – Subscribers' shares	2.00
26.12.1976	199,998	Cash	200,000.00
10.10.1977	200,000	Cash	400,000.00
30.07.1981	100,000	Cash	500,000.00
21.07.1984	500,000	Bonus Issue on the basis of 1 new ordinary share for every 1 existing ordinary share held	1,000,000.00
24.07.1985	250,000	Cash	1,250,000.00
29.07.1985	500,000	Issued as consideration for the acquisition of several companies	1,750,000.00
31.07.1986	750,000	Cash	2,500,000.00
30.07.1987	750,000	Bonus Issue in the proportion of 3 new ordinary shares for every 10 existing ordinary shares held	3,250,000.00
30.07.1988	1,750,000	Bonus Issue in the proportion of 7 new ordinary shares for every 10 existing ordinary shares held	5,000,000.00
30.07.1990	3,000,000	Bonus Issue in the proportion of 3 new ordinary shares for every 5 existing ordinary shares held	8,000,000.00
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	19,000,000.00
29.04.1992	23,976,667	Issued as consideration for the acquisition of Gammau Construction Sdn Bhd and Ganaz Bina Sdn Bhd	42,976,667.00

## Authorised and Issued Share Capital

### ISSUED AND PAID-UP SHARE CAPITAL (CONT'D.)

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative (RM)
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	62,063,000.00
18.01.1995	20,687,667	Bonus Issue in the proportion of 1 new ordinary share for every 3 existing ordinary shares held	82,750,667.00
20.03.1995	7,757,875	Right Issue in the proportion of 1 new ordinary share for every 8 existing ordinary shares held	90,508,542.00
24.01.1996 – 26.12.1996	24,547,169	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	115,055,711.00
16.01.1997	153,407,614	Bonus Issue in the proportion of 4 new ordinary share for every 3 existing ordinary shares held	268,463,325.00
12.03.1997	19,175,951	Right Issue in the proportion of 1 new ordinary share for every 6 existing ordinary shares held	287,639,276.00
20.01.1997 – 24.11.1997	2,057,133	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	289,696,409.00
22.10.1998 – 31.12.1998	99,000	Issued pursuant to exercise of options under ESOS	289,795,409.00
07.01.1999 – 30.12.1999	15,979,428	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	305,774,837.00
05.01.2000 – 16.07.2000	37,201,999	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 1995/2000	342,976,836.00
03.03.2000	322,213,836	Bonus Issue in the proportion of 1 new ordinary share for every 1 existing ordinary share held	665,190,672.00
31.01.2001 – 19.12.2001	807,000	Issued pursuant to exercise of options under ESOS	665,997,672.00
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	674,643,674.00
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	725,894,892.00
07.01.2004 – 23.12.2004	13,209,252	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2001/2007	739,104,144.00
05.01.2005 – 29.12.2005	14,128,000	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2001/2007	753,232,144.00
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	791,215,109.00
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	998,484,054.00

## ISSUED AND PAID-UP SHARE CAPITAL (CONT'D.)

Date/ Year of Allotment	No. of Shares Allotted	Description	Cummulative (RM)
25.10.2007	994,963,054	Bonus Issue on the basis of on the basis of 1 new ordinary share for every 1 existing ordinary share held	1,993,447,108.00
09.01.2008 – 19.12.2008	12,736,000	Issued pursuant to exercise of options under ESOS	2,006,183,108.00
23.01.2009 – 22.12.2009	10,589,000	Issued pursuant to exercise of options under ESOS	2,016,772,108.00
11.01.2010 – 29.12.2010	29,439,485	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,046,211,593.00
04.01.2011 – 30.12.2011	21,563,311	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,067,774,904.00
03.01.2012 – 31.12.2012	18,690,762	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,086,465,666.00
07.01.2013 – 30.12.2013	205,859,001	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,292,324,667.00
06.01.2014 – 29.12.2014	49,464,512	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2010/2015	2,341,789,179.00
06.01.2015 – 22.06.2015	64,115,876	Conversion of Warrants 2010/2015	2,405,905,055.00
07.01.2016 – 10.10.2016	15,879,590	Issued pursuant to exercise of options under ESOS & Conversion of Warrants 2016/2021	2,421,784,645.00

# List of Major Properties

Held as at 31 July 2016

No.	Location	Description	Area	Tenure	Date of Valuation/ Acquisition	Year of expiry	Approximate age of building (Years)	NBV (RM)
1	Block D, PJ Trade Centre No. 8, Jalan PJU 8/8A Bandar Damansara Perdana 47820 Petaling Jaya Selangor	20 storey office tower/ Menara Gamuda	2,048 sq m	Leasehold	2011	2104	7	140,459,418
2	No. 30, Jalan SS2/44 47300 Petaling Jaya, Selangor	Bungalow	501 sq m	Freehold	1991	-	30	295,000
3	No. 36/38, Jalan SS21/62 47400 Petaling Jaya, Selangor	2 blocks, 4 storey shoplot/office	286 sq m	Freehold	1991	-	22	915,001
4	No. 39, Jalan SS22/23 47400 Petaling Jaya, Selangor	4 storey shoplot/office	153 sq m	Freehold	2007	-	22	556,000
5	No. 53, Jalan SS22/23 47400 Petaling Jaya, Selangor	4 storey shoplot/office	153 sq m	Freehold	2006	-	27	1,241,116
6	No. 55-61, Jalan SS22/23 47400 Petaling Jaya, Selangor	4 blocks, 4 storey shoplot/office	612 sq m	Freehold	1992	-	25	4,720,627
7	No. 54-58, Jalan SS22/25 47400 Petaling Jaya, Selangor	3 blocks, 4 storey shoplot/office	460 sq m	Freehold	2006	-	24	4,400,290
8	HS (D) 54871 PT No. 56274 Mukim & District of Kelang Selangor	Industrial estate/ workshop	16,898 sq m	Freehold	1995	-	-	7,104,028
9	Lot 195821, 195822 195823, 195824, 195825 195826, 195827, 46482 57417 all in the Mukim of Kampar District of Kinta 31350 Ipoh, Perak	Granite hill, limestone hill and industrial land/quarry	469,493 sq m	Leasehold	1991	2022	-	2,744,394
10	PT 183485 Meru Industrial Estate Jelapang, 30020 Ipoh, Perak	Industrial estate/ workshop	12,144 sq m	Leasehold	1991	2050	20	522,967
11	PT 51683, Jalan Jelapang 30020 Ipoh, Perak	Industrial estate/ workshop	4,353 sq m	Leasehold	1991	2043	26	343,656
12	No. 152, Jalan Gopeng 31350 Ipoh, Perak	3 storey shoplot/ office	164 sq m	Leasehold	1991	2078	30	140,874
13	No. 158, Jalan Gopeng 31350 Ipoh, Perak	3 storey shoplot/ office	163 sq m	Leasehold	1991	2078	30	143,867

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the **Fortieth 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, 8 December 2016 at 10.00 a.m.** for the purpose of transacting the following businesses:-

## AGENDA

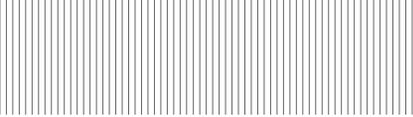
1. To receive the Audited Financial Statements for the financial year ended 31 July 2016 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note 3 (a)]
2. To approve the payment of Directors’ fees for the financial year ended 31 July 2016. (Resolution 1)
3. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Article 95 of the Articles of Association of the Company and, who being eligible, offer themselves for re-election:-
  - a. YBhg Dato’ Lin Yun Ling (Resolution 2)
  - b. YTM Raja Dato’ Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah (Resolution 3)
  - c. YM Tunku Afwida binti Tunku A.Malek (Resolution 4)
4. To re-elect Puan Nazli binti Mohd Khir Johari, a Director appointed during the year, who is retiring in accordance with Article 101 of the Articles of Association of the Company and, who being eligible, offers herself for re-election. (Resolution 5)
5. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorise the Directors of the Company to fix their remuneration. (Resolution 6)

## As Special Business:-

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** (Resolution 7)

“THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital 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

### 7. Proposed Renewal of Share Buy-back Authority

(Resolution 8)

“THAT subject to the provisions of the Companies Act, 1965, the Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each of the Company (“Proposed Share Buy-back”) as may be determined by the Directors of the Company, from time to time, through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital for the time being of the Company and an amount not exceeding the retained profits and/or share premium of the Company be and is hereby allocated by the Company for the Proposed Share Buy-back;

THAT at the discretion of the Directors of the Company, upon such purchase by the Company of its own shares, the purchased shares shall be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Securities;

THAT the Directors 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 Bursa Securities’ Main Market Listing Requirements or any other relevant authorities.”

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

**LIM SOO LYE (LS0006461)**  
**PANG SIOK TIENG (MAICSA 7020782)**  
**Company Secretaries**

Petaling Jaya  
9 November 2016

**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 Article 67 of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 30 November 2016 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.

**2. Appointment of Proxy(ies)**

- a. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without any restriction as to the qualification of the proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 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 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 Registered Office of the Company situated at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia before 11 a.m. on 7 December 2016 or not less than twenty-four (24) hours before the time appointed for the taking of the poll at this meeting, whichever is later.
- 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 provisions of Section 169(1) and Section 169(3) of the Companies Act, 1965. Hence, this matter will not be put for voting.

**b. Resolution 1**

The proposed payment of Directors' fees of RM488,750/- to Non-Executive Directors of the Company who have served during the financial year, is reflective of their responsibilities. The proposed payment if approved by the shareholders of the Company, shall be for the financial year ended 31 July 2016 and for each financial year thereafter, shall be determined by the Company in a general meeting.

**c. Resolutions 4 & 5**

The Board of Directors of the Company ("Board") (save for YM Tunku Afwida binti Tunku A.Malek and Puan Nazli binti Mohd Khir Johari) has vide the Nomination Committee, conducted the annual evaluation and assessment on the independence of both YM Tunku Afwida and Puan Nazli as Independent Directors of the Company and, supports the Nomination Committee's recommendation that YM Tunku Afwida and Puan Nazli (who being eligible and have offered themselves for re-election) be re-elected as Directors of the Company pursuant to Articles 95 and 101 of the Articles of Association of the Company.

**d. Resolution 6**

The Ordinary Resolution 6 proposed under item 5 of the Agenda relates to the re-appointment of Messrs Ernst & Young as Auditors of the Company. Pursuant to Recommendation 5.2 of Principle 5 (Uphold Integrity in Financial Reporting) of the Malaysian Code on Corporate Governance 2012, the Audit Committee with the assistance of the Group Finance of the Company, has assessed the suitability and independence of Messrs Ernst & Young as Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of Messrs Ernst & Young, who shall retire as Auditors of the Company at the Fortieth Annual General Meeting of the Company and, who have expressed their willingness to continue in office as Auditors of the Company for the ensuing financial year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board.

**e. Resolution 7**

The proposed Resolution 7 if passed, will empower the Directors to issue shares of the Company up to a maximum of 10% of the issued share capital 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 Thirty-Ninth Annual General Meeting held on 7 December 2015.

**f. Resolution 8**

Shareholders are advised to refer to the Statement to Shareholders dated 9 November 2016 which is despatched together with the Annual Report 2016 for further information.

**4. Statement Accompanying Notice of Annual General Meeting**

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

- Details of individuals who are standing for election as Directors  
There are no individuals who are standing for election as Directors at the Fortieth 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 Section 132D of the Companies Act, 1965 are set out in Explanatory Note 3(e) of the Notice of this Meeting.

# Administrative Details

## 40th Annual General Meeting (“AGM”)

**Date : Thursday, 8 December 2016**

**Time : 10.00 a.m.**

**Place : Permai Room, Kota Permai Golf & Country Club, Kota Kemuning**

### REGISTRATION

1. Registration will start at 8.00 a.m. at the Permai Room 1 of Kota Permai Golf & Country Club and will remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the Meeting.
2. Please read the signage to ascertain which registration area to register yourself for the meeting and join the queue accordingly.
3. Please produce your ORIGINAL identification Card (I/C) or passport (for foreigners) during registration to the registration staff for verification. Only original I/C or passport will be accepted as for purposes of identity verification. Please make sure you collect your I/C or passport thereafter.
4. No person will be allowed to register on behalf of another person even with the original I/C or passport of that other person.
5. Upon verification and registration:
  - please sign on the Attendance List and an **identification tag** (for attending the AGM) and a **passcode slip** (for poll voting purposes) will be provided at the registration counter; and
  - you will be given an identification wristband. If you are attending the AGM as a shareholder as well as proxy, you will be registered once and will only be given one identification wristband to enter the meeting hall. No person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband.
6. After registration, please vacate the registration area immediately and proceed to Permai Room.
7. The registration counter will only handle verification of identity and registration of attendance.
8. Help desk support is available for any other enquiries/assistance/revocation of proxy's appointment.

### VOTING PROCEDURE

1. The voting at the AGM will be conducted on a poll.
2. Tricor Investor & Issuing House Services Sdn Bhd is appointed as Poll Administrator to conduct the polling process.
3. Coopers Professional Scrutineers Sdn Bhd is appointed as Independent Scrutineers to verify the results of the poll.
4. All attendees at the AGM will be briefed and/or guided accordingly by the Poll Administrator before the commencement of and during the voting process.

### ENTITLEMENTS TO ATTEND, SPEAK AND VOTE

Only Depositors registered in the Register of Members/Record of Depositors and whose names appear in the Register of Members/Record of Depositors as at 30 November 2016 shall be entitled to attend, speak and vote at the AGM or appoint proxy or proxies to attend, speak and vote on their behalf in respect of the number of shares registered in their names at that time.

## DOOR GIFT

1. Door gift will be given upon registration subject to verification of identity by the share registrar for the AGM.
2. Each registered attendee, whether as a shareholder or proxy or both or as proxy for multiple shareholders, shall be eligible for **one (1) door gift only**.

## PARKING

Ample indoor and outdoor parking 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 switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

## NO SMOKING POLICY

A no smoking policy is maintained inside the Kota Permai Golf & Country Club building. Your co-operation is much appreciated.

## ENQUIRY

For general queries before the AGM day, you may wish to contact Ms. Didi Choong or Cik Forzana Ab Rashid during office hours, at phone no. +603-7726 9210 or fax your enquiries to +603-7728 9811.

This page has been intentionally left blank.

# Form of Proxy



CDS Account No.	No. of Shares held

\*I/We (full name and in block letters) \_\_\_\_\_

\*NRIC/Passport/Company No. (compulsory) \_\_\_\_\_ Mobile Phone No.: \_\_\_\_\_

Address (in block letters): \_\_\_\_\_

being a member of **Gamuda Berhad** ("the Company") hereby appoint:-

## First Proxy

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

\*or failing \*him/her,

## Second Proxy (as the case may be)

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing \* him/her, the Chairman of the Meeting as \* my/our Proxy to vote for \* me/our behalf at the Fortieth 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, 8 December 2016 at 10.00 a.m. and at any adjournment thereof.

Resolution	Ordinary Business	For	Against
1	Approval of Directors' fees		
2	Re-election of YBhg Dato' Lin Yun Ling as Director		
3	Re-election of YTM Raja Dato' Seri Eleena Binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah as Director		
4	Re-election of YM Tunku Afwida Binti Tunku A.Malek as Director		
5	Re-election of Puan Nazli Binti Mohd Khir Johari as 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 Section 132D of the Companies Act, 1965		
8	Ordinary Resolution: Proposed Renewal of Share Buy-back Authority		

(Please indicate with an "X" in the appropriate box against the resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Signature/Common Seal of Shareholder

*fold this flap for sealing*

**Notes:**

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without any restriction as to the qualification of the proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.
4. Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the number of shares to be represented by each proxy.
5. If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
7. To be valid, the original signed and/or sealed Form of Proxy must be deposited at the Registered Office of the Company situated at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia before 11 a.m. on 7 December 2016 or not less than twenty-four (24) hours before the time appointed for the taking of the poll at this meeting, whichever is the later.
8. Only a Depositor whose name appears in the Record of Depositors as at 30 November 2016 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.

*fold here*

The Company Secretaries  
**Gamuda Berhad**  
Menara Gamuda  
D-16-01, Block D, PJ Trade Centre  
No. 8, Jalan PJU 8/8A  
Bandar Damansara Perdana  
47820 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

**AFFIX  
STAMP**

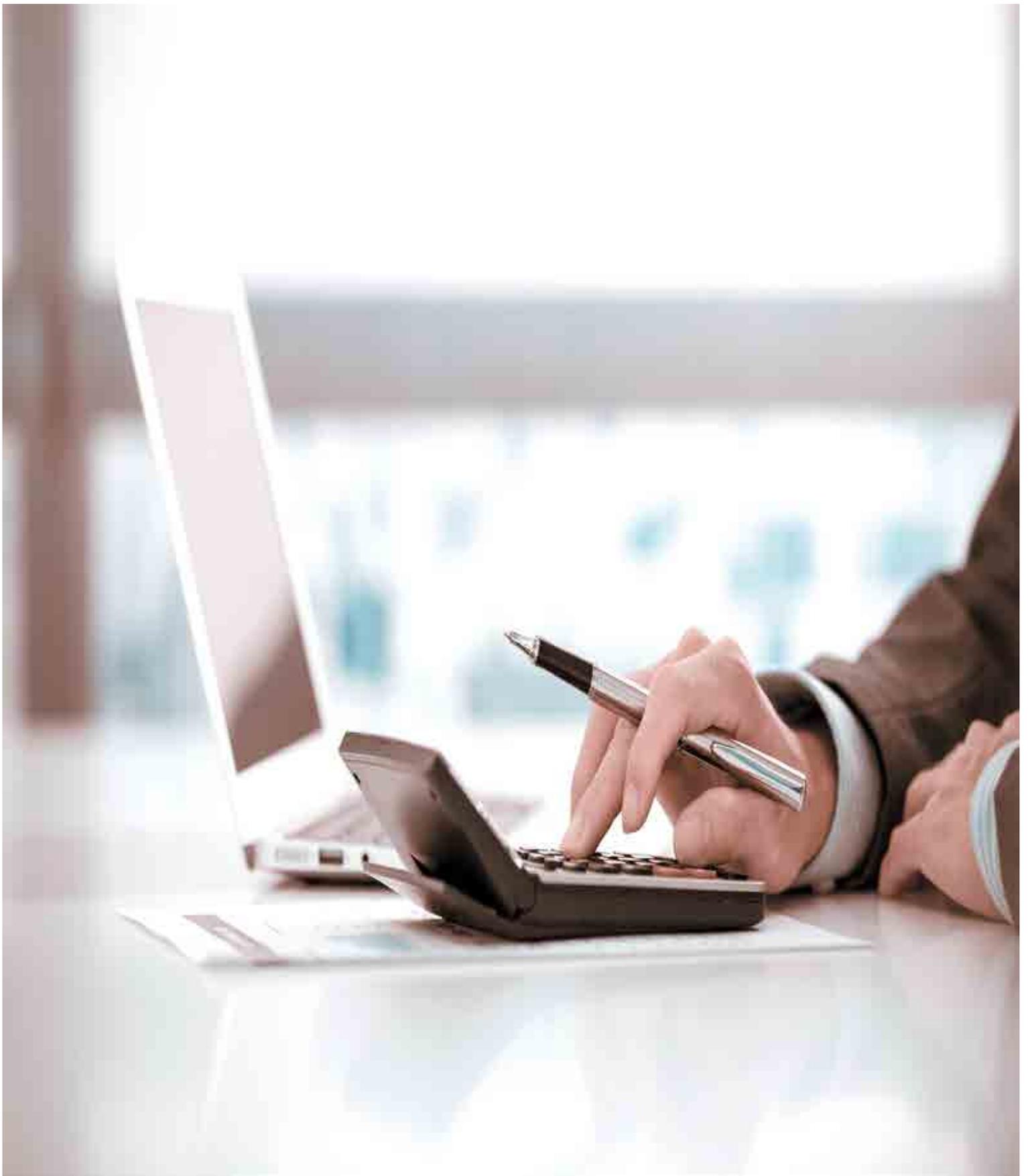
*fold here*

# CONTENTS

## Financial Statements



2	Directors' Report
8	Statement by Directors
8	Statutory Declaration
9	Independent Auditors' Report
11	Consolidated Income Statement
12	Consolidated Statement of Comprehensive Income
13	Consolidated Statement of Financial Position
15	Consolidated Statement of Changes in Equity
16	Consolidated Statement of Cash Flows
18	Income Statement
19	Statement of Comprehensive Income
20	Statement of Financial Position
22	Statement of Changes in Equity
23	Statement of Cash Flows
25	Notes to the Financial Statements
150	Supplementary Information



# Directors' Report

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2016.

## PRINCIPAL ACTIVITIES

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

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

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

## RESULTS

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

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

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

## DIVIDENDS

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

### In respect of the financial year ended 31 July 2016:

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

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

## Directors' Report (cont'd.)

### DIRECTORS

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

Y Bhg Dato' Mohammed bin Haji Che Hussein  
Y Bhg Dato' Lin Yun Ling  
Y Bhg Dato' Ir. Ha Tiing Tai  
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah  
Y Bhg Dato' Goon Heng Wah  
Y Bhg Dato' Haji Azmi bin Mat Nor  
YM Tunku Afwida binti Tunku A.Malek  
Mr Saw Wah Theng  
Puan Nazli binti Mohd Khir Johari (*Appointed on 7 March 2016*)  
Y Bhg Dato' Ubull a/l Din Om (*alternate to Y Bhg Dato' Ir Ha Tiing Tai*)  
Ir. Chow Chee Wah (*alternate to Y Bhg Dato' Lin Yun Ling*)  
Ir. Chan Kong Wah (*alternate to Y Bhg Dato' Goon Heng Wah*)  
Mr Soo Kok Wong (*alternate to Mr Saw Wah Theng*)  
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain (*retired on 7 December 2015*)

### DIRECTORS' BENEFITS

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

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

### DIRECTORS' INTERESTS

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

	← Number of ordinary shares of RM1 each →			
	1 August 2015	Bought	Sold	31 July 2016
<b>Gamuda Berhad</b>				
<b>Direct holding</b>				
Y Bhg Dato' Lin Yun Ling	73,535,736	–	–	73,535,736
Y Bhg Dato' Ir. Ha Tiing Tai	21,554,276	–	–	21,554,276
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	225,000	–	–	225,000
Y Bhg Dato' Goon Heng Wah	15,628,300	–	–	15,628,300
Y Bhg Dato' Haji Azmi bin Mat Nor	316,600	–	–	316,600
Mr Saw Wah Theng	804,775	–	–	804,775
Ir. Chow Chee Wah	435,000	–	–	435,000
Ir. Chan Kong Wah	400,000	–	–	400,000
Mr Soo Kok Wong	315,800	–	–	315,800

## Directors' Report (cont'd.)

### DIRECTORS' INTERESTS (CONT'D.)

	← Number of ordinary shares of RM1 each →			
	1 August 2015	Bought	Sold	31 July 2016
<b>Gamuda Berhad</b>				
<b>Indirect holding</b>				
Y Bhg Dato' Ir. Ha Tiing Tai <sup>#</sup>	16,000	-	-	16,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah <sup>*</sup>	123,000,000	-	(5,000,000)	118,000,000
Y Bhg Dato' Goon Heng Wah <sup>#</sup>	5,755,432	-	-	5,755,432

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

# Deemed interest through spouse

### Employees' Share Option Scheme

	Exercise price RM	← Number of options →			
		1 August 2015	Granted	Exercised	31 July 2016
Y Bhg Dato' Lin Yun Ling	4.46 <sup>*</sup>	1,500,000	-	-	1,500,000
	3.84 <sup>*</sup>	-	1,500,000	-	1,500,000
Y Bhg Dato' Ir. Ha Tiing Tai	4.46 <sup>*</sup>	800,000	-	-	800,000
	3.84 <sup>*</sup>	-	800,000	-	800,000
Y Bhg Dato' Goon Heng Wah	4.46 <sup>*</sup>	600,000	-	-	600,000
	3.84 <sup>*</sup>	-	600,000	-	600,000
Y Bhg Dato' Haji Azmi bin Mat Nor	4.46 <sup>*</sup>	500,000	-	-	500,000
	3.84 <sup>*</sup>	-	500,000	-	500,000
Mr Saw Wah Theng	4.46 <sup>*</sup>	600,000	-	-	600,000
	3.84 <sup>*</sup>	-	600,000	-	600,000
Y Bhg Dato' Ubull a/l Din Om	4.46 <sup>*</sup>	325,000	-	-	325,000
	3.84 <sup>*</sup>	-	325,000	-	325,000
	4.78	-	65,000	-	65,000
Ir. Chow Chee Wah	4.46 <sup>*</sup>	500,000	-	-	500,000
	3.84 <sup>*</sup>	-	500,000	-	500,000
Ir Chan Kong Wah	4.46 <sup>*</sup>	500,000	-	-	500,000
	3.84 <sup>*</sup>	-	500,000	-	500,000
Mr Soo Kok Wong	4.46 <sup>*</sup>	253,000	-	-	253,000
	3.84 <sup>*</sup>	-	252,000	-	252,000

\* Exercise prices were adjusted in accordance with the Company's ESOS By-laws pursuant to the Rights Issue of Warrants effective on 12 February 2016.

## Directors' Report (cont'd.)

### DIRECTORS' INTERESTS (CONT'D.)

#### Warrants 2016/2021

	← Number of warrants →			
	1 August 2015	Subscribed	Converted/ Sold	31 July 2016
<b>Direct holding</b>				
Y Bhg Dato' Lin Yun Ling	-	12,883,600	-	12,883,600
Y Bhg Dato' Ir. Ha Tiing Tai	-	3,782,000	-	3,782,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	-	40,300	-	40,300
Y Bhg Dato' Goon Heng Wah	-	2,741,600	-	2,741,600
Y Bhg Dato' Haji Azmi bin Mat Nor	-	58,200	-	58,200
Mr Saw Wah Theng	-	143,500	-	143,500
Ir. Chow Chee Wah	-	78,000	-	78,000
Ir. Chan Kong Wah	-	71,900	-	71,900
Mr Soo Kok Wong	-	57,000	-	57,000
<b>Indirect holding</b>				
Y Bhg Dato' Ir. Ha Tiing Tai <sup>#</sup>	-	2,800	-	2,800
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah <sup>*</sup>	-	21,528,600	-	21,528,600
Y Bhg Dato' Goon Heng Wah <sup>#</sup>	-	1,000,000	-	1,000,000

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

# Deemed interest through spouse

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

### ISSUE OF SHARES

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

- issuance of 6,350,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's ESOS at the exercise prices as disclosed in Note 27(d) to the financial statements.
- issuance of 6,738,074 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016 as disclosed in Note 27(b) to the financial statements.

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

## Directors' Report (cont'd.)

### EMPLOYEES' SHARE OPTION SCHEME

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

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

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

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

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

### WARRANTS 2016/2021

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

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 6 March 2021. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll dated 22 January 2016. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 394,246,435 Warrants remained unexercised.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- the amount written off for any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (cont'd.)

### OTHER STATUTORY INFORMATION (CONT'D.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.
- (g) The Company has been granted exemption by the Companies Commission of Malaysia for its four subsidiaries from having to comply with Section 168(1)(b) of the Companies Act, 1965 to adopt a financial year end which coincides with that of its holding company for the financial year ended 31 July 2016 as follows:
- (i) Gamuda – Nam Long Development Limited Liability Company and Gamuda Land (HCMC) Joint Stock Company (formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company) with December financial year end;
  - (ii) Gamuda Land Vietnam Limited Liability Company with June financial year end; and
  - (iii) Gamuda – WCT (India) Private Limited with March financial year end.

### SIGNIFICANT EVENTS

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

### SUBSEQUENT EVENTS

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

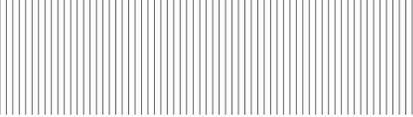
### AUDITORS

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

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

**Y Bhg Dato' Mohammed bin Haji Che Hussein**  
*Chairman*

**Saw Wah Theng**  
*Finance Director*



# Statement by Directors

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

We, Y Bhg Dato' Mohammed bin Haji Che Hussein and Saw Wah Theng, being two of the directors of Gamuda Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 149 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 48 to the financial statements on page 150 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

**Y Bhg Dato' Mohammed bin Haji Che Hussein**  
*Chairman*

**Saw Wah Theng**  
*Finance Director*

# Statutory Declaration

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

I, Saw Wah Theng, being the director primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 150 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Saw Wah Theng  
at Petaling Jaya in Selangor Darul  
Ehsan on 18 October 2016

**Saw Wah Theng**

Before me,

Chin Chia Man (No. B449)  
*Commissioner for Oaths*

# Independent Auditors' Report

To the members of Gamuda Berhad (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

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

### *Directors' responsibility for the financial statements*

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

### *Auditors' responsibility*

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

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

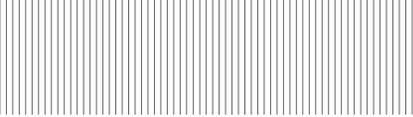
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

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

### *Emphasis of matter*

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



## Independent Auditors' Report

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

### OTHER MATTERS

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

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

**Ernst & Young**  
AF: 0039  
*Chartered Accountants*

Kuala Lumpur, Malaysia  
18 October 2016

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

# Consolidated Income Statement

For the financial year ended 31 July 2016

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

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

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 July 2016

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

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

# Consolidated Statement of Financial Position

As at 31 July 2016

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

# Consolidated Statement of Financial Position

As at 31 July 2016 (cont'd.)

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

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

# Consolidated Statement of Changes in Equity

For the financial year ended 31 July 2016

Group	Attributable to owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	Non-distributable					Distributable		
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 29) RM'000	Total RM'000		
<b>At 1 August 2014</b>	2,323,357	626,328	-	41,433	2,483,174	5,474,292	687,395	6,161,687
Total comprehensive income	-	-	-	241,817	676,537	918,354	58,741	977,095
<b>Transactions with owners:</b>								
Issuance of ordinary shares pursuant to conversion of Warrants (Notes 27(b) and 28)	82,548	145,284	-	(8,255)	-	219,577	-	219,577
Transfer from warrants reserve to retained profits	-	-	-	(120)	120	-	-	-
Share options granted under ESOS	-	-	4,365	-	-	4,365	-	4,365
Capital repayment by a subsidiary to non-controlling interests	-	-	-	-	-	-	(139,774)	(139,774)
Acquisition of stake from non-controlling interests	-	-	-	-	5,849	5,849	(180,443)	(174,594)
Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	(69,900)	(69,900)
Dividends (Note 11)	-	-	-	-	(285,243)	(285,243)	-	(285,243)
<b>Total transactions with owners</b>	<b>82,548</b>	<b>145,284</b>	<b>4,365</b>	<b>(8,375)</b>	<b>(279,274)</b>	<b>(55,452)</b>	<b>(390,117)</b>	<b>(445,569)</b>
<b>At 31 July 2015</b>	<b>2,405,905</b>	<b>771,612</b>	<b>4,365</b>	<b>274,875</b>	<b>2,880,437</b>	<b>6,337,194</b>	<b>356,019</b>	<b>6,693,213</b>
<b>At 1 August 2015</b>	<b>2,405,905</b>	<b>771,612</b>	<b>4,365</b>	<b>274,875</b>	<b>2,880,437</b>	<b>6,337,194</b>	<b>356,019</b>	<b>6,693,213</b>
Total comprehensive income	-	-	-	27,825	626,133	653,958	43,008	696,966
<b>Transactions with owners:</b>								
Issuance of ordinary shares pursuant to:								
Exercise of ESOS (Note 27(d))	6,350	18,382	-	-	-	24,732	-	24,732
Conversion of Warrants (Notes 27(b) and 28)	6,738	22,236	-	(1,685)	-	27,289	-	27,289
Share options granted under ESOS	-	-	24,217	-	-	24,217	-	24,217
Share options exercised under ESOS	-	1,135	(1,135)	-	-	-	-	-
Issuance of Warrants (Note 28)	-	-	-	100,246	-	100,246	-	100,246
Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	(63,000)	(63,000)
Dividends (Note 11)	-	-	-	-	(289,459)	(289,459)	-	(289,459)
<b>Total transactions with owners</b>	<b>13,088</b>	<b>41,753</b>	<b>23,082</b>	<b>98,561</b>	<b>(289,459)</b>	<b>(112,975)</b>	<b>(63,000)</b>	<b>(175,975)</b>
<b>At 31 July 2016</b>	<b>2,418,993</b>	<b>813,365</b>	<b>27,447</b>	<b>401,261</b>	<b>3,217,111</b>	<b>6,878,177</b>	<b>336,027</b>	<b>7,214,204</b>

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

# Consolidated Statement of Cash Flows

For the financial year ended 31 July 2016

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

## Consolidated Statement of Cash Flows

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

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

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

# Income Statement

For the financial year ended 31 July 2016

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

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

# Statement of Comprehensive Income

For the financial year ended 31 July 2016

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

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

# Statement of Financial Position

As at 31 July 2016

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

## Statement of Financial Position

As at 31 July 2016 (cont'd.)

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

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

# Statement of Changes in Equity

For the financial year ended 31 July 2016

Company	Non-distributable				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Option reserves RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 29) RM'000	
<b>At 1 August 2014 (restated)</b>						
As previously stated	2,323,357	626,328	-	1,692	686,237	3,637,614
Adjustments (Note 45)	-	-	-	-	30,457	30,457
As restated	2,323,357	626,328	-	1,692	716,694	3,668,071
<b>Total comprehensive income</b>						
As previously stated	-	-	-	17,843	539,712	557,555
Adjustments (Note 45)	-	-	-	-	167,202	167,202
As restated	-	-	-	17,843	706,914	724,757
<b>Transactions with owners:</b>						
Issue of ordinary shares pursuant to conversion of Warrants (Notes 27(b) and 28)	82,548	145,284	-	(8,255)	-	219,577
Transfer from warrants reserve to retained profits	-	-	-	(120)	120	-
Share options granted under ESOS	-	-	4,365	-	-	4,365
Dividends (Note 11)	-	-	-	-	(285,243)	(285,243)
Total transactions with owners	82,548	145,284	4,365	(8,375)	(285,123)	(61,301)
<b>At 31 July 2015 (restated)</b>	2,405,905	771,612	4,365	11,160	1,138,485	4,331,527
<b>At 1 August 2015</b>						
As previously stated	2,405,905	771,612	4,365	11,160	940,826	4,133,868
Adjustments (Note 45)	-	-	-	-	197,659	197,659
As restated	2,405,905	771,612	4,365	11,160	1,138,485	4,331,527
<b>Total comprehensive income</b>	-	-	-	(3,772)	523,876	520,104
<b>Transactions with owners:</b>						
Issue of ordinary shares pursuant to:						
Exercise of ESOS (Note 27(d))	6,350	18,382	-	-	-	24,732
Conversion of Warrants (Notes 27(b) and 28)	6,738	22,236	-	(1,685)	-	27,289
Share options granted under ESOS	-	-	24,217	-	-	24,217
Share options exercised under ESOS	-	1,135	(1,135)	-	-	-
Issuance of Warrants (Note 28)	-	-	-	100,246	-	100,246
Dividends (Note 11)	-	-	-	-	(289,459)	(289,459)
Total transactions with owners	13,088	41,753	23,082	98,561	(289,459)	(112,975)
<b>At 31 July 2016</b>	2,418,993	813,365	27,447	105,949	1,372,902	4,738,656

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

# Statement of Cash Flows

For the financial year ended 31 July 2016

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

## Statement of Cash Flows

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

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

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

# Notes to the Financial Statements

– 31 July 2016

## 1. CORPORATE INFORMATION

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

The principal activities of the Company are that of investment holding and civil engineering construction. The principal activities of the subsidiaries, associated companies and joint arrangements are described in Notes 17, 18 and 19 respectively. There were no significant changes in the nature of these activities during the financial year.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

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

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

### 2.2 Changes in accounting policies

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

### 2.3 Standards and interpretations issued but not yet effective

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

#### Effective for annual periods beginning on or after 1 January 2016:

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Disclosure Initiatives
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs	Annual Improvements to FRSs 2012 – 2014 Cycle

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

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

#### Effective date yet to be determined:

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

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

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

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

#### Amendments to FRS 101: Disclosure Initiatives

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

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

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

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

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

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

#### Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities will have to apply this change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

#### **Amendments to FRS 107: Disclosure Initiative**

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

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

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

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

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

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

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

#### **FRS 9: Financial Instruments**

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

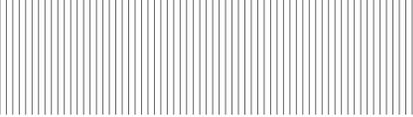
FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

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

The amendments clarify that:

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

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



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

##### Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the Group. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 July 2016 could be different if prepared under the MFRS Framework.

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

##### (a) MFRS 15: Revenue from Contracts with Customers

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

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

##### (b) MFRS 16: Leases

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

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

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

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

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

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

### 2.4 Basis of consolidation

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

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

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.4 Basis of consolidation (cont'd.)

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

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

### 2.5 Business combinations

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.5 Business combinations (cont'd.)

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

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

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

### 2.6 Subsidiaries

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

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

### 2.7 Investment in associated companies and joint ventures

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

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

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

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

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

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

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

### 2.8 Investment in joint operations

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

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

- (i) their assets, including their shares of any assets held jointly;
- (ii) their liabilities, including their shares of any liabilities incurred jointly;
- (iii) their revenue from the sale of their shares of the output arising from the joint operations;
- (iv) their shares of the revenue from the sale of the output by the joint operations; and
- (v) their expenses, including their shares of any expenses incurred jointly.

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.9 Intangible assets

#### (a) Expressway development expenditure

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

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

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

Amortisation of EDE is included in profit or loss.

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

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

#### (b) Other intangible assets

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

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

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.10 Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

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

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

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

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

### 2.11 Investment properties

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.12 Service concession arrangements

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

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

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

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

### 2.13 Land held for property development and property development costs

#### (a) Land held for property development

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

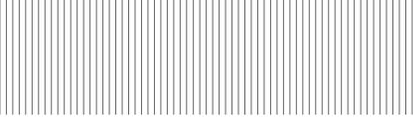
Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (b) Property development costs

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

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

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



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

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

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

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

#### 2.14 Construction contracts

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

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

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

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

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

#### 2.15 Impairment of non-financial assets

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

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

### 2.16 Inventories

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

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

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

### 2.17 Leases

#### (a) As lessee

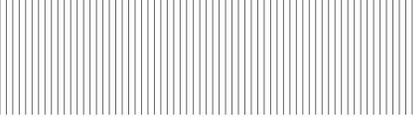
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs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

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

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

#### (b) As lessor

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



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### 2.18 Provisions

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

#### 2.19 Income taxes

##### (a) Current tax

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

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

##### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.19 Income taxes (cont'd.)

#### (b) Deferred tax (cont'd.)

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

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

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

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

#### (c) Goods and Services Tax (“GST”) or Value Added Tax (“VAT”)

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

### 2.20 Employee benefits

#### (a) Short term benefits

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

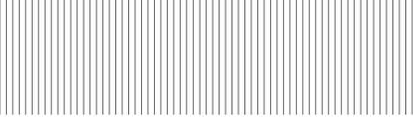
#### (b) Defined contribution plans

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

#### (c) Defined benefit plans

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

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



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### 2.20 Employee benefits (cont'd.)

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

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

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

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

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

##### (d) Share based compensation

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

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

#### 2.21 Revenue and other income recognition

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

#### (a) Revenue

##### (i) Engineering and construction contracts

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

##### (ii) Development properties

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

##### (iii) Sale of goods and services

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

##### (iv) Supply of water and related services

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

##### (v) Toll concession revenue

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

##### (vi) Government compensation

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

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

##### (vii) Dividend income

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

#### (b) Other income

##### (i) Interest income

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

##### (ii) Rental income

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.22 Foreign currencies

#### (a) Functional and presentation currency

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

#### (b) Foreign currency transactions

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

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

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

#### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.23 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.24 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### 2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.27 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.27 Financial liabilities (cont'd.)

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

#### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

### 2.28 Derivative financial instruments and hedge accounting

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

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

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

#### Cash flow hedges

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that met the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

To manage its risks, particularly interest rate risks and foreign currency risk, the Group has entered into cross-currency interest rate swap arrangements with financial institutions.

The Group did not enter into any fair value hedge or net investment hedge as at the end of this financial year.

Derivative instruments that are not a designated and effective hedging instrument are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances.

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### 2.29 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 2.30 Deferred revenue

Deferred revenue comprise the following:

(a) **Advance maintenance fees and licence fees**

Fees received from third parties to upkeep the inter-change at the expressway and for the exclusive rights to design, construct, operate and manage ancillary facilities along the expressway, are recognised in profit or loss on a straight line basis over the remaining concession period.

(b) **Government compensation**

Compensation received from the Government for the imposition of revised toll rates lower than those as provided for in the respective Concession Agreements, which is taken to profit or loss over the period the compensation relates.

### 2.31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

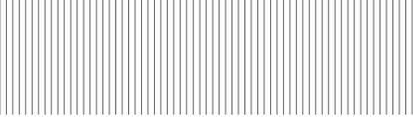
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### 2.32 Non-current assets held for sale

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

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

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

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

A disposal group qualifies as discontinued operation if it is:

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

#### 2.33 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. The land use rights are amortised over their lease terms.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management does not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### Key sources of estimation uncertainty

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

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

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

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimate of useful lives and residual values of property, plant and equipment brought about by changes in factors mentioned above. The Group also performs annual review of the assumptions made on useful lives and residual values to ensure that they continue to be valid.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately RM31,666,000 (2015: RM25,562,000) variance in the Group's profit for the year.

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

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

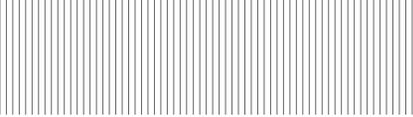
The denominator of the formula includes projected total toll revenue for subsequent years and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the toll rates in accordance with the concession agreement. The assumptions to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

The carrying amount of the Group's expressway development expenditure at the reporting date is disclosed in Note 16. A 5% difference in the projected total toll revenue for the remaining concession from management's estimates would result in approximately RM2,381,000 (2015: RM1,934,500) variance in the Group's profit for the year.

#### (c) Amount due from/(to) customers for construction contracts and property development

The Group and the Company recognise contract or property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract or property development costs incurred for work performed to date bear to the estimated total contract or property development costs.

Significant judgement is involved in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### Key sources of estimation uncertainty (cont'd.)

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

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 13(b). A 5% difference in the estimated total property development cost would increase/decrease the Group's profit for the year by RM29,088,000 (2015: RM33,580,000).

The carrying amount of the Group's amount due from/(to) customers for construction contracts at the reporting date is disclosed in Note 24. A 5% difference in the estimated total contract cost would increase/decrease the Group's profit for the year by RM35,703,000 (2015: RM46,773,000).

##### (d) Deferred tax assets

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

##### (e) Impairment of investments

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

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

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

##### (f) Share-based payments to employees

The cost of providing share-based payments to employees and directors is charged to profit or loss over the vesting period of the related share options. The cost is based on the fair value of the options at grant date and the number of options expected to vest. The fair value of each option is determined using the binomial model valued by an independent valuer.

The valuation of these share based payments requires judgements to be made in respect of the fair value of the options at grant date and the number of options that are expected to vest. Details of assumptions made in respect of the share based payment scheme are disclosed in Note 27(f).

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### Key sources of estimation uncertainty (cont'd.)

#### (g) Defined benefit pension plans

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. The net employee liability of the Group and the Company at the reporting date is disclosed in Note 30.

#### (h) Provision for development cost

The Group recognises a provision for development cost in respect of development projects undertaken by its subsidiaries. In determining the provision, the Group has made assumptions in relation to the development cost incurred on the completed phases. The carrying amount of provision for development cost at the reporting date is disclosed in Note 37.

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

#### (i) Provision for affordable housing

The Group recognises a provision for affordable housing as required under FRSIC Consensus 17 *Development of Affordable Housing*. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the following conditions:

- The master and building plans is approved;
- The developer commenced development; and
- Sale of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

The carrying amount of the Group's provision for affordable housing as at reporting date is disclosed in Note 37.

#### (j) Provision for heavy repairs

Provision for heavy repairs is made based on independent pavement condition assessment that estimates the future requirements for pavement resurfacing and other incidental costs. Changes to the expected level of usage and technological developments could impact future requirements for resurfacing, and therefore, the provision could be revised.

The carrying amount of the Group's provision for heavy repairs as at reporting date is disclosed in Note 37.

#### (k) Timing of settlement of trade receivables in an associated company

Included in the carrying amount of interests in associated companies is the Group's share of receivables due substantially from Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH"), an associated company, amounting to RM1,315,230,000 (2015: RM1,111,563,000).

The slower recovery of receivables by SPLASH from SYABAS is primarily due to partial payments received from SYABAS.

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### Key sources of estimation uncertainty (cont'd.)

##### (l) Timing of settlement of trade receivables in a subsidiary

Included in trade receivables is an amount due from an associated company, SPLASH to a subsidiary, Gamuda Water Sdn. Bhd. ("GWSB") amounting to RM411,768,000 (2015: RM357,896,000) for the supply of treated water.

Pursuant to the agreement with SPLASH, GWSB's agreed trade credit term is 7 days from the date SPLASH receives its payment from SYABAS. The slower recovery of debt by GWSB from SPLASH is primarily due to partial payments received by SPLASH from SYABAS.

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

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

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

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

### 4. REVENUE

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 4. REVENUE (CONT'D.)

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

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

## 5. STAFF COSTS

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 6. DIRECTORS' REMUNERATION

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 July 2016 and 31 July 2015 are as follows:

2016	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
<b>Directors</b>				
<b>Executive:</b>				
Y Bhg Dato' Lin Yun Ling	4,278	–	130	4,408
Y Bhg Dato' Ir. Ha Tiing Tai	2,450	–	77	2,527
Y Bhg Dato' Goon Heng Wah	1,415	–	61	1,476
Y Bhg Dato' Haji Azmi bin Mat Nor	1,394	–	38	1,432
Mr Saw Wah Theng	1,237	–	59	1,296
Y Bhg Dato' Ubull a/l Din Om	723	–	130	853
Ir. Chow Chee Wah	998	–	60	1,058
Ir. Chan Kong Wah	981	–	52	1,033
Mr Soo Kok Wong	583	–	37	620
	<b>14,059</b>	<b>–</b>	<b>644</b>	<b>14,703</b>
<b>Non-executive:</b>				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	175	83	258
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	95	5	100
YM Tunku Afwida binti Tunku A.Malek	–	125	13	138
Puan Nazli binti Mohd Khir Johari**	–	50	6	56
Y Bhg Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain ^	–	44	2	46
	<b>–</b>	<b>489</b>	<b>109</b>	<b>598</b>

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 July 2016 and 31 July 2015 are as follows: (cont'd.)

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

\* Included in other emoluments are allowances and benefits in kind.

\*\* This represents the remuneration paid to this Director subsequent to her appointment on 7 March 2016.

^ This represents the remuneration paid to this Director until his retirement as Director on 7 December 2015.

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 7. PROFIT FROM OPERATIONS

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 8. FINANCE COSTS

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

## 9. INCOME TAX EXPENSE

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 9. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

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

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

Tax savings during the financial year arising from:

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

#### (a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

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

#### (b) Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of ESOS and Warrants into ordinary shares. The ESOS and Warrants are deemed to have been converted into ordinary shares at the date of the issue of the ESOS and Warrants.

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

44,815,000 (2015: 69,947,000) share options granted to employees under the existing ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive. The unexercised ESOS has no dilutive effect on the earnings per share as the ESOS's exercise price is higher than the market price per ordinary share at the reporting date.

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

11. DIVIDENDS

	Group and Company			
	Amount		Net dividends per ordinary share	
	2016 RM'000	2015 RM'000	2016 sen	2015 sen
<b>Dividends paid in respect of financial year ended 31 July 2016</b>				
– First interim dividend declared on 16 December 2015 and paid on 29 January 2016	144,354	–	6.0	–
– Second interim dividend declared on 29 June 2016 and paid on 28 July 2016	145,105	–	6.0	–
<b>Dividends paid in respect of financial year ended 31 July 2015</b>				
– First interim dividend declared on 16 December 2014 and paid on 28 January 2015	–	140,889	–	6.0
– Second interim dividend declared on 23 June 2015 and paid on 29 July 2015	–	144,354	–	6.0
	<b>289,459</b>	<b>285,243</b>	<b>12.0</b>	<b>12.0</b>

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

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

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM'000	Other property plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Valuation/Cost</b>				
At 1 August 2015	284,419	240,819	–	525,238
Additions	2,820	60,842	35,208	98,870
Transfer from land held for property development (Note 13(a))	2,645	–	597	3,242
Transfer from property development costs (Note 13(b))	10,738	201	21,439	32,378
Disposals	–	(10,439)	–	(10,439)
Write-offs	–	(463)	–	(463)
Exchange differences	114	308	(589)	(167)
At 31 July 2016	300,736	291,268	56,655	648,659
Representing:				
At cost	298,812	291,268	56,655	646,735
At valuation	1,924	–	–	1,924
	300,736	291,268	56,655	648,659
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2015	35,612	177,344	–	212,956
Charge for the year:				
Recognised in profit or loss (Note 7)	8,506	12,786	–	21,292
Capitalised in construction costs (Note 24)	–	4,788	–	4,788
Disposals	–	(9,871)	–	(9,871)
Write-offs	–	(432)	–	(432)
Exchange differences	25	253	–	278
At 31 July 2016	44,143	184,868	–	229,011
<b>Net carrying amount</b>				
At 31 July 2016				
At cost	255,605	106,400	56,655	418,660
At valuation	988	–	–	988
	256,593	106,400	56,655	419,648

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### \* Land and buildings

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Valuation/Cost</b>				
At 1 August 2015	13,995	9,409	261,015	284,419
Additions	-	-	2,820	2,820
Transfer from land held for property development	-	2,645	-	2,645
Transfer from property development costs	-	10,738	-	10,738
Exchange differences	-	(235)	349	114
At 31 July 2016	13,995	22,557	264,184	300,736
Representing:				
At cost	13,995	21,208	263,609	298,812
At valuation	-	1,349	575	1,924
	13,995	22,557	264,184	300,736
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2015	-	806	34,806	35,612
Charge for the year:				
Recognised in profit or loss	-	151	8,355	8,506
Exchange differences	-	-	25	25
At 31 July 2016	-	957	43,186	44,143
<b>Net carrying amount</b>				
At 31 July 2016				
At cost	13,995	20,827	220,783	255,605
At valuation	-	773	215	988
	13,995	21,600	220,998	256,593

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

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

\* Land and buildings (cont'd.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2015</b>				
<b>Valuation/Cost</b>				
At 1 August 2014	13,918	5,756	227,312	246,986
Additions	77	–	1,005	1,082
Transfer from property development costs	–	3,391	29,200	32,591
Exchange differences	–	262	3,498	3,760
At 31 July 2015	13,995	9,409	261,015	284,419
Representing:				
At cost	13,995	8,060	260,440	282,495
At valuation	–	1,349	575	1,924
	13,995	9,409	261,015	284,419
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2014	–	674	27,240	27,914
Charge for the year:				
Recognised in profit or loss	–	128	6,865	6,993
Exchange differences	–	4	701	705
At 31 July 2015	–	806	34,806	35,612
<b>Net carrying amount</b>				
At 31 July 2015				
At cost	13,995	7,808	225,980	247,783
At valuation	–	795	229	1,024
	13,995	8,603	226,209	248,807

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### \*\* Other property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Cost</b>				
At 1 August 2015	26,807	61,038	152,974	240,819
Additions	1,215	8,320	51,307	60,842
Transfer from property development costs	-	201	-	201
Disposals	(1,450)	(300)	(8,689)	(10,439)
Write-offs	(170)	(50)	(243)	(463)
Exchange differences	34	181	93	308
At 31 July 2016	26,436	69,390	195,442	291,268
<b>Accumulated depreciation</b>				
At 1 August 2015	21,185	43,386	112,773	177,344
Charge for the year:				
Recognised in profit or loss	63	7,811	4,912	12,786
Capitalised in construction costs	300	188	4,300	4,788
Disposals	(1,064)	(318)	(8,489)	(9,871)
Write-offs	(166)	(61)	(205)	(432)
Exchange differences	28	149	76	253
At 31 July 2016	20,346	51,155	113,367	184,868
<b>Net carrying amount</b>				
At 31 July 2016	6,090	18,235	82,075	106,400

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

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

\*\* Other property, plant and equipment (cont'd.)

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
<b>At 31 July 2015</b>				
<b>Cost</b>				
At 1 August 2014	28,773	52,925	159,243	240,941
Additions	3,491	8,195	11,263	22,949
Disposals	(5,365)	(565)	(17,600)	(23,530)
Write-offs	(198)	(592)	(336)	(1,126)
Exchange differences	106	1,075	404	1,585
At 31 July 2015	26,807	61,038	152,974	240,819
<b>Accumulated depreciation</b>				
At 1 August 2014	21,300	37,041	116,787	175,128
Charge for the year:				
Recognised in profit or loss	3,431	6,323	5,340	15,094
Capitalised in construction costs	411	263	3,023	3,697
Disposals	(3,846)	(536)	(12,366)	(16,748)
Write-offs	(198)	(553)	(336)	(1,087)
Exchange differences	87	848	325	1,260
At 31 July 2015	21,185	43,386	112,773	177,344
<b>Net carrying amount</b>				
At 31 July 2015	5,622	17,652	40,201	63,475

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

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2016</b>			
<b>Valuation/Cost</b>			
At 1 August 2015	161,695	61,572	223,267
Additions	8	1,185	1,193
Disposals	–	(752)	(752)
Write-offs	–	(27)	(27)
Exchange differences	–	212	212
At 31 July 2016	161,703	62,190	223,893
Representing:			
At cost	160,226	62,190	222,416
At valuation	1,477	–	1,477
	161,703	62,190	223,893
<b>Accumulated depreciation and impairment loss</b>			
At 1 August 2015	14,103	44,764	58,867
Charge for the year:			
Recognised in profit or loss (Note 7)	3,175	2,694	5,869
Capitalised in construction costs (Note 24)	–	4,610	4,610
Disposals	–	(434)	(434)
Write-offs	–	(22)	(22)
Exchange differences	–	190	190
At 31 July 2016	17,278	51,802	69,080
<b>Net carrying amount</b>			
At 31 July 2016			
At cost	143,585	10,388	153,973
At valuation	840	–	840
	144,425	10,388	154,813

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

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Total RM'000
<b>At 31 July 2015</b>			
<b>Valuation/Cost</b>			
At 1 August 2014	161,622	78,260	239,882
Additions	73	2,306	2,379
Disposals	–	(19,703)	(19,703)
Write-offs	–	(6)	(6)
Exchange differences	–	715	715
At 31 July 2015	161,695	61,572	223,267
Representing:			
At cost	160,218	61,572	221,790
At valuation	1,477	–	1,477
	161,695	61,572	223,267
<b>Accumulated depreciation and impairment loss</b>			
At 1 August 2014	10,928	52,572	63,500
Charge for the year:			
Recognised in profit or loss (Note 7)	3,175	3,855	7,030
Capitalised in construction costs (Note 24)	–	1,492	1,492
Disposals	–	(13,782)	(13,782)
Write-offs	–	(3)	(3)
Exchange differences	–	630	630
At 31 July 2015	14,103	44,764	58,867
<b>Net carrying amount</b>			
At 31 July 2015			
At cost	146,725	16,808	163,533
At valuation	867	–	867
	147,592	16,808	164,400

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### \* Land and buildings

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Valuation/Cost</b>				
At 1 August 2015	659	5,611	155,425	161,695
Additions	-	-	8	8
At 31 July 2016	659	5,611	155,433	161,703
Representing:				
At cost	659	4,407	155,160	160,226
At valuation	-	1,204	273	1,477
	659	5,611	155,433	161,703
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2015	-	681	13,422	14,103
Charge for the year	-	68	3,107	3,175
At 31 July 2016	-	749	16,529	17,278
<b>Net carrying amount</b>				
At 31 July 2016				
At cost	659	4,170	138,756	143,585
At valuation	-	692	148	840
	659	4,862	138,904	144,425

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

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

\* Land and buildings (cont'd.)

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2015</b>				
<b>Valuation/Cost</b>				
At 1 August 2014	659	5,611	155,352	161,622
Additions	–	–	73	73
At 31 July 2015	659	5,611	155,425	161,695
Representing:				
At cost	659	4,407	155,152	160,218
At valuation	–	1,204	273	1,477
	659	5,611	155,425	161,695
<b>Accumulated depreciation and impairment loss</b>				
At 1 August 2014	–	613	10,315	10,928
Charge for the year	–	68	3,107	3,175
At 31 July 2015	–	681	13,422	14,103
<b>Net carrying amount</b>				
At 31 July 2015				
At cost	659	4,217	141,849	146,725
At valuation	–	713	154	867
	659	4,930	142,003	147,592

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

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

\*\* Other property, plant and equipment

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Cost</b>				
At 1 August 2015	7,382	29,164	25,026	61,572
Additions	–	1,117	68	1,185
Disposals	(673)	(16)	(63)	(752)
Write-offs	–	(27)	–	(27)
Exchange differences	31	96	85	212
At 31 July 2016	6,740	30,334	25,116	62,190
<b>Accumulated depreciation</b>				
At 1 August 2015	4,693	23,067	17,004	44,764
Charge for the year:				
Recognised in profit or loss	4	2,376	314	2,694
Capitalised in construction costs	546	181	3,883	4,610
Disposals	(372)	(16)	(46)	(434)
Write-offs	–	(22)	–	(22)
Exchange differences	27	95	68	190
At 31 July 2016	4,898	25,681	21,223	51,802
<b>Net carrying amount</b>				
At 31 July 2016	1,842	4,653	3,893	10,388

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

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

\*\* Other property, plant and equipment (cont'd.)

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
<b>At 31 July 2015</b>				
<b>Cost</b>				
At 1 August 2014	11,015	27,370	39,875	78,260
Additions	54	1,726	526	2,306
Disposals	(3,779)	(197)	(15,727)	(19,703)
Write-offs	–	(6)	–	(6)
Exchange differences	92	271	352	715
At 31 July 2015	7,382	29,164	25,026	61,572
<b>Accumulated depreciation</b>				
At 1 August 2014	7,326	19,189	26,057	52,572
Charge for the year:				
Recognised in profit or loss	9	3,532	314	3,855
Capitalised in construction costs	360	259	873	1,492
Disposals	(3,080)	(173)	(10,529)	(13,782)
Write-offs	–	(3)	–	(3)
Exchange differences	78	263	289	630
At 31 July 2015	4,693	23,067	17,004	44,764
<b>Net carrying amount</b>				
At 31 July 2015	2,689	6,097	8,022	16,808

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

#### (a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Cost</b>				
At 1 August 2015	92,976	2,432,164	186,111	2,711,251
Additions	-	30,765	165,735	196,500
Transfer from property development costs (Note 13(b))	134,677	336,882	8,794	480,353
Transfer to property, plant and equipment (Note 12)	-	(2,645)	(597)	(3,242)
Transfer to property development costs (Note 13(b))	(21,965)	(220,428)	(81,431)	(323,824)
Transfer to investment properties (Note 14)	(4,638)	-	(24,009)	(28,647)
Exchange differences	1,226	7,504	3,555	12,285
At 31 July 2016	202,276	2,584,242	258,158	3,044,676
<b>At 31 July 2015</b>				
<b>Cost</b>				
At 1 August 2014	119,636	600,316	162,617	882,569
Additions	-	1,070,852	11,197	1,082,049
Acquisition of leasehold land through acquisition of a subsidiary	-	784,328	-	784,328
Transfer from property development costs (Note 13(b))	-	19,960	12,119	32,079
Transfer to property development costs (Note 13(b))	(26,660)	(72,402)	(16,022)	(115,084)
Exchange differences	-	29,110	16,200	45,310
At 31 July 2015	92,976	2,432,164	186,111	2,711,251

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

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

(b) Property development costs

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>At 31 July 2016</b>				
<b>Cumulative property development costs</b>				
At 1 August 2015	469,411	1,273,301	2,561,459	4,304,171
Reclassification	(69,448)	62,775	6,673	-
Costs incurred during the year	69	81,005	471,999	553,073
Transfer from land held for property development (Note 13(a))	21,965	220,428	81,431	323,824
Transfer to property, plant and equipment (Note 12)	-	(10,738)	(21,640)	(32,378)
Transfer to land held for property development (Note 13(a))	(134,677)	(336,882)	(8,794)	(480,353)
Reversal of completed projects	(38,232)	(786)	(238,680)	(277,698)
Transfer to inventories	(1,766)	-	(10,656)	(12,422)
Exchange differences	10,151	3,676	29,985	43,812
At 31 July 2016	257,473	1,292,779	2,871,777	4,422,029
<b>Cumulative costs recognised in profit or loss</b>				
At 1 August 2015	(59,373)	(294,141)	(1,798,675)	(2,152,189)
Recognised during year	(34,712)	(244,169)	(411,692)	(690,573)
Reversal of completed projects	38,232	786	238,680	277,698
Exchange differences	-	2,424	(17,834)	(15,410)
At 31 July 2016	(55,853)	(535,100)	(1,989,521)	(2,580,474)
<b>Property development costs at 31 July 2016</b>	<b>201,620</b>	<b>757,679</b>	<b>882,256</b>	<b>1,841,555</b>

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>At 31 July 2015</b>				
<b>Cumulative property development costs</b>				
At 1 August 2014	319,751	933,453	2,124,041	3,377,245
Costs incurred during the year	184,283	249,864	587,375	1,021,522
Transfer to property, plant and equipment (Note 12)	–	(3,391)	(29,200)	(32,591)
Transfer to land held for property development (Note 13(a))	–	(19,960)	(12,119)	(32,079)
Transfer from land held for property development (Note 13(a))	26,660	72,402	16,022	115,084
Transfer to investment properties (Note 14)	(9,597)	(8,719)	(31,715)	(50,031)
Reversal of completed projects	(36,272)	(19,947)	(318,757)	(374,976)
Transfer to inventories	(12,075)	(9,858)	(87,431)	(109,364)
Exchange differences	(3,339)	79,457	313,243	389,361
<b>At 31 July 2015</b>	<b>469,411</b>	<b>1,273,301</b>	<b>2,561,459</b>	<b>4,304,171</b>
<b>Cumulative costs recognised in profit or loss</b>				
At 1 August 2014	(52,245)	(51,910)	(1,620,934)	(1,725,089)
Recognised during the year	(43,400)	(256,950)	(278,971)	(579,321)
Reversal of completed projects	36,272	19,947	318,757	374,976
Exchange differences	–	(5,228)	(217,527)	(222,755)
<b>At 31 July 2015</b>	<b>(59,373)</b>	<b>(294,141)</b>	<b>(1,798,675)</b>	<b>(2,152,189)</b>
<b>Property development costs at 31 July 2015</b>	<b>410,038</b>	<b>979,160</b>	<b>762,784</b>	<b>2,151,982</b>

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

Included in leasehold land under land held for property development and property development costs are beneficial rights on land pursuant to investment certificates issued by the Government of Socialist Republic of Vietnam, with carrying value of RM461,897,000 (2015: RM473,152,000) and RM415,850,000 (2015: RM456,193,000) respectively has been pledged as securities for loan facility as set out in Note 33(b)(i). The Group plans to develop the leasehold land under land held for property development over the next 10 years.

Freehold land of the Group with a carrying value of RM109,977,000 (2015: RM123,427,000) has been pledged as securities for loan facility as set out in Note 34(a)(i).

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

### 14. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Construction in-progress RM'000	Total RM'000
<b>At 31 July 2016</b>					
<b>Cost</b>					
At 1 August 2015	20,588	8,719	104,539	33,493	167,339
Additions	–	16,291	46,666	3,781	66,738
Reclassification from construction in-progress to buildings upon completion	–	–	17,085	(17,085)	–
Transfer from land held for property development (Note 13(a))	4,638	–	–	24,009	28,647
Exchange differences	128	(488)	(894)	49	(1,205)
At 31 July 2016	25,354	24,522	167,396	44,247	261,519
<b>Accumulated depreciation</b>					
At 1 August 2015	–	–	4,073	–	4,073
Charge for the year (Note 7)	–	–	2,700	–	2,700
Exchange differences	–	–	1,009	–	1,009
At 31 July 2016	–	–	7,782	–	7,782
<b>Net carrying amount</b>					
At 31 July 2016	25,354	24,522	159,614	44,247	253,737
<b>Fair value</b>					
At 31 July 2016	39,309	27,715	277,926	–	344,950

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

14. INVESTMENT PROPERTIES (CONT'D.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Construction in-progress RM'000	Total RM'000
<b>At 31 July 2015</b>					
<b>Cost</b>					
At 1 August 2014	10,991	–	35,431	54,168	100,590
Additions	–	–	14,315	–	14,315
Reclassification from construction in-progress to buildings upon completion	–	–	54,793	(54,793)	–
Transfer from property development costs (Note 13(b))	9,597	8,719	–	31,715	50,031
Exchange differences	–	–	–	2,403	2,403
At 31 July 2015	20,588	8,719	104,539	33,493	167,339
<b>Accumulated depreciation</b>					
At 1 August 2014	–	–	2,550	–	2,550
Charge for the year (Note 7)	–	–	1,523	–	1,523
At 31 July 2015	–	–	4,073	–	4,073
<b>Net carrying amount</b>					
At 31 July 2015	20,588	8,719	100,466	33,493	163,266
<b>Fair value</b>					
At 31 July 2015	35,407	9,876	138,931	–	184,214

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

14. INVESTMENT PROPERTIES (CONT'D.)

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 July 2016</b>			
<b>Cost</b>			
At 1 August 2015	5,697	7,583	13,280
<b>Accumulated depreciation</b>			
At 1 August 2015	–	2,704	2,704
Charge for the year (Note 7)	–	152	152
At 31 July 2016	–	2,856	2,856
<b>Net carrying amount</b>			
At 31 July 2016	5,697	4,727	10,424
<b>Fair value</b>			
At 31 July 2016	29,803	17,874	47,677
<b>At 31 July 2015</b>			
<b>Cost</b>			
At 1 August 2014	5,697	7,583	13,280
<b>Accumulated depreciation</b>			
At 1 August 2014	–	2,552	2,552
Charge for the year (Note 7)	–	152	152
At 31 July 2015	–	2,704	2,704
<b>Net carrying amount</b>			
At 31 July 2015	5,697	4,879	10,576
<b>Fair value</b>			
At 31 July 2015	25,845	16,861	42,706

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 14. INVESTMENT PROPERTIES (CONT'D.)

Included in investment properties incurred during the year are:

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

Fair value of investment properties was estimated by the directors based on internal appraisal of market values of comparable properties.

Other details of fair value of investment properties are further disclosed in Note 42.

## 15. LAND USE RIGHTS

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

## 16. EXPRESSWAY DEVELOPMENT EXPENDITURE

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

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

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

17. INVESTMENTS IN SUBSIDIARIES

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

(a) Capital injection in subsidiaries

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

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

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

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

(c) Interests in subsidiaries

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

### (c) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2016 %	2015 %	
<b>Subsidiaries incorporated in Malaysia (cont'd.)</b>			
Gamuda Trading Sdn. Bhd.	100	100	Trading of construction materials
Gamuda Water Sdn. Bhd. ("GWSB")	80	80	Operation and maintenance of water treatment plants
Gamuda Industrial Building System Sdn. Bhd.	100	100	Precast manufacturing and building system
Jade Homes Sdn. Bhd.	100	100	Property investment and development
Megah Landscape Sdn. Bhd.	100	100	Supply of landscaping materials and provision of landscaping services
Jade Homes Resort Berhad	100	100	Proprietor and operator of a clubhouse
Jade Homes Property Services Sdn. Bhd.*	100	100	Property maintenance services
Gamuda Land (Botanic) Sdn. Bhd. (formerly known as Harum Intisari Sdn. Bhd.)	100	100	Property investment and development
Bandar Botanic Resort Berhad	100	100	Proprietor and operator of a clubhouse
Botanic Property Services Sdn. Bhd.	100	100	Property maintenance services
GL (MM2H) Sdn. Bhd.*	100	100	Agent of "Malaysia My Second Home" Programme
Masterpave Sdn. Bhd.	100	100	Manufacture, supply and laying of road surfacing materials
Megah Capital Sdn. Bhd. ("Megah Capital")	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	100	100	Insurance agency
Megah Sewa Sdn. Bhd.	100	100	Hire and rental of plant and machinery
Valencia Development Sdn. Bhd.	100	100	Property investment and development
Valencia Township Sdn. Bhd.	100	100	Management of township and golf club and related maintenance services
Gamuda Land Property Services Sdn. Bhd.* (formerly known as Rebung Property Services Sdn. Bhd.)	100	100	Property maintenance and management services
Madge Mansions Sdn. Bhd.	100	100	Property investment and development
Highpark Development Sdn. Bhd.	100	100	Property investment and development
Idaman Robertson Sdn. Bhd.	100	100	Property investment and development
Gamuda Land (Kemuning) Sdn. Bhd. (“Kemuning”) (formerly known as Setara Hati Sdn. Bhd.)	100	100	Property investment and development

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

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2016 %	2015 %	
<b>Subsidiaries incorporated in Malaysia (cont'd.)</b>			
Gamuda Land (HCMC) Sdn. Bhd.	100	100	Property investment and development
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	100	100	Property investment and development
Dinamik Atlantik Sdn. Bhd.	100	100	Property investment and development
Lifestyle Heritage Sdn. Bhd.*	100	100	Property investment and development
Gamuda Land (T12) Sdn. Bhd. (formerly known as Salak Land Development Sdn. Bhd.)	100	100	Property investment and development
Kesas Holdings Berhad ("Kesas")	70	70	Investment holding; holding company to the concession holder of an expressway
Kesas Sdn. Bhd.	70	70	Design, construction and maintenance of Shah Alam Expressway, and development and management of toll operations
Semarak Kuasa Sdn. Bhd.*	100	100	Dormant
<b>Subsidiaries unincorporated in Malaysia</b>			
SRS Consortium	60	60	Project delivery partner for implementation of Penang Transport Master Plan
<b>Subsidiary incorporated in British Virgin Islands</b>			
Gamuda Overseas Investment Ltd.	100	100	Investment holding
<b>Subsidiary incorporated in Mauritius</b>			
Gamuda (Offshore) Private Limited*	100	100	Investment holding
<b>Subsidiary incorporated in India</b>			
Held by Gamuda (Offshore) Private Limited:			
Gamuda – WCT (India) Private Limited*#	70	70	Civil engineering and construction
<b>Subsidiary incorporated in Saudi Arabia</b>			
Gamuda Saudi Arabia L.L.C.	100	100	In the process of winding up

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

### (c) Interests in subsidiaries (cont'd.)

The Company's interests in the subsidiaries are analysed as follows: (cont'd.)

Name of company	Proportion of ownership		Principal activities
	2016 %	2015 %	
<b>Subsidiaries incorporated in the Socialist Republic of Vietnam</b>			
Gamuda-Nam Long Development Limited Liability Company*#	70	70	Construction of villas for sale and lease
Gamuda Land Vietnam Limited Liability Company ("GLVN")#^	100	100	Undertakes the Yen So Park, sewage treatment plant and Gamuda City Development in Hanoi, Socialist Republic of Vietnam
Held by Gamuda Land (HCMC) Sdn. Bhd.:			
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC") ( <i>formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company</i> )#^	100	100	Undertakes development of Celadon City in Ho Chi Minh City, Socialist Republic of Vietnam
<b>Subsidiaries incorporated in Singapore</b>			
Gamuda (Singapore) Pte Ltd^	100	100	Investment holding
<b>Subsidiaries incorporated in Australia</b>			
Gamuda (Australia) Pty Ltd ("Australia")^	100	100	Property development

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

# Financial year end which does not coincide with that of its holding company

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

For the purpose of consolidating the subsidiaries with different financial year ends, the last audited financial statements available and the management financial statements to 31 July of the subsidiaries have been used.

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

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) Non-controlling interests (“NCI”) in subsidiaries

The summarised financial information of the subsidiaries that has non-controlling interests which are material to the Company before intra-group elimination are as follows:

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

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

18. INTERESTS IN ASSOCIATED COMPANIES

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

(a) Redemption of redeemable preferences shares (“RPS”) held by the Company in an associated company

During the financial year, Hicom-Gamuda Development Sdn. Bhd. has redeemed 50,000 RPS held by the Company of RM1.00 each at premium of RM99.00 for cash consideration of RM5,000,000 (2015: RM5,000,000).

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### (b) Redemption of redeemable preferences shares (“RPS”) held by Gamuda (Offshore) Private Limited in associated companies

During the financial year, Suria Holding (O) Pvt. Ltd. and Gamuda – WCT (Offshore) Private Limited had redeemed RPS held by Gamuda (Offshore) Private Limited of USD1 each for a total cash consideration of RM25,940,000 (2015: RM17,812,000).

### (c) Interests in associated companies

The Group’s and the Company’s interests in the associated companies are analysed as follows:

Name of company	Proportion of ownership		Principal activities
	2016 %	2015 %	
<b>Associated companies incorporated in Malaysia</b>			
Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”)	40	40	Investment holding and provision of management services; holding company to the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3
Hicom-Gamuda Development Sdn. Bhd.	50	50	Property development
Lingkar Trans Kota Holdings Berhad (“Littrak”) (Quoted shares in Malaysia)	44	45	Investment holding and provision of management services; holding company to the concession holder of an expressway
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd.	52	52	Investment holding; holding company to the concession holder of an expressway
<b>Associated companies incorporated in Mauritius</b>			
Held by Gamuda (Offshore) Private Limited:			
Suria Holding (O) Pvt. Ltd.*#	50	50	Investment holding; holding company to the concession holder of an expressway
Gamuda – WCT (Offshore) Private Limited*#	50	50	Investment holding; holding company to the concession holder of an expressway
<b>Associated companies unincorporated in Malaysia</b>			
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng – Gamuda Engineering Joint Venture	30	30	Civil engineering and construction
Naim Engineering Sdn. Bhd. – Gamuda Berhad Joint Venture (“Naim-GB JV”)	30	–	Civil engineering and construction

\* Audited by firms other than Ernst & Young, Malaysia

# Financial year end of 31 July

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### (d) Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”)

On 26 February 2014, the Company received an offer from Kumpulan Darul Ehsan Berhad (“KDEB”), an entity wholly-owned by the Selangor State Government, to purchase 100% equity interest in Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”). SPLASH Holdings is the holding company of Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (“SPLASH”) - the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. The Company has a 40% equity interest in SPLASH Holdings and the carrying amounts of investment in SPLASH Holdings in the Group’s and the Company’s financial statements as at 31 July 2016 was RM1,213,325,000 (2015: RM1,097,892,000) and RM160,000,000 (2015: RM160,000,000) respectively. The offer was part of the Selangor State Government’s effort to consolidate the various entities involved in the treatment, supply and distribution of water in the state of Selangor.

On 10 March 2014, the Company informed KDEB that it was constrained from accepting the said offer due to the adverse financial consequences on the Company. The net offer of RM250,600,000 for SPLASH Holdings when compared to its net asset value (“NAV”) of RM2,540,000,000 as at 31 December 2013 will result in a huge divestment loss of RM920,000,000 to the Company. The net offer of RM250,600,000 is below 10% of SPLASH Holdings’ NAV. The offer is therefore not equitable nor reasonable for acceptance by the Company.

The Company informed KDEB that it is however, amenable to accepting an offer by KDEB to acquire its equity interest in SPLASH Holdings upon mutually agreed terms on a ‘willing buyer – willing seller’ basis, based on the following conditions which were already included in KDEB’s earlier offers and accepted by the Company:

- (i) Payment of SPLASH Holdings’ NAV (as agreed by KDEB in its letter of offer dated 20 February 2013 page 6 item 2(vi) and the State’s offer dated 15 July 2009 page 2 item 6); and
- (ii) The retention of the operations and maintenance operators of SPLASH (Gamuda Water Sdn. Bhd. and Sungai Harmoni Sdn. Bhd.) at existing terms (as agreed by the State in its letter of offer dated 15 July 2009 page 2 item 4).

The Company’s rejection of the offer resulted in the State Government prompting to push for the enforcement of the Water Services Industry Act 2006 (“WASIA”), which empowers the Federal Government to direct the Suruhanjaya Perkhidmatan Air Negara (“SPAN”) to assume control of the property, business and affairs of SPLASH and to carry on SPLASH’s business and affairs if it was in the national interest to do so.

Having obtained independent legal advice, the Directors are of the opinion that even if the Federal Government invoke WASIA based on the request of the State Government, SPAN would only assume control of the property, business and affairs of SPLASH. Under such circumstances, if at all happens, SPAN does not take existing ownership of the property, plant and equipment, financial assets and liabilities of SPLASH Holdings.

Discussion with the State Government is at an advanced stage.

The management believes that it has reasonable grounds to sell SPLASH Holdings at NAV due to the following reasons:

- I. The NAV of SPLASH Holdings mainly comprises SPLASH’s receivables arising from water tariffs billed pursuant to its water supply concession agreement amounted to RM2,800,000,000 as at 31 December 2014. In the event of termination or expropriation of SPLASH’s water supply concession, SPLASH as an entity will remain. Termination or expropriation therefore does not affect SPLASH’s right to recover those receivables. The offer from KDEB of RM250,600,000 for 100% equity in SPLASH Holdings is inferior as it is below 10% of SPLASH Holding’s NAV and the offer does not address the recovery of receivables; and
- II. There are precedents of take overs of water assets by Pengurusan Asset Air Berhad (“PAAB”) based on NAV in 6 states – Melaka, Negeri Sembilan, Johor, Perlis, Penang and Perak. PAAB is a company set up by the Federal Government to restructure the water services industry in the country.

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

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

(e) Summarised financial information of material associated companies

The summarised financial information of the material associated companies which are accounted for using the equity method are as follows:

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 19. INTERESTS IN JOINT ARRANGEMENTS

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

Details of the joint arrangements are as follows:

Name of joint operations	Proportion of ownership		Economic activity
	2016 %	2015 %	
<b>Unincorporated in Malaysia</b>			
Malaysia Mining Corporation Berhad – Gamuda Berhad Joint Venture ("MMC – Gamuda JV")	50	50	Undertake engineering, procurement and construction of an integrated Bypass Tunnel cum Motorway in Kuala Lumpur
Malaysia Mining Corporation Berhad – Gamuda Berhad Joint Venture Electrified Double Track Project ("MMC – Gamuda JV 2T")	50	50	Undertake engineering, procurement and construction of the Electrified Double-Tracking from Ipoh to Padang Besar Project
MMC – Gamuda KVMRT (UGW) Joint Venture	50	50	Undertake the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project Sungai Buloh – Kajang Line ("KVMRT Line 1") and Klang Valley Mass Rapid Transit Project Sungai Buloh – Serdang – Putrajaya Line ("KVMRT Line 2")
Held by Gamuda Engineering Sdn. Bhd.:			
Lim Hoo Seng – Gamuda Engineering (Stonor 3) Joint Venture	50	-	Civil engineering and construction
<b>Unincorporated in Taiwan</b>			
New Asia Construction & Development Corporation – Gamuda Berhad Joint Venture ("New Asia – Gamuda JV")*	50	50	Undertake civil engineering construction of the Orange Line Package CO4 of the Kaohsiung Metropolitan Mass Rapid Transit System in Kaohsiung, Taiwan, Republic of China

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

Name of joint ventures	Proportion of ownership		Economic activity
	2016 %	2015 %	
<b>Unincorporated in Qatar</b>			
Sinohydro Corporation – Gamuda Berhad – WCT Engineering Berhad Joint Venture ("Sinohydro – Gamuda – WCT JV")^	51	51	Design and construct the airfield facilities, tunnel and detention ponds of the New Doha International Airport in the State of Qatar
Gamuda Berhad – WCT Engineering Berhad Joint Venture ("Gamuda – WCT JV")^##	51	51	Undertake civil engineering construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan industrial area in the State of Qatar
Gamuda Berhad – WCT Bahrain Berhad Joint Venture ("Gamuda – WCT Bahrain JV")^	51	51	Supply materials for the construction of the New Doha International Airport in the State of Qatar
<b>Incorporated in Malaysia</b>			
Projek Smart Holdings Sdn. Bhd.	50	50	Undertake, carry out and implement integrated Bypass Tunnel cum Motorway in Kuala Lumpur
MMC-Gamuda Joint Venture Sdn. Bhd.	50	50	Undertake, carry out and implement the Electrified Double-Tracking from Ipoh to Padang Besar Project
Horizon Hills Development Sdn. Bhd. ("Horizon Hills")	50	50	Undertake and carry out a mixed development mainly for residential purposes and a golf club in Johor Darul Takzim
MMC – Gamuda KVMRT (PDP) Sdn. Bhd. ("KVMRT (PDP)")	50	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for KVMRT Line 1
MMC – Gamuda KVMRT (PDP SSP) Sdn. Bhd.	50	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for KVMRT Line 2
MMC – Gamuda KVMRT (T) Sdn. Bhd.	50	50	Undertake the tunnelling, underground works and such other works in relation to the underground works package for KVMRT Line 1 and KVMRT Line 2
Held by Gamuda Land Sdn. Bhd.:			
Gamuda GM Sdn. Bhd.#	50	50	Operating and building management of Tower 1 of Idaman Robertson Project, a 9-level commercial complex to be operated as a wholesale centre
Gamuda GM Klang Sdn. Bhd.#	50	50	Developer and operator of a wholesale hub in Bandar Botanic, Klang

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

### Incorporated in Singapore

Held by Gamuda (Singapore) Pte Ltd:

Gem Homes Pte Ltd <sup>^</sup> #	50	50	Property investment and development
----------------------------------	----	----	-------------------------------------

\* Audited by firms other than Ernst & Young

<sup>^</sup> Audited by member firms of Ernst & Young Global in the respective countries

# Financial year ended of 31 July

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

All joint arrangements have financial year end of 31 December, other than those marked with #.

For the purpose of applying equity method for the joint ventures with financial year end of 31 December, the last audited financial statements available and the management financial statements to 31 July of the joint ventures have been used.

Pursuant to FRS 11: Joint Arrangements, Sinohydro-Gamuda-WCT JV, Gamuda-WCT JV and Gamuda-WCT Bahrain JV are deemed to be joint operations of Gamuda Berhad as the parties involved are undertaking economic activities that are subject to joint control.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows:

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 20. OTHER INVESTMENTS

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

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

### 21. INVENTORIES

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 22. RECEIVABLES

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 22. RECEIVABLES (CONT'D.)

### (a) Current (cont'd.)

#### (i) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2015: 14 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 22. RECEIVABLES (CONT'D.)

### (a) Current (cont'd.)

#### (i) Trade receivables (cont'd.)

##### Receivables that are neither past due nor impaired

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

##### Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM137,580,000 (2015: RM492,176,000) and RM26,648,000 (2015: RM274,126,000) respectively that are past due at the reporting date but not impaired. The receivables are related to customers with on-going transactions and/or progressive payments, and unsecured in nature.

##### Receivables that are impaired

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

	Group Individually impaired	
	2016 RM'000	2015 RM'000
Trade receivables – nominal amounts	568	122
Less: Allowance for impairment	(568)	(122)
	–	–
Movement in allowance accounts:		
At 1 August 2015/2014	122	147
Charge for the year (Note 7)	446	–
Allowance for impairment written off	–	(25)
At 31 July	568	122

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

#### (ii) Due from associated companies

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

#### (iii) Due from joint ventures

The amounts due from joint ventures are unsecured, interest free and repayable on demand.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 22. RECEIVABLES (CONT'D.)

### (b) Non-current

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

#### (i) Due from associated companies

Included in amount due from associated companies is an amount of RM429,797,000 (2015: RM216,842,000) for the supply of bulk quantity of treated water to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") by Gamuda Water Sdn. Bhd. that are subject to impairment at reporting date. The allowance for impairment of RM45,219,000 (2015: RM27,832,000) is to account for the time value of money in accordance with the requirements of FRS 139: Financial Instruments: Recognition and Measurement.

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

22. RECEIVABLES (CONT'D.)

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

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

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

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

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

(ii) Due from a joint venture

Trade amount due from a joint venture is in respect of the consideration receivable from the sale of lands to Gamuda GM Klang Sdn. Bhd. (“GMKSB”), a joint venture, by Gamuda Land (Botanic) Sdn. Bhd. (formerly known as Harum Intisari Sdn. Bhd.), a subsidiary of the Company. The amount is unsecured, non-interest bearing and is receivable in 2 tranches on 28 April 2019 and 28 April 2020 respectively.

Non-trade amount due from a joint venture represents a loan given to GMKSB by Megah Capital Sdn. Bhd., a subsidiary of the Company amounting to RM20,286,000 (2015: RM28,210,000). The loan is unsecured and repayable in 5 years or such other day mutually agreed upon. The interest of the loan is charged at 4.95% (2015: 4.95%) per annum.

Other details of fair value of non-current receivables are further disclosed in Note 42.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors, other than an amount of RM411,768,000 (2015: RM357,896,000) due from SPLASH.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 22. RECEIVABLES (CONT'D.)

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

	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
<b>Group</b>				
<b>At 31 July 2016</b>				
Investment securities	23	644,187	–	644,187
Current receivables	22(a)			
Third parties		–	442,671	442,671
Associated companies		–	51,901	51,901
Joint venture partners		–	1,130	1,130
Joint ventures		–	523,055	523,055
Retention sums		–	97,208	97,208
Stakeholder funds		–	21,924	21,924
Deposits		–	9,756	9,756
Sundry receivables		–	52,087	52,087
Non-current receivables	22(b)			
Third parties		–	250,452	250,452
Associated companies		–	444,353	444,353
Joint ventures		–	90,605	90,605
Retention sums		–	106	106
Stakeholder funds		–	4,043	4,043
Deposits		–	1,633	1,633
Sundry receivables		–	2,399	2,399
Cash and bank balances	26	–	828,726	828,726
<b>Total financial assets</b>		<b>644,187</b>	<b>2,822,049</b>	<b>3,466,236</b>

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

22. RECEIVABLES (CONT'D.)

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

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

22. RECEIVABLES (CONT'D.)

	Note	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
<b>Company</b>				
<b>At 31 July 2016</b>				
Investment securities	23	111,435	–	111,435
Current receivables	22(a)			
Third parties		–	26,648	26,648
Associated companies		–	206	206
Joint venture partners		–	1,043	1,043
Joint ventures		–	468,673	468,673
Retention sums		–	94,076	94,076
Deposits		–	2,477	2,477
Sundry receivables		–	11,349	11,349
Due from subsidiaries	25	–	1,894,259	1,894,259
Cash and bank balances	26	–	144,413	144,413
<b>Total financial assets</b>		<b>111,435</b>	<b>2,643,144</b>	<b>2,754,579</b>
<b>At 31 July 2015 (restated)</b>				
Investment securities	23	51,551	–	51,551
Current receivables	22(a)			
Third parties		–	41,495	41,495
Associated companies		–	8,273	8,273
Joint venture partners		–	20	20
Joint ventures		–	433,633	433,633
Retention sums		–	89,672	89,672
Deposits		–	1,060	1,060
Sundry receivables		–	6,359	6,359
Non-current receivables				
Third parties			201	201
Due from subsidiaries	25	–	1,691,726	1,691,726
Cash and bank balances	26	–	79,234	79,234
<b>Total financial assets</b>		<b>51,551</b>	<b>2,351,673</b>	<b>2,403,224</b>

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

23. INVESTMENT SECURITIES

	2016		2015	
	Carrying amount RM'000	Fair value of quoted investments RM'000	Carrying amount RM'000	Fair value of quoted investments RM'000
<b>Group</b>				
<b>Current</b>				
Portfolios:				
Held as fixed deposit placements	396,674	396,674	440,635	440,635
Others	247,513	247,513	69,008	69,008
	<b>644,187</b>	<b>644,187</b>	509,643	509,643
<b>Company</b>				
<b>Current</b>				
Portfolios:				
Held as fixed deposit placements	110,911	110,911	36,295	36,295
Others	524	524	15,256	15,256
	<b>111,435</b>	<b>111,435</b>	51,551	51,551

Investment securities represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprise of money market funds, commercial papers, government bonds and fixed deposits. Investment securities held as fixed deposit placements allow prompt redemption at any time.

Other details of fair value of investment securities are further disclosed in Note 42.

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

Included in amount due from customers on contract is an amount due from the Government of Socialist Republic of Vietnam (“GOVT”) to a subsidiary, Gamuda Land Vietnam Limited Liability Company (“GLVN”) amounting to RM180,173,000 (2015: RM26,252,000) which is pending issuance of investment certificates for property development in Hanoi, Vietnam as consideration for the construction works by GLVN.

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

### 25. DUE FROM SUBSIDIARIES

	Company	
	2016 RM'000	2015 (restated) RM'000
<b>Non-current</b>		
Due from subsidiaries – non-trade	685,816	479,559
<b>Current</b>		
Due from subsidiaries		
– trade	1,772	1,025
– non-trade	1,206,671	1,211,142
	1,208,443	1,212,167
	1,894,259	1,691,726

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

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

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

26. CASH AND BANK BALANCES

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

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

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

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

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

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

### 27. SHARE CAPITAL

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

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

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM2,405,905,055 to RM2,418,993,129 by way of:
- issuance of 6,350,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's ESOS; and
  - issuance of 6,738,074 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016.
- (b) On 7 March 2016, the Company allotted and issued 400,984,509 new Warrants 2016/2021 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in the Company ("Rights Issue of Warrants"). The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 6 March 2021. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016. Any Warrant not exercised by its expire date will lapse thereafter and cease to be valid for all purposes.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 27. SHARE CAPITAL (CONT'D.)

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

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

- (c) The Gamuda Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 4 December 2014 and became effective on 10 April 2015. With effect from 10 April 2015, the Company issued options under the new ESOS for the eligible Executive Directors and Employees of Gamuda Berhad and its subsidiaries.

The principal features of the ESOS were as follows:

- (i) Full-time and confirmed employees within Gamuda Group and executive directors of Gamuda ("eligible person") are eligible to participate in the ESOS. Participation, however, is subject to the discretion of the Option Committee.
- (ii) The ESOS shall be in force for a period of 5 years from 10 April 2015 provided that before the final year of the ESOS, the Option Committee may extend for up to another 5 years the duration of ESOS commencing from the expiration of the original 5 years. The duration of the ESOS shall not be more than 10 years from its effective date.
- (iii) The total number of new shares to be allotted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
- (iv) The subscription price for the new shares under the ESOS shall be the volume weighted average market price of the shares as quoted on the Main Market of Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of offer of the options, or at par value of the share, whichever is higher.
- (v) The aggregate number of shares to be offered to an eligible person shall be determined at the discretion of the Option Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service that the eligible person has rendered and subject to the maximum allowable allotment of shares for each eligible person.
- (vi) The number of shares comprised in the ESOS options which remained unexercised or the exercise prices or both may be adjusted following any alteration in the capital structure of the Company during the option period, whether such alteration is by way of capitalisation of profits or reserves, right issues, consolidation of shares, sub-division of shares or reduction of capital or otherwise howsoever taking place.
- (vii) The options shall not carry any right to vote at any general meeting of the Company and a grantee shall not be entitled to any dividends, right or other entitlements on his unexercised options.
- (viii) The options granted under ESOS are not assignable.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 27. SHARE CAPITAL (CONT'D.)

(c) (cont'd.)

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

- (ix) There is no restriction on the grantee in exercising their ESOS options or selling their Gamuda Shares allotted and issued pursuant to the exercise of their options.

Upon a sale of the Gamuda shares, if the net proceeds from the disposal is less than the Exercise Value (being the Exercise Price multiplied by the number of Gamuda Shares sold), the entire net proceeds will be released to the grantee.

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

- (x) The new shares allotted upon any exercise of the options shall rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company except that the new shares so issued will not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

- (xi) No grantee shall participate at any time in more than one ESOS implemented by any company within the Gamuda Group.

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

Grant date	Exercise price RM	Number of options '000	Exercise period
10 April 2015	5.16/4.46*	69,947	10 April 2015 – 9 April 2020
24 November 2015	4.45/3.84*	74,351	24 November 2015 – 9 April 2020
3 June 2016	4.78	44,815	3 June 2016 – 9 April 2020

\* Exercise prices were adjusted in accordance with the Company's ESOS By-laws pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

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

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

27. SHARE CAPITAL (CONT'D.)

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

ESOS exercise price	Number of share options Movement during the year				
	Outstanding and exercisable at 1 August 2015 '000	Granted '000	Exercised '000	Lapsed '000	Outstanding and exercisable at 31 July 2016 '000
RM5.16/RM4.46*	69,947	–	(560)	–	69,387
RM4.45/RM3.84*	–	74,351	(5,790)	–	68,561
RM4.78	–	44,815	–	–	44,815
	69,947	119,166	(6,350)	–	182,763
WAEP	4.46	4.19	3.89	–	4.31

\* Exercise prices were adjusted in accordance with the Company’s ESOS By-laws pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 27. SHARE CAPITAL (CONT'D.)

(f) Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. During the financial year, modification made to the share options is the price adjustment pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

	ESOS		
Exercise price, before rights issue of warrants (RM)	5.16	4.45	*
Exercise price, after rights issue of warrants (RM)	4.46	3.84	4.78
Fair value of share options, at the following grant dates and modification dates (RM)			
– Grant date	0.41	–	–
– 12 February 2016	0.35	–	–
– Grant date	–	0.38	–
– 12 February 2016	–	0.59	–
– Grant date	–	–	0.43
– 12 February 2016	–	–	*
Weighted average share price (RM)			
– Grant date	5.19	4.50	4.86
– 12 February 2016	4.43	4.43	*
Expected volatility			
– Grant date	19.00%	23.00%	23.00%
– 12 February 2016	23.00%	23.00%	*
Risk free rate			
– Grant date	3.22%	3.24%	3.03%
– 12 February 2016	3.25%	3.25%	*
Expected dividend yield#	3.00%	3.00%	3.00%

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

\* Exercise prices were adjusted in accordance with the Company's ESOS By-laws pursuant to the Rights Issue of Warrants effective on 12 February 2016.

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

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

28. OTHER RESERVES (NON-DISTRIBUTABLE)

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

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

29. RETAINED PROFITS

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 30. RETIREMENT BENEFIT OBLIGATIONS

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

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

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

The amounts recognised in profit or loss are as follows:

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

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

30. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

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

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

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

Principal actuarial assumptions used:

	2016 %	2015 %
Discount rate	5.3	5.3
Expected rate of salary increases	7.0 – 11.0	7.0 – 11.0

The average duration of the defined benefit plan obligation at the end of the reporting year is 13 years.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 31. PAYABLES

#### (a) Non-current

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

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

Deferred income comprises advance maintenance fees and licence fees, and government compensation.

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

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

31. PAYABLES (CONT'D.)

(b) Current

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

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

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

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 31. PAYABLES (CONT'D.)

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

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

### 32. DEFERRED TAX LIABILITIES/(ASSETS)

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

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

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

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

**Deferred tax liabilities of the Group:**

	Receivables RM'000	Accelerated capital allowances RM'000	Fair value adjustment on expressway development expenditure RM'000	Land RM'000	Total RM'000
At 1 August 2015	2,728	191,080	191,633	62,722	448,163
Recognised in profit or loss	(1,420)	(10,094)	(10,758)	(2,961)	(25,233)
Exchange differences	(44)	-	-	-	(44)
At 31 July 2016	1,264	180,986	180,875	59,761	422,886
At 1 August 2014	(3,744)	227,855	201,882	63,290	489,283
Recognised in profit or loss	6,528	(36,775)	(10,249)	(568)	(41,064)
Exchange differences	(56)	-	-	-	(56)
At 31 July 2015	2,728	191,080	191,633	62,722	448,163

**Deferred tax assets of the Group:**

	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Property development costs RM'000	Total RM'000
At 1 August 2015	(5,626)	(63,155)	-	(68,781)
Recognised in profit or loss	(651)	32,856	-	32,205
At 31 July 2016	(6,277)	(30,299)	-	(36,576)
At 1 August 2014	(5,377)	(119,179)	(2)	(124,558)
Recognised in profit or loss	1,210	56,024	2	57,236
Recognised in other comprehensive income	(1,459)	-	-	(1,459)
At 31 July 2015	(5,626)	(63,155)	-	(68,781)

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd.)

#### Deferred tax liabilities of the Company:

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

#### Deferred tax assets of the Company:

	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2015	(681)	(7,344)	(8,025)
Recognised in profit or loss	(71)	895	824
At 31 July 2016	(752)	(6,449)	(7,201)
At 1 August 2014	(350)	(6,769)	(7,119)
Recognised in profit or loss	(203)	(575)	(778)
Recognised in other comprehensive income	(128)	-	(128)
At 31 July 2015	(681)	(7,344)	(8,025)

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

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

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

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

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

**33. LONG TERM BORROWINGS**

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 33. LONG TERM BORROWINGS (CONT'D.)

### (a) Medium term notes (“MTN”)

The MTNs are drawdown by the following entities:

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

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows:

#### (i) Murabahah MTN – unsecured

##### Gamuda Berhad

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
<b>Non-current</b>				
Issue No. 4	400,000	21.3.2013	21.3.2018	4.17
Issue No. 5	400,000	28.10.2013	26.10.2018	4.22
Issue No. 6	400,000	13.3.2014	13.3.2019	4.62
Issue No. 7	300,000	13.3.2015	13.3.2020	4.55
Issue No. 8	300,000	25.4.2016	23.4.2021	4.62
	<b>1,800,000</b>			

Issue No. 1 to No. 3 were redeemed upon maturity in previous years.

##### Bandar Serai

	Amount drawdown RM'000	Issuance date	Maturity date	Yield at issuance date %
<b>Non-current</b>				
Tranche No. 1	300,000	20.11.2014	20.11.2019	4.62%
Tranche No. 2	200,000	27.10.2015	27.10.2020	4.78%
	<b>500,000</b>			

The Islamic MTNs were drawdown by Bandar Serai Development Sdn. Bhd. (“Bandar Serai”), a subsidiary of the Company for the purpose of financing the acquisition of leasehold land for Gamuda Garden project in Rawang, Selangor. The facilities are unconditionally guaranteed by the Company.

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

33. LONG TERM BORROWINGS (CONT'D.)

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

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

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

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

	Group	
	2016 RM'000	2015 RM'000
Within one year (Note 34)	90,000	–
More than one year and less than two years	90,000	90,000
More than two years and less than five years	270,000	270,000
Five years or more	285,000	375,000
	735,000	735,000

On 2 October 2014, the Company established its Islamic medium term notes with an aggregate nominal amount of RM735 million. The Sukuk is constituted by a Sukuk Musharakah Trust Deed dated 2 October 2014. The Sukuk were issued in 8 series, with maturities from October 2016 to October 2023. The profit margin ranges from 4.20% to 4.85% (2015: 4.25% to 4.85%) per annum.

The Sukuk was issued to fully redeem its previously issued bonds (BaIDS), Government support loan and Redeemable convertible unsecured loan stock (“RCULS”).

The borrowings are secured by the following:

- (i) A principal debenture on all fixed and floating assets of the subsidiary, both present and future;
- (ii) A principal charge on the subsidiary’s deposits with licensed banks and other financial institution as disclosed in Note 16;
- (iii) Assignments of the subsidiary’s contractual rights, interest and benefit in and to the Project Documents and proceeds therefrom;
- (iv) Assignments of all relevant insurances required to be undertaken in respect of the Expressway; and
- (v) Step-in-rights to rectify defaults amongst the project counterparties by way of assignments as mentioned in Note (iii) above and power of attorney for such assignments.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 33. LONG TERM BORROWINGS (CONT'D.)

#### (b) Term loans – secured

The term loans are drawdown by the following entities:

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

- (i) On 1 March 2016, Gamuda Land Vietnam Limited Liability (“GLVN”), a subsidiary of the Company has drawdown the term loan for the purpose of repayment of primary loan from Gamuda Berhad, and to finance the working capital of Gamuda City project. The term loan is secured by leasehold land under development as disclosed in Note 13 and bore interest rate ranging from 6.16% to 8.09% per annum.
- (ii) The term loan drawdown by Gamuda Land (HCMC) Joint Stock Company (“HCMCJSC”) (formerly known as Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company), a subsidiary of the Company, from the facility obtained from Sacombank in Vietnam was fully repaid in March 2016. The term loan bore interest rate ranging from 10.5% to 11.4% (2015: 10.5% to 11.4%) per annum.

On 30 March 2016, a new term loan was drawdown by a subsidiary, HCMCJSC from the facility obtained from HSBC and Vietnam International Bank in Vietnam, to finance the working capital of the Celadon City project. The term loan is secured by leasehold land under development as disclosed in Note 13 and bore interest rate ranging from 4.73% to 7.34% per annum.

- (iii) On 30 June 2016, Gamuda Land (Kemuning) Sdn. Bhd. (“Kemuning”), a subsidiary of the Company has drawdown the term loan for the purpose of part financing the acquisition of a leasehold land. The term loan is secured by said leasehold land as disclosed in Note 13 and bore interest rate ranging from 4.50% to 4.70% per annum.

Term loans are repayable as follows:

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

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

33. LONG TERM BORROWINGS (CONT'D.)

(c) Term loans – unsecured

The term loans are drawdown by the following entities:

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

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

In the previous financial year, as disclosed in Note 35, Megah Capital Sdn. Bhd. (“Megah Capital”) has swapped its term loan of USD100,000,000 at floating USD interest rate of LIBOR plus 1.30% per annum through cross currency interest rate swap into RM379,500,000 at fixed rate of 4.58% per annum. The term loan matures five years from the date of first loan drawdown and is subject to offsetting arrangements as disclosed in Note 42.

- (ii) On 16 June 2016, Gamuda (Australia) Pty Ltd (“Australia”), a subsidiary has drawdown the term loan for the purpose of part financing the construction of a residential property development. The term loan is unconditionally guaranteed by the Company and bore interest rate of 3.00% per annum.

Term loans are repayable as follows:

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

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

34. SHORT TERM BORROWINGS

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

(a) Term loan – secured

The term loans are drawdown by the following entities:

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

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

The term loan bears a floating interest rate and a weighted average interest rate as at the reporting date for the term loan was 4.63% (2015: 4.47%) per annum.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 34. SHORT TERM BORROWINGS (CONT'D.)

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

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

### 35. DERIVATIVES

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

The Group uses cross currency interest rate swap to manage some of the transaction exposure.

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

In the previous financial year, the Group obtained a loan denominated in United States Dollar (“USD”) amounting to USD100,000,000 (“USD loan”) and at the same time entered into a cross currency interest rate swap (“CCIRS”). The CCIRS is to hedge against interest rate and foreign exchange movements for the USD loan.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 35. DERIVATIVES (CONT'D.)

For the financial year 2015/2016

Contract amount	CCIRS	Maturity
	The Group:	
USD100,000,000 (RM379,500,000)	(i) Pays fixed RM interest rate of 4.58% per annum on the RM contract amount in exchange for receiving floating USD interest rate of 1-month LIBOR plus 1.30% per annum on the USD contract amount; and  (ii) Receives USD in exchange for paying RM at a predetermined rate of RM3.795 to USD1.000;  according to the scheduled principal and interest repayment.	16 July 2020

Effectively, the Group has swapped the USD100,000,000 loan at floating USD interest rate of LIBOR plus 1.30% per annum into RM379,500,000 loan at fixed RM interest rate of 4.58% per annum.

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a gain of RM17,272,000 (2015: RM1,255,000) arising from fair value changes of derivative. The fair value changes are attributable to changes in interest rate and foreign exchange rate. The Group's USD loan and CCIRS's offset arrangement and the method and assumptions applied in determining the fair values of derivatives are disclosed in Note 42.

## 36. DUE TO SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Due to subsidiaries		
– trade	2,274	467
– non-trade	18,250	44,487
	<b>20,524</b>	<b>44,954</b>

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

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

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

**37. PROVISION FOR LIABILITIES**

Provision for liabilities of the Group is analysed as follows:

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

Group	Provision for development costs Note (a) RM'000	Provision for affordable housing Note (b) RM'000	Provision for club membership Note (c) RM'000	Provision for heavy repairs Note (d) RM'000	Total RM'000
At 1 August 2015	47,892	3,946	3,183	–	55,021
Provision during the year	1,714	4,197	606	24,647	31,164
Utilisation during the year	(13,740)	–	(798)	(5,616)	(20,154)
Unused amount reserved	(6,761)	–	–	–	(6,761)
At 31 July 2016	<b>29,105</b>	<b>8,143</b>	<b>2,991</b>	<b>19,031</b>	<b>59,270</b>
At 1 August 2014	27,956	–	3,825	–	31,781
Provision during the year	26,154	3,946	1,236	–	31,336
Utilisation during the year	(3,991)	–	(1,878)	–	(5,869)
Unused amount reserved	(2,227)	–	–	–	(2,227)
At 31 July 2015	47,892	3,946	3,183	–	55,021

**(a) Provision for development costs**

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

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

**(b) Provision for affordable housing**

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 37. PROVISION FOR LIABILITIES (CONT'D.)

#### (c) Provision for club membership

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

#### (d) Provision for heavy repairs

Provision for heavy repairs relate to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

### 38. COMMITMENTS

#### Capital commitments

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

### 39. MATERIAL LITIGATIONS

- (a) The arbitral award (“the Award”) in respect of the arbitration between Wayss & Freytag (Malaysia) Sdn. Bhd. (“W&F”) and MMC - Gamuda Joint Venture (“JV”) was issued by the arbitral tribunal (“Tribunal”) on 16 April 2013.

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

1. That the JV pays to W&F the sum of RM96,297,229;
2. That the JV pays to W&F interest at a simple rate of 4% per annum on the sum of RM96,297,229 from date of termination (23 January 2006) to date of the Award (amounting to RM28,247,187);
3. That JV pays to W&F interest at the simple rate of 5% per annum on the sum of RM96,297,229 from the date of the Award until payment in full; and
4. That the JV pays to W&F costs of RM9,000,000.

Following requests for some clerical corrections made by both parties, the Tribunal issued a corrective award on 30 May 2013 (the “Corrective Award”) as follows:

1. The amount awarded to W&F has increased to RM97,574,035;
2. The amount of interest payable from the date of termination to date of the Award now amounts to RM28,229,639;
3. The post award interest at the simple rate of 5% per annum from the date of the Award until payment in full is to be imposed on the sum of RM97,574,035; and
4. That the JV pays to W&F costs of RM9,000,000.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 39. MATERIAL LITIGATIONS (CONT'D.)

(a) (cont'd.)

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

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

In addition to the JV's Section 42 Application, on 4 July 2013 the JV filed another application to set aside the Award under Section 37 of the Arbitration Act 2005 whereby Mr Yusof Holmes was named as the 2nd Defendant ("JV's Section 37 Application"). The JV's Section 37 Application was registered as Kuala Lumpur High Court Originating Summons No. 24C(ARB)-3-07/2013. This application was made on the basis that there has been inter alia, a breach of Mr Holmes' statutory duty under the Arbitration Act 2005 and that the Award is in conflict with the public policy in Malaysia.

The JV's Section 42 Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 7 November 2013. On 9 June 2014, the learned Judge dismissed the JV's Section 42 Application with costs of RM75,000 to be paid to W&F. The JV had on 7 July 2014 appealed to the Court of Appeal against the decision of the High Court in respect of the JV's Section 42 Application.

On 24 July 2014, Mr Holmes filed a notice of application to strike out the JV's Section 37 Application against him and for him to be removed as a party in the proceedings ("Holmes' Striking Out Application"). Holmes' Striking Out Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 2 September 2014. On 17 September 2014, the Judge allowed Holmes' Striking Out Application.

On 29 September 2014, the JV filed a Conversion Application under Order 28 rule 8 that the proceedings to be continued as if it had been begun by Writ and an Oral Evidence application under Order 28 rule 4 of the Rules of Court 2012 ("JV's Conversion/Oral Applications"). The JV's Conversion/Oral Applications were heard before the Honourable Dato' Mary Lim Thiam Suan on 1 October 2014 and on 20 October 2014.

The JV's Section 37 Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 20 October 2014. On 16 December 2014, the learned Judge dismissed the JV's Section 37 Application with costs. Consequentially, W&F's Enforcement Application was allowed by the learned High Court Judge.

On 30 December 2014, the JV filed notices of appeal to the Court of Appeal against the decisions of the High Court in relation to the JV's Section 37 Application and W&F's Enforcement Application.

On 5 February 2015, the JV and W&F mutually agreed to place the Corrective Award sum together with interest calculated up to 30 January 2015 with both parties' solicitors as stakeholders pending the outcome of the JV's appeals to the Court of Appeal.

The JV's appeals to the Court of Appeal in respect of the JV's Section 37 Application, the JV's Section 42 Application and W&F's Enforcement Application were heard before the Court of Appeal on 2 and 3 August 2016. The Court of Appeal had on 26 August 2016 dismissed the JV's appeals with cost. The JV intends to file a notice of appeal for leave of the Federal Court against the Court of Appeal's dismissal.

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 39. MATERIAL LITIGATIONS (CONT'D.)

- (b) On 27 June 2016, Gamuda Berhad announced that its jointly controlled entity, MMC - Gamuda KVMRT (PDP) Sdn Bhd (“PDP”) has, on 24 June 2016, been served with a writ and statement of claim filed by Accolade Land Sdn Bhd (“Accolade”) against Mass Rapid Transit Corporation Sdn Bhd (“MRT Corp”), PDP and other parties.

The suit is premised on an alleged breach of an alleged contract between Accolade and MRT Corp relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass Rapid Transit project.

Accolade is claiming, jointly and severally against the defendants, damages in the sum of RM303,534,216, with interest and costs.

On 4 August 2016, the PDP filed an application to strike out the Accolade’s Writ and Statement of Claim on the premise that it discloses no reasonable cause of action, is scandalous, frivolous and vexatious and amounts to an abuse of process (“PDP’s 1st Striking Out Application”).

On 15 September 2016, the PDP filed an application to strike out parts of Accolade’s Amended Reply to the PDP’s Defence on the premise that they are scandalous, frivolous and vexatious and amounts to an abuse of process (“PDP’s 2nd Striking Out Application”).

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

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2016 RM’000	2015 RM’000	2016 RM’000	2015 RM’000
Professional services rendered by Raja Eleena, Siew Ang & Associates, a firm in which a director, YTM Raja Dato’ Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, has interest	285	1,105	-	-
Contract services rendered by GLC Architect, a company in which a person connected with a director, Y Bhg Dato’ Goon Heng Wah, has interest	114	11	-	-
Sales of land to a joint venture	(27,715)	(51,463)	-	-
Contract services rendered to an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd.	(143,893)	(143,405)	-	-
Rental received from subsidiaries	-	-	(4,368)	(3,791)
Interest receivable from subsidiaries	-	-	(114,337)	(101,980)

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

(a) (cont'd.)

- (i) The Company and its joint venture partner, MMC Corporation Berhad (“MMC”) issued parent company guarantee to guarantee the due performance and obligations of MMC - Gamuda KVMRT (T) Sdn. Bhd (“Tunnel JV”) in the underground works packages of the Klang Valley Mass Rapid Transit Project Sungai Buloh – Kajang Line (“KVMRT Line 1”) and Klang Valley Mass Rapid Transit Project Sungai Buloh – Serdang – Putrajaya Line (“KVMRT Line 2”). Tunnel JV is equally owned by MMC and the Company.
- (ii) The Company and its joint venture partner, MMC Corporation Berhad (“MMC”) have also issued parent company guarantees to guarantee the due performance and obligations of MMC - Gamuda KVMRT (PDP SSP) Sdn. Bhd. (“PDP SSP”) as the Project Delivery Partner (“PDP”) of KVMRT Line 2. PDP SSP is equally owned by MMC and the Company.

The parent company guarantees for the contracts mentioned above have not been called because Tunnel JV and PDP SSP have performed and met their obligations in compliance with the terms of the contract.

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

(b) Compensation of key management personnel (“KMP”):

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

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

#### Total KMPs’ remuneration

	Group		Company	
	2016 RM’000	2015 RM’000	2016 RM’000	2015 RM’000
Total	16,192	18,448	11,901	13,178

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

### 41. SIGNIFICANT EVENTS

- (i) On 28 July 2016, the Company’s 30% – owned Naim Engineering Sdn. Bhd. – Gamuda Berhad JV (“Naim – GB JV”), an unincorporated joint venture had accepted the award of Works Package Contract – WPC 04 (Pantu Junction to Btg Skrang in Sarawak) from Lebuhraya Borneo Utara Sdn. Bhd.. The contract value of RM1,567,200,000 is for a project duration of 51 months.
- (ii) On 31 March 2016, MMC – Gamuda KVMRT (T) Sdn. Bhd. (“MGKT”), a joint venture of the Company had accepted the award of the Underground Works Package from Mass Rapid Transit Corporation Sdn. Bhd., appointing MGKT as the Works Package Contractor to undertake the Underground Works Package comprised in the Klang Valley Mass Rapid Transit Project Sungai Buloh – Serdang – Putrajaya Line (“KVMRT Line 2”). The contract value of the Underground Works Package is approximately RM15,470,000,000.
- (iii) On 14 August 2015, the Company’s 60%-owned SRS Consortium received a Letter of Award (“LoA”) from the Penang State Government appointing SRS Consortium as the Project Delivery Partner (“PDP”) for the implementation of the Penang Transport Master Plan comprising of roads and public transport projects.

The LoA has been extended by the State Government to 28 February 2017 vide its letter dated 29 July 2016 which was duly accepted by SRS Consortium on 4 August 2016.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 42. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>At 31 July 2016</b>					
<b>Financial assets:</b>					
Unquoted investment in subsidiaries	17	–	–	3,835,012	*
Unquoted interests in associated companies	18	1,485,461	*	390,740	*
Quoted investment in an associated company	18	385,626	1,371,142	59,624	1,371,142
Unquoted interests in joint arrangements	19	1,010,045	*	259,477	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferable club memberships		840	2,424	683	2,100
Loan to a joint venture by a subsidiary	22(b)	20,286	20,576	–	–
<b>Financial liabilities:</b>					
Long term borrowings:					
– Medium term notes	33	2,945,000	2,963,242	1,800,000	1,814,593
– Term loan	33	1,223,658	1,217,030	–	–
<b>At 31 July 2015</b>					
<b>Financial assets:</b>					
Unquoted investment in subsidiaries	17	–	–	3,885,179	*
Unquoted interests in associated companies	18	1,408,800	*	395,740	*
Quoted investment in an associated company	18	351,690	1,007,651	59,624	1,007,651
Unquoted interests in joint arrangements	19	860,271	*	254,727	*
Other investments:	20				
– Unquoted shares, in Malaysia		50	*	50	*
– Investment in transferable club memberships		840	1,800	683	1,400
Loan to a joint venture by a subsidiary	22(b)	28,210	28,411	–	–
<b>Financial liabilities:</b>					
Long term borrowings:					
– Medium term notes	33	2,535,000	2,551,911	1,500,000	1,502,999
– Term loan	33	823,355	821,833	351,440	351,741

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

**(i) Quoted investment in an associated company, other investments and investment securities**

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

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

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

**(iii) Cash and bank balances, current receivables and current payables**

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

### Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

The three level of fair value measurement hierarchy are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date
- Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Input for the asset or liability that are not based on observable market data (unobservable input)

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
<b>Group</b>				
<b>31 July 2016</b>				
<b>Assets not carried at fair values but for which fair values are disclosed</b>				
Investment properties (Note 14)	344,950	-	-	344,950
Quoted investment in an associated company (Note 18)	1,371,142	1,371,142	-	-
Other investments (Note 20):				
– Investment in transferable club memberships	2,424	-	2,424	-
Loan to a joint venture by a subsidiary (Note 22(b))	20,576	-	-	20,576
<b>Assets measured at fair value</b>				
Derivative assets (Note 35)	18,527	-	18,527	-
Investment securities (Note 23)	644,187	644,187	-	-
<b>Liabilities not carried at fair values but for which fair values are disclosed</b>				
Long term borrowings (Note 33):				
– Medium term notes	2,963,242	-	-	2,963,242
– Term loan	1,217,030	-	-	1,217,030
<b>31 July 2015</b>				
<b>Assets not carried at fair values but for which fair values are disclosed</b>				
Investment properties (Note 14)	184,214	-	-	184,214
Quoted investment in an associated company (Note 18)	1,007,651	1,007,651	-	-
Other investments (Note 20):				
– Investment in transferable club memberships	1,800	-	1,800	-
Loan to a joint venture by a subsidiary (Note 22(b))	28,411	-	-	28,411
<b>Assets measured at fair value</b>				
Derivative assets (Note 35)	1,255	-	1,255	-
Investment securities (Note 23)	509,643	509,643	-	-
<b>Liabilities not carried at fair values but for which fair values are disclosed</b>				
Long term borrowings (Note 33):				
– Medium term notes	2,551,911	-	-	2,551,911
– Term loan	821,833	-	-	821,833

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
<b>Company</b>				
<b>31 July 2016</b>				
<b>Assets not carried at fair values but for which fair values are disclosed</b>				
Investment properties (Note 14)	47,677	–	–	47,677
Quoted investment in an associated company (Note 18)	1,371,142	1,371,142	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	2,100	–	2,100	–
<b>Assets measured at fair value</b>				
Investment securities (Note 23):	111,435	111,435	–	–
<b>Liabilities not carried at fair values but for which fair values are disclosed</b>				
Long term borrowings (Note 33):				
– Medium term notes	1,814,593	–	–	1,814,593
<b>31 July 2015</b>				
<b>Assets not carried at fair values but for which fair values are disclosed</b>				
Investment properties (Note 14)	42,706	–	–	42,706
Quoted investment in an associated company (Note 18)	1,007,651	1,007,651	–	–
Other investments (Note 20):				
– Investment in transferable club memberships	1,400	–	1,400	–
<b>Assets measured at fair value</b>				
Investment securities (Note 23):	51,551	51,551	–	–
<b>Liabilities not carried at fair values but for which fair values are disclosed</b>				
Long term borrowings (Note 33):				
– Medium term notes	1,502,999	–	–	1,502,999
– Term loan	351,741	–	–	351,741

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### Financial instruments subject to offsetting arrangements

The Group entered into a Cross Currency Interest Rate Swap (“CCIRS”) to hedge against foreign currency and interest rate movements for term loans which have an arrangement to settle simultaneously on due dates at a net basis.

The Group’s borrowings and derivatives that are off-set are as follows:

	Gross carrying amount RM'000	Gross amounts offset RM'000	Net amounts RM'000
<b>As at 31 July 2016</b>			
Derivatives (Note 35)	18,527	(18,527)	–
Borrowings (Note 33(c)(i))	(406,700)	18,527	(388,173)
<b>As at 31 July 2015</b>			
Derivatives (Note 35)	1,255	(1,255)	–
Borrowings (Note 33(c)(i))	(380,755)	1,255	(379,500)

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

#### (a) Credit risk

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

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

#### Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### (a) Credit risk (cont'd.)

##### Credit risk concentration profile

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

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

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

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

##### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with licensed banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

### (b) Liquidity risk

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

At the reporting date, approximately 13% (2015: 19%) of the Group's loans and borrowings (Note 34) will mature in less than one year based on the carrying amount reflected in the financial statements. Approximately 23% (2015: 23%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

#### Analysis of financial instruments by remaining contractual maturities

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

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

#### Group

##### Financial liabilities:

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

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

#### Group

##### Financial liabilities:

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

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

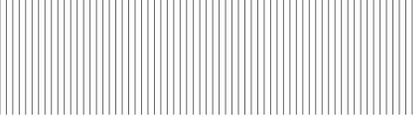
43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

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

	2016			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables	237,297	28,902	–	266,199
Due to subsidiaries	20,524	–	–	20,524
Loans and borrowings				
– Principal	547,370	1,800,000	–	2,347,370
– Interest	86,561	149,336	–	235,897
<b>Total undiscounted financial liabilities</b>	<b>891,752</b>	<b>1,978,238</b>	<b>–</b>	<b>2,869,990</b>

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



## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

#### (c) Interest rate risk

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

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

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 58% (2015: 56%) of the Group's borrowings are at fixed rates of interest.

##### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM3,804,000 (2015: RM3,386,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### (d) Market price risk

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

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

##### Sensitivity analysis for market price risk

As at reporting date, if the quoted prices of the investment securities had been 5% higher/lower, with all other variables held constant, the Group and the Company's profit for the year would have been RM32,209,000 (2015: RM25,482,000) and RM5,572,000 (2015: RM2,578,000) higher/lower.

#### (e) Foreign currency risk

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

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

	Vietnam Dong RM'000	Indian Rupee RM'000	New Taiwan Dollar RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Total RM'000
--	---------------------------	---------------------------	-----------------------------------	--------------------------------------	---------------------------	-----------------------------	-------------------------------	--------------------------------	-----------------

#### Group

##### At 31 July 2016:

Cash and bank balances	210,617	11,161	31	11,637	3,625	747	30	1,102	238,950
Receivables	733,028	22,440	-	23,636	170,499	62,319	-	1,188	1,013,110
Payables	259,898	1,575	10,990	1,602	108,421	10,309	90	7,046	399,931
Borrowings	527,850	-	-	447,370	-	-	-	7,634	982,854

##### At 31 July 2015:

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

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

#### Company

##### At 31 July 2016:

Cash and bank balances	31	475	3,625	747	4,878
Receivables	-	-	170,499	62,319	232,818
Payables	10,990	-	108,421	10,309	129,720
Borrowings	-	447,370	-	-	447,370

##### At 31 July 2015:

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

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

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

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

##### Sensitivity analysis for foreign currency risk

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 44. CAPITAL MANAGEMENT

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

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

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 45. COMPARATIVES

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

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

# Notes to the Financial Statements

– 31 July 2016 (cont'd.)

## 46. SEGMENT INFORMATION

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

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

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

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

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

46. SEGMENT INFORMATION (CONT'D.)

	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
<b>2016</b>						
<b>Revenue</b>						
Revenue as reported	905,215	757,869	458,815	-		2,121,899
Share of revenue of joint ventures	1,665,379	363,887	19,732	-		2,048,998
	2,570,594	1,121,756	478,547			4,170,897
Inter-segment sales	57,457	-	-	(57,457)	A	-
Total revenue	2,628,051	1,121,756	478,547	(57,457)		4,170,897
<b>Result</b>						
Profit from operations	140,076	80,441	273,621	-		494,138
Finance costs	(19,534)	(38,238)	(68,252)	-		(126,024)
Share of profits of associated companies	116	1,548	209,055	-		210,719
Share of profits of joint ventures	71,620	131,796	(1,591)	-		201,825
Profit before tax	192,278	175,547	412,833	-		780,658
Income tax expense						(111,918)
Profit for the year						668,740
<b>Assets and liabilities</b>						
Segment assets excluding interests in associated companies and joint arrangements	2,090,928	6,620,252	2,576,412	-		11,287,592
Interests in associated companies	522	47,043	1,823,522	-		1,871,087
Interests in joint arrangements	144,723	710,503	154,819	-		1,010,045
						14,168,724
Segment liabilities	(2,071,212)	(3,424,584)	(1,458,724)	-		(6,954,520)
<b>Other information</b>						
Depreciation and amortisation	13,042	10,048	98,441	-		121,531
Additions to non-current assets	85,461	276,376	27,890	-	B	389,727
Non-cash items other than depreciation and amortisation	16,326	(2,173)	25,045	-	C	39,198

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

46. SEGMENT INFORMATION (CONT'D.)

	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
<b>2015</b>						
<b>Revenue</b>						
Revenue as reported	1,157,740	841,549	400,629	-		2,399,918
Share of revenue of joint ventures	2,015,715	323,372	21,085	-		2,360,172
	3,173,455	1,164,921	421,714	-		4,760,090
Inter-segment sales	15,291	-	-	(15,291)	A	-
Total revenue	3,188,746	1,164,921	421,714	(15,291)		4,760,090
<b>Result</b>						
Profit from operations	177,387	169,950	254,650	-		601,987
Finance costs	(20,474)	(31,449)	(71,819)	-		(123,742)
Share of profits of associated companies	406	5,112	193,526	-		199,044
Share of profits of joint ventures	64,959	114,090	1,851	-		180,900
Profit before tax	222,278	257,703	378,208	-		858,189
Income tax expense						(132,731)
Profit for the year						725,458
<b>Assets and liabilities</b>						
Segment assets excluding interests in associated companies and joint arrangements	2,288,779	5,952,736	2,463,423	-		10,704,938
Interests in associated companies	406	50,495	1,709,589	-		1,760,490
Interests in joint arrangements	118,353	585,509	156,409	-		860,271
						13,325,699
Segment liabilities	(2,277,043)	(3,111,316)	(1,244,127)	-		(6,632,486)
<b>Other information</b>						
Depreciation and amortisation	13,341	9,330	79,903	-		102,574
Additions to non-current assets	15,447	1,103,891	17,084	-	B	1,136,422
Non-cash items other than depreciation and amortisation	4,527	2,346	457	-	C	7,330

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 46. SEGMENT INFORMATION (CONT'D.)

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

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

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

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

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

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

46. SEGMENT INFORMATION (CONT'D.)

Geographical information

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

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

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

47. SUBSEQUENT EVENTS

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

## Notes to the Financial Statements

– 31 July 2016 (cont'd.)

### 48. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 July 2016 and 31 July 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

**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.

T : (603) 7491 8288

F : (603) 7728 6571/9811

E : [gcc@gamuda.com.my](mailto:gcc@gamuda.com.my)

---

[gamuda.com.my](http://gamuda.com.my)