

FINANCIAL STATEMENTS

172	Directors' Responsibility Statement
173	Directors' Report
179	Statement by Directors
179	Statutory Declaration
180	Independent Auditors' Report
186	Consolidated Income Statement
187	Consolidated Statement of Comprehensive Income
188	Consolidated Statement of Financial Position
190	Consolidated Statement of Changes in Equity
192	Consolidated Statement of Cash Flows
195	Income Statement
196	Statement of Comprehensive Income
197	Statement of Financial Position
199	Statement of Changes in Equity
200	Statement of Cash Flows
203	Notes to the Financial Statements

Photo: Horizon Hills

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of Audited Financial Statements for the financial year ended 31 July 2021

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

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

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- 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 the Company have adequate resources to continue operations for the foreseeable future.

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

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

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 2021.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	632,189	971,299
Profit attributable to:		
Owners of the Company	588,316	971,299
Non-controlling interests	43,873	–
	632,189	971,299

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

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

During the financial year, the Company has received a total of RM917,239,000 (2020: RM456,099,000) dividend income from subsidiaries, associated companies and joint ventures, which majority was declared by a subsidiary, Gamuda Water Sdn. Bhd. ("GWSB") and an associated company Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings"), amounting to RM433,746,000 (2020: RM42,539,000) and RM218,033,000 (2020: Nil) respectively. The dividends were declared by GWSB and SPLASH Holdings upon the completion of the asset backed securitisation exercises in relation to the disposal of long-term receivables. There is no impact on the Group's results in relation to the dividends income received by the Company as the dividends were substantially sourced from GWSB's and SPLASH Holdings' prior years' profits that were recognised in the Group's prior years' consolidated profits.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS' REPORT (CONT'D.)

DIRECTORS OF THE COMPANY

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

Y Bhg Dato' Mohammed bin Haji Che Hussein
 Y Bhg Dato' Lin Yun Ling *
 Y Bhg Dato' Ir. Ha Tiing Tai *
 YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah
 Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang
 YM Tunku Afwida binti Tunku A.Malek
 Puan Nazli binti Mohd Khir Johari
 Encik Mohammed Rashdan bin Mohd Yusof * (alternate to Y Bhg Dato' Lin Yun Ling)
 Y Bhg Dato' Ubull a/l Din Om * (alternate to Y Bhg Dato' Ir Ha Tiing Tai)

** Directors of the Company and certain subsidiary(ies)*

DIRECTORS OF THE SUBSIDIARIES

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

Adil Putra bin Ahmad
 Ahcene El Boulhais
 Ajit Singh Rai
 Andrew Edward Kesik
 Aw Sei Cheh
 Azmi bin Mohamad
 Beh Boon Ewe
 Carine Lacroix
 Carla Maria Alves Silva
 Caroline Baker
 Chan Kong Wah
 Chew Wee Hwang
 Chua Kheng Sun
 Dato' Goon Heng Wah
 Dato' Haji Abdul Sahak bin Safi
 Dato' Haji Azmi bin Mat Nor
 Dato' Noordin bin Alaudin
 Dato' Seri Ir. Kamarul Zaman bin Mohd Ali
 Datuk Hasmi bin Hasnan
 Devananda Naraidoo
 Dr. Ooi Lean Hock
 Emily Hii San San (Appointed w.e.f. 01.01.2021)
 Eoin Conroy
 Foong Vooi Lin
 Goh Chee Young
 Hajah Siti Zubaidah binti Haji Abd Jabar (Appointed w.e.f. 04.09.2020)
 Julian Yeap Kheang Teik (Appointed w.e.f. 01.01.2021)
 Justin Chin Jing Ho (Appointed w.e.f. 01.01.2021)
 Khor Thiam Chay
 Larissa Chan Thien (Appointed w.e.f. 01.03.2021)
 Liang Kai Chong
 Lim Hui Yan (Appointed w.e.f. 01.01.2021)
 Looi Hong Weei
 Mohd Roslan bin Sarip
 Ng Hau Wei
 Ng Kit Cheong
 Ngan Chee Meng
 Ong Jee Lian (Appointed w.e.f. 01.01.2021)

DIRECTORS' REPORT (CONT'D.)

DIRECTORS OF THE SUBSIDIARIES (CONT'D.)

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

Ong Eng Chye (Appointed w.e.f. 26.04.2021)
 Rishi Kumar Emrit
 Saw Wah Theng
 Saw Yeok Hean (Appointed w.e.f. 03.03.2021)
 Sazally bin Saidi
 Soo Kok Wong
 Szeto Wai Loong
 Tang Meng Loon
 Tariq Syed Usman
 Teh Teck Seong
 Teng Poh Fern (Appointed w.e.f. 01.03.2021)
 Tuan Haji Suhaimi bin Haji Kasdon (Appointed w.e.f. 01.01.2021)
 Vaneeta Bickoo Brelu-Brelu
 Wong Mun Keong
 Yap Peng Loong
 Yew Yee Weng
 Yuen Chee Meng (Appointed w.e.f. 01.03.2021)
 Hajah Norita binti Mohd Sidek (Resigned w.e.f. 04.09.2020)
 Cheong Ho Kuan (Resigned w.e.f. 15.09.2020)
 Dato' Mohd Azizi bin Mohd Zain (Resigned w.e.f. 31.12.2020)
 Low Kim Teik (Resigned w.e.f. 01.01.2021)
 Sim Kwong Yong (Resigned w.e.f. 01.01.2021)
 Wong Tsien Loong (Resigned w.e.f. 01.01.2021)
 Yeoh Hin Kok (Resigned w.e.f. 01.01.2021)
 Dato' Chow Chee Wah (Resigned w.e.f. 01.03.2021)
 Tan Ek Khai (Resigned w.e.f. 01.03.2021)
 Dato' Lim Kean Seng (Resigned w.e.f. 03.03.2021)
 Tan Sri Datuk Ooi Kee Liang (Resigned w.e.f. 26.04.2021)

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.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 41 to the financial statements.

Directors' benefits are as disclosed in Note 6 to the financial statements.

DIRECTORS' AND OFFICERS' INDEMNITY

The Company maintains a liability insurance for the directors and officers of the Company and its subsidiaries throughout the financial year, which provides insurance cover of RM50,000,000. The amount of insurance premium paid by the Company for the financial year ended 31 July 2021 was RM117,200 (2020: RM91,000). The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTERESTS

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

Gamuda Berhad	Number of ordinary shares			31 July 2021
	1 August 2020	Bought	Sold	
Direct holding				
Y Bhg Dato' Lin Yun Ling	75,035,736	–	–	75,035,736
Y Bhg Dato' Ir. Ha Tiing Tai	27,384,000	–	–	27,384,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	228,750	–	–	228,750
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang	4,000	–	–	4,000
Encik Mohammed Rashdan bin Mohd Yusof	457,500	–	–	457,500
Indirect holding				
Y Bhg Dato' Ir. Ha Tiing Tai#	87,000	–	–	87,000
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah*	116,500,000	–	(3,000,000)	113,500,000

Deemed interest through son

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

Warrants 2016/2021

Gamuda Berhad	Number of warrants				31 July 2021
	1 August 2020	Bought	Sold	Expired	
Direct holding					
Y Bhg Dato' Lin Yun Ling	12,883,600	–	–	(12,883,600)	–
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	40,300	–	(40,300)	–	–
Encik Mohammed Rashdan bin Mohd Yusof	550,000	–	(550,000)	–	–
Indirect holding					
Y Bhg Dato' Ir. Ha Tiing Tai#	12,800	–	(12,800)	–	–
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah*	8,690,000	–	(8,690,000)	–	–

Deemed interest through son

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

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

DIRECTORS' INTERESTS (CONT'D.)

Issuance of shares

During the financial year, the total number of issued and paid-up ordinary shares of the Company has increased from 2,513,527,654 to 2,513,528,454 by the issuance of 800 new ordinary shares for cash consideration received from the exercise of Warrants 2016/2021 at an exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016 as disclosed in Note 26(c) to the financial statements.

The ordinary shares issued from the exercise of Warrants 2016/2021 ranked pari passu in all respects with the existing issued ordinary shares of the Company except that they would 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 Warrants 2016/2021.

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 issue date and expired on 5 March 2021 being the last market day immediately preceding the date which is the fifth anniversary of the issue of Warrants (which falls on Saturday, 6 March 2021, a non-market day) pursuant to the provisions of the Deed Poll dated 22 January 2016. 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 5 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at 5 March 2021, 387,220,949 Warrants 2016/2021 remain unexercised and have lapsed.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Group and the Company might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (CONT'D.)**OTHER STATUTORY INFORMATION (CONT'D.)**

- (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 three subsidiaries from having to comply with Section 247(3) of the Companies Act 2016 to adopt a financial year end which coincides with that of its holding company for the financial year ended 31 July 2021 as follows:
- (i) Gamuda Land Vietnam Limited Liability Company and Gamuda Land (HCMC) Joint Stock Company with June financial year end; and
 - (ii) Gamuda – WCT (India) Private Limited with March financial year end.

SUBSEQUENT EVENT

Subsequent event is as disclosed in Note 42 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	1,690	489
Other auditors	105	10
	1,795	499

INDEMNIFICATION OF AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2021.

Dato' Mohammed bin Haji Che Hussein
Chairman

Dato' Ir. Ha Tiing Tai
Deputy Group Managing Director

STATEMENT BY DIRECTORS

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

We, Dato' Mohammed bin Haji Che Hussein and Dato' Ir. Ha Tiing Tai, being two of the directors of Gamuda Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 186 to 347 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2021.

Dato' Mohammed bin Haji Che Hussein
Chairman

Dato' Ir. Ha Tiing Tai
Deputy Group Managing Director

STATUTORY DECLARATION

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

I, Soo Kok Wong, being the officer primarily responsible for the financial management of Gamuda Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 186 to 347 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Soo Kok Wong
at Petaling Jaya in Selangor Darul Ehsan
on 8 October 2021.

Soo Kok Wong

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

INDEPENDENT AUDITORS' REPORT

to the members of Gamuda Berhad
(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT (CONT'D.)

to the members of Gamuda Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gamuda Berhad, which comprise the statements of financial position as at 31 July 2021 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 186 to 347.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis For Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

1. Revenue and cost of sales from property development activities

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 July 2021, property development revenue and cost of sales are as follows:

Property development activities
Revenue: RM1,091,803,000 (31% of Group's revenue)
Cost of sales: RM703,855,000 (29% of Group's cost of sales)

The Group has determined that certain performance obligations in relation to property development activities are satisfied over time and thus recognises revenue from this activity over time.

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

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

Key Audit Matters (cont'd.)

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

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

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

- i. Obtained an understanding of the processes and internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost, profit margin and progress of development projects;
- ii. For individually significant projects, we read the sales and purchase agreements entered into with customers to obtain an understanding of the specific terms and conditions;
- iii. Evaluated the assumptions applied in estimating the total property development costs for each property development phase by examining documentary evidence such as letters of award issued to contractors to support the budgeted gross development cost. We also considered the historical accuracy of management's forecasts for the similar property development projects within the Group in evaluating the estimated total property development costs;
- iv. Observed the progress of the property development phases by performing site visits and examined the physical completion progress reports. We have also discussed the status of on-going property development phases with management, finance personnel and project officials;
- v. Evaluated management's assessment on whether provision for liquidated ascertained damages is required through supporting documents such as the sales and purchase agreements for the rates, extension of time approvals and work progress report indicating the reasons for the delay and efforts to catch up for phases whereby actual progress is behind planned progress; and
- vi. Evaluated the determination of progress of development projects by examining supporting evidence such as contractors' progress claims and suppliers' invoices.

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

2. Revenue and cost of sales from construction contracts

A significant proportion of the Group's revenues and profits are derived from construction contracts which span more than one accounting period. For the financial year ended 31 July 2021, construction revenue and cost of sales are as follows:

Construction contracts
Revenue: RM1,784,789,000 (51% of Group's revenue)
Cost of sales: RM1,410,639,000 (58% of Group's cost of sales)

The Group has determined that certain performance obligations in relation to construction activities are satisfied over time and thus recognises revenue from this activity over time.

We identified construction contract revenue and cost of sales as areas requiring audit focus as these areas involved significant management's judgement and estimates, including:

- i. Judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue; and
- ii. Estimates made in respect of the total estimated contract costs (which forms part of the computation of percentage-of-completion for the construction contracts).

INDEPENDENT AUDITORS' REPORT (CONT'D.)

to the members of Gamuda Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)**Key Audit Matters (cont'd.)****2. Revenue and cost of sales from construction contracts (cont'd.)**

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

- i. Read the contract to obtain an understanding of the specific terms and conditions;
- ii. Obtained an understanding of the relevant processes and internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by the management in estimating variation orders, claims, total contract costs, profit margin and progress of construction projects;
- iii. Observed the progress of the constructions by performing site visits and examined the physical completion progress reports. We have also discussed the status of on-going constructions with management, finance personnel and project officials;
- iv. Evaluated management's assessment on whether provision for liquidated ascertained damages is required through supporting documents such as the construction agreements for the rates, extension of time approvals and work progress report indicating the reasons for the delay and efforts to catch up for phases whereby actual progress is behind planned progress;
- v. Agreed the contract sum to approved variation order forms with respect to variations in contract works and claims for costs not included in the contract price;
- vi. Evaluated the assumptions applied in the determination of the progress of construction projects in light of supporting evidence such as letters of award, approved purchase orders, sub-contractors' claims and invoices; and
- vii. Evaluated the determination of progress of construction projects by examining supporting evidence such as contractors' progress claims and suppliers' invoices.

The Group's disclosure on contract assets/liabilities is included in Note 22 to the financial statements.

3. Impairment of property, plant and equipment ("PPE") in a subsidiary, Gamuda Industrial Building System Sdn. Bhd. ("GIBS")

The carrying amount of GIBS's PPE as at 31 July 2021 is RM329,279,000.

GIBS is involved in the manufacturing and installation of prefabricated concrete panels for construction of buildings. The continued decline in demand for products has led to a decrease in production volume, excess capacity and hence, the under-utilisation of PPE. This gives rise to impairment indications for the carrying amounts of the PPE. Accordingly, the Group had performed an impairment assessment on the assets in the subsidiary by estimating the recoverable amount applying the value-in-use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating unit, and discounting them at an appropriate rate.

Due to the significance of the amount and the subjectivity involved in estimating the VIU, we identified this as our area of audit focus as the impairment assessment involves determining the recoverable amounts using a discounted cash flow approach which is complex and highly judgemental. Significant assumptions applied in the discounted cash flow, including revenue growth rate is affected by the local market demand for the subsidiary's products, and the economic conditions surrounding the property development sector. Judgement was also applied in determining the appropriate rate to discount the future cash flows to its present value.

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

- i. Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the PPE;
- ii. Evaluated the management's assumptions on revenue growth rate, gross profit margin and utilisation rate against the Group's plan to supply the prefabricated concrete panels for use in the Group's future development projects;
- iii. Assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and
- iv. Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

The Group's disclosure on PPE is included in Note 12 to the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

to the members of Gamuda Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)**Key Audit Matters (cont'd.)****4. Impairment of investment in a subsidiary – GIBS**

The carrying amount of the Company's investment in the wholly-owned subsidiary – GIBS as at 31 July 2021 is RM370,500,000 which accounted for approximately 3% of the Company's total assets.

The continued losses reported by the Company's subsidiary, GIBS, indicated that the carrying amount of the investment in subsidiary may be impaired. Accordingly, the Company had performed an impairment assessment on the investment in the subsidiary by estimating the recoverable amount applying the value-in-use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating unit, and discounting them at an appropriate rate.

Due to the significance of the amount and the subjectivity involved in estimating the VIU, we identified this as our area of audit focus as the impairment assessment involves determining the recoverable amounts using a discounted cash flow approach which is complex and highly judgemental. Significant assumptions applied in the discounted cash flow, including revenue growth rate is affected by the local market demand for the subsidiary's products, and the economic conditions surrounding the property development sector. Judgement was also applied in determining the appropriate rate to discount the future cash flows to its present value.

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

- i. Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the investment in the subsidiary;
- ii. Evaluated the management's assumptions on revenue growth rate, gross profit margin and utilisation rate against the Group's plan to supply the prefabricated concrete panels for use in the Group's future development projects;
- iii. Assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive; and
- iv. Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

The Company's disclosure on investments in subsidiaries are included in Note 17 to the financial statements.

5. Net realisable value of completed property development units classified as inventories

As at 31 July 2021, the carrying amount of completed property units of RM781,285,000 represents 8% and 4% of the Group's total current assets and total assets respectively.

The current economic outlook and property market environment posed challenges to the sale of these inventories. The Group continues to monitor the realisable value of these inventories to ensure that these inventories are stated at the lower of cost and net realisable values (the estimated selling price less estimated costs necessary to make the sale).

We considered the net realisable value of completed units to be an area of audit focus as such assessment includes estimates made by management and is influenced by assumptions concerning future market and economic conditions.

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

- i. Obtained an understanding of the processes and internal controls performed by management in estimating the net realisable value of these inventories; and
- ii. Evaluated the management's assessment of the estimated selling price (less estimated cost necessary to make the sale) of these inventories by comparing to the recent transacted prices of similar completed property development units within the vicinity.

The Company's disclosure on completed property units are included in Note 13(c) to the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

to the members of Gamuda Berhad
(Incorporated in Malaysia)

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

Key Audit Matters (cont'd.)

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

Information Other than the Financial Statements and Auditor's Report

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

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

to the members of Gamuda Berhad
(Incorporated in Malaysia)

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

OTHER MATTERS

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Shium Jye
No. 02991/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
8 October 2021

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 July 2021

	Note	2021 RM'000	2020 RM'000 (Restated)
Revenue	4	3,517,218	3,662,964
Other income		187,220	218,571
Construction contract costs recognised as contract expenses		(1,410,639)	(1,400,467)
Land and development costs		(703,855)	(835,445)
Highway maintenance and toll operations		(27,611)	(32,540)
Changes in inventory of finished goods and work in progress		(14,122)	(29,429)
Purchases – raw and trading materials		(199,975)	(189,534)
Production overheads		(89,746)	(72,639)
Staff costs	5	(184,704)	(256,919)
Depreciation and amortisation		(225,208)	(223,127)
Impairment losses on trade receivables	7	(396)	(1,197)
Other operating expenses		(262,127)	(270,941)
Profit from operations	7	586,055	569,297
Impairment of property, plant and equipment		–	(148,100)
Profit from operations after impairment		586,055	421,197
Finance costs	8	(114,462)	(139,340)
Share of profits of associated companies		97,871	116,245
Share of profits of joint ventures		216,786	192,181
Profit before tax		786,250	590,283
Income tax expense	9	(154,061)	(161,272)
Profit for the year		632,189	429,011
Profit attributable to:			
Owners of the Company		588,316	376,501
Non-controlling interests		43,873	52,510
		632,189	429,011
Earnings per share attributable to owners of the Company (sen)			
Basic	10(a)	23.41	15.13
Diluted	10(b)	23.41	15.13
Net dividends per ordinary share (sen)	11	–	6.0
<u>Profit attributable to owners of the Company can be analysed as follows:</u>			
Core profit for the year		588,316	524,601
Less: Impairment of Industrial Building System (“IBS”) assets		–	(148,100)
Profit attributable to owners of the Company, as reported		588,316	376,501

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 2021

	2021 RM'000	2020 RM'000 (Restated)
Profit for the year	632,189	429,011
Other comprehensive income/(loss):		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation (Note 27)	30,760	100,198
Share of associated companies' foreign currency translation (Note 27)	375	(6,661)
	31,135	93,537
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Fair value remeasurement on defined benefit plan (Note 29)	4,423	(6,568)
Income tax effect	(731)	589
	3,692	(5,979)
Total comprehensive income for the year	667,016	516,569
Total comprehensive income attributable to:		
Owners of the Company	622,463	464,889
Non-controlling interests	44,553	51,680
	667,016	516,569

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2021

	Note	31.07.2021 RM'000	31.07.2020 RM'000 (Restated)	01.08.2019 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	12	960,687	997,517	1,133,982
Land held for property development	13(a)	3,305,083	3,169,895	2,919,183
Investment properties	14	711,524	455,501	432,815
Right-of-use assets	15	82,677	80,687	38,448
Concession development expenditure	16	1,228,026	1,355,472	1,306,472
Interests in associated companies	18	780,426	952,787	970,789
Interests in joint arrangements	19	1,040,909	1,057,348	1,201,332
Other investments	20	812	812	812
Deferred tax assets	32	57,775	40,665	41,767
Receivables and other financial assets	21(b)	360,407	890,835	1,074,294
		8,528,326	9,001,519	9,119,894
Current assets				
Property development costs	13(b)	2,060,166	1,847,214	1,885,356
Inventories	13(c)	808,562	917,734	765,197
Receivables and other financial assets	21(a)	1,746,464	2,223,689	1,938,030
Contract assets	22	1,694,143	1,701,664	1,604,295
Tax recoverable		47,814	44,056	34,158
Investment securities	23	881,337	644,467	396,664
Cash and bank balances	25	2,656,658	2,147,202	1,452,272
		9,895,144	9,526,026	8,075,972
Total assets		18,423,470	18,527,545	17,195,866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

As at 31 July 2021

	Note	31.07.2021 RM'000	31.07.2020 RM'000 (Restated)	01.08.2019 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	26	3,620,949	3,620,946	3,469,729
Reserves		5,542,608	4,920,146	4,592,894
Owners' equity		9,163,557	8,541,092	8,062,623
Non-controlling interests		352,145	426,502	399,317
Total equity		9,515,702	8,967,594	8,461,940
Non-current liabilities				
Payables	30(a)	212,881	235,550	208,957
Contract liabilities	22	25,621	38,446	50,786
Provision for liabilities	37	116,542	111,309	29,978
Deferred tax liabilities	32	296,154	335,904	375,794
Long term Islamic debts	33	2,645,000	2,135,000	1,975,000
Long term conventional debts	34	1,130,630	817,171	982,741
		4,426,828	3,673,380	3,623,256
Current liabilities				
Payables	30(b)	1,745,594	1,760,450	1,848,867
Contract liabilities	22	1,028,619	1,353,551	942,039
Provision for liabilities	37	158,183	171,660	74,573
Short term Islamic debts	33	790,000	690,000	690,000
Short term conventional debts	34	662,164	1,822,960	1,495,917
Tax payable		96,380	87,950	59,274
		4,480,940	5,886,571	5,110,670
Total liabilities		8,907,768	9,559,951	8,733,926
Total equity and liabilities		18,423,470	18,527,545	17,195,866

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 2021

Group	Attributable to owners of the Company		Retained profits (Note 28) RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable	Distributable				
At 1 August 2020 (as previously stated)	3,620,946	440,943	4,479,203	8,541,092	426,502	8,967,594
Prior year adjustments (Note 47)	–	(151,970)	151,970	–	–	–
At 1 August 2020 (as restated)	3,620,946	288,973	4,631,173	8,541,092	426,502	8,967,594
Total comprehensive income	–	30,455	592,008	622,463	44,553	667,016
Transactions with owners:						
Issuance of ordinary shares pursuant to:						
– Conversion of Warrants (Notes 26 and 27)	3	(1)	–	2	–	2
– By a subsidiary to non-controlling interest	–	–	–	–	3,538	3,538
Transfer warrants reserves to retained profits upon expiry of warrants	–	(96,805)	96,805	–	–	–
Dividends paid by subsidiaries to non-controlling interests	–	–	–	–	(122,448)	(122,448)
Total transactions with owners	3	(96,806)	96,805	2	(118,910)	(118,908)
At 31 July 2021	3,620,949	222,622	5,319,986	9,163,557	352,145	9,515,702

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

For the financial year ended 31 July 2021

Group	Attributable to owners of the Company		Other reserves (Note 27) RM'000	Retained profits (Note 28) RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable	Distributable					
At 1 August 2019 (as previously stated)	3,469,729	72,584	341,874	4,178,436	8,062,623	399,317	8,461,940
Prior year adjustments (Note 47)	–	–	(147,149)	147,149	–	–	–
At 1 August 2019 (as restated)	3,469,729	72,584	194,725	4,325,585	8,062,623	399,317	8,461,940
Total comprehensive income	–	–	94,367	370,522	464,889	51,680	516,569
Transactions with owners:							
Issuance of ordinary shares pursuant to:							
– Exercise of ESOS (Note 26(f))	70,950	–	–	–	70,950	–	70,950
– Conversion of Warrants (Notes 26 and 27)	2,050	–	(119)	–	1,931	–	1,931
Share options granted under ESOS	–	18,202	–	–	18,202	–	18,202
Share options exercised under ESOS	6,830	(6,830)	–	–	–	–	–
Transfer share options reserves to retained profits upon expiry of ESOS	–	(83,956)	–	83,956	–	–	–
Acquisition of equity interest from non-controlling interest	–	–	–	–	–	(900)	(900)
Dividends paid by a subsidiary to non-controlling interests	–	–	–	–	–	(23,595)	(23,595)
Dividends paid to shareholders (Note 11)							
– Dividend reinvestment plan	71,387	–	–	(71,387)	–	–	–
– Cash settlement	–	–	–	(77,503)	(77,503)	–	(77,503)
Total transactions with owners	151,217	(72,584)	(119)	(64,934)	13,580	(24,495)	(10,915)
At 31 July 2020 (as restated)	3,620,946	–	288,973	4,631,173	8,541,092	426,502	8,967,594

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 2021

	2021 RM'000	2020 RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	786,250	590,283
Adjustments for:		
Amortisation:		
– Concession development expenditure	140,503	137,160
Depreciation:		
– Right-of-use assets	5,741	4,677
– Property, plant and equipment	66,629	74,320
– Investment properties	11,894	6,970
Provision/(reversal) for:		
– Liabilities	6,622	4,518
– Retirement benefits obligations	(2,155)	(1,077)
– Short term accumulating compensated absences	4,170	1,296
Property, plant and equipment written off	2,427	2,753
Net (gain)/loss on:		
– Disposal of property, plant and equipment	(19)	(458)
– Disposal of investment properties	(6,242)	(2,223)
– Unrealised foreign exchange	1,175	–
– Deemed disposal of interest in an associated company	(1,858)	(4,821)
Fair value loss/(gain) on embedded derivatives	6,182	(1,459)
Share of profits of:		
– Associated companies	(97,871)	(116,245)
– Joint ventures	(216,786)	(192,181)
Impairment of:		
– Trade receivables	396	1,197
– Property, plant and equipment	–	148,100
Share options granted under ESOS	–	18,202
Distribution from investment securities:		
– Islamic	(9,873)	(9,594)
– Non-Islamic	(11,157)	(10,460)
Profit rate from Islamic fixed deposits	(10,133)	(15,104)
Interest income arising from:		
– Non-Islamic fixed deposits	(68,722)	(83,094)
– Significant financing component	(211)	(60)
Unwinding of discount:		
Notional interest income on non-current:		
– Trade receivables	(15,272)	(23,678)
– Amounts due from joint ventures	(3,617)	(4,433)
Notional interest expense on non-current payables	27,789	16,245
Finance costs	86,673	123,095
Operating profit before working capital changes	702,535	663,929
Movement in:		
– Land held for property development	(166,557)	(187,123)
– Property development costs	377,745	650,122
– Receivables	1,058,831	(147,142)
– Inventories	(250,337)	(545,714)
– Contract assets/(liabilities)	(270,718)	412,826
– Lease liabilities	2,969	4,556
– Payables	(50,233)	173,346
Cash generated from operations	1,404,235	1,024,800

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

For the financial year ended 31 July 2021

	2021 RM'000	2020 RM'000 (Restated)
Cash flows from operating activities (cont'd.)		
Cash generated from operations	1,404,235	1,024,800
Income taxes paid	(206,058)	(183,037)
Finance costs paid	(221,839)	(266,895)
Retirement benefit obligations paid	(4,767)	(2,167)
Net cash generated from operating activities	971,571	572,701
Cash flows from investing activities		
Additions to:		
– Property, plant and equipment	(90,146)	(155,533)
– Land held for property development	(218,912)	(219,700)
– Investment properties	(134,967)	(9,882)
– Expressway development expenditures	(13,057)	(6,829)
– Right-of-use assets - leasehold land	(2,962)	–
Proceeds from:		
– Disposal of property, plant and equipment	149	798
– Disposal of investment properties	12,409	4,805
Acquisition of additional interest in a subsidiary	–	(900)
Capital repayment from an associated company	–	11,024
Additional of interest in joint ventures (net)	24,510	77,399
Net purchase from disposal of investment securities	(236,870)	(247,803)
Placement of deposits with tenure more than 3 months	(717,920)	(257,292)
Dividend received from:		
– Associated companies	272,465	121,383
– Joint ventures	186,206	267,000
Distribution received from investment securities:		
– Islamic	9,873	9,594
– Non-Islamic	11,157	10,460
Profit rate received from Islamic fixed deposits	10,133	15,104
Interest income received from non-Islamic fixed deposits	68,722	83,094
Net cash used in investing activities	(819,210)	(297,278)
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings and debts	(244,694)	320,030
Repayment of lease liabilities	(6,564)	(5,763)
Proceeds from:		
– Exercise of ESOS	–	70,950
– Conversion of warrants	2	1,931
Capital injection in a subsidiary by non-controlling interest	3,538	–
Dividends paid to:		
– Shareholders	–	(225,775)
– Non-controlling interests	(122,448)	(23,595)
Net cash (used in)/generated from financing activities	(370,166)	137,778
Net (decrease)/increase in cash and cash equivalents	(217,805)	413,201
Effects of exchange rate changes	9,341	24,437
Cash and cash equivalents at beginning of year	1,518,761	1,081,123
Cash and cash equivalents at end of year (Note 25)	1,310,297	1,518,761

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

For the financial year ended 31 July 2021

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's borrowings and debts arising from financing activities, including both cash and non-cash changes.

	Borrowings RM'000	Lease liabilities RM'000	Total RM'000
At 1 August 2020	5,465,131	14,279	5,479,410
Repayment during the year	(2,000,821)	(6,564)	(2,007,385)
Additions during the year	1,756,127	2,375	1,758,502
Fair value loss on embedded derivatives	6,182	–	6,182
Interest expense	–	594	594
Effects of exchange rate changes	1,175	43	1,218
At 31 July 2021	5,227,794	10,727	5,238,521
At 1 August 2019	5,143,658	15,450	5,159,108
Repayment during the year	(1,537,938)	(5,763)	(1,543,701)
Additions during the year	1,859,427	3,821	1,863,248
Fair value gain on embedded derivatives	(1,459)	–	(1,459)
Interest expense	–	735	735
Effects of exchange rate changes	1,443	36	1,479
At 31 July 2020	5,465,131	14,279	5,479,410

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

INCOME STATEMENT

For the financial year ended 31 July 2021

	Note	2021 RM'000	2020 RM'000
Revenue	4	1,914,952	1,526,170
Other income		187,667	203,266
Construction contract costs recognised as contract expenses		(825,519)	(961,966)
Staff costs	5	(56,511)	(71,353)
Depreciation		(6,637)	(7,092)
Other operating expenses		(71,648)	(2,164)
Profit from operations	7	1,142,304	686,861
Impairment of cost of investment in GIBS		–	(285,000)
Profit from operations after impairment		1,142,304	401,861
Finance costs	8	(120,639)	(136,133)
Profit before tax		1,021,665	265,728
Income tax expense	9	(50,366)	(27,644)
Profit for the year		971,299	238,084
Net dividends per ordinary share (sen)	11	–	6.0

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 2021

	2021 RM'000	2020 RM'000
Profit for the year	971,299	238,084
Other comprehensive income/(loss):		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation (Note 27)	7,383	(4,609)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Fair value remeasurement on defined benefit plan (Note 29)	1,331	(678)
Income tax effect	(319)	163
Other comprehensive income/(loss) for the year, net of tax	8,395	(5,124)
Total comprehensive income for the year	979,694	232,960

STATEMENT OF FINANCIAL POSITION

As at 31 July 2021

	Note	31.07.2021 RM'000	31.07.2020 RM'000 (Restated)	01.08.2019 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	12	138,923	193,046	276,833
Investment properties	14	9,788	9,812	9,965
Right-of-use assets	15	5,196	6,174	7,179
Investments in subsidiaries	17	4,374,869	4,869,376	4,126,481
Interests in associated companies	18	253,218	253,218	253,218
Interests in joint arrangements	19	177,627	177,627	177,627
Other investments	20	733	733	733
Deferred tax assets	32	6,520	5,565	2,228
Receivables and other financial assets	21(b)	26,525	11,691	88,970
Due from subsidiaries	24	2,174,536	1,338,380	1,244,703
		7,167,935	6,865,622	6,187,937
Current assets				
Inventories	13(c)	647	1,148	1,952
Receivables	21(a)	734,775	918,887	895,020
Contract assets	22	45,825	33,465	19,425
Due from subsidiaries	24	2,033,993	2,692,721	2,030,013
Investment securities	23	743,716	581,850	340,371
Cash and bank balances	25	135,105	195,532	65,184
Tax recoverable		1,264	-	-
		3,695,325	4,423,603	3,351,965
Total assets		10,863,260	11,289,225	9,539,902

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

STATEMENT OF FINANCIAL POSITION (CONT'D.)

As at 31 July 2021

	Note	31.07.2021 RM'000	31.07.2020 RM'000 (Restated)	01.08.2019 RM'000 (Restated)
EQUITY AND LIABILITIES				
Share capital	26	3,620,949	3,620,946	3,469,729
Reserves		3,520,290	2,540,597	2,445,274
Owners' equity		7,141,239	6,161,543	5,915,003
Non-current liabilities				
Payables	30(a)	72,917	73,540	69,560
Due to subsidiaries	36	12,256	7,766	–
Long term Islamic debts	33	1,750,000	1,750,000	1,300,000
Long term conventional debts	34	100,000	–	–
		1,935,173	1,831,306	1,369,560
Current liabilities				
Payables	30(b)	219,854	208,049	380,910
Contract liabilities	22	856,448	1,006,232	790,073
Due to subsidiaries	36	131,230	350,904	168,449
Short term Islamic debts	33	400,000	400,000	300,000
Short term conventional debts	34	157,987	1,314,080	600,298
Tax payable		21,329	17,111	15,609
		1,786,848	3,296,376	2,255,339
Total liabilities		3,722,021	5,127,682	3,624,899
Total equity and liabilities		10,863,260	11,289,225	9,539,902

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 2021

Company	Non-distributable			Distributable	
	Share capital RM'000	Option reserves RM'000	Other reserves (Note 27) RM'000	Retained profits (Note 28) RM'000	Total RM'000
At 1 August 2020	3,620,946	–	96,486	2,444,111	6,161,543
Total comprehensive income	–	–	7,383	972,311	979,694
Transactions with owners:					
Conversion of Warrants (Notes 26 and 27)	3	–	(1)	–	2
Transfer warrants reserves to retained profits upon expiry of warrants	–	–	(96,805)	96,805	–
Total transactions with owners	3	–	(96,806)	96,805	2
At 31 July 2021	3,620,949	–	7,063	3,513,227	7,141,239

Company	Non-distributable			Distributable	
	Share capital RM'000	Option reserves RM'000	Other reserves (Note 27) RM'000	Retained profits (Note 28) RM'000	Total RM'000
At 1 August 2019	3,469,729	72,584	101,214	2,271,476	5,915,003
Total comprehensive income	–	–	(4,609)	237,569	232,960
Transactions with owners:					
Issue of ordinary shares pursuant to:					
– Exercise of ESOS (Note 26(f))	70,950	–	–	–	70,950
– Conversion of Warrants (Notes 26 and 27)	2,050	–	(119)	–	1,931
Share options granted under ESOS	–	18,202	–	–	18,202
Share options exercised under ESOS	6,830	(6,830)	–	–	–
Transfer share options reserves to retained profits upon expiry of ESOS	–	(83,956)	–	83,956	–
Dividends paid to shareholders (Note 11)					
– Dividend reinvestment plan	71,387	–	–	(71,387)	–
– Cash settlement	–	–	–	(77,503)	(77,503)
Total transactions with owners	151,217	(72,584)	(119)	(64,934)	13,580
At 31 July 2020	3,620,946	–	96,486	2,444,111	6,161,543

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 2021

	2021 RM'000	2020 RM'000 (Restated)
Cash flows from operating activities		
Profit before taxation	1,021,665	265,728
Adjustments for:		
Depreciation:		
– Property, plant and equipment	5,810	6,737
– Right-of-use assets	803	202
– Investment properties	24	153
Provision/(reversal) for:		
– Retirement benefits obligations	551	556
– Short term accumulating compensated absences	906	(142)
Property, plant and equipment written off	–	2
Net gain on:		
– Disposal of property, plant and equipment	(13)	(319)
– Unrealised foreign exchange	(328)	(25,661)
Impairment of cost of investment in GIBS	–	285,000
Share options granted under ESOS	–	18,202
Dividend income from:		
– Subsidiaries	(573,188)	(89,046)
– Associated companies	(264,051)	(100,053)
– Joint ventures	(80,000)	(267,000)
Distribution from investment securities:		
– Islamic	(7,085)	(7,011)
– Non-Islamic	(8,723)	(7,553)
Profit rate from Islamic fixed deposits	(554)	(1,949)
Interest income from:		
– Non-Islamic fixed deposits	(1,074)	(755)
– Subsidiaries	(149,499)	(161,783)
Unwinding discount:		
Notional interest income on non-current:		
– Trade receivables	(349)	(10,800)
– Amounts due to subsidiaries	(1,432)	(785)
Notional interest expense on non-current payables	3,042	3,320
Finance costs	117,597	132,813
Operating profits before working capital changes	64,102	39,856
Movement in:		
– Net amount due to subsidiaries (trade)	(173,545)	(30,230)
– Receivables	169,278	52,100
– Inventories	501	804
– Contract assets/(liabilities)	(108,761)	306,900
– Lease liabilities	706	536
– Payables	19,041	(28,135)
Cash (used in)/generated from operations	(28,678)	341,831
Dividend received	917,239	456,099
Income taxes paid	(48,269)	(29,316)
Finance costs paid	(117,620)	(132,813)
Retirement benefit obligations paid	(167)	(466)
Net cash generated from operating activities	722,505	635,335

STATEMENT OF CASH FLOWS (CONT'D.)

For the financial year ended 31 July 2021

	2021 RM'000	2020 RM'000 (Restated)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,728)	(26,358)
Proceeds from disposal of property, plant and equipment	69	410
Capital injection in subsidiaries	(25,493)	(624,595)
Acquisition of additional interest in a subsidiary	–	(900)
Long-term capital advances to a subsidiary company	–	(407,500)
Net repayment from/(advances to) subsidiaries (non-trade)	281,614	(496,742)
Capital redemption from a subsidiary	20,000	5,100
Net purchase of investment securities	(161,866)	(241,479)
Distribution received from investment securities:		
– Islamic	7,085	7,011
– Non-Islamic	8,723	7,553
Profit rate received from Islamic fixed deposits	554	1,949
Interest income from:		
– Non-Islamic fixed deposits	1,074	755
– Subsidiaries	149,499	161,783
Net cash generated from/(used in) investing activities	277,531	(1,613,013)
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings and debts	(1,059,503)	1,262,333
Payment of lease liabilities	(1,690)	(1,576)
Proceeds from:		
– Exercise of ESOS	–	70,950
– Conversion of warrants	2	1,931
Dividend paid to shareholders	–	(225,775)
Net cash (used in)/generated from financing activities	(1,061,191)	1,107,863
Net (decrease)/increase in cash and cash equivalents	(61,155)	130,185
Effects of exchange rate changes	728	163
Cash and cash equivalents at beginning of year	195,532	65,184
Cash and cash equivalents at end of year (Note 25)	135,105	195,532

STATEMENT OF CASH FLOWS (CONT'D.)

For the financial year ended 31 July 2021

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company's borrowings and debts arising from financing activities, including both cash and non-cash changes.

Company	Borrowings RM'000	Lease liabilities RM'000	Total RM'000
At 1 August 2020	3,464,080	1,586	3,465,666
Repayment during the year	(1,250,722)	(1,690)	(1,252,412)
Additions during the year	191,219	706	191,925
Interest expense	–	58	58
Effects of exchange rate changes	3,410	22	3,432
At 31 July 2021	2,407,987	682	2,408,669
At 1 August 2019	2,200,298	2,521	2,202,819
Repayment during the year	(343,603)	(1,576)	(345,179)
Additions during the year	1,605,936	536	1,606,472
Interest expense	–	91	91
Effects of exchange rate changes	1,449	14	1,463
At 31 July 2020	3,464,080	1,586	3,465,666

NOTES TO THE FINANCIAL STATEMENTS

– 31 July 2021

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 have been 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 8 October 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

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

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

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

2.2 Changes in accounting policies

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

On 1 August 2020, the Group and the Company adopted the following amended MFRSs:

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 9, Interest Rate Benchmark Reform
MFRS 139 and MFRS 7

Amendments to MFRS 101 Presentation of Financial Statements – Definition of Material

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates Errors – Definition of Material

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 COVID-19 – Related Rent Concession

The adoption of these new and amended standards did not have any material financial impact to the Group and the Company.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Standards and interpretations issued but not yet effective**

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

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

Amendments to MFRS 9, MFRS 139, Interest Rate Benchmark Reform – Phase 2
MFRS 7, MFRS 4 and MFRS 16

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

Amendments to MFRS 16 Leases COVID-19-Related Concession beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3 Reference to the Conceptual framework

Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 1, Annual Improvements to MFRS Standards 2018-2020
MFRS 9, MFRS 16, MFRS 141

Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023:

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Amendments to MFRS 17 Insurance Contracts

Deferred:

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

The directors expect that the adoption of the above standards will have no significant impact on the financial statements of the Group and the Company in the period of initial application.

2.4 Basis of consolidation

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

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

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.4 Basis of consolidation (cont'd.)**

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

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

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

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

2.5 Business combinations and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.5 Business combinations and goodwill (cont'd.)

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

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

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

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

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

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

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

When the Group's effective interest in associated companies reduces over time arising from the corporate exercises that do not involve the Group, such reduction in effective interest is commonly referred to as deemed disposal. The deemed disposal gives rise to only a partial disposal, such that the Group continues to equity account the Group's interest in the associated companies and consequently gives rise to dilution gain.

The applicable accounting standard, MFRS 128 *Investment in Associates and Joint Ventures*, does not prescribe where the dilution gains should be recognised in profit or loss, other comprehensive income ("OCI") or equity. In the absence of further guidance, the Group had decided to recognise the dilution gains in other comprehensive income and applied it consistently in the previous financial years.

During the financial year, the Group has applied a change in accounting treatment to recognise the dilution gains in the income statement retrospectively. This change resulted in a reclassification of dilution gain from Capital Reserve account to Retained Profits account. The change in accounting treatment to account for the dilution gain arising from deemed disposal is intended to bring the Group's reporting closer to the practice of most of the other companies and views of the relevant accounting bodies to enhance the comparability of the Group's financial statements for the benefit of users of the financial statements. The deemed disposal will not have any impact to the Company as the initial cost of investment in associated companies remains unchanged. The impact arising from the change has been disclosed accordingly in the Note 47 to the financial statements.

2.7 Investment in joint operations

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

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

- (i) their assets, including their shares of any assets held jointly;
- (ii) their liabilities, including their shares of any liabilities incurred jointly;
- (iii) their revenue from the sale of their shares of the output arising from the joint operations;
- (iv) their shares of the revenue from the sale of the output by the joint operations; and
- (v) their expenses, including their shares of any expenses incurred jointly.

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

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

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

(a) Expressway development expenditure

Expressway development expenditure ("EDE") comprises development and upgrading expenditure (including interest charges relating to financing of the development of the expressway) incurred in connection with the concession. EDE is measured on initial recognition at cost. Following initial recognition, EDE is carried at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.8 Intangible assets (cont'd.)

(a) Expressway development expenditure (cont'd)

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

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

Amortisation of EDE is included in profit or loss.

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

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

(b) Other intangible assets

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

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Other intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Other intangible assets of the Group comprise of water development expenditure.

The water development expenditure ("WDE") is attributable to Gamuda Water Sdn. Bhd. which have been granted the rights to manage, operate and maintain Sungai Selangor Water Treatment Plant Phase 3 ("SSP 3") for a period of 8 years. WDE comprises of rehabilitation and restoration capital expenditure in connection with the operations and maintenance of water concession.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.9 Property, plant and equipment and depreciation

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

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group and the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	2% – 13%
Plant and machinery	5% – 20%
Office equipment, furniture and fittings	10% – 33%
Motor vehicles	12% – 25%

The Group and the Company review the estimated residual values and expected useful lives of assets at least annually. In particular, the Group and the Company consider the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13 to the financial statements.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Leases

Accounting policies applied from 1 August 2019

Leases are recognised as right-of-use ("ROU") assets and a corresponding liability at the date on which the leased asset is available for use by the Group.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.10 Leases (cont'd.)****Group as a lessee (cont'd.)****(i) Right-of-use assets**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13 to the financial statements.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are included in Note 31 to the financial statements.

(iii) Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.10 Leases (cont'd.)****Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.19(b)(ii) to the financial statements.

2.11 Service concession arrangements

The Group recognises revenue from the construction and upgrading of the infrastructure in accordance with its accounting policy for construction contracts set out in Note 2.12 to the financial statements. 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 receivable as an intangible asset to the extent that it receives a right to charge users of the public service. Intangible assets are accounted for in accordance with the accounting policy set out in Note 2.8 to the financial statements.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 2.9 to the financial statements. When the Group has contractual obligations that it must fulfil as a condition of its license to: a) maintain the infrastructure to a specified standard or, b) to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 2.16 to the financial statements. Repairs and maintenance and other expenses that are routine in nature are expensed to profit or loss as incurred.

2.12 Construction contracts

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

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

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

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

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets within trade receivables. When progress billings exceed costs incurred on construction contracts plus recognised profits (less recognised losses), the balance is classified as contract liabilities within trade payables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.13 Impairment of non-financial assets**

The Group assesses, the carrying amounts of the Group's non-financial assets, other than land held for property development, property development costs, deferred tax assets and inventories, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 July and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 Inventories

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

(a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.14 Inventories (cont'd.)****(b) Property development cost**

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

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

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

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

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

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

(c) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

(d) Raw materials, panels and work in progress

The cost of raw materials includes the cost of purchase and other direct charges. The costs of panels and work-in-progress comprise of raw materials, direct labour, other direct costs and appropriate proportions of production overheads. Cost of inventories are accounted for using the weighted average cost method.

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

2.15 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at costs less any accumulated depreciation and any accumulated impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.15 Investment properties (cont'd.)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Leasehold land	2% – 13%
Buildings	2% – 13%

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use, as set out in Note 2.9 to the financial statements.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.17 Taxes (cont'd.)

(b) Deferred tax

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.17 Taxes (cont'd.)****(c) Sales and Service Tax ("SST")**

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

Revenue is recognised net of SST charged to customers. Expenses and assets are recognised inclusive of SST. The amount payable to taxation authority is included as payables in the statement of financial position.

The effective date for SST in Malaysia is on 1 September 2018. Prior to this date, Malaysia was under the Goods and Services Tax ("GST") regime.

2.18 Employee benefits**(a) Short term benefits**

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

(b) Defined contribution plans

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

(c) Defined benefit plans

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

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

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

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.18 Employee benefits (cont'd.)****(c) Defined benefit plans (cont'd.)**

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.

2.19 Revenue from contracts with customers and other income recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Other income is recognised to the extent that they are probable that the economic benefits associated with the transaction will flow to the Group and the other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(a) Revenue recognition from contracts with customers

The following specific recognition criteria must also be met before revenue and other income are recognised:

(i) Engineering and construction contracts

Revenue from engineering and construction contracts is accounted for by the stage of completion method as described in Note 2.12 to the financial statements.

(ii) Property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.19 Revenue from contracts with customers and other income recognition (cont'd.)****(a) Revenue recognition from contracts with customers (cont'd.)**

The following specific recognition criteria must also be met before revenue and other income are recognised: (cont'd.)

(ii) Property development (cont'd.)

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payments.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, the Group recognises the revenue at a point of time to the sale of completed properties and properties under contract of sale when the control of the properties has been transferred to the customers and it is probable that the Group will collect the consideration it is entitled to.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(iii) Sale of goods and services

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

(iv) Supply of water and related services

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

(v) Toll concession revenue

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

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

(vi) Dividend income

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

(vii) Club membership entrance fees and annual fees

Membership entrance fees from members represent 20% of the membership fees whereas membership annual fees represent the remaining 80% of the membership fees. The membership entrance fees are received upfront and recognised on a straight-line basis over the tenure of the membership.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.19 Revenue from contracts with customers and other income recognition (cont'd.)****(b) Other income****(i) Interest income**

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

(ii) Rental income

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

2.20 Foreign currencies**(a) Functional and presentation currency**

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.20 Foreign currencies (cont'd.)

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2021 RM	2020 RM
United States Dollar	4.225	4.238
Indian Rupee	0.057	0.057
New Taiwan Dollar	0.151	0.144
Qatari Riyal	1.151	1.155
Bahraini Dinar	11.119	11.225
100 Vietnam Dong	0.018	0.018
Australian Dollar	3.127	3.027
Singapore Dollar	3.126	3.083
Pound Sterling	5.906	5.508

2.21 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.21 Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loans to associates included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.21 Financial assets (cont'd.)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.22 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.23 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of bank overdrafts as they are considered an integral part of the Group's cash management.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as liability in the financial year in which the obligation to pay is established.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.25 Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.25 Financial liabilities (cont'd.)****Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.26 Derivative financial instruments and hedge accounting**Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.26 Derivative financial instruments and hedge accounting (cont'd.)****Initial recognition and subsequent measurement (cont'd.)**

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

To manage its risks, particularly interest rate risks and foreign currency risk, the Group has entered into cross-currency interest rate swap arrangements with financial institutions.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

2.27 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.28 Deferred revenue

Deferred revenue comprise the following:

(a) Advance maintenance fees and license fees

Fees received from third parties to upkeep the inter-change at the expressway and for the exclusive rights to design, construct, operate and manage ancillary facilities along the expressway, are recognised in profit or loss on a straight line basis over the remaining concession period.

(b) Government compensation

Compensation received from the Government for the imposition of revised toll rates lower than those as provided for in the respective Concession Agreements, which is taken to profit or loss over the period the compensation relates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.29 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by the Group for both recurring fair value measurement and for non-recurring measurement.

2.30 Right-of-use assets - leasehold land

Leasehold land are initially measured at cost. Following initial recognition, leasehold land are measured at cost less accumulated amortisation and any accumulated impairment losses. The leasehold land are amortised over their lease terms

Right-of-use assets - quarry rights

The quarry rights are attributable to G.B. Kuari Sdn. Bhd. which have been granted the rights to operate quarry for a period of 30 years ending Year 2050. The quarry rights are amortised over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.31 Contract assets and contract liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9.

A contract liability is the obligation of the Group to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration, such as advance payment and down payments, or the Group has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss.

2.32 Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder of a guarantee for a loss it incurs because a specified guaranteed debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with ECL; and
- (ii) the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

2.33 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.34 Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within 12 months after the reporting period; or
- (iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within 12 months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.35 Contract cost assets

(i) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained.

(ii) Costs to fulfil a contract

The costs incurred in fulfilling a contract with a customer who are not within the scope of other MFRSs such as MFRS 102: *Inventories*, MFRS 116: *Property, Plant and Equipment* and MFRS 138: *Intangible Assets*, are recognised as contract cost assets when all of the following criteria are met:

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108: *Accounting Policies, Changes in Accounting Estimate and Errors*.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

2.35 Contract cost assets (cont'd.)

(ii) Costs to fulfil a contract (cont'd.)

Before an impairment loss is recognised for contract cost, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract cost assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136: *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

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

(a) Revenue and cost of sales from property development activities and construction contracts

The Group and the Company recognise contract or property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract or property development costs incurred for work performed to date bear to the estimated total contract or property development costs.

Significant estimation is involved in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects. In making the estimation, the Group evaluates based on past experiences and by relying on the work of specialists.

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) to the financial statements.

The carrying amount of the Group's and the Company's contract assets/(liabilities) for construction contracts at the reporting date is disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Key sources of estimation uncertainty (cont'd.)

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: (cont'd.)

(b) Deferred tax assets

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

(c) Provision for development cost

The Group recognises a provision for development cost in respect of development projects undertaken by its subsidiaries. In determining the provision, the Group has made assumptions in relation to the development cost incurred on the completed phases. The carrying amount of provision for development cost at the reporting date is disclosed in Note 37(a) to the financial statements.

If the actual claims differ by 5% from management's estimates, the Group's profit for the year will increase/decrease by RM1,583,000 (2020: RM2,076,000).

(d) Provision for affordable housing

Provision for affordable housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the following conditions:

- The master and building plans is approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

The carrying amount of the Group's provision for affordable housing as at reporting date is disclosed in Note 37(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Key sources of estimation uncertainty (cont'd.)

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: (cont'd.)

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

The Group and the Company assess at each reporting date whether there are indicators of impairment for its investments in subsidiaries, associated companies and joint ventures. 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.

During the previous financial year, the Company had recognised impairment of RM285,000,000 in the investment in GIBS. The net carrying amount of the investment in GIBS as at 31 July 2021 was RM370,500,000. The Company carried out the impairment test based on 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.

(f) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(g) Impairment assessment on property, plant and equipment ("PPE")

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date.

During the previous financial year, the Group had recognised impairment in respect of its subsidiary, GIBS's property, plant and equipment of RM148,100,000. The net carrying amount of the property, plant and equipment of the Group as at 31 July 2021 was RM329,279,000. The Group carried out the impairment test based on a variety of estimation including the value in use of the cash-generating unit ("CGU") to which the property, plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

If the management's estimated gross margin had been lowered by 1%, the property, plant and equipment would be further impaired by RM3,952,000 (2020: RM12,200,000). If the management's estimated pre-tax discount rate applied to the discounted cash flows had been raised by 1%, the property, plant and equipment would be further impaired by RM11,468,000 (2020: RM20,200,000). If the management's estimated revenue growth rate had been lowered by 10%, the property, plant and equipment would be further impaired by RM30,518,000 (2020: RM26,200,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Key sources of estimation uncertainty (cont'd.)

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: (cont'd.)

(h) Non-consolidation of entity in which the Group holds more than a majority of shareholding interest

The Group does not consider that it controls Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings") even though the Group holds an effective shareholding interest of 52% in SPRINT Holdings. This is because the Group only holds a direct voting right of 30% in SPRINT Holdings. The remaining 22% of the equity share in SPRINT Holdings is held via another associated company of the Group, Lingkaran Trans Kota Holdings Berhad ("LITRAK Holdings"), vis a vis indirect interest owned by the Group. The Group does not control LITRAK Holdings. As a result, the Group does not hold a majority voting right in SPRINT Holdings and therefore, SPRINT Holdings is considered as an associated company.

(i) Net realisable value of completed property development units classified as inventories

Inventories held for sale are stated at the lower of cost or net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories held for sale are reviewed on a regular basis and the Group will make an allowance for impairment primarily based on historical trends and management estimates of expected and future product demand and related pricing.

Demand and pricing levels could change from time to time. If such factors result in an adverse effect on the Group's products, the Group provides additional allowances for slow moving inventories.

The carrying amount of the Group's completed property units as at reporting date is disclosed in Note 13(c) to the financial statements.

4. REVENUE

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Engineering and construction contracts	1,784,789	1,624,739	997,713	1,070,071
Sales of development properties	1,091,803	1,321,316	–	–
Trading of construction materials	75,338	81,423	–	–
Sales of manufactured products	36,793	62,073	–	–
Quarry sales	42,855	55,258	–	–
Supply of water and related services	177,227	165,557	–	–
Toll concession revenue	248,411	314,835	–	–
Dividend income from subsidiaries	–	–	573,188	89,046
Dividend income from associated companies	–	–	264,051	100,053
Dividend income from joint ventures	–	–	80,000	267,000
Others	60,002	37,763	–	–
	3,517,218	3,662,964	1,914,952	1,526,170
Timing of revenue recognition:				
– At a point in time	866,313	1,642,129	917,239	456,099
– Over time	2,650,905	2,020,835	997,713	1,070,071
	3,517,218	3,662,964	1,914,952	1,526,170

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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:

	2021 RM'000	2020 RM'000
Revenue of the Group	3,517,218	3,662,964
Share of revenue of joint ventures:		
– Engineering and construction contracts	1,317,741	2,953,308
– Property development and club operations	172,126	173,742
– Water and expressway concessions	8,872	14,909
	5,015,957	6,804,923

5. STAFF COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries:	257,028	321,835	80,335	121,095
– Company	31,795	31,908	31,795	31,908
– Joint operations	48,540	89,187	48,540	89,187
– Subsidiaries	176,693	200,740	–	–
Directors' remuneration (Note 6)	9,696	13,420	9,065	12,676
Short term accumulating compensated absences	4,170	1,296	906	(142)
Defined contribution plans	25,706	23,866	5,899	3,285
Provision for retirement benefit obligations	(2,326)	(1,233)	424	441
Share options granted under ESOS	–	17,957	–	17,982
Social security costs	3,621	3,605	228	180
Other staff related expenses	32,512	53,242	8,100	2,320
	330,407	433,988	104,957	157,837
Less: Amount capitalised in qualifying assets:				
– Property development costs (Note 13(b))	(31,254)	(37,763)	–	–
– Investment properties (Note 14)	–	(556)	–	–
– Costs of contract assets from construction (Note 22(a))	(104,574)	(126,942)	(48,446)	(86,484)
Less: Amount classified as highway maintenance and toll operations	(9,875)	(11,808)	–	–
	184,704	256,919	56,511	71,353

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

6. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors				
Executive:				
Salaries	8,231	11,275	7,731	10,695
Defined contribution plans	1,146	1,596	1,083	1,522
Provision for retirement benefit obligations	171	156	127	115
Share options granted under ESOS	–	245	–	220
Other emoluments				
– Allowances	148	148	124	124
– Benefits-in-kind	732	684	633	589
	10,428	14,104	9,698	13,265
Non-executive:				
Fees	795	716	795	716
Other emoluments				
– Allowances	156	175	156	175
– Benefits-in-kind	21	28	21	28
	972	919	972	919
Total	11,400	15,023	10,670	14,184
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	9,696	13,420	9,065	12,676
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	951	891	951	891
Total directors' remuneration excluding benefits-in-kind	10,647	14,311	10,016	13,567

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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 2021 and 31 July 2020 are as follows:

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
2021				
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	4,098	–	330	4,428
Y Bhg Dato' Ir. Ha Tiing Tai	2,357	–	252	2,609
Encik Mohammed Rashdan bin Mohd Yusof	2,359	–	176	2,535
Y Bhg Dato' Ubull a/l Din Om	563	–	122	685
	9,377	–	880	10,257
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	210	101	311
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	130	14	144
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang	–	130	12	142
YM Tunku Afwida binti Tunku A.Malek	–	165	26	191
Puan Nazli binti Mohd Khir Johari	–	160	24	184
	–	795	177	972

* Included in other emoluments are allowances and benefits-in-kind.

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
2020				
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	5,414	–	291	5,705
Y Bhg Dato' Ir. Ha Tiing Tai	3,063	–	247	3,310
Encik Mohammed Rashdan bin Mohd Yusof	3,740	–	175	3,915
Y Bhg Dato' Ubull a/l Din Om	654	–	119	773
	12,871	–	832	13,703
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	–	189	122	311
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	–	117	12	129
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang	–	117	12	129
YM Tunku Afwida binti Tunku A.Malek	–	149	31	180
Puan Nazli binti Mohd Khir Johari	–	144	26	170
	–	716	203	919

* Included in other emoluments are allowances and benefits-in-kind.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

7. PROFIT FROM OPERATIONS

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

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000 (Restated)
Amortisation:				
– Concession development expenditure (Note 16)	140,503	137,160	–	–
Auditors' remuneration:				
– Statutory audits:				
– Group's auditors	1,690	1,478	489	328
– Other auditors	105	96	10	53
– Other services	655	1,079	363	950
Right-of-use assets (Note 15):				
– Depreciation	5,741	4,677	803	202
Investment properties (Note 14):				
– Depreciation	11,894	6,970	24	153
– Net gain on disposal	(6,242)	(2,223)	–	–
Non-executive directors' remuneration (Note 6)	951	891	951	891
Share options granted under ESOS	–	18,202	–	18,202
Property, plant and equipment (Note 12):				
– Depreciation	66,629	74,320	5,810	6,737
– Written off	2,427	2,753	–	2
– Net gain on disposal	(19)	(458)	(13)	(319)
Net provision for liabilities (Note 37)	6,622	4,518	–	–
Bid costs for projects – Australia written off	48,094	–	48,094	–
Expenses relating to leases (Note 31):				
– Short-term leases	7,921	2,985	1,628	1,481
– Low value assets	260	350	6	1
Loss/(gain) of foreign exchange:				
– Realised	(1,744)	(118)	(2,358)	–
– Unrealised	1,175	–	(328)	(25,661)
Rental income in respect of investment properties	(18,924)	(10,785)	(498)	(880)
Other rental income:				
– Premises	(3,454)	(1,883)	(4,984)	(5,443)
– Others	(620)	(2,331)	(870)	(41)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

7. PROFIT FROM OPERATIONS (CONT'D.)

The following items have been included in arriving at profit from operations: (cont'd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Impairment losses of:				
– Property, plant and equipment (Note 12)	–	148,100	–	–
– Investments in subsidiaries (Note 17(b)(iv))	–	–	–	285,000
– Trade receivables (Note 21(i))	396	1,197	–	–
Share of profits of associated companies	(97,871)	(116,245)	–	–
Share of profits of joint ventures	(216,786)	(192,181)	–	–
Fair value loss/(gain) on embedded derivatives (Note 35)	6,182	(1,459)	–	–
Distribution from investment securities:				
– Islamic	(9,873)	(9,594)	(7,085)	(7,011)
– Non-Islamic	(11,157)	(10,460)	(8,723)	(7,553)
Profit rate from Islamic fixed deposits	(10,133)	(15,104)	(554)	(1,949)
Interest income arising from:				
– Non-Islamic fixed deposits	(68,722)	(83,094)	(1,074)	(755)
– Significant financing component (Note 22(b))	(211)	(60)	–	–
– Subsidiaries	–	–	(149,499)	(161,783)
Unwinding of discount – notional interest income on non-current:				
– trade receivables	(15,272)	(23,678)	(349)	(10,800)
– amounts due from joint ventures	(3,617)	(4,433)	–	–
– amounts due to subsidiaries	–	–	(1,432)	(785)
Gain on deemed disposal of interest in an associated company	(1,858)	(4,821)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

8. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit rate on:				
– Islamic medium term notes	110,530	124,755	89,238	87,718
– Commercial papers	15,345	–	15,345	–
Interest expense on:				
– Commercial papers	–	17,321	–	17,321
– Revolving credits	21,540	34,677	10,461	27,147
– Term loans	72,717	88,830	1,009	–
Lease liabilities (Note 31)	594	735	58	91
Unwinding of discount				
– Notional interest expense on non-current payables	27,789	16,245	3,042	3,320
Others	1,112	579	1,509	622
	249,627	283,142	120,662	136,219
Less:				
Interest expense capitalised into:				
– Contract assets and liabilities (Note 22(a))	(4,444)	(4,792)	(23)	(86)
– Property development costs (Note 13(b))	(125,527)	(138,505)	–	–
– Property, plant and equipment (Note 12)	(987)	(483)	–	–
– Investment properties (Note 14)	(4,207)	(22)	–	–
	114,462	139,340	120,639	136,133

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation during the financial year was 3.11% (2020: 3.40%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

9. INCOME TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:				
Malaysian income tax	128,507	128,648	47,840	29,730
Foreign income tax	73,116	77,047	(233)	2,152
Under/(over) provision in prior years	9,107	(3,880)	3,615	(1,064)
	210,730	201,815	51,222	30,818
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	(55,261)	(32,429)	(134)	(2,604)
Over provision in prior years	(1,408)	(8,114)	(722)	(570)
	(56,669)	(40,543)	(856)	(3,174)
	154,061	161,272	50,366	27,644

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	2021 RM'000	2020 RM'000
Profit before tax	786,250	590,283
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	188,700	141,668
Effect of different tax rates in other countries	(22,929)	(12,219)
Income not subject to tax	(8,238)	(11,887)
Expenses not deductible for tax purposes	25,156	69,278
Effects of tax on share of profits of associated companies and joint ventures	(76,494)	(74,022)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(18,460)	(1,294)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	58,627	61,742
Under/(over) provision of income tax in prior years	9,107	(3,880)
Over provision of deferred tax in prior years	(1,408)	(8,114)
Income tax expense for the year	154,061	161,272

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

9. INCOME TAX EXPENSE (CONT'D.)

Company	2021 RM'000	2020 RM'000
Profit before tax	1,021,665	265,728
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	245,200	63,775
Effect of different tax rates in other countries	(6,218)	410
Income not subject to tax	(224,014)	(119,724)
Expenses not deductible for tax purposes	11,139	80,408
Deferred tax assets not recognised in respect of unutilised tax losses	21,366	4,409
Under/(over) provision of income tax in prior years	3,615	(1,064)
Over provision of deferred tax in prior years	(722)	(570)
Income tax expense for the year	50,366	27,644

Tax savings during the financial year arising from:

	Group	
	2021 RM'000	2020 RM'000
Utilisation of previously unrecognised tax losses	(5,837)	(1,253)
Utilisation of previously unabsorbed capital allowances	(12,623)	(41)
	(18,460)	(1,294)

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2021	2020 (Restated)
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	588,316	376,501
Weighted average number of ordinary shares in issue ('000)	2,513,528	2,487,793
Basic earnings per share (sen)	23.41	15.13

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONT'D.)

(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of ESOS and Warrants into ordinary shares. The ESOS and Warrants are deemed to have been converted into ordinary shares at the date of the issue of the ESOS and Warrants.

	2021	2020 (Restated)
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	588,316	376,501
Weighted average number of ordinary shares in issue ('000)	2,513,528	2,487,793
Adjusted for:		
Assumed shares issued from the exercise of ESOS ('000)	–	476
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,513,528	2,488,269
Fully diluted earnings per share (sen)	23.41	15.13

There have been no other transactions involving ordinary shares between the reporting date and the date of authorisation of these financial statements.

The ESOS had expired on 9 April 2020.

In the previous financial year, 387,221,000 outstanding Warrants have not been included in the calculation of diluted earnings per share because the Warrants were anti-dilutive. The weighted average closing price of Gamuda Berhad's share for the financial year ended 31 July 2020 was below the warrant's exercise price. The Warrants have expired on 6 March 2021 during the financial year.

11. DIVIDENDS

	Group and Company Amount	
	2021 RM'000	2020 RM'000
Dividends recognised in respect of financial year ended 31 July 2021 and 2020		
– First interim dividend declared on 13 December 2019		
a) Dividend paid by issuance of new shares on 25 February 2020 pursuant to the Company's Dividend Reinvestment Plan	–	71,387
b) Dividend paid via cash on 25 February 2020	–	77,503
	–	148,890
Net dividends per ordinary share (sen)	–	6.0

In the previous financial year, the Company's first Dividend Reinvestment Plan was completed on 26 February 2020 upon the listing and quotation of 19,829,839 new Gamuda Share at RM3.60 per share on the Main market of Bursa Malaysia Securities Berhad.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2021				
Cost				
As at 1 August 2020, as previously stated	841,954	869,675	42,025	1,753,654
Prior year adjustments (Note 47)	(67,487)	–	–	(67,487)
At 1 August 2020, as restated	774,467	869,675	42,025	1,686,167
Additions	26,328	23,030	40,788	90,146
Transfer to investment properties (Note 14)	–	–	(711)	(711)
Reclassification upon completion	5,838	8,002	(13,840)	–
Disposals	–	(1,233)	–	(1,233)
Write-offs	(4,135)	(6,955)	–	(11,090)
Exchange differences	900	169	69	1,138
At 31 July 2021	803,398	892,688	68,331	1,764,417
Accumulated depreciation				
As at 1 August 2020, as previously stated	115,805	426,683	–	542,488
Prior year adjustments (Note 47)	(1,938)	–	–	(1,938)
At 1 August 2020, as restated	113,867	426,683	–	540,550
Recognised in profit or loss (Note 7)	25,064	41,565	–	66,629
Capitalised in contract assets from construction (Note 22(a))	–	57,964	–	57,964
Disposals	–	(1,104)	–	(1,104)
Write-offs	(2,727)	(5,936)	–	(8,663)
Exchange differences	177	77	–	254
At 31 July 2021	136,381	519,249	–	655,630
Accumulated impairment loss				
At 1 August 2020/31 July 2021	63,704	84,396	–	148,100
Net carrying amount				
At 31 July 2021	603,313	289,043	68,331	960,687

Included in the additions to property, plant and equipment are mainly as follows:

	RM'000
Sales gallery and sports centre	68,931
Other plant and machinery	13,139
Vehicles, office equipment, furniture and fittings	8,076
	90,146

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Group	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2020				
Cost				
At 1 August 2019, as previously stated	671,335	775,824	76,526	1,523,685
Prior year adjustments (Note 47)	(23,030)	–	–	(23,030)
At 1 August 2019, as restated	648,305	775,824	76,526	1,500,655
Additions	24,791	64,017	66,725	155,533
Transfer from investment properties (Note 14)	37,428	–	3,395	40,823
Reclassification upon completion	66,938	37,962	(104,900)	–
Disposals	–	(4,317)	–	(4,317)
Write-offs	(5,765)	(4,868)	–	(10,633)
Exchange differences	2,770	1,057	279	4,106
At 31 July 2020	774,467	869,675	42,025	1,686,167
Accumulated depreciation				
At 1 August 2019, as previously stated	90,997	277,178	–	368,175
Prior year adjustments (Note 47)	(1,502)	–	–	(1,502)
At 1 August 2019, as restated	89,495	277,178	–	366,673
Recognised in profit or loss (Note 7)	26,108	48,212	–	74,320
Capitalised in contract assets from construction (Note 22(a))	–	109,610	–	109,610
Transfer from investment properties (Note 14)	992	–	–	992
Disposals	–	(3,975)	–	(3,975)
Write-offs	(3,377)	(4,503)	–	(7,880)
Exchange differences	649	161	–	810
At 31 July 2020	113,867	426,683	–	540,550
Accumulated impairment loss				
At 1 August 2019	–	–	–	–
Recognised in profit or loss (Note 7)	63,704	84,396	–	148,100
At 31 July 2020	63,704	84,396	–	148,100
Net carrying amount				
At 31 July 2020	596,896	358,596	42,025	997,517

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Included in the additions to property, plant and equipment are mainly as follows:

	RM'000
Sales gallery and sports centre	91,010
Other plant and machinery	45,122
Vehicles, office equipment, furniture and fittings	19,401
	155,533

Impairment of property, plant and equipment

In previous financial year, the Group had recognised impairment in respect of its subsidiary, GIBS's property, plant and equipment of RM148,100,000.

*** Land and buildings**

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2021				
Cost				
As at 1 August 2020, as previously stated	97,091	67,487	677,376	841,954
Prior year adjustments	–	(67,487)	–	(67,487)
At 1 August 2020, as restated	97,091	–	677,376	774,467
Additions	–	–	26,328	26,328
Reclassification upon completion	–	–	5,838	5,838
Write-offs	–	–	(4,135)	(4,135)
Exchange differences	–	–	900	900
At 31 July 2021	97,091	–	706,307	803,398
Accumulated depreciation				
As at 1 August 2020, as previously stated	–	1,938	113,867	115,805
Prior year adjustments	–	(1,938)	–	(1,938)
At 1 August 2020, as restated	–	–	113,867	113,867
Recognised in profit or loss	–	–	25,064	25,064
Write-offs	–	–	(2,727)	(2,727)
Exchange differences	–	–	177	177
At 31 July 2021	–	–	136,381	136,381
Accumulated impairment loss				
At 1 August 2020/31 July 2021	–	–	63,704	63,704
Net carrying amount				
At 31 July 2021	97,091	–	506,222	603,313

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

* Land and buildings (cont'd.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2020				
Cost				
As at 1 August 2019, as previously stated	95,853	23,030	552,452	671,335
Prior year adjustments	–	(23,030)	–	(23,030)
At 1 August 2019, as restated	95,853	–	552,452	648,305
Additions	–	–	24,791	24,791
Transfer from investment properties	1,238	–	36,190	37,428
Reclassification upon completion	–	–	66,938	66,938
Write-offs	–	–	(5,765)	(5,765)
Exchange differences	–	–	2,770	2,770
At 31 July 2020	97,091	–	677,376	774,467
Accumulated depreciation				
As at 1 August 2019, as previously stated	–	1,502	89,495	90,997
Prior year adjustments	–	(1,502)	–	(1,502)
At 1 August 2019, as restated	–	–	89,495	89,495
Recognised in profit or loss	–	–	26,108	26,108
Transfer from investment properties	–	–	992	992
Write-offs	–	–	(3,377)	(3,377)
Exchange differences	–	–	649	649
At 31 July 2020	–	–	113,867	113,867
Accumulated impairment loss				
At 1 August 2019	–	–	–	–
Recognised in profit or loss	–	–	63,704	63,704
At 31 July 2020	–	–	63,704	63,704
Net carrying amount				
At 31 July 2020	97,091	–	499,805	596,896

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

** Other property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2021				
Cost				
At 1 August 2020	47,704	143,363	678,608	869,675
Additions	2,207	7,789	13,034	23,030
Reclassification upon completion	–	5,955	2,047	8,002
Disposals	(341)	(715)	(177)	(1,233)
Write-offs	–	(6,673)	(282)	(6,955)
Exchange differences	(3)	168	4	169
At 31 July 2021	49,567	149,887	693,234	892,688
Accumulated depreciation				
At 1 August 2020	29,523	96,368	300,792	426,683
Recognised in profit or loss	3,257	17,745	20,563	41,565
Capitalised in contract assets from construction	1,819	559	55,586	57,964
Disposals	(299)	(637)	(168)	(1,104)
Write-offs	–	(4,871)	(1,065)	(5,936)
Exchange differences	(4)	82	(1)	77
At 31 July 2021	34,296	109,246	375,707	519,249
Accumulated impairment loss				
At 1 August 2020/31 July 2021	–	–	84,396	84,396
Net carrying amount				
At 31 July 2021	15,271	40,641	233,131	289,043

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

** Other property, plant and equipment (cont'd.)

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2020				
Cost				
At 1 August 2019	46,033	125,524	604,267	775,824
Additions	2,591	16,661	44,765	64,017
Reclassification upon completion	–	5,176	32,786	37,962
Disposals	(977)	(490)	(2,850)	(4,317)
Write-offs	–	(3,975)	(893)	(4,868)
Exchange differences	57	467	533	1,057
At 31 July 2020	47,704	143,363	678,608	869,675
Accumulated depreciation				
At 1 August 2019	25,265	79,731	172,182	277,178
Recognised in profit or loss	3,311	19,576	25,325	48,212
Capitalised in contract assets from construction	1,816	717	107,077	109,610
Disposals	(879)	(345)	(2,751)	(3,975)
Write-offs	–	(3,612)	(891)	(4,503)
Exchange differences	10	301	(150)	161
At 31 July 2020	29,523	96,368	300,792	426,683
Accumulated impairment loss				
At 1 August 2019/31 July 2020	–	–	84,396	84,396
Net carrying amount				
At 31 July 2020	18,181	46,995	293,420	358,596

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2021				
Cost				
At 1 August 2020, as previously stated	165,015	253,258	–	418,273
Prior year adjustments (Note 47)	(5,611)	–	–	(5,611)
At 1 August 2020, as restated	159,404	253,258	–	412,662
Additions	74	3,654	–	3,728
Disposals	–	(175)	–	(175)
Write-offs	–	(1,704)	–	(1,704)
Transfer to related companies	–	(45)	–	(45)
Exchange differences	–	48	–	48
At 31 July 2021	159,478	255,036	–	414,514
Accumulated depreciation and impairment loss				
At 1 August 2020, as previously stated	30,125	190,512	–	220,637
Prior year adjustments (Note 47)	(1,021)	–	–	(1,021)
At 1 August 2020, as restated	29,104	190,512	–	219,616
Recognised in profit or loss (Note 7)	3,303	2,507	–	5,810
Capitalised in contract assets from construction (Note 22(a))	–	52,040	–	52,040
Disposals	–	(120)	–	(120)
Write-offs	–	(1,704)	–	(1,704)
Transfer to related companies	–	(38)	–	(38)
Exchange differences	–	(13)	–	(13)
At 31 July 2021	32,407	243,184	–	275,591
Net carrying amount				
At 31 July 2021	127,071	11,852	–	138,923

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

Company	Land and buildings* RM'000	Other property, plant and equipment** RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2020				
Cost				
At 1 August 2019, as previously stated	165,015	213,741	17,187	395,943
Prior year adjustments (Note 47)	(5,611)	–	–	(5,611)
At 1 August 2019, as restated	159,404	213,741	17,187	390,332
Additions	–	26,358	–	26,358
Reclassification upon completion	–	17,187	(17,187)	–
Disposals	–	(2,155)	–	(2,155)
Write-offs	–	(2,050)	–	(2,050)
Exchange differences	–	177	–	177
At 31 July 2020	159,404	253,258	–	412,662
Accumulated depreciation and impairment loss				
At 1 August 2019, as previously stated	26,883	87,569	–	114,452
Prior year adjustments (Note 47)	(953)	–	–	(953)
At 1 August 2019, as restated	25,930	87,569	–	113,499
Recognised in profit or loss (Note 7)	3,174	3,563	–	6,737
Capitalised in contract assets from construction (Note 22(a))	–	103,428	–	103,428
Disposals	–	(2,064)	–	(2,064)
Write-offs	–	(2,048)	–	(2,048)
Exchange differences	–	64	–	64
At 31 July 2020	29,104	190,512	–	219,616
Net carrying amount				
At 31 July 2020	130,300	62,746	–	193,046

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

* Land and buildings

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2021				
Cost				
At 1 August 2020, as previously stated	659	5,611	158,745	165,015
Prior year adjustments	–	(5,611)	–	(5,611)
At 1 August 2020, as restated	659	–	158,745	159,404
Additions	–	–	74	74
At 31 July 2021	659	–	158,819	159,478
Accumulated depreciation and impairment loss				
At 1 August 2020, as previously stated	–	1,021	29,104	30,125
Prior year adjustments	–	(1,021)	–	(1,021)
At 1 August 2020, as restated	–	–	29,104	29,104
Recognised in profit or loss	–	–	3,303	3,303
At 31 July 2021	–	–	32,407	32,407
Net carrying amount				
At 31 July 2021	659	–	126,412	127,071

Company	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2020				
Cost				
At 1 August 2019/31 July 2020, as previously stated	659	5,611	158,745	165,015
Prior year adjustments	–	(5,611)	–	(5,611)
At 1 August 2019/31 July 2020, as restated	659	–	158,745	159,404
Accumulated depreciation and impairment loss				
At 1 August 2019, as previously stated	–	953	25,930	26,883
Prior year adjustments	–	(953)	–	(953)
At 1 August 2019, as restated	–	–	25,930	25,930
Recognised in profit or loss	–	–	3,174	3,174
At 31 July 2020	–	–	29,104	29,104
Net carrying amount				
At 31 July 2020	659	–	129,641	130,300

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

** Other property, plant and equipment

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2021				
Cost				
At 1 August 2020	937	39,380	212,941	253,258
Additions	69	1,595	1,990	3,654
Disposals	(104)	(71)	–	(175)
Write-offs	–	(894)	(810)	(1,704)
Transfer to related companies	(45)	–	–	(45)
Exchange differences	(6)	59	(5)	48
At 31 July 2021	851	40,069	214,116	255,036
Accumulated depreciation				
At 1 August 2020	721	33,503	156,288	190,512
Recognised in profit or loss	50	2,457	–	2,507
Capitalised in contract assets from construction	48	259	51,733	52,040
Disposals	(77)	(43)	–	(120)
Write-offs	–	(894)	(810)	(1,704)
Transfer to related companies	(38)	–	–	(38)
Exchange differences	(5)	(4)	(4)	(13)
At 31 July 2021	699	35,278	207,207	243,184
Net carrying amount				
At 31 July 2021	152	4,791	6,909	11,852

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

** Other property, plant and equipment (cont'd.)

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Total RM'000
At 31 July 2020				
Cost				
At 1 August 2019	1,152	37,824	174,765	213,741
Additions	79	2,668	23,611	26,358
Reclassification upon completion	–	–	17,187	17,187
Disposals	(305)	(50)	(1,800)	(2,155)
Write-offs	–	(1,210)	(840)	(2,050)
Exchange differences	11	148	18	177
At 31 July 2020	937	39,380	212,941	253,258
Accumulated depreciation				
At 1 August 2019	907	30,936	55,726	87,569
Recognised in profit or loss	13	3,550	–	3,563
Capitalised in contract assets from construction	36	192	103,200	103,428
Disposals	(258)	(6)	(1,800)	(2,064)
Write-offs	–	(1,210)	(838)	(2,048)
Exchange differences	23	41	–	64
At 31 July 2020	721	33,503	156,288	190,512
Net carrying amount				
At 31 July 2020	216	5,877	56,653	62,746

Included in property, plant and equipment incurred during the year are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance costs (Note 8)	987	483	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

13. INVENTORIES

		Group	
		2021 RM'000	2020 RM'000
Non-current			
Land held for property development	(a)	3,305,083	3,169,895
Current			
Property development cost	(b)	2,060,166	1,847,214
Other inventories	(c)	808,562	917,734
		2,868,728	2,764,948
Total inventories		6,173,811	5,934,843

(a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At 31 July 2021				
Cost				
At 1 August 2020	41,040	1,884,983	1,243,872	3,169,895
Cost incurred during the year	–	8,005	287,431	295,436
Transfer to property development costs (Note 13(b))	(35,309)	(13,285)	(113,175)	(161,769)
Exchange differences	–	1,521	–	1,521
At 31 July 2021	5,731	1,881,224	1,418,128	3,305,083
At 31 July 2020				
Cost				
At 1 August 2019	48,370	2,011,842	858,971	2,919,183
Cost incurred during the year	–	–	406,823	406,823
Transfer to property development costs (Note 13(b))	(7,330)	(135,479)	(21,922)	(164,731)
Exchange differences	–	8,620	–	8,620
At 31 July 2020	41,040	1,884,983	1,243,872	3,169,895

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

13. INVENTORIES (CONT'D.)

(b) Property development costs

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At 31 July 2021				
Cumulative property development costs				
At 1 August 2020	23,414	2,321,219	4,146,394	6,491,027
Costs incurred during the year	–	21,638	787,170	808,808
Reclassification	–	(78,355)	78,355	–
Transfer from land held for property development (Note 13(a))	35,309	13,285	113,175	161,769
Transfer to investment property (Note 14)	–	–	(60,515)	(60,515)
Transfer to right-of-use assets (Note 15)	–	–	(3,203)	(3,203)
Reversal of completed projects	(327)	(89,034)	(320,825)	(410,186)
Transfer to completed inventories	(1,511)	(44,229)	(174,130)	(219,870)
Exchange differences	–	8,752	22,553	31,305
At 31 July 2021	56,885	2,153,276	4,588,974	6,799,135
Cumulative costs recognised in profit or loss				
At 1 August 2020	1,194	1,263,407	3,379,212	4,643,813
Recognised during the year	9,941	49,035	420,562	479,538
Reversal of completed projects	(327)	(89,034)	(320,825)	(410,186)
Exchange differences	–	5,709	20,095	25,804
At 31 July 2021	10,808	1,229,117	3,499,044	4,738,969
Property development costs at 31 July 2021	46,077	924,159	1,089,930	2,060,166

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

13. INVENTORIES (CONT'D.)

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

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At 31 July 2020				
Cumulative property development costs				
At 1 August 2019	96,848	2,374,641	4,311,079	6,782,568
Costs incurred during the year	–	54	941,762	941,816
Transfer from land held for property development (Note 13(a))	7,330	135,479	21,922	164,731
Transfer to investment property (Note 14)	–	–	(83,905)	(83,905)
Transfer to right-of-use assets (Note 15)	–	–	(19,851)	(19,851)
Reversal of completed projects	(40,934)	(170,534)	(814,023)	(1,025,491)
Transfer to completed inventories	(39,830)	(52,913)	(300,435)	(393,178)
Exchange differences	–	34,492	89,845	124,337
At 31 July 2020	23,414	2,321,219	4,146,394	6,491,027
Cumulative costs recognised in profit or loss				
At 1 August 2019	39,003	1,244,930	3,613,279	4,897,212
Recognised during the year	3,125	167,074	496,879	667,078
Reversal of completed projects	(40,934)	(170,534)	(814,023)	(1,025,491)
Exchange differences	–	21,937	83,077	105,014
At 31 July 2020	1,194	1,263,407	3,379,212	4,643,813
Property development costs at 31 July 2020	22,220	1,057,812	767,182	1,847,214

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

	Group	
	2021 RM'000	2020 RM'000
Staff costs (Note 5)	31,254	37,763
Finance costs (Note 8)	125,527	138,505

Freehold land of the Group with a carrying value of RM47,892,000 (2020: RM63,560,000) has been pledged as securities for loan facility as set out in Note 34(c)(i) to the financial statements.

The leasehold lands under development of the Group with a carrying value of RM237,795,000 (2020: RM302,633,000) has been pledged as securities for term loans as disclosed in Note 34(a)(i) and Note 34(a)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

13. INVENTORIES (CONT'D.)

(c) Other inventories

	Group	
	2021 RM'000	2020 RM'000
At cost		
Completed properties – properties held for sale	781,285	853,423
Prefabricated concrete panels	3,052	40,324
Crusher run and aggregates	10,944	11,054
Consumables, spares and materials	13,281	12,933
	808,562	917,734

During the financial year, the amount of inventories recognised as an expense by the Group was RM534,268,000 (2020: RM539,157,000).

During the financial year, inventories of RM74,978,000 (2020: Nil) were transferred to investment properties due to change of management intention to lease out the properties.

	Company	
	2021 RM'000	2020 RM'000
Consumables and spares	647	1,148

During the financial year, the amount of inventories recognised as an expense by the Company was RM3,877,000 (2020: RM5,532,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

14. INVESTMENT PROPERTIES

GROUP	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2021					
Cost					
At 1 August 2020	20,284	59,206	230,175	178,298	487,963
Additions	–	262	132,562	2,143	134,967
Transfer from property development costs (Note 13(b))	–	–	–	60,515	60,515
Transfer from property, plant and equipment (Note 12)	–	–	–	711	711
Transfer from other inventories (Note 13(c))	–	–	74,978	–	74,978
Disposals	(942)	–	(5,362)	–	(6,304)
Reclassification upon completion	–	–	240,970	(240,970)	–
Exchange differences	–	208	2,815	13	3,036
At 31 July 2021	19,342	59,676	676,138	710	755,866
Accumulated depreciation					
At 1 August 2020	–	4,610	27,852	–	32,462
Recognised in profit or loss (Note 7)	–	1,265	10,629	–	11,894
Disposals	–	–	(137)	–	(137)
Exchange differences	–	32	91	–	123
At 31 July 2021	–	5,907	38,435	–	44,342
Net carrying amount					
At 31 July 2021	19,342	53,769	637,703	710	711,524
Fair value					
At 31 July 2021	34,205	92,462	689,041	710	816,418

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

14. INVESTMENT PROPERTIES (CONT'D.)

GROUP	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Construction in-progress RM'000	Total RM'000
At 31 July 2020					
Cost					
At 1 August 2019	21,393	76,380	208,835	152,297	458,905
Additions	–	2,314	3,501	4,067	9,882
Transfer from property development costs (Note 13(b))	–	–	–	83,905	83,905
Transfer to property, plant and equipment (Note 12)	(1,238)	–	(36,190)	(3,395)	(40,823)
Transfer to right-of-use assets (Note 15)	–	(24,213)	–	–	(24,213)
Disposals	–	–	(2,582)	–	(2,582)
Reclassification upon completion	129	4,004	54,613	(58,746)	–
Exchange differences	–	721	1,998	170	2,889
At 31 July 2020	20,284	59,206	230,175	178,298	487,963
Accumulated depreciation					
At 1 August 2019	–	3,362	22,728	–	26,090
Recognised in profit or loss (Note 7)	–	1,145	5,825	–	6,970
Transfer to property, plant and equipment (Note 12)	–	–	(992)	–	(992)
Exchange differences	–	103	291	–	394
At 31 July 2020	–	4,610	27,852	–	32,462
Net carrying amount					
At 31 July 2020	20,284	54,596	202,323	178,298	455,501
Fair value					
At 31 July 2020	39,212	81,974	345,505	178,298	644,989

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

14. INVESTMENT PROPERTIES (CONT'D.)

COMPANY	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 July 2021			
Cost			
At 1 August 2020/31 July 2021	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2020	–	3,468	3,468
Recognised in profit or loss (Note 7)	–	24	24
At 31 July 2021	–	3,492	3,492
Net carrying amount			
At 31 July 2021	5,697	4,091	9,788
Fair value			
At 31 July 2021	49,636	14,498	64,134
At 31 July 2020			
Cost			
At 1 August 2019/31 July 2020	5,697	7,583	13,280
Accumulated depreciation			
At 1 August 2019	–	3,315	3,315
Recognised in profit or loss (Note 7)	–	153	153
At 31 July 2020	–	3,468	3,468
Net carrying amount			
At 31 July 2020	5,697	4,115	9,812
Fair value			
At 31 July 2020	43,563	16,237	59,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

14. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Rental income	(18,924)	(10,785)	(498)	(880)
Direct operating expenses	28,423	9,109	19	111

Included in investment properties incurred during the year are:

	Group	
	2021 RM'000	2020 RM'000
Staff costs (Note 5)	–	556
Finance costs (Note 8)	4,207	22

The fair value of the investment properties are within Level 3 of the fair value hierarchy in accordance with MFRS 13.

Valuation technique used by internal appraisal or valuation performed by independent professional valuers is the market approach or sales comparison approach based on comparable land and buildings in close proximity. The most significant input of this valuation approach is price per square foot. The price per square foot is adjusted for differences in key attributes such as property size, location and directions.

Other details of fair value of investment properties are further disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

15. RIGHT-OF-USE ASSETS

The Group and the Company have lease contracts for land, office spaces and office equipments with contract terms ranging from 2 to 99 years and do not contain variable lease payments.

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost				
At 1 August 2020/2019, as previously stated	20,787	16,920	3,075	2,521
Prior year adjustments (Note 47)	67,487	23,030	5,611	5,611
At 1 August 2020/2019, as restated	88,274	39,950	8,686	8,132
Additions of leasehold land	2,962	–	–	–
Additions of operating lease	2,766	3,821	1,147	536
Transfer from property development costs (Note 13(b))	3,203	19,851	–	–
Transfer from investment properties (Note 14)	–	24,213	–	–
Exchange differences	159	439	29	18
At 31 July	97,364	88,274	9,862	8,686
Accumulated depreciation				
At 1 August 2020/2019, as previously stated	5,649	–	1,491	–
Prior year adjustments (Note 47)	1,938	1,502	1,021	953
At 1 August 2020/2019, as restated	7,587	1,502	2,512	953
Recognised in profit or loss (Note 7)	5,741	4,677	803	202
Capitalised in contract assets from construction (Note 22(a))	1,343	1,353	1,343	1,353
Exchange differences	16	55	8	4
At 31 July	14,687	7,587	4,666	2,512
Net carrying amount				
At 31 July	82,677	80,687	5,196	6,174

During the financial year, included in the additions of leasehold land is a land premium paid by a subsidiary on the renewal and extension of lease term.

The right-of-use assets consist of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Land	79,307	75,052	4,521	4,590
Building and office space	2,092	3,697	427	1,160
Motor vehicles	722	1,255	–	–
Office equipment	556	683	248	424
	82,677	80,687	5,196	6,174

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

16. CONCESSION DEVELOPMENT EXPENDITURE

GROUP	Expressway RM'000	Water RM'000	Total RM'000
At 31 July 2021			
Cost			
At 1 August 2020	1,858,362	179,331	2,037,693
Additions	–	13,057	13,057
At 31 July 2021	1,858,362	192,388	2,050,750
Accumulated amortisation			
At 1 August 2020	662,495	19,726	682,221
Amortisation for the year (Note 7)	118,983	21,520	140,503
At 31 July 2021	781,478	41,246	822,724
Net carrying amount			
At 31 July 2021	1,076,884	151,142	1,228,026
At 31 July 2020			
Cost			
At 1 August 2019	1,851,533	–	1,851,533
Additions	6,829	179,331	186,160
At 31 July 2020	1,858,362	179,331	2,037,693
Accumulated amortisation			
At 1 August 2019	545,061	–	545,061
Amortisation for the year (Note 7)	117,434	19,726	137,160
At 31 July 2020	662,495	19,726	682,221
Net carrying amount			
At 31 July 2020	1,195,867	159,605	1,355,472

The expressway development expenditure is pledged as securities for borrowings as disclosed in Note 33(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000 (Restated)
Unquoted shares, at cost	4,730,084	4,817,091
Long-term advances	–	407,500
Less: Accumulated impairment losses	(355,215)	(355,215)
	4,374,869	4,869,376

(a) Current financial year

(i) Capital (reduction)/injection in subsidiaries

The Company has reduction/subscribed to new ordinary shares in the following subsidiaries during the financial year:

	2021 RM'000	2020 RM'000
Bandar Serai Development Sdn. Bhd.	–	300,000
Gamuda Land (Kemuning) Sdn. Bhd.	–	255,000
Dinamik Atlantik Sdn. Bhd.	–	22,000
Gamuda Land (Botanic) Sdn. Bhd.	–	20,000
Gamuda Land Sdn. Bhd.	–	19,248
Intensif Inovatif Sdn. Bhd.	–	2,000
Jade Homes Sdn. Bhd.	(20,000)	–
Gamuda (Luxembourg) S.a.r.l.	25,492	–
Gamuda Laboratories Sdn. Bhd.	1	–
	5,493	618,248

The Company has injected additional cash of RM25,492,000 (GBP4,737,000) as consideration for new ordinary shares in Gamuda (Luxembourg) S.a.r.l., a wholly-owned subsidiary of the Company to acquire a residential building in Central London, United Kingdom.

The issued share capital of Jade Homes Sdn. Bhd., a wholly-owned subsidiary of the Company was reduced from RM321,980,000 comprising 321,250,000 ordinary shares to RM301,980,000 comprising 301,250,000 ordinary shares.

(ii) Long-term advances

The advances to a subsidiary are capital in nature and have been converted into cost of investment via the subscription of new redeemable preference shares during the financial year.

(iii) Conversion of long-term capital advances into amounts due from subsidiaries

During the financial year, the Company has converted the long-term capital advances of RM500,000,000 to amounts due from subsidiaries upon the finalisation of repayment date at maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Previous financial year

(i) Incorporation of a new subsidiary in Luxembourg

The Company had injected a total cash of RM6,347,000 (GBP1,166,000) as consideration for new ordinary shares in Gamuda (Luxembourg) S.a.r.l., a wholly-owned subsidiary of the Company to acquire a residential building in Central London, United Kingdom.

(ii) Reduction of shares

The issued share capital of Valencia Development Sdn. Bhd., a wholly-owned subsidiary of the Company was reduced from RM5,100,000 comprising 5,100,000 ordinary shares to RM2 comprising 2 ordinary shares.

(iii) Additional investment in a subsidiary company

The Company had acquired additional 900,000 of ordinary shares of RM1.00 per share which represented 5% interest from non-controlling interest for a cash consideration of RM900,000 in Gamuda Paper Industries Sdn. Bhd. which is in the business of renting of properties.

(iv) Impairment of investment in a subsidiary

The Company had recognised an impairment loss in respect of its investment in a subsidiary, GIBS of RM285,000,000, due to impairment loss provided on GIBS's PPE of RM148,100,000 (as disclosed in Note 12 to the financial statements) and losses incurred by GIBS of RM136,900,000.

(c) Interests in subsidiaries

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

Name of company	Proportion of ownership		Principal/Economic activities
	2021 %	2020 %	
Subsidiaries incorporated in Malaysia			
Gammau Construction Sdn. Bhd.	100	100	Property investment
Ganaz Bina Sdn. Bhd.	100	100	Dormant
Gamuda Land Sdn. Bhd.	100	100	Property investment and holding company
Gamuda Land Leisure Sdn. Bhd.	100	100	Theme park operator
Gamuda Land Property Services Sdn. Bhd.*	100	100	Provision of property maintenance and management services
Usaha Era Fokus Sdn. Bhd.*	100	100	Investment holding
Gamuda Paper Industries Sdn. Bhd.	100	100	Rental of properties
GPI Trading Sdn. Bhd.	100	100	Dormant
Gamuda Water Sdn. Bhd. ("Gamuda Water")	80	80	Management, operation and maintenance of dams and water treatment facilities and the treatment, production and supply of water
Gamuda Industrial Building System Sdn. Bhd. ("GIBS")	100	100	Manufacturing and installation of prefabricated concrete panels for construction of buildings

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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/Economic activities
	2021 %	2020 %	
Subsidiaries incorporated in Malaysia (cont'd.)			
Jade Homes Sdn. Bhd.	100	100	Property development of Jade Hills
Gamuda Parks Sdn. Bhd.	100	100	Supplying and planting of landscaping materials and provision of landscaping services for property development
Jade Homes Resort Berhad	100	100	Proprietor and operator of a clubhouse
Jade Homes Property Services Sdn. Bhd.*	100	100	Property maintenance services
Gamuda Land (Botanic) Sdn. Bhd.	100	100	Property development of Bandar Botanic and Kundang Estates
Bandar Botanic Resort Berhad	100	100	Proprietor and operator of a clubhouse
Botanic Property Services Sdn. Bhd.*	100	100	Property maintenance services
Masterpave Sdn. Bhd.	100	100	Road surfacing works, manufacture and supply of concrete, beams and surfacing materials
Megah Capital Sdn. Bhd. ("Megah Capital")	100	100	Investment holding and trading
Megah Management Services Sdn. Bhd.	100	100	Insurance agent
Megah Sewa Sdn. Bhd.	100	100	Hiring, distribution and repairing plant, machinery and equipment
Valencia Development Sdn. Bhd.*	100	100	Property development of Valencia
Valencia Township Sdn. Bhd.*	100	100	Management of a gated residential townships including a clubhouse, golf course and other common properties, services and facilities contained therein
Madge Mansions Sdn. Bhd.	100	100	Property development of Madge Mansions
Highpark Development Sdn. Bhd.	100	100	Property development of HighPark Suites
Idaman Robertson Sdn. Bhd.	100	100	Property development of The Robertson
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning")	100	100	Property development of twentyfive.7
Gamuda Land (HCMC) Sdn. Bhd.	100	100	Property investment

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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/Economic activities
	2021 %	2020 %	
Subsidiaries incorporated in Malaysia (cont'd.)			
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	100	100	Property development of Gamuda Gardens
Dinamik Atlantik Sdn. Bhd.	100	100	Property development of Bukit Bantayan Residences
Lifestyle Heritage Sdn. Bhd.*	100	100	Dormant
Gamuda Laboratories Sdn. Bhd.*	100	–	Medical laboratories services
Gamuda Land (T12) Sdn. Bhd.	100	100	Property development of Gamuda Cove
Discovery Wetlands Sdn. Bhd.*	100	100	Operate and maintain the Wetlands reserve
Kesas Holdings Berhad ("KESAS Holdings")	70	70	Investment holding; holding company to the concession holder of an expressway
Kesas Sdn. Bhd.	70	70	Design, construction and maintenance of Shah Alam Expressway, and development and management of toll operations
G.B. Kuari Sdn. Bhd.	100	100	Quarrying, manufacturing of premix and laying of road operations
Gamuda Trading Sdn. Bhd.	100	100	Trading of construction materials
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	65	65	Undertake civil engineering and building construction of Pan Borneo Highway project and Batang Lupar Bridge project in Sarawak
SRS Consortium Sdn. Bhd.	60	60	Undertake the role of project delivery partner for the implementation of an alternative transport master plan comprising different public transport components in Penang and the provision of new reclamation sites
SRS PD Sdn. Bhd.*	100	–	Investment holding
Intensif Inovatif Sdn. Bhd.*	100	100	Dormant
Gamuda Engineering Sdn. Bhd.	100	100	Civil engineering and building construction
Gamuda Geo Sdn. Bhd.*	100	100	Sub-structure and geotechnical works
Gamuda M&E Sdn. Bhd.*	100	100	Provision and maintenance of mechanical and electrical services
Gamuda Building Ventures Sdn. Bhd.*	100	100	Building construction
Gamuda Tunnel Engineering Sdn. Bhd.*	100	100	Undertake tunneling works

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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/Economic activities
	2021 %	2020 %	
Subsidiaries unincorporated in Malaysia			
Held by Gamuda Engineering Sdn. Bhd.:			
Held by Gamuda M&E Sdn. Bhd.:			
GME-CI (GIBS2) Joint Venture*	55	55	Undertake the Mechanical and Electrical works of new Gamuda Industrial Building System ("GIBS")
GME-CI (Serai) Joint Venture*	55	55	Undertake the Mechanical and Electrical works of Gamuda Gardens
GME-CI (HKLCP) Joint Venture*	55	55	Undertake construction works for the "Hospital Kuala Lumpur Car Park" project
GME-CI (T12TP) Joint Venture*	55	55	Undertake construction works for the project "Gamuda Cove Toll Plaza"
GME-CI (TTWS) Joint Venture*	60	60	Undertake the Mechanical and Electrical works of Mass Rapid Transit 2 ("MRT 2") project (Titivangsa Station)
GME-CI (KBNS) Joint Venture*	60	60	Undertake the Mechanical and Electrical works of MRT 2 project (Escape Shaft 2)
GME-CI (UGW) Joint Venture*	60	60	Undertake the Mechanical and Electrical works of MRT 2 project (Escape Shaft 3)
Subsidiary incorporated in British Virgin Islands			
Gamuda Overseas Investment Ltd.*	100	100	Investment holding
Subsidiary incorporated in Mauritius			
Gamuda (Offshore) Private Limited*	100	100	Investment holding
Subsidiary incorporated in India			
Held by Gamuda (Offshore) Private Limited:			
Gamuda – WCT (India) Private Limited**	70	70	Civil engineering

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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/Economic activities
	2021 %	2020 %	
Subsidiaries incorporated in the Socialist Republic of Vietnam			
Gamuda Land Vietnam Limited Liability Company ("GLVN")#^	100	100	Undertakes the Yen So Park, sewage treatment plant and Gamuda City Development in Hanoi, Socialist Republic of Vietnam
Held by Gamuda Land (HCMC) Sdn. Bhd.:			
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC")#^	100	100	Undertakes development of Celadon City in Ho Chi Minh City, Socialist Republic of Vietnam
Subsidiary incorporated in Singapore			
Gamuda (Singapore) Pte. Ltd. ("GB Singapore")^	100	100	Investment holding
Subsidiaries incorporated in Australia			
Gamuda (Australia) Pty Ltd ("GB Australia")^	100	100	Property development of 661 Chapel St., Melbourne
Gamuda Engineering (Australia) Pty Ltd*	100	100	Civil engineering and construction
Subsidiaries incorporated in Luxembourg			
Gamuda (Luxembourg) S.a.r.l.*	100	100	Investment holding
Gamuda Yoo Development Aldgate S.a.r.l.*	90	90	Property investment
GB Astir S.a.r.l.*	100	–	Property development
Subsidiary unincorporated in Taiwan			
Dong-Pi Gamuda Joint Venture ("Dong-Pi")^	70	70	Undertakes civil engineering and construction works for Marine Bridge Project in Taiwan

* Audited by firms of auditors other than Ernst & Young PLT, Malaysia
Financial year end which does not coincide with that of its holding company
^ Audited by member firms of Ernst & Young Global in the respective countries

For the purpose of consolidating the subsidiaries with different financial year ends, the audited financial statements of the subsidiaries for the financial period from 1 August 2020 to 31 July 2021 have been used for consolidation for the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) Non-controlling interests ("NCI") in subsidiaries

The summarised financial information of the subsidiaries that have non-controlling interests which are material to the Company before intra-group elimination are as follows:

	Gamuda Water		Kesas Holdings		Dong-Pi		Other subsidiaries – individually immaterial		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
NCI percentage of ownership interest and voting interest (%)	20	20	30	30	30	30				
Dividend paid to NCI	(108,437)	–	(13,500)	(22,200)	–	–	(511)	(1,395)	(122,448)	(23,595)
Carrying amount of NCI	40,989	140,973	254,912	248,441	11,279	5,100	44,965	31,988	352,145	426,502
Total comprehensive income allocated to NCI	8,452	12,644	19,971	33,472	6,179	5,100	9,951	464	44,553	51,680
Summarised statements of financial position										
Non-current assets	254,740	776,725	1,083,890	1,203,588	–	–	103,130	19,932	1,441,760	2,000,245
Current assets	119,471	196,573	346,989	341,851	173,383	328,455	439,288	286,562	1,079,131	1,153,441
Non-current liabilities	(70,694)	(80,760)	(463,002)	(601,327)	–	–	(71,147)	(22,187)	(604,843)	(704,274)
Current liabilities	(98,571)	(187,670)	(118,167)	(115,974)	(135,786)	(311,455)	(315,453)	(192,593)	(667,977)	(807,692)
Net assets	204,946	704,868	849,710	828,138	37,597	17,000	155,818	91,714	1,248,071	1,641,720
Summarised statements of comprehensive income										
Revenue	177,227	165,557	248,411	314,835	342,609	157,383	317,800	231,525	1,086,047	869,300
Profit for the year	41,942	63,374	113,494	111,771	19,707	16,456	26,234	3,114	201,377	194,715
Total comprehensive income/(loss)	42,260	63,220	66,571	111,573	20,597	17,000	29,864	(197)	159,292	191,596
Summarised statements of cash flows										
Cash flows generated from/ (used in) operating activities	633,813	178,129	243,221	167,454	2,335	4,984	9,591	(8,750)	888,960	341,817
Cash flows (used in)/generated from investing activities	(86,101)	(179,860)	2,823	18,660	–	–	(40,317)	(1,418)	(123,595)	(162,618)
Cash flows (used in)/generated from financing activities	(542,183)	13,062	(135,000)	(164,000)	–	–	91,382	11,000	(585,801)	(139,938)
Net increase in cash and cash equivalents	5,529	11,331	111,044	22,114	2,335	4,984	60,656	832	179,564	39,261

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

18. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, in Malaysia:				
At cost:				
– Ordinary shares	3,304	3,304	3,304	3,304
– Redeemable preference shares	190,290	190,290	190,290	190,290
	193,594	193,594	193,594	193,594
Group's share of post-acquisition reserve, net of dividends receivable	2,401	211,089	–	–
	195,995	404,683	193,594	193,594
Unquoted shares, outside Malaysia:				
At cost:				
– Ordinary shares	11	11	–	–
– Redeemable preference shares	25,967	25,967	–	–
	25,978	25,978	–	–
Group's share of post-acquisition reserve, net of dividends receivable	22,311	28,179	–	–
	48,289	54,157	–	–
Total unquoted shares	244,284	458,840	193,594	193,594
Quoted shares, in Malaysia:				
At cost:				
– Ordinary shares	59,624	59,624	59,624	59,624
Group's share of post-acquisition capital reserves	155,379	153,521	–	–
Group's share of post-acquisition reserve, net of dividends receivable	321,139	280,802	–	–
	536,142	493,947	59,624	59,624
Total	780,426	952,787	253,218	253,218
Market value:				
Quoted shares, in Malaysia	842,010	920,229	842,010	920,229

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(a) Previous financial year

Redemption of redeemable preferences shares ("RPS") held by the Company in an associated company

Suria Holding (O) Pvt. Ltd. had redeemed RPS held by Gamuda (Offshore) Private Limited for cash consideration of RM11,024,000.

(b) Interest in associated companies

The Group's and the Company's interests in the associated companies are analysed as follows:

Name of company	Proportion of ownership		Principal/Economic activities
	2021 %	2020 %	
Associated companies			
Incorporated in Malaysia			
Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")	40	40	Investment holding and provision of management services
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings")	30	30	Investment holding; holding company to the concession holder of an expressway - SPRINT Highway
Lingkar Trans Kota Holdings Berhad ("LITRAK Holdings") (Quoted shares in Malaysia)	44	44	Investment holding and provision of management services; holding company to the concession holder of an expressway - Damansara - Puchong Highway ("LDP")
Via LITRAK Holdings Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings")	22	22	Investment holding; holding company to the concession holder of an expressway - SPRINT Highway
Naim Gamuda (NAGA) JV Sdn. Bhd. ("NAGA")	30	30	Civil engineering and construction
Unincorporated in Malaysia			
Held by Gamuda Engineering Sdn. Bhd.: Lim Hoo Seng - Gamuda Engineering Joint Venture*	30	30	Civil engineering and construction
Incorporated in Mauritius			
Held by Gamuda (Offshore) Private Limited: Suria Holding (O) Pvt. Ltd**	50	50	Investment holding; holding company to the concession holder of Durgapur Expressway, India
Gamuda - WCT (Offshore) Private Limited**	50	50	Investment holding; holding company to the concession holder of Panagarh-Palsit, India

* Audited by firms other than Ernst & Young PLT, Malaysia
Financial year end of 31 July

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(b) Interest in associated companies (cont'd.)

The Group's and the Company's interests in the associated companies are analysed as follows: (cont'd.)

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.

(c) 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:

	LITRAK Holdings		SPRINT Holdings*		Other subsidiaries – individually immaterial		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Summarised statements of financial position								
Non-current assets	1,284,126	1,354,415	1,294,806	1,335,876	83,872	627,098	2,662,804	3,317,389
Current assets	583,769	617,875	276,372	355,084	164,147	189,369	1,024,288	1,162,328
Non-current liabilities	(406,247)	(606,194)	(1,125,773)	(1,184,149)	–	–	(1,532,020)	(1,790,343)
Current liabilities	(220,962)	(224,715)	(166,450)	(258,069)	(88,713)	(101,199)	(476,125)	(583,983)
Net assets	1,240,686	1,141,381	278,955	248,742	159,306	715,268	1,678,947	2,105,391
Summarised statements of comprehensive income								
Results								
Revenue	390,963	437,939	196,508	223,652	15,134	271,435	602,605	933,026
Profit for the year	199,974	220,757	30,212	30,431	6,412	27,245	236,598	278,433
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	535,728	493,533	83,686	74,623	70,475	294,094	689,889	862,250
Fair value on acquisition in excess of net assets	90,537	90,537	–	–	–	–	90,537	90,537
Carrying amount in the statements of financial position	626,265	584,070	83,686	74,623	70,475	294,094	780,426	952,787
Group's net share of profit for the year	86,349	95,455	9,064	9,129	2,458	11,661	97,871	116,245
Other information								
- Group's share of dividend	46,011	57,514	–	–	226,454	63,869	272,465	121,383

* Amounts represent 30% direct interest in SPRINT Holdings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

19. INTERESTS IN JOINT ARRANGEMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares at cost:				
- Malaysia	355,603	355,603	289,627	289,627
- Outside Malaysia	7,538	7,538	–	–
Advances to joint ventures	176,383	200,893	–	–
Group's share of post-acquisition reserves, net of dividends receivable	599,837	591,766	–	–
Less: Accumulated impairment losses	(98,452)	(98,452)	(112,000)	(112,000)
	1,040,909	1,057,348	177,627	177,627

Advances to joint ventures are related to projects in Singapore and have no fixed term of repayment, unsecured and non-interest bearing. The advances represent long term investments, hence, capital in nature. As a result, in substance, the advances form part of the Group's interest in joint arrangements.

(a) Current financial year

Repayment of advance by a joint venture

GEM Homes Pte. Ltd., a 50% joint venture of the Group had repaid an amount of RM24,510,000 (SGD8,282,000) to its holding company, Gamuda (Singapore) Pte. Ltd. upon completion of the project.

(b) Previous financial year

Additional investment in a joint arrangement

(i) Advances to a joint venture

Gamuda (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company advanced a cash amounting to RM13,891,000 (SGD4,565,000) to Anchorvale Pte Ltd., a 50% joint venture of the Group to carry out the development project on the land parcel at Anchorvale Crescent site earmarked for executive condominium development.

(ii) Repayment of advance by a joint venture

GEM Homes Pte. Ltd., a 50% joint venture of the Group had repaid an amount of RM91,290,000 (SGD30,000,000) to its holding company, Gamuda (Singapore) Pte. Ltd. upon completion of the project.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(c) Details of the joint arrangements are as follows:

Name of joint operations	Proportion of ownership		Principal/Economic activities
	2021 %	2020 %	
Unincorporated in Malaysia			
Malaysia Mining Corporation Berhad – Gamuda Berhad Joint Venture Electrified Double Track Project ("MMC - Gamuda JV 2T")	50	50	Undertake engineering, procurement, and construction of the Electrified Double - Tracking from Ipoh to Padang Besar Project
MMC – Gamuda KVMRT (UGW) Joint Venture	50	50	Undertake the tunneling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project Sungai Buloh - Kajang Line ("KVMRT Line 1") and Klang Valley Mass Rapid Transit Project Sungai Buloh - Serdang - Putrajaya Line ("KVMRT Line 2")
Held by Gamuda Engineering Sdn. Bhd.:			
Held by Gamuda M&E Sdn. Bhd.:			
GME-SE Joint Venture (STW)*	50	50	Undertake the construction works of Sentul West Station and Escape Shaft 1
Lim Hoo Seng – Gamuda Engineering (Stonor 3) Joint Venture*	50	50	Undertake the construction works for the high rise residential project at Jalan Stonor
Lim Hoo Seng – Gamuda Engineering (SCM) Joint Venture*	50	50	Undertake the construction works for expansion of the existing Setia City Mall located at Setia Alam, Selangor
Gamuda Engineering – Lim Hoo Seng (GEMS) Joint Venture*	50	50	Undertake the construction works for IOI Resort City project
Gamuda Engineering – Lim Hoo Seng (Theme Park) Joint Venture*	50	–	Undertake the construction of water theme park for Gamuda Land Leisure Sdn. Bhd.
Held by Masterpave Sdn. Bhd.:			
Wai Fong – Masterpave (SSP UG) Joint Venture	50	50	Undertake the concrete works for KVMRT Line 2
Unincorporated in Qatar			
Sinohydro Corporation – Gamuda Berhad – WCT Engineering Berhad Joint Venture ("Sinohydro-Gamuda – WCT JV")^	51	51	Design and construct the airfield facilities, tunnel and detention ponds of the New Doha International Airport in the State of Qatar
Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Gamuda – WCT JV")^	51	51	Undertake civil engineering construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan industrial area in the State of Qatar
Unincorporated in Singapore			
Greathearth-Gamuda Joint Venture^	45	45	Undertake construction of Gali Batu Multi-Storey Bus Depot in Singapore

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

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

Name of joint ventures	Proportion of ownership		Principal/Economic activities
	2021 %	2020 %	
Incorporated in Malaysia			
Projek SMART Holdings Sdn. Bhd. ("SMART Holdings")	50	50	Undertake, carry out and implement the Stormwater Management and Road Tunnel Project ("SMART")
MMC – Gamuda Joint Venture Sdn. Bhd.	50	50	Undertake, carry out and implement the Electrified Double-Tracking from Ipoh to Padang Besar Project
Horizon Hills Development Sdn. Bhd. ("Horizon Hills"):	50	50	Property development of Horizon Hills
Horizon Hills Resort Berhad	50	50	Undertake the management of a club and golf course
Horizon Hills Property Services Sdn. Bhd.	50	50	Undertake the management and maintenance of the properties
MMC Gamuda KVMRT (PDP) Sdn. Bhd. ("KVMRT (PDP)")	50	50	Undertake the role of a project delivery partner to deliver fully functional operating railway system for KVMRT Line 1
MMC Gamuda KVMRT (PDP SSP) Sdn. Bhd. ("KVMRT (PDP SSP)")	50	50	Undertake the role of a turnkey contractor to deliver fully functional operating railway system for KVMRT Line 2
MMC Gamuda KVMRT (T) Sdn. Bhd. ("Tunnel SB")	50	50	Undertake the tunneling, underground works and such other works in relation to the underground works package for KVMRT Line 1 and KVMRT Line 2
Hicom-Gamuda Development Sdn. Bhd.	50	50	Property development of Kota Kemuning
Held by Gamuda Land Sdn. Bhd.:			
Gamuda GM Sdn. Bhd.#	50	50	Operating and building management of Tower 1 of The Robertson Suites, Bukit Bintang commercial complex
Gamuda GM Klang Sdn. Bhd.#	50	50	Developer and operator of a wholesale hub in GM Klang Wholesale City located at Bandar Botanik, Klang
MRCB Gamuda Sdn. Bhd.*	50	50	Dormant
Incorporated in Singapore			
Held by Gamuda (Singapore) Pte. Ltd.:			
GEM Homes Pte. Ltd.^# ("GEM Homes")	50	50	Property development of GEM Residence in Singapore
Anchorvale Pte. Ltd.^# ("Anchorvale")	50	50	Property development of Anchorvale in Singapore

* Audited by firms other than Ernst & Young PLT

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

Financial year end of 31 July

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

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

All joint arrangements have financial year end of 31 March/31 December, other than those marked with #.

For the purpose of applying equity method for the joint ventures with financial year end of 31 December, the last audited financial statements available and the management financial statements to 31 July of the joint ventures have been used.

Pursuant to MFRS 11: *Joint Arrangements*, Sinohydro-Gamuda-WCT JV and Gamuda-WCT JV are deemed to be joint operations of Gamuda Berhad as the parties involved are undertaking economic activities that are subject to joint control.

(d) Summarised financial information of material joint ventures

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows:

2021 RM'000	Horizon Hills	GEM Homes	Anchorvale	KVMRT (PDP SSP) (Line 2)	Tunnel SB (Line 1 & 2) (Underground)	SMART Holdings	Other joint ventures - individually immaterial	Total
Summarised statements of financial position								
Non-current assets	276,648	891	10,489	1,297,372	310,130	373,013	497,263	2,765,806
Current assets	842,348	77,519	1,532,066	3,097,342	1,065,139	35,188	489,661	7,139,263
Non-current liabilities	(36,963)	–	(902,638)	(588,193)	(6,922)	(304,839)	(272,630)	(2,112,185)
Current liabilities	(223,600)	(63,682)	(289,512)	(3,555,617)	(1,117,110)	(38,832)	(328,307)	(5,616,660)
Net assets	858,433	14,728	350,405	250,904	251,237	64,530	385,987	2,176,224
The above amounts of assets and liabilities include the following:								
Cash and cash equivalents	91,382	75,907	135,903	50,579	231,957	28,488	175,317	789,533
Current financial liabilities (excluding trade and other payables and provision)	(28,048)	–	–	–	–	(10,000)	(15,715)	(53,763)
Non-current financial liabilities (excluding trade and other payables and provision)	–	–	(902,638)	–	–	(304,839)	(62,622)	(1,270,099)
Summarised statements of comprehensive income Results								
Revenue	192,247	–	–	4,403,556	1,235,724	17,745	113,873	5,963,145
Profit/(loss) for the year	42,207	(2,086)	(7,901)	373,541	57,539	(16,244)	(11,414)	435,642
The above profit for the year includes the following:								
Depreciation and amortisation	(2,575)	–	(7,747)	(3,774)	(7,979)	(6,400)	(23,948)	(52,423)
Interest income	4,315	–	–	52,161	29,243	905	4,209	90,833
Income tax expense	(14,619)	504	2,602	(110,200)	(10,646)	–	(81)	(132,440)
Finance costs	(2,158)	–	–	–	–	(17,623)	(13,031)	(32,812)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(d) Summarised financial information of material joint ventures (cont'd.)

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows: (cont'd.)

2020 RM'000	Horizon Hills	GEM Homes	Anchorvale	KVMRT (PDP SSP) (Line 2)	Tunnel SB (Line 1 & 2) (Underground)	SMART Holdings	Other joint ventures - individually immaterial	Total
Summarised statements of financial position								
Non-current assets	201,565	–	13,508	1,194,010	622,403	379,247	465,884	2,876,617
Current assets	1,439,817	359,301	1,334,274	1,981,579	900,840	55,774	547,044	6,618,629
Non-current liabilities	(64,523)	(45,371)	(973,069)	(1,130,818)	(10,609)	(304,890)	(304,663)	(2,833,943)
Current liabilities	(760,689)	(18,791)	(21,408)	(2,007,408)	(1,316,867)	(49,357)	(373,022)	(4,547,542)
Net assets	816,170	295,139	353,305	37,363	195,767	80,774	335,243	2,113,761

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	207,128	71,780	36,748	194,269	156,091	45,665	284,661	996,342
Current financial liabilities (excluding trade and other payables and provision)	(133,262)	–	–	–	–	(10,000)	(28,007)	(171,269)
Non-current financial liabilities (excluding trade and other payables and provision)	(20,833)	–	(890,021)	–	–	(304,890)	(67,117)	(1,282,861)

Summarised statements of comprehensive income Results

Revenue	175,927	82,560	–	4,806,167	2,843,808	29,819	144,908	8,083,189
Profit/(loss) for the year	55,120	7,840	(17,867)	303,594	72,385	(7,871)	(29,773)	383,428

The above profit/(loss) for the year includes the following:

Depreciation and amortisation	(2,833)	–	(2,621)	(3,867)	(9,052)	(8,270)	(18,282)	(44,925)
Interest income	8,804	528	37	12,706	30,890	2,075	2,357	57,397
Income tax expense	(19,202)	3,314	3,546	(99,264)	(13,181)	–	(2,654)	(127,441)
Finance costs	(6,149)	(5,318)	(348)	–	–	(17,847)	(15,482)	(45,144)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(d) Summarised financial information of material joint ventures (cont'd.)

The summarised financial information of the material joint ventures which are accounted for using the equity method are as follows: (cont'd.)

2021 RM'000	Horizon Hills	GEM Homes	Anchorvale	KVMRT (PDP SSP) (Line 2)	Tunnel SB (Line 1 & 2) (Underground)	SMART Holdings	Other joint ventures - individually immaterial	Total
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	429,215	7,364	175,202	125,452	125,618	32,266	145,792	1,040,909
Group's share of profit/(loss) for the year	21,104	(1,043)	(3,950)	186,771	27,734	(8,122)	(5,708)	216,786
Other information - Group's share of dividend (Note 4)	–	106,206*	–	80,000	–	–	–	186,206

* Dividend was distributed to the Group via Gamuda (Singapore) Pte. Ltd., a wholly owned subsidiary.

2020 RM'000	Horizon Hills	GEM Homes	Anchorvale	KVMRT (PDP SSP) (Line 2)	Tunnel SB (Line 1 & 2) (Underground)	SMART Holdings	Other joint ventures - individually immaterial	Total
Reconciliation of net assets to carrying amount as at year end								
Group's share of net assets	408,085	147,570	176,653	18,681	97,883	40,387	168,089	1,057,348
Group's share of profit/(loss) for the year	27,560	3,920	(8,933)	151,797	36,192	(3,936)	(14,419)	192,181
Other information - Group's share of dividend (Note 4)	15,000	–	–	252,000	–	–	–	267,000

20. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Investment in transferable club memberships	762	762	683	683
Others	50	50	50	50
	812	812	733	733

The fair value of other investments are disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
(i) Receivables	(a)				
Trade		1,356,886	1,748,551	496,346	758,657
Less: Allowance for impairment		(67,378)	(132,083)	(64,917)	(130,018)
		1,289,508	1,616,468	431,429	628,639
Non-trade		456,956	607,221	303,346	290,248
Total current receivables and other financial assets		1,746,464	2,223,689	734,775	918,887
Non-current					
(i) Receivables	(b)				
Trade		230,420	858,341	23,192	11,413
Non-trade		29,483	32,494	3,333	278
		259,903	890,835	26,525	11,691
(ii) Other financial assets	(c)				
Other financial assets at amortised cost		100,504	–	–	–
Total non-current receivables and other financial assets		360,407	890,835	26,525	11,691
Total receivables and other financial assets		2,106,871	3,114,524	761,300	930,578

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

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

(a) Current

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Third parties		648,930	1,021,903	41,338	171,528
Associated companies	(ii)	19,397	19,805	–	–
Joint ventures	(iii)	409,658	411,475	395,868	409,535
Joint venture partners		16,270	26,240	7,630	16,163
Advances to subcontractors		177,478	142,323	12,551	54,842
Retention sums		76,946	117,255	38,959	106,589
Stakeholder funds		8,207	9,550	–	–
	(i)	1,356,886	1,748,551	496,346	758,657
Less: Allowance for impairment		(67,378)	(132,083)	(64,917)	(130,018)
		1,289,508	1,616,468	431,429	628,639
Non-trade					
Associated companies	(ii)	389	623	328	269
Joint ventures	(iii)	65,769	51,023	10,993	10,637
Deposits		22,084	166,016	4,328	141,089
Prepayments		168,817	166,820	142,393	6,139
Sundry receivables		199,897	222,739	145,304	132,114
		456,956	607,221	303,346	290,248
		1,746,464	2,223,689	734,775	918,887

In the current financial year, included in current trade receivables from third parties was an amount of RM50,490,000 for the supply of treated water by Gamuda Water to Pengurusan Air Selangor Sdn. Bhd. under the new operations and maintenance agreement. The amount shall be settled based on the credit terms of 60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

Receivables of the Group and of the Company are analysed as follows: (cont'd.)

(b) Non-current

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables				
Third parties	96,505	762,917	–	–
Joint ventures (iii)	80,336	76,499	–	–
Retention sums	37,865	16,909	23,192	11,413
Stakeholder funds	15,714	2,016	–	–
	230,420	858,341	23,192	11,413
Non-trade receivables				
Joint ventures (iii)	13,071	12,424	–	–
Deposits	11,522	11,123	3,325	278
Sundry receivables	3	13	–	–
Prepayments	4,887	8,934	8	–
	29,483	32,494	3,333	278
	259,903	890,835	26,525	11,691

In the previous financial year, included in non-current trade receivables from third parties was an amount of RM743,131,000 for the supply of treated water by Gamuda Water to Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH SB"), of which:

- RM693,776,000 shall be settled in 9 equal annual instalments, with an interest of 5.25% per annum in accordance with the debt settlement agreement signed in 2018 with Pengurusan Air Selangor Sdn. Bhd.; and
- the remaining balance of RM49,355,000 shall be settled based on the credit term stipulated in the new operations and maintenance agreement.

The terms of the debt settlement included a 10% discount to the total outstanding balance and hence a change of original contractual cash flow. The impact arising from this had been accounted for in the previous financial year ended 31 July 2018.

During the financial year, there is a reduction in non-current receivables balances, mainly arising from payment received relating to the first annual instalment of RM77,086,000 and an Asset Backed Securitisation ("ABS") exercise initiated by a subsidiary of the Company, Gamuda Water Sdn. Bhd. The ABS has resulted in a disposal of the receivables of RM613,961,000 to Glacier Assets Berhad ("GAB"), a special purpose vehicle set up by the Trustee. The ABS exercise was completed on 24 March 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

Receivables of the Group and of the Company are analysed as follows: (cont'd.)

(c) Other financial assets at amortised cost

As part of the terms of the ABS exercise, Gamuda Water was required to subscribe to the junior notes of the ABS amounting to RM106,556,000. The financial asset is measured at amortised cost with an effective interest rate of 4.71%.

The asset-backed medium-term notes has a variable coupon rate and a term of 8 years. The Group receives coupon payment semi-annually, with the principal being paid to the Group on maturity date of 23 March 2029.

(i) Current

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2020: 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	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	1,121,326	1,261,372
1 to 30 days past due not impaired	51,677	217,997
31 to 60 days past due not impaired	22,967	33,961
61 to 90 days past due not impaired	13,646	16,437
91 to 120 days past due not impaired	9,937	13,924
More than 120 days past due not impaired	69,955	72,777
	168,182	355,096
Impaired	67,378	132,083
	1,356,886	1,748,551

	Company	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	417,009	480,540
1 to 30 days past due not impaired	10,506	148,099
91 to 120 days past due not impaired	1,916	–
More than 120 days past due not impaired	1,998	–
	14,420	148,099
Impaired	64,917	130,018
	496,346	758,657

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

(i) Current (cont'd.)

Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group's and the 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 RM168,182,000 (2020: RM355,096,000) and RM14,420,000 (2020: RM148,099,000) respectively that are past due at the reporting date but not impaired. The receivables are related to customers with on-going transactions and/or progressive payments, and unsecured in nature.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and for more than one year and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2021 RM'000	2020 RM'000
Trade receivables - nominal amounts	67,378	132,083
Less: Allowance for impairment	(67,378)	(132,083)
	–	–
Movement in allowance accounts:		
At 1 August 2020/2019	132,083	127,436
Charge for the year (Note 7)	396	1,197
Amount written off	(64,469)	–
Exchange difference	(632)	3,450
At 31 July	67,378	132,083

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

(i) Current (cont'd.)

Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows: (cont'd.)

	Company Individually impaired	
	2021 RM'000	2020 RM'000
Trade receivables - nominal amounts	64,917	130,018
Less: Allowance for impairment	(64,917)	(130,018)
	–	–
Movement in allowance accounts:		
At 1 August 2020/2019	130,018	126,568
Amount written off	(64,469)	–
Exchange difference	(632)	3,450
At 31 July	64,917	130,018

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

(ii) Due from associated companies

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade	19,397	19,805	–	–
Non-trade	389	623	328	269
	19,786	20,428	328	269

The trade amounts due from associated companies are non-interest bearing and are generally on 30 days (2020: 30 days) term.

The amounts due from associated companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

(iii) Due from joint ventures

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade	409,658	411,475	395,868	409,535
Non-trade	65,769	51,023	10,993	10,637
	475,427	462,498	406,861	420,172
Non-current				
Trade	80,336	76,499	–	–
Non-trade	13,071	12,424	–	–
	93,407	88,923	–	–
	568,834	551,421	406,861	420,172

Current

Included in the trade receivables of the Group and of the Company is an amount of RM395,840,000 (2020: RM409,591,000) due from its 50% owned joint venture, MMC Gamuda KVMRT (T) Sdn. Bhd. ("Tunnel SB"). Tunnel SB is the contractor for the underground works of KVMRT Line 2.

Included in the non-trade receivables of the Group and of the Company are amounts due from joint ventures which are unsecured, interest free and repayable on demand.

Non-current

Included in the trade receivables of the Group is an amount due from the sale of lands to a joint venture, Gamuda GM Klang Sdn. Bhd. ("GMKSB"), by Gamuda Land (Botanic) Sdn. Bhd., a subsidiary of the Company. The amount of RM75,136,000 (2020: RM71,517,000) is unsecured and repayable in 2 tranches on 27 April 2023 and 27 April 2024 respectively.

Included in the non-trade receivables of the Group represents a loan amounting to RM13,071,000 (2020: RM12,425,000), given to GMKSB by Megah Capital Sdn. Bhd., a subsidiary of the Company. The loan is unsecured and repayable in 5 years or such other day mutually agreed upon. The interest of the loan is charged at 5.20% (2020: 5.20%) per annum.

Other details of fair value of non-current receivables are further disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

The following table analyses the financial assets of the Group and of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

Group	Note	Fair value through profit or loss RM'000	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2021				
Other investments	20	812	–	812
Investment securities	23	881,337	–	881,337
Current receivables	21(a)	–	–	–
Third parties		–	648,930	648,930
Associated companies		–	19,786	19,786
Joint ventures		–	475,427	475,427
Joint venture partners		–	16,270	16,270
Retention sums		–	76,946	76,946
Stakeholder funds		–	8,207	8,207
Deposits		–	22,084	22,084
Sundry receivables		–	199,897	199,897
Non-current receivables	21(b)	–	–	–
Third parties		–	96,505	96,505
Joint ventures		–	93,407	93,407
Retention sums		–	37,865	37,865
Stakeholder funds		–	15,714	15,714
Deposits		–	11,522	11,522
Sundry receivables		–	3	3
Other financial assets at amortised cost	21(c)	–	100,504	100,504
Cash and bank balances	25	–	2,656,658	2,656,658
Total financial assets		882,149	4,479,725	5,361,874

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

The following table analyses the financial assets of the Group and of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis: (cont'd.)

Group	Note	Fair value through profit or loss RM'000	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2020				
Other investments	20	812	–	812
Investment securities	23	644,467	–	644,467
Current receivables	21(a)			
Third parties		–	1,021,903	1,021,903
Associated companies		–	20,428	20,428
Joint ventures		–	462,498	462,498
Joint venture partners		–	26,240	26,240
Retention sums		–	117,255	117,255
Stakeholder funds		–	9,550	9,550
Deposits		–	166,016	166,016
Sundry receivables		–	222,739	222,739
Non-current receivables	21(b)			
Third parties		–	762,917	762,917
Joint ventures		–	88,923	88,923
Retention sums		–	16,909	16,909
Stakeholder funds		–	2,016	2,016
Deposits		–	11,123	11,123
Sundry receivables		–	13	13
Cash and bank balances	25	–	2,147,202	2,147,202
Total financial assets		645,279	5,075,732	5,721,011

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

The following table analyses the financial assets of the Group and of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis: (cont'd.)

Company	Note	Fair value through profit or loss RM'000	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2021				
Other investments	20	733	–	733
Investment securities	23	743,716	–	743,716
Current receivables	21(a)			
Third parties		–	41,338	41,338
Associated companies		–	328	328
Joint ventures		–	406,861	406,861
Joint venture partners		–	7,630	7,630
Retention sums		–	38,959	38,959
Deposits		–	4,328	4,328
Sundry receivables		–	145,304	145,304
Non-current receivables	21(b)			
Retention sums		–	23,192	23,192
Deposits		–	3,325	3,325
Due from subsidiaries	24	–	4,208,529	4,208,529
Cash and bank balances	25	–	135,105	135,105
Total financial assets		744,449	5,014,899	5,759,348

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

21. RECEIVABLES AND OTHER FINANCIAL ASSETS (CONT'D.)

The following table analyses the financial assets of the Group and of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis: (cont'd.)

Company	Note	Fair value through profit or loss RM'000	Financial assets at amortised cost RM'000	Total RM'000
At 31 July 2020				
Other investments	20	733	–	733
Investment securities	23	581,850	–	581,850
Current receivables	21(a)			
Third parties		–	171,528	171,528
Associated companies		–	269	269
Joint ventures		–	420,172	420,172
Joint venture partners		–	16,163	16,163
Retention sums		–	106,589	106,589
Deposits		–	141,089	141,089
Sundry receivables		–	132,114	132,114
Non-current receivables	21(b)			
Retention sums		–	11,413	11,413
Deposits		–	278	278
Due from subsidiaries	24	–	4,031,101	4,031,101
Cash and bank balances	25	–	195,532	195,532
Total financial assets		582,583	5,226,248	5,808,831

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

22. CONTRACT ASSETS/(LIABILITIES)

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract assets:				
Construction	(a) 842,832	853,867	45,825	33,465
Property development	(b) 851,311	847,797	–	–
	1,694,143	1,701,664	45,825	33,465
Analysed as:				
Current	1,694,143	1,701,664	45,825	33,465
Contract liabilities:				
Construction	(a) (1,000,672)	(1,316,934)	(856,448)	(1,006,232)
Property development	(b) (14,429)	(22,854)	–	–
Deferred revenue	(c) (39,139)	(52,209)	–	–
	(1,054,240)	(1,391,997)	(856,448)	(1,006,232)
Analysed as:				
Current	(1,028,619)	(1,353,551)	(856,448)	(1,006,232)
Non-current	(25,621)	(38,446)	–	–
	(1,054,240)	(1,391,997)	(856,448)	(1,006,232)

(a) Contract assets/(liabilities) from construction

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Construction contract costs incurred to date	13,101,864	17,098,188	7,436,024	12,379,750
Recognised profits less recognised losses	1,612,006	1,894,227	1,230,871	1,538,442
Progress billings received and receivables	(14,871,710)	(19,455,482)	(9,477,518)	(14,890,959)
	(157,840)	(463,067)	(810,623)	(972,767)
Represented by:				
Contract assets	842,832	853,867	45,825	33,465
Contract liabilities	(1,000,672)	(1,316,934)	(856,448)	(1,006,232)
	(157,840)	(463,067)	(810,623)	(972,767)
Analysed as:				
Contract assets				
Due within 1 year	842,832	853,867	45,825	33,465
Contract liabilities				
Due within 1 year	(1,000,672)	(1,316,934)	(856,448)	(1,006,232)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(a) Contract assets/(liabilities) from construction (cont'd.)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation:				
- Property, plant and equipment (Note 12)	57,964	109,610	52,040	103,428
- Right-of-use assets (Note 15)	1,343	1,353	1,343	1,353
Staff costs (Note 5)	104,574	126,942	48,446	86,484
Finance costs (Note 8)	4,444	4,792	23	86
Short-term leases:				
- Rental of premises	2,534	20	977	–
- Hire of plant and equipment	15,992	1,450	321	–

Included in contract assets from construction is an amount due from the Government of Socialist Republic of Vietnam ("GOVT") to a subsidiary, Gamuda Land Vietnam Limited Liability Company ("GLVN") amounting to RM194,723,000 (2020: RM193,348,000) 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.

(b) Contract assets/(liabilities) from property development

	Group	
	2021 RM'000	2020 RM'000
Contract assets	851,311	847,797
- Accrued billings	828,783	789,226
- Others	22,528	58,571
Contract liabilities	(14,429)	(22,854)
- Progress billings	(384)	(3,897)
- Others	(14,045)	(18,957)
	836,882	824,943

Others relate to consideration payable to customers including rebates and legal fees, are accounted for as a reduction to transaction price and recognised to profit or loss when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(b) Contract assets/(liabilities) from property development (cont'd.)

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	824,943	1,210,491
Consideration payable to customers	25,470	11,524
Revenue recognised during the year	1,091,803	1,321,316
Interest income relating to significant financing component (Note 7)	211	60
Progress billings during the year	(1,109,806)	(1,742,618)
Exchange differences	4,261	24,170
At end of the year	836,882	824,943
Analysed as:		
Contract assets		
Due within 1 year	851,311	847,797
Contract liabilities		
Due within 1 year	(14,429)	(22,854)

Unsatisfied performance obligations:

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

	Group	
	2021 RM'000	2020 RM'000
Within 1 year	1,721,541	1,283,066
Between 1 - 4 year	1,406,623	1,028,906
	3,128,164	2,311,972

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(c) Contract liabilities from deferred revenue

	Note	Group	
		2021 RM'000	2020 RM'000
Advance membership	(i)	(24,385)	(25,646)
Concession revenue	(ii)	(14,754)	(26,563)
		(39,139)	(52,209)
Analysed as:			
Due within 1 year		(13,518)	(13,763)
Due after 1 year		(25,621)	(38,446)
		(39,139)	(52,209)

(i) Advance membership

Advance membership fees received are in connection with the provision of services by way of sporting and other recreational facilities. The advance membership fees are recognised as income over the tenure of the membership period which expires on 30 November 2066 and 30 September 2070 for Bandar Botanic Resort Berhad and Jade Homes Resort Berhad respectively.

	Group	
	2021 RM'000	2020 RM'000
Analysed as:		
Due within 1 year	(1,719)	(1,954)
Due after 1 year	(22,666)	(23,692)
	(24,385)	(25,646)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

22. CONTRACT ASSETS/(LIABILITIES) (CONT'D.)

(c) Contract liabilities from deferred revenue (cont'd.)

(ii) Concession revenue

Deferred revenue comprises advance maintenance fees, license fees, and government compensation in relation to Kesas Sdn. Bhd.. Compensation received from the Government of Malaysia for the imposition of revised toll rates lower than those as provided for in the Concession Agreement, which is taken to profit or loss over the period the compensation relates.

Group	Advance license fees RM'000	Advance maintenance fees RM'000	Government compensations RM'000	Total RM'000
At 31 July 2021				
At 1 August 2020	(1,679)	(1,085)	(23,799)	(26,563)
Amount recognised				
- As revenue	–	–	11,000	11,000
- As other income	554	255	–	809
	(1,125)	(830)	(12,799)	(14,754)
Analysed as:				
Due within 1 year	(554)	(245)	(11,000)	(11,799)
Due after 1 year	(571)	(585)	(1,799)	(2,955)
	(1,125)	(830)	(12,799)	(14,754)
At 31 July 2020				
At 1 August 2019	(2,233)	(1,350)	(32,499)	(36,082)
Amount recognised				
- As revenue	–	–	8,700	8,700
- As other income	554	265	–	819
	(1,679)	(1,085)	(23,799)	(26,563)
Analysed as:				
Due within 1 year	(554)	(255)	(11,000)	(11,809)
Due after 1 year	(1,125)	(830)	(12,799)	(14,754)
	(1,679)	(1,085)	(23,799)	(26,563)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

23. INVESTMENT SECURITIES

	2021		2020	
	Carrying amount RM'000	Fair value of quoted investments RM'000	Carrying amount RM'000	Fair value of quoted investments RM'000
Group				
Current				
Portfolios:				
Held in investment funds placements				
- Islamic	306,001	306,001	188,684	188,684
- Non-Islamic	377,236	377,236	319,586	319,586
Others				
- Islamic	83,917	83,917	61,794	61,794
- Non-Islamic	114,183	114,183	74,403	74,403
	881,337	881,337	644,467	644,467
Company				
Current				
Portfolios:				
Held in investment funds placements				
- Islamic	227,352	227,352	178,890	178,890
- Non-Islamic	346,334	346,334	280,096	280,096
Others				
- Islamic	83,918	83,918	61,794	61,794
- Non-Islamic	86,112	86,112	61,070	61,070
	743,716	743,716	581,850	581,850

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. Their fair values are determined based on the quoted prices from the respective investment funds.

Other details of fair value of investment securities are further disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

24. DUE FROM SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000 (restated)
Non-current		
Redeemable unsecured loan stocks ("RULS")	900,000	900,000
Due from subsidiaries		
- Non-trade	1,274,536	438,380
	2,174,536	1,338,380
Current		
Due from subsidiaries		
- Trade	–	14,761
- Non-trade	2,033,993	2,677,960
	2,033,993	2,692,721
	4,208,529	4,031,101

RULS:

Amount drawdown RM'000	Issuance Date	Maturity Date	Issuance tenure (years)	Yield at Issuance date %
500,000	23.11.2017	22.11.2022	5	5.32
400,000	16.03.2018	15.03.2023	5	5.35
900,000				

The RULS are measured at amortised cost using effective interest rates at the rates mentioned above. The interest on RULS charged to the subsidiary, Megah Capital Sdn. Bhd. is recognised as interest income arising from subsidiaries, as disclosed in Note 7 to the financial statements.

The trade amounts due from subsidiaries have a normal credit term which ranges from 30 to 90 days (2020: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand except for advances of RM2,964,666,000 (2020: RM2,667,919,000) given to subsidiaries which bear interest at 2.60% to 5.50% (2020: 3.58% to 5.50%) per annum. They are measured at amortised cost using the respective effective interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

25. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash in hand and at banks				
- Interest bearing	295,568	362,659	88,461	30,719
- Non-interest bearing	54,439	173,767	20,709	90,111
Housing Development Accounts:				
- Islamic	183,217	163,074	–	–
- Non-Islamic	19,829	34,521	–	–
	553,053	734,021	109,170	120,830
Deposits with licensed banks with:				
- Tenures of less than 3 months				
- Islamic	418,281	225,112	10,300	60,000
- Non-Islamic	338,963	559,628	15,635	14,702
- Tenures of more than 3 months				
- Islamic	225,378	156,888	–	–
- Non-Islamic	1,120,983	471,553	–	–
Total cash and bank balances	2,656,658	2,147,202	135,105	195,532

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total cash and bank balances	2,656,658	2,147,202	135,105	195,532
Less: Deposits with tenures of more than 3 months	(1,346,361)	(628,441)	–	–
Total cash and cash equivalents	1,310,297	1,518,761	135,105	195,532

Included in total cash and bank balances of the Group and of the Company are interest bearing balances amounting to RM2,602,219,000 (2020: RM1,973,435,000) and RM114,396,000 (2020: RM105,421,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

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	
	2021 %	2020 %	2021 %	2020 %
Licensed banks:				
Malaysia	1.67	2.12	1.52	1.59
India	5.13	6.01	–	–
Australia	0.06	0.89	0.06	0.89
Singapore	0.05	0.27	0.05	0.27
Vietnam	4.44	5.12	–	–

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

	Group		Company	
	2021 Days	2020 Days	2021 Days	2020 Days
Licensed banks	3 - 367	4 - 368	3 - 31	4 - 90

26. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
At 1 August 2020/2019	2,513,528	2,472,322	3,620,946	3,469,729
Exercise of ESOS	–	20,899	–	70,950
Conversion of warrants	1	477	3	2,050
Issuance on dividend reinvestment scheme	–	19,830	–	71,387
Share options exercised under ESOS	–	–	–	6,830
At 31 July	2,513,529	2,513,528	3,620,949	3,620,946

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.

- Under Companies Act 2016 in Malaysia, which came into effect on 31 January 2017, the concept of authorised share capital is no longer applicable.
- In accordance with Section 74 of the Companies Act 2016 in Malaysia, the Company's shares no longer have a par or nominal value with effect from 31 January 2017.

Pursuant to Section 618 of the Companies Act 2016 in Malaysia, the amount standing to the credit of the Company's share premium account of RM997,407,000 became part of the Company's share capital. There is no impact on the number of shares in issue or the relative entitlement of any members of the Company as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

26. SHARE CAPITAL (CONT'D.)

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

- (c) During the financial year, the Company increased its issued and paid-up share capital from RM3,620,946,983 to RM3,620,950,423 by way of issuance of 800 new ordinary shares for cash arising from the exercise of Warrants 2016/2021 at the exercise price of RM4.05 per warrant in accordance with the Deed Poll dated 22 January 2016.
- (d) On 7 March 2016, the Company allotted and issued 400,984,509 new Warrants 2016/2021 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in the Company ("Rights Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and expired on 5 March 2021 being the last market day immediately preceding the date which is the fifth anniversary of the issue of Warrants (which falls on Saturday, 6 March 2021, a non-market day) pursuant to the provisions of the Deed Poll dated 22 January 2016. 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 5 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at 5 March 2021, 387,220,949 Warrants 2016/2021 remain unexercised and have lapsed.

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

	Warrants 2016/2021	
	2021 '000	2020 '000
At 1 August 2020/2019	387,221	387,698
Converted	(1)	(477)
Lapsed	(387,220)	–
At 31 July	–	387,221

- (e) The Gamuda Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 4 December 2014 and became effective on 10 April 2015. With effect from 10 April 2015, the Company issued options under the new ESOS for the eligible executive directors and employees of Gamuda Berhad and its subsidiaries. The ESOS has expired on 9 April 2020 and balance unexercised was lapsed.

On 9 April 2020, 204,525,000 ESOS remained unexercised. Pursuant to Gamuda's ESOS By-Law, all options lapsed upon expiry of the ESOS.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

26. SHARE CAPITAL (CONT'D.)

- (e) The principal features of the ESOS were as follows: (cont'd.)
- (v) The aggregate number of shares to be offered to an eligible person shall be determined at the discretion of the Option Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service that the eligible person has rendered and subject to the maximum allowable allotment of shares for each eligible person.
- (vi) The number of shares comprised in the ESOS options which remained unexercised or the exercise prices or both may be adjusted following any alteration in the capital structure of the Company during the option period, whether such alteration is by way of capitalisation of profits or reserves, right issues, consolidation of shares, sub-division of shares or reduction of capital or otherwise howsoever taking place.
- (vii) The options shall not carry any right to vote at any general meeting of the Company and a grantee shall not be entitled to any dividends, right or other entitlements on his unexercised options.
- (viii) The options granted under ESOS are not assignable.
- (ix) There is no restriction on the grantee in exercising their ESOS options or selling their Gamuda Shares allotted and issued pursuant to the exercise of their options.

Upon a sale of the Gamuda shares, if the net proceeds from the disposal are 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 are 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 existing issued and paid-up ordinary shares of the Company except that the new shares so issued will not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.
- (xi) No grantee shall participate at any time in more than one ESOS implemented by any company within the Gamuda Group.
- (xii) Options to subscribe for ordinary shares under the ESOS were granted on the following dates:

Grant date	Exercise price RM	Number of options '000	Exercise period
10 April 2015	4.46	69,947	10 April 2015 - 9 April 2020
24 November 2015	3.84	74,351	24 November 2015 - 9 April 2020
3 June 2016	4.78	44,815	3 June 2016 - 9 April 2020
8 November 2016	4.88	5,963	8 November 2016 - 9 April 2020
13 June 2017	5.36	13,349	13 June 2017 - 9 April 2020
28 November 2017	4.65	8,324	28 November 2017 - 9 April 2020
6 June 2018	3.38	14,670	6 June 2018 - 9 April 2020
18 December 2018	2.30	5,561	18 December 2018 - 9 April 2020
10 June 2019	3.44	8,504	10 June 2019 - 9 April 2020
8 November 2019	3.65	33,071	8 November 2019 - 9 April 2020
		278,555	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

26. SHARE CAPITAL (CONT'D.)

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

	2021 RM'000	2020 RM'000
Ordinary shares	–	20,899
Share premium	–	50,051
Aggregate proceeds received on shares issued	–	70,950
Aggregate fair value of ordinary shares at exercise date	–	80,792

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

ESOS exercise price	Number of share options Movement during the year				Outstanding and exercisable at 31 July 2020 '000
	Outstanding and exercisable at 1 August 2019 '000	Granted '000	Exercised '000	Lapsed '000	
RM4.46	56,855	–	–	(56,855)	–
RM3.84	39,555	–	(846)	(38,709)	–
RM4.78	43,036	–	–	(43,036)	–
RM4.88	5,665	–	–	(5,665)	–
RM5.36	13,349	–	–	(13,349)	–
RM4.65	8,278	–	–	(8,278)	–
RM3.38	13,815	–	(5,376)	(8,439)	–
RM2.30	3,547	–	(2,419)	(1,128)	–
RM3.44	8,253	–	(3,691)	(4,562)	–
RM3.65	–	33,071	(8,567)	(24,504)	–
	192,353	33,071	(20,899)	(204,525)	–
WAEP	4.33	3.65	3.39	4.31	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

26. SHARE CAPITAL (CONT'D.)

- (h) Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The fair value of share options measured at the respective date and the assumptions are as follows:

BATCH	ESOS									
	1	2	3	4	5	6	7	8	9	10
Exercise price, after rights issue of warrants (RM)	4.46	3.84	4.78	4.88	5.36	4.65	3.38	2.30	3.44	3.65
Fair value of share options, at the following grant dates and modification dates (RM)										
- Grant date	0.41	0.38	–	–	–	–	–	–	–	–
- 12 February 2016	0.35	0.59	–	–	–	–	–	–	–	–
- Grant date	–	–	0.43	0.40	0.44	0.49	0.45	0.25	0.34	0.34
Weighted average share price (RM)										
- Grant date	5.19	4.50	4.86	4.90	5.38	4.65	3.38	2.20	3.39	3.39
- 12 February 2016	4.43	4.43	–	–	–	–	–	–	–	–
Expected volatility										
- Grant date	19.00%	23.00%	23.00%	20.00%	20.00%	20.00%	20.00%	30.00%	30.00%	30.00%
- 12 February 2016	23.00%	23.00%	–	–	–	–	–	–	–	–
Risk free rate										
- Grant date	3.22%	3.24%	3.03%	2.97%	3.08%	2.94%	3.45%	3.46%	3.16%	3.16%
- 12 February 2016	3.25%	3.25%	–	–	–	–	–	–	–	–
Expected dividend yield [#]	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

The expected volatility is based on historical data and is not necessarily indicative of exercise patterns that may occur.

[#] Expected dividend yield is assumed to be the same for all dates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

27. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Capital reserve				
At 1 August 2020/2019	–	147,149	–	–
Prior year adjustments (Note 47)	–	(147,149)	–	–
At 31 July	–	–	–	–
Foreign exchange reserve				
At 1 August 2020/2019	192,167	97,800	(320)	4,289
Foreign currency translation	30,760	100,198	7,383	(4,609)
Share of associated companies foreign currency translation	375	(6,661)	–	–
Non-controlling interests	(680)	830	–	–
At 31 July	222,622	192,167	7,063	(320)
Warrants reserve				
At 1 August 2020/2019	96,806	96,925	96,806	96,925
Conversion of warrants	(1)	(119)	(1)	(119)
Transfer to retained profits upon expiry of warrants	(96,805)	–	(96,805)	–
At 31 July	–	96,806	–	96,806
Total other reserves	222,622	288,973	7,063	96,486

(i) Foreign exchange reserve

This reserve represents the foreign currency translation differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(ii) Warrants reserve

This comprises the fair values of 5-year Warrants 2016/2021 ("Warrants 2016/2021"). Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 387,220,949 Warrants remained unexercised and have lapsed. Hence, the fair values have been transferred back to retained profit upon expiry.

28. RETAINED PROFITS

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

Capital Reserve

Included in the retained profits is a dilution gain arising from the deemed disposal of the interest in an associated company, amounting to RM153,828,000 (2020: RM151,970,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

29. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of services on attainment of the retirement age of 60.

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Present value of unfunded defined benefit obligations, representing net liability	44,227	55,607	5,215	6,162
Analysed as:				
Current (Note 30(b))	1,488	5,150	69	194
Non-current:				
More than one year and less than two years	1,444	1,908	144	65
More than two years and less than five years	2,786	5,344	87	447
Five years or more	38,509	43,205	4,915	5,456
Amount included in payables (Note 30(a))	42,739	50,457	5,146	5,968
Total	44,227	55,607	5,215	6,162

The amounts recognised in profit or loss are determined as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current service cost	(4,341)	(3,727)	291	285
Interest cost	2,186	2,650	260	271
Total, included in staff costs and directors' remuneration (Notes 5 and 6)	(2,155)	(1,077)	551	556

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

29. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 August 2020/2019	55,607	52,260	6,162	5,394
Recognised in profit or loss	(2,155)	(1,077)	551	556
Effect of re-measurement (gain)/loss in other comprehensive income	(4,423)	6,568	(1,331)	678
Contributions paid	(4,767)	(2,167)	(167)	(466)
Exchange differences	(35)	23	–	–
At 31 July	44,227	55,607	5,215	6,162

The sensitivity analysis on the present value of the retirement benefit obligations below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

Group	Increase/ (decrease)	2021	Increase/ (decrease)	2020
		RM'000		RM'000
Discount rate	+1%	(4,920)	+1%	(5,846)
	-1%	5,886	-1%	6,985
Expected rate of salary increases	+1%	5,727	+1%	7,929
	-1%	(4,893)	-1%	(6,723)

Principal actuarial assumptions used:

	2021 %	2020 %
Discount rate	4.5	3.9
Expected rate of salary increases	6.0 - 10.0	7.0 - 11.0

The average duration of the defined benefit plan obligation at the end of the reporting year is 12 years (2020: 12 years).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

30. PAYABLES

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current	(a)			
Trade	155,867	169,383	67,719	66,985
Non-trade	57,014	66,167	5,198	6,555
		212,881	72,917	73,540
Current	(b)			
Trade	1,287,347	1,252,481	173,385	151,751
Non-trade	458,247	507,969	46,469	56,298
		1,745,594	219,854	208,049
Total payables		1,958,475	292,771	281,589
(a) Non-current				
Trade				
Trade payables	–	411	–	–
Retention sums	155,791	159,147	67,719	57,160
Accruals	76	9,825	–	9,825
		155,867	67,719	66,985
Non-trade				
Retirement benefit obligations (Note 29)	42,739	50,457	5,146	5,968
Lease liabilities (Note 31)	6,695	9,854	52	587
Sundry payables	4,601	1,837	–	–
Accruals	2,979	4,019	–	–
		57,014	5,198	6,555
		212,881	72,917	73,540

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

30. PAYABLES (CONT'D.)

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(b) Current				
Trade				
Trade payables	332,668	373,758	38,559	34,901
Joint venture partners	4,585	45,032	3,349	711
Retention sums	152,491	154,671	13,006	17,748
Advances received on contracts	10,860	7,037	–	–
Accruals	786,743	671,983	118,471	98,391
	1,287,347	1,252,481	173,385	151,751
Non-trade				
Associated companies	77	54	–	–
Retirement benefit obligations (Note 29)	1,488	5,150	69	194
Lease liabilities (Note 31)	4,032	4,425	630	999
Sundry payables	301,340	316,324	14,515	4,702
Accruals and provisions	151,310	182,016	31,255	50,403
	458,247	507,969	46,469	56,298
	1,745,594	1,760,450	219,854	208,049

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2020: 30 to 90 days).

The amounts due to associated companies and joint venture partners are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

30. PAYABLES (CONT'D.)

The following table analyses the financial liabilities of the Group and of the Company in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial liabilities at amortised costs				
Current payables	30(b)			
Trade payables		332,668	373,758	38,559
Associated companies		77	54	–
Joint venture partners		4,585	45,032	3,349
Retention sums		152,491	154,671	13,006
Sundry payables		301,340	316,324	14,515
Accruals		938,053	853,999	149,726
Lease liabilities	31	4,032	4,425	630
Non-current payables	30(a)			
Trade payables		–	411	–
Retention sums		155,791	159,147	67,719
Sundry payables		4,601	1,837	–
Accruals		3,055	13,844	–
Lease liabilities	31	6,695	9,854	52
Islamic debts	33	3,435,000	2,825,000	2,150,000
Conventional debts	34	1,792,794	2,640,131	257,987
Due to subsidiaries	36	–	–	143,486
		7,131,182	7,398,487	2,839,029
				4,098,177

31. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movements during the year is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 August 2020/2019	14,279	15,450	1,586	2,521
Additions	2,375	3,821	706	536
Interest expense (Note 8)	594	735	58	91
Payment made during the year	(6,564)	(5,763)	(1,690)	(1,576)
Exchange differences	43	36	22	14
At 31 July	10,727	14,279	682	1,586

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

31. LEASE LIABILITIES (CONT'D.)

Lease liabilities are analysed as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current (Note 30(b))	4,032	4,425	630	999
Non-current (Note 30(a))	6,695	9,854	52	587
	10,727	14,279	682	1,586

The lease liabilities are analysed as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Not more than 1 year	4,032	4,425	573	1,065
Later than 1 year but not later than 2 years	6,625	5,206	163	541
Later than 2 years but not later than 5 years	664	6,300	–	61
Undiscounted lease liabilities	11,321	15,931	736	1,667
Less: Unexpired finance charges	(594)	(1,652)	(54)	(81)
Discounted lease liabilities	10,727	14,279	682	1,586

The incremental borrowing rate to measure lease liabilities is 4.6% (2020: 4.7%).

The remaining maturities of the lease liabilities are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Not more than 1 year	4,032	4,425	630	999
Later than 1 year but not later than 2 years	6,625	4,705	52	537
Later than 2 years but not later than 5 years	66	5,149	–	50
Later than 5 years	4	–	–	–
	10,727	14,279	682	1,586

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

31. LEASE LIABILITIES (CONT'D.)

The Group and the Company have total cash outflows from leases of RM14,745,000 (2020: RM9,098,000) and RM3,324,000 (2020: RM3,058,000) respectively.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total cash outflow for leases				
Payment of lease liabilities	(6,564)	(5,763)	(1,690)	(1,576)
Payment of short-term leases	(7,921)	(2,985)	(1,628)	(1,481)
Payment of low value assets	(260)	(350)	(6)	(1)
	(14,745)	(9,098)	(3,324)	(3,058)

32. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 August 2020/2019	295,239	334,027	(5,565)	(2,228)
Recognised in profit or loss (Note 9)	(56,669)	(40,543)	(856)	(3,174)
Recognised in other comprehensive income	731	(589)	319	(163)
Exchange differences	(922)	2,344	(418)	–
At 31 July	238,379	295,239	(6,520)	(5,565)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(57,775)	(40,665)	(6,520)	(5,565)
Deferred tax liabilities	296,154	335,904	–	–
	238,379	295,239	(6,520)	(5,565)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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 2020	126,436	163,935	117,172	2,876	410,419
Recognised in profit or loss	37,143	487	(27,869)	(2,876)	6,885
Exchange differences	942	6	–	–	948
At 31 July 2021	164,521	164,428	89,303	–	418,252
At 1 August 2019	84,305	163,134	142,212	7,483	397,134
Recognised in profit or loss	40,359	920	(24,931)	(4,608)	11,740
Exchange differences	1,772	(119)	(109)	1	1,545
At 31 July 2020	126,436	163,935	117,172	2,876	410,419

Deferred tax assets of the Group:

	Unutilised tax losses RM'000	Unutilised capital allowances RM'000	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2020	(19,558)	(8,331)	(4,152)	(83,139)	(115,180)
Recognised in profit or loss	(765)	(1,556)	(325)	(60,908)	(63,554)
Recognised in other comprehensive income	–	–	731	–	731
Exchange differences	–	–	–	(1,870)	(1,870)
At 31 July 2021	(20,323)	(9,887)	(3,746)	(145,917)	(179,873)
At 1 August 2019	(4,002)	(6,973)	(9,844)	(42,288)	(63,107)
Recognised in profit or loss	(15,556)	(1,311)	6,854	(42,270)	(52,283)
Recognised in other comprehensive income	–	–	(589)	–	(589)
Exchange differences	–	(47)	(573)	1,419	799
At 31 July 2020	(19,558)	(8,331)	(4,152)	(83,139)	(115,180)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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 2020	7,975
Recognised in profit or loss	(49)
At 31 July 2021	7,926
At 1 August 2019	8,243
Recognised in profit or loss	(268)
At 31 July 2020	7,975

Deferred tax assets of the Company:

	Unutilised tax losses RM'000	Unutilised capital allowances RM'000	Retirement benefit obligations RM'000	Provisions and accruals RM'000	Total RM'000
At 1 August 2020	(3,291)	(7,059)	(1,641)	(1,549)	(13,540)
Recognised in profit or loss	–	(655)	71	(223)	(807)
Recognised in other comprehensive income	–	–	319	–	319
Exchange differences	–	–	–	(418)	(418)
At 31 July 2021	(3,291)	(7,714)	(1,251)	(2,190)	(14,446)
At 1 August 2019	–	(6,363)	(1,294)	(2,814)	(10,471)
Recognised in profit or loss	(3,291)	(696)	(184)	1,265	(2,906)
Recognised in other comprehensive income	–	–	(163)	–	(163)
At 31 July 2020	(3,291)	(7,059)	(1,641)	(1,549)	(13,540)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses	449,766	301,408	110,635	36,577
Unutilised investment tax allowances	397,524	397,524	–	–
Unabsorbed capital allowances	201,672	186,793	–	–
Other deductible temporary differences	50,989	64,627	–	–
	1,099,951	950,352	110,635	36,577
Year of expiry is analysed as follows:				
<u>Unutilised tax losses</u>				
Indefinite	110,635	36,577	110,635	36,577
Expired by 2025	31,264	47,822	–	–
Expired by 2026	64,910	76,622	–	–
Expired by 2027	155,198	140,387	–	–
Expired by 2028	87,759	–	–	–
	449,766	301,408	110,635	36,577
<u>Indefinite</u>				
Unutilised investment tax allowances	397,524	397,524	–	–
Unabsorbed capital allowances	201,672	186,793	–	–
Other deductible temporary differences	50,989	64,627	–	–
	650,185	648,944	–	–
Total	1,099,951	950,352	110,635	36,577

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 respective companies under the Income Tax Act, 1967, and guidelines issued by the tax authority. Effective from YA 2019, unutilised tax losses are allowed to be carried forward for a maximum period of seven years.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in the Company and certain subsidiaries against which the Group can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

33. ISLAMIC DEBTS

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Medium term notes				
- Unsecured	(a) 2,450,000	1,850,000	1,750,000	1,750,000
- Secured	(b) 195,000	285,000	–	–
	2,645,000	2,135,000	1,750,000	1,750,000
Current				
Medium term notes				
- Unsecured	(a) –	600,000	–	400,000
- Secured	(b) 90,000	90,000	–	–
Commercial papers	700,000	–	400,000	–
	790,000	690,000	400,000	400,000
Total Islamic debts	3,435,000	2,825,000	2,150,000	2,150,000

Medium term notes ("MTNs")

The MTNs are drawdown by:

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gamuda Berhad	(a) 1,750,000	2,150,000	1,750,000	2,150,000
Bandar Serai Development Sdn. Bhd. ("Bandar Serai")	(a) 100,000	300,000	–	–
Kesas Sdn. Bhd.	(b) 285,000	375,000	–	–
Gamuda Land (T12) Sdn. Bhd.	(a) 600,000	–	–	–
	2,735,000	2,825,000	1,750,000	2,150,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

33. ISLAMIC DEBTS (CONT'D.)

Medium term notes ("MTNs") (cont'd.)

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows:

(a) Murabahah MTN - unsecured

(i) Gamuda Berhad

	Amount drawdown RM'000	Issuance date	Maturity date	Issuance tenure (years)	Yield at issuance date %
Non-current					
Issue No.9	500,000	23.11.2017	23.11.2022	5	4.83
Issue No.10	400,000	16.03.2018	16.03.2023	5	4.79
Issue No.11	100,000	27.11.2018	27.11.2023	5	4.79
Issue No.12	200,000	18.11.2019	18.11.2026	7	4.12
Issue No.13	300,000	18.11.2019	16.11.2029	10	4.26
Issue No.15	250,000	29.06.2020	28.06.2030	10	4.10
	1,750,000				

Issue No.1 to No.8 were redeemed upon maturity in previous years and No.14 was redeemed during the financial year.

(ii) Bandar Serai

	Amount drawdown RM'000	Issuance date	Maturity date	Issuance tenure (years)	Yield at issuance date %
Non-current					
Tranche No.3	100,000	28.08.2018	28.08.2023	5	4.69

Tranche No.2 was redeemed upon maturity on 27 October 2020.

The Islamic MTNs were drawdown by Bandar Serai, a subsidiary of the Company for the purpose of financing the acquisition of leasehold land for Gamuda Gardens project in Rawang, Selangor. The facilities are unconditionally guaranteed by the Company.

(iii) Gamuda Land (T12) Sdn. Bhd.

	Amount drawdown RM'000	Issuance date	Maturity date	Issuance tenure (years)	Yield at issuance date %
Non-current					
Series No.1	150,000	12.08.2020	12.08.2025	5	3.55
Series No.2	200,000	12.08.2020	12.08.2027	7	3.75
Series No.3	250,000	12.08.2020	12.08.2030	10	3.90
	600,000				

Series No.1 to 3 were drawdown during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

33. ISLAMIC DEBTS (CONT'D.)

Medium term notes ("MTNs") (cont'd.)

The amount drawdown, maturity date and yield as at issuance dates of the MTNs are as follows: (cont'd.)

(b) Sukuk Musharakah Medium Term Notes ("Sukuk") - secured

	Group	
	2021 RM'000	2020 RM'000
Primary Sukuk	285,000	375,000
Secondary Sukuk	188,184	188,184
	473,184	563,184
Less: Unamortised profit element	(16,190)	(30,486)
	456,994	532,698
Less: Accumulated profit element charged to profit or loss	(171,994)	(157,698)
	285,000	375,000

The remaining maturities of the borrowings are as follows:

	Group	
	2021 RM'000	2020 RM'000
Less than one year	90,000	90,000
More than one year and less than two years	90,000	90,000
More than two years and less than five years	105,000	195,000
	285,000	375,000

On 2 October 2014, Kesas Sdn. Bhd. issued its Islamic MTNs with an aggregate nominal amount of RM735 million. The Sukuk is constituted by a Sukuk Musharakah Trust Deed dated 2 October 2014. The Sukuk were issued in 8 series, with maturities from October 2016 to August 2023. The profit rate ranges from 4.65% to 4.85% (2020: 4.55% 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:

- whole or any part of the undertakings, revenues, rights and all the assets and properties of the subsidiary (both present and future);
- subject to any necessary authorisation under Section 7 of the Federal Roads (Private Management) Act 1984, all the rights to demand, collect and retain toll as more particularly stated in Clause 2.1(c) (Grant of Concession) of the Concession Agreement;
- all the subsidiary's rights, title and benefits in respect of other contracts entered or to be entered by the subsidiary in relation to the operation and maintenance of the Expressway and proceeds received thereunder; and
- all the subsidiary's rights, interests, title and benefits in respect of the Designated Accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

33. ISLAMIC DEBTS (CONT'D.)

Medium term notes ("MTNs") (cont'd.)

(b) Sukuk Musharakah Medium Term Notes ("Sukuk") - secured (cont'd.)

In accordance with Clause 13.2(t) of the Sukuk Musharakah Trust Deed, no declaration or distribution of dividend ("Distribution") is allowed unless all of the following conditions have been complied with:

- (i) no Dissolution Event has occurred or would occur following such payment or distribution of the Distributions;
- (ii) the Projected Financial Service Cover Ratios ("FSCR") as calculated on each Distribution Date shall not fall below two point two five (2.25) times after such payment of the Distributions and for the purposes of testing the compliance of the projected FSCR, the subsidiary shall submit a Compliance Certificate duly signed by a director of the subsidiary in relation to the compliance of the Projected FSCR to the Facility Agent and the Sukuk Trustee;
- (iii) the balance standing to the credit of the FSCR Account after such payment of the Distributions will not be less than the minimum required balance; and
- (iv) such Distribution, in the reasonable opinion of the Sukuk Trustee would not have a material adverse effect.

The weighted average effective interest rates for long term and short term borrowings (per annum) as at reporting date are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
MTNs	4.39	4.54	4.54	4.48
Commercial papers	2.12	–	2.09	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

34. CONVENTIONAL DEBTS

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Term loans				
- secured (a)	190,620	339,380	–	–
- unsecured (b)	916,830	434,571	100,000	–
	1,107,450	773,951	100,000	–
Revolving credits				
- secured (c)	23,180	43,220	–	–
	1,130,630	817,171	100,000	–
Current				
Secured				
Term loans (a)	125,374	162,353	–	–
Revolving credits (c)	18,511	17,527	–	–
	143,885	179,880	–	–
Unsecured				
Term loans (b)	215,292	–	–	–
Revolving credits (c)	302,987	1,043,080	157,987	714,080
Commercial papers	–	600,000	–	600,000
	518,279	1,643,080	157,987	1,314,080
Total current borrowing	662,164	1,822,960	157,987	1,314,080
Total borrowings	1,792,794	2,640,131	257,987	1,314,080

(a) Term loans - secured

The term loans are drawdown by:

Note	Group	
	2021 RM'000	2020 RM'000
Gamuda Land (HCMC) Joint Stock Company ("HCMCJSC") (i)	–	87,353
Gamuda Land (Kemuning) Sdn. Bhd. ("GL Kemuning") (ii)	315,994	414,380
	315,994	501,733

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

34. CONVENTIONAL DEBTS (CONT'D.)

(a) Term loans - secured (cont'd.)

- (i) On 30 March 2016, HCMCJSC, a subsidiary of the Company had drawdown the term loan for the purpose of financing the working capital of the Celadon City project. The term loan is secured by leasehold land under development and bore interest rate ranging from 2.76% to 3.06% (2020: 3.04% to 6.90%) per annum. HCMCJSC has fully repaid the term loan on 31 December 2020.
- (ii) On 30 June 2016, GL Kemuning, a subsidiary of the Company had drawdown the term loan for the purpose of part financing the acquisition of a leasehold land. On 17 November 2017, the Company had drawdown term loans for the purpose of part financing of the twenty-five.7 project. GL Kemuning had drawdown additional term loan of RM181,530,000 during the financial year. The term loans bore interest rate at a range of 4.42% to 4.80% (2020: 3.54% to 4.41%).

The term loan is secured by leasehold land under development as disclosed in Note 13 to the financial statements.

Term loans are repayable as follows:

	Group	
	2021 RM'000	2020 RM'000
Less than one year	125,374	162,353
Later than one year but not later than two years	–	125,528
More than two years and less than five years	190,620	213,852
	315,994	501,733

(b) Term loans - unsecured

The term loans are drawdown by:

	Note	2021 RM'000	2020 RM'000
Gamuda Berhad	(i)	100,000	–
Megah Capital Sdn. Bhd. ("Megah Capital")	(ii)	985,703	434,571
Gamuda Yoo Development Aldgate S.a.r.l.	(iii)	46,419	–
		1,132,122	434,571

- (i) On 10 March 2021, Gamuda Berhad had drawdown the term loan of RM100,000,000 for the purpose of refinancing existing loan. The term loan bore an interest of 3.19% to 3.34% per annum. The term loan matures in tranches within 3 to 5 years from the date of first drawdown.
- (ii) On 30 October 2016 and 21 March 2017, as disclosed in Note 35 to the financial statements, Megah Capital had swapped its term loans of USD50,000,000 and USD50,000,000 respectively, at floating USD interest rate through cross currency interest rate swap into RM207,000,000 and RM221,500,000 at fixed rate of 4.33% and 4.48% per annum, respectively. Megah Capital had repaid the term loan of USD50,000,000 (equivalent to RM214,250,000) during the year.

On 31 December 2020 and 26 March 2021, as disclosed in Note 35 to the financial statements, Megah Capital had further swapped its term loan of USD40,000,000 and USD60,000,000 respectively, at floating USD interest rate of LIBOR plus 1.30% per annum through cross currency interest rate swap into RM161,520,000 and RM247,680,000 at fixed rate of 3.66% and 4.03% per annum, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

34. CONVENTIONAL DEBTS (CONT'D.)

(b) Term loans - unsecured (cont'd.)

- (ii) (Cont'd.)

The term loans mature five years from the date of first drawdown and is subject to offsetting arrangements as disclosed in Note 43 to the financial statements.

On 30 December 2020, Megah Capital had drawdown the term loan of RM350,000,000 for the purpose of partial refinancing of existing loan. The term loan bore an interest rate of 3.06% per annum. The term loan matures 7 years from the date of first drawdown.

- (iii) On 5 February 2021, Gamuda Yoo Development S.a.r.l, a subsidiary of the Company had drawdown the term loan of GBP7,860,000 (approximately RM46,419,000) for the purpose of partial financing the acquisition of land and property in UK. The term loan bore an interest of Sterling Overnight Index Average ("SONIA") + 2.35% per annum. The term loan matures 3 years from the date of the first drawdown.

Term loans are repayable as follows:

	Group	
	2021 RM'000	2020 RM'000
Less than one year	215,292	–
Later than one year but not later than two years	14,000	434,571
More than two years and less than five years	694,080	–
More than five years	208,750	–
	1,132,122	434,571

(c) Revolving credits

The revolving credits are drawdown by:

	Note	Group	
		2021 RM'000	2020 RM'000
Secured			
Jade Homes Sdn. Bhd. ("Jade Homes")	(i)	41,691	60,747

Revolving credits are repayable as follows:

	Group	
	2021 RM'000	2020 RM'000
Less than one year	18,511	17,527
Later than one year but not later than two years	23,180	20,040
More than two years and less than five years	–	23,180
	41,691	60,747

- (i) On 1 August 2016, Jade Homes, a subsidiary of the Company, had drawdown the revolving credit from Public Bank Berhad for the development cost of ongoing projects. The revolving credit is secured with a parcel of vacant development land and bore interest rate of 3.31% (2020: 4.12%) per annum.

The revolving credit is secured by freehold land as disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

34. CONVENTIONAL DEBTS (CONT'D.)

(c) Revolving credits (cont'd.)

The revolving credit are drawdown by: (cont'd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unsecured				
Gamuda Berhad	157,987	714,080	157,987	714,080
Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd.	145,000	129,000	–	–
Megah Capital Sdn. Bhd.	–	200,000	–	–
	302,987	1,043,080	157,987	714,080

The weighted average effective interest rates for long term and short term borrowings (per annum) as at reporting date are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Commercial papers	–	2.87	–	2.87
Revolving credits				
Secured				
- Ringgit Malaysia	3.31	4.12	–	–
Unsecured				
- Ringgit Malaysia	2.60	2.76	–	3.94
- US Dollar	1.63	3.47	1.63	3.47
- Taiwan Dollar	1.34	1.33	–	–
Term loans				
- US Dollar	–	2.01	–	–
- Vietnam Dong	–	5.34	–	–
- Ringgit Malaysia	3.55	3.54	–	–
- Great British Pound	2.40	–	–	–

35. DERIVATIVE LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
Cross currency interest rate swaps	(12,253)	(6,071)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

35. DERIVATIVE LIABILITIES (CONT'D.)

At the reporting date, the Group loans denominated in United States Dollar ("USD") amounting to USD150,000,000 ("USD loan") and at the same time entered into a cross currency interest rate swap ("CCIRS"). The CCIRS is to hedge against interest rate and foreign exchange movements for the USD loan. This facility has been accounted for as embedded derivative and measured at fair value through profit or loss.

Contract amount	CCIRS	Maturity
(a) USD50,000,000 (RM207,000,000)	(i) Pays fixed RM interest rate of 4.33% per annum on the RM contract amount in exchange for receiving floating USD interest rate on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.14 to USD1.000; according to the scheduled principal and interest repayment.	29 October 2021
Balance as at 31 July 2021 USD25,000,000 (RM103,500,000)		
Effectively, the Group had swapped the USD50,000,000 loan to RM207,000,000 loan at RM fixed interest rate of 4.33% per annum and has made repayment of USD25,000,000 on 30 September 2020.		
(b) USD50,000,000 (RM221,500,000)	(i) Pays RM fixed interest rate of 4.48% per annum on the RM contract amount in exchange for receiving floating USD interest rate on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.43 to USD1.000; according to the scheduled principal and interest repayment.	29 October 2021
Balance as at 31 July 2021 USD25,000,000 (RM110,750,000)		
Effectively, the Group had swapped the USD50,000,000 loan to RM221,500,000 loan at RM fixed interest rate of 4.48% per annum and has made repayment of USD25,000,000 on 30 September 2020.		
(c) USD40,000,000 (RM161,520,000)	(i) Pays fixed RM interest rate of 3.66% per annum on the RM contract amount in exchange for receiving floating USD interest rate of 1-month LIBOR plus 1.70% per annum on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.038 to USD1.000; according to the scheduled principal and interest repayment.	31 December 2025
Effectively, the Group had swapped the USD40,000,000 loan at floating USD interest rate of LIBOR plus 1.70% per annum based on RM161,520,000 loan fixed at RM interest rate of 3.66% per annum.		
(d) USD60,000,000 (RM247,680,000)	(i) Pays fixed RM interest rate of 4.03% per annum on the RM contract amount in exchange for receiving floating USD interest rate of 1-month LIBOR plus 1.70% per annum on the USD contract amount; and (ii) Receives USD in exchange for paying RM at a predetermined rate of RM4.128 to USD1.000; according to the scheduled principal and interest repayment.	31 December 2025
Effectively, the Group had swapped the USD60,000,000 loan at floating USD interest rate of LIBOR plus 1.70% per annum based on RM247,680,000 loan fixed at RM interest rate of 4.03% per annum.		

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a loss of RM6,182,000 (2020: gain of RM1,459,000) 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 of assumptions applied in determining the fair values of derivatives are disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

36. DUE TO SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Non-current		
Due to subsidiaries		
- trade	12,256	7,766
Current		
Due to subsidiaries		
- trade	17,353	210,498
- non-trade	113,877	140,406
	131,230	350,904
Total amounts due to subsidiaries	143,486	358,670

The trade amounts due to subsidiaries have a normal credit term which ranges from 30 to 90 days (2020: 30 to 90 days).

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

37. PROVISION FOR LIABILITIES

Provision for liabilities of the Group is analysed as follows:

	Group	
	2021 RM'000	2020 RM'000
Current	158,183	171,660
Non-Current	116,542	111,309
	274,725	282,969

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

37. PROVISION FOR LIABILITIES (CONT'D.)

Group	Provision for development costs Note (a) RM'000	Provision for affordable housing Note (b) RM'000	Provision for club membership Note (c) RM'000	Provision for heavy repairs Note (d) RM'000	Provision for foreseeable losses Note (e) RM'000	Provision for rehabilitation and restoration Note (f) RM'000	Total RM'000
At 1 August 2020	41,513	40,655	760	23,389	8,218	168,434	282,969
Provision during the year	10,532	26,084	820	5,802	-	24,847	68,085
Utilisation during the year	(14,806)	-	(80)	(4,118)	(1,309)	(43,676)	(63,989)
Unused amount reversed	(5,573)	(6,497)	(270)	-	-	-	(12,340)
At 31 July 2021	31,666	60,242	1,230	25,073	6,909	149,605	274,725
At 1 August 2019	62,132	22,048	1,340	19,031	-	-	104,551
Provision during the year	27,212	34,466	160	4,358	8,218	191,884	266,298
Utilisation during the year	(42,705)	(15,859)	(740)	-	-	(23,450)	(82,754)
Unused amount reversed	(5,126)	-	-	-	-	-	(5,126)
At 31 July 2020	41,513	40,655	760	23,389	8,218	168,434	282,969

Recognised in profit or loss during the financial year: (Note 7)

	Group	
	2021 RM'000	2020 RM'000
Net provision for club membership	820	160
Provision for heavy repairs	5,802	4,358
	6,622	4,518

(a) Provision for development costs

Provision for development costs is in respect of development projects undertaken by its subsidiaries as they had a present obligation as a result of a past event and it was probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(b) Provision for affordable housing

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

(c) Provision for club membership

Certain subsidiaries of the Group are obliged to offer club membership via incentive schemes offered.

(d) Provision for heavy repairs

Provision for heavy repairs relates to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

37. PROVISION FOR LIABILITIES (CONT'D.)

(e) Provision for foreseeable losses

Provision for foreseeable losses represents the present obligation for losses expected to be incurred for construction contracts.

(f) Provision for rehabilitation and restoration

Provision for rehabilitation and restoration relates to the estimated cost of contractual obligations to maintain and restore the water treatment infrastructure to a specified standard of serviceability.

38. COMMITMENTS

(a) Capital commitments

	Group	
	2021 RM'000	2020 RM'000
Approved and contracted for: Property, plant and equipment	5,340	9,498

(b) Operating commitments - as lessor

The Group has entered into operating leases on its premises. These leases have terms of between one to five years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 July are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	15,883	13,298	5,854	867
After one year but not more than five years	12,932	7,013	–	–
	28,815	20,311	5,854	867

39. GUARANTEES

- (a) The Company and its joint venture partner, MMC Corporation Berhad ("MMC"), issued parent company guarantees to guarantee the due performance and obligations of MMC - Gamuda KVMRT (T) Sdn. Bhd. ("Tunnel SB") 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 SB is equally owned by MMC and the Company.
- (b) The Company and its joint venture partner, MMC, have also issued parent company guarantees to guarantee the due performance and obligations of MMC - Gamuda KVMRT (PDP SSP) Sdn. Bhd. ("PDP SSP") as the PDP of KVMRT Line 2 and subsequently, as the Turnkey Contractor of KVMRT Line 2 following the conversion from PDP model to Turnkey model. PDP SSP is equally owned by MMC and the Company.
- (c) The Company and its joint venture partner, Naim Engineering Sdn. Bhd. ("NAIM") have issued parent company guarantees to guarantee the due performance and obligations of Naim Gamuda (NAGA) JV Sdn Bhd ("NAGA") in the works package contract for the development and upgrading of Pan Borneo Highway, Sarawak - WPC-04 (Pantu Junction to Btg Skrang). The Company owns a 30% stake in NAGA and balance 70% stake is owned by NAIM.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

39. GUARANTEES (CONT'D.)

The guarantees issued by the Company for the contracts in (a), (b) and (c) have not crystallised because the performance and obligations of Tunnel SB, PDP SSP and NAGA have been fulfilled in compliance with the progress and requirements based on 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.

The possibility of the cash outflow is remote at this juncture because the performance guarantees are unlikely to be called.

40. MATERIAL LITIGATION

The Group and the Company are not engaged in any material litigation.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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	268	1,358	–	–
Rental received from subsidiaries	–	–	(5,356)	(5,352)
Interest receivable from subsidiaries	–	–	(149,499)	(161,783)
Dividend received from:				
- subsidiaries	–	–	(573,188)	(89,046)
- associates	(272,465)	(121,383)	(264,051)	(100,053)
- joint ventures	(186,206)	(267,000)	(80,000)	(267,000)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total	9,696	13,420	9,065	12,676

The details of Board of Directors' remuneration are disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

42. SUBSEQUENT EVENT

Award of construction contract for Underground Transmission Line project in Taiwan

On 23 August 2021, the Company and Dong-Pi Construction Co. Ltd., a Taiwan company have been awarded the contract to construct a 161kV underground transmission line civil engineering and auxiliary electrical and mechanical system with a contract price of NTD3,087 million for Taiwan Power Company Ltd., a state-owned electric power industry enterprise in Taiwan. The project will be undertaken via an unincorporated joint venture, Feng Shun Gamuda Joint Venture, in which the Company and Dong-Pi will hold 50% and 50% respectively.

43. FAIR VALUE

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

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 July 2021					
Financial assets:					
Current receivables	21	1,467,547	1,467,547	644,748	644,748
Non-current receivables and other financial assets	21	355,520	355,520	26,517	26,517
Due from subsidiaries	24	–	–	4,208,529	4,208,529
Cash and bank balances	25	2,656,658	2,656,658	135,105	135,105
Financial liabilities:					
Current payables	30	1,733,246	1,733,246	219,785	219,785
Non-current payables	30	170,142	170,142	67,771	67,771
Due to subsidiaries	36	–	–	143,486	143,486
Islamic debts:					
- Medium term notes	33	2,735,000	2,735,000	1,750,000	1,750,000
- Commercial papers	33	700,000	700,000	400,000	400,000
Borrowings:					
- Term loans	34	1,448,116	1,448,116	100,000	100,000
- Revolving credits	34	344,678	344,678	157,987	157,987
At 31 July 2020					
Financial assets:					
Current receivables	21	2,046,629	2,046,629	987,924	987,924
Non-current receivables	21	881,888	881,888	11,691	11,691
Due from subsidiaries	24	–	–	4,031,101	4,031,101
Cash and bank balances	25	2,147,202	2,147,202	195,532	195,532

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

43. FAIR VALUE (CONT'D.)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd.)

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 July 2020 (cont'd.)					
Financial liabilities:					
Current payables	30	1,748,263	1,748,263	207,855	207,855
Non-current payables	30	185,093	185,093	67,572	67,572
Due to subsidiaries	36	–	–	358,670	358,670
Islamic debts:					
- Medium term notes	33	2,825,000	2,825,000	2,150,000	2,150,000
Borrowings:					
- Term loans	34	936,304	936,304	–	–
- Revolving credits	34	1,103,827	1,103,827	714,080	714,080
- Commercial papers	34	600,000	600,000	600,000	600,000

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

(i) Non-current receivables, payables and borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate/profit rate for similar types of lending or borrowing arrangements or Islamic debts at the reporting date.

(ii) Cash and bank balances, current receivables and current payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(iii) Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

43. FAIR VALUE (CONT'D.)

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

The three level of fair value measurement hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date

Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Input for the asset or liability that are not based on observable market data (unobservable input)

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities:

Group	Note	Fair value measurement using			
		Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2021					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	816,418	–	–	816,418
Quoted interests in an associated company	18	842,010	842,010	–	–
Assets measured at fair value					
Other investments	20	812	–	812	–
Investment securities	23	881,337	881,337	–	–
Liability measured at fair value					
Derivative liabilities	35	(12,253)	–	(12,253)	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

43. FAIR VALUE (CONT'D.)

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

Group	Note	Fair value measurement using			
		Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2020					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	644,989	–	–	644,989
Quoted interests in an associated company	18	920,229	920,229	–	–
Assets measured at fair value					
Other investments	20	812	–	812	–
Investment securities	23	644,467	644,467	–	–
Liability measured at fair value					
Derivative liabilities	35	(6,071)	–	(6,071)	–

Company	Note	Fair value measurement using			
		Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2021					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	64,134	–	–	64,134
Quoted interests in an associated company	18	842,010	842,010	–	–
Assets measured at fair value					
Other investments	20	733	–	733	–
Investment securities	23	743,716	743,716	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

43. FAIR VALUE (CONT'D.)

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

Company	Note	Fair value measurement using			
		Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 July 2020					
Assets not carried at fair values but for which fair values are disclosed					
Investment properties	14	59,800	–	–	59,800
Quoted interests in an associated company	18	920,229	920,229	–	–
Assets measured at fair value					
Other investments	20	733	–	733	–
Investment securities	23	581,850	581,850	–	–

Derivative and other investments

The fair values of derivatives and other investments are based on price quotes for similar instruments or valuation techniques based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available.

Investment properties

Description of valuation techniques used and key inputs for fair value measurement using Level 3:

	Valuation techniques	Description
Land	Comparison method	The comparison method seeks to determine the value of the property being valued by comparing and adopting as a yardstick transactions and sales evidences involving other similar properties in the vicinity. Due considerations, are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.
Land and building	Comparison method	The comparison method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.
Building	Income approach	The income approach uses valuation techniques to convert estimated future amounts of cash flows or income to a single present value (discounted) amount. To this estimated future amounts of cash flows or income, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

43. FAIR VALUE (CONT'D.)

Financial instruments subject to offsetting arrangements

The Group entered into a Cross Currency Interest Rate Swap ("CCIRS") to hedge against foreign currency and interest rate movements for term loans which have an arrangement to settle simultaneously on due dates at a net basis.

The Group's borrowings and derivatives that are off-set are as follows:

	Gross carrying amount RM'000	Gross amounts offset RM'000	Net amounts RM'000
As at 31 July 2021			
Derivatives (Note 35)	(12,253)	12,253	–
Borrowings (Note 34(b))	(973,450)	(12,253)	(985,703)
As at 31 July 2020			
Derivatives (Note 35)	(6,071)	6,071	–
Borrowings (Note 34(b))	(428,500)	(6,071)	(434,571)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market risk and foreign currency risk.

The Group operates within clearly defined guidelines that are approved by the Board.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions, other financial instruments and guarantees and performance guarantees given on behalf of the subsidiaries and joint ventures.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21 to the financial statements. The Group does not hold collateral as security. The Group evaluates the credit risk with respect to trade receivables and contract assets as low as there is no concentration of trade receivables except as disclosed in Note 21 to the financial statements. The directors do not foresee any issue in recovering the receivable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(a) Credit risk (cont'd.)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group invests only on quoted debt securities with very low credit risk.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 July 2021 and 2020 is the carrying amount as illustrated in Note 43 to the financial statements except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Financial guarantees

For financial guarantees and similar contracts granted, it is the maximum amount that the Group and the Company would have to pay if the guarantees were called upon. The maximum exposure has been disclosed in Note 44(b) to the financial statements.

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:

	2021		2020	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	957,205	74%	1,833,914	80%
Vietnam	328,034	25%	431,482	19%
India	18,983	1%	18,907	1%
Others	–	0%	3,266	0%
	1,304,222	100%	2,287,569	100%
By industry sectors:				
Engineering and construction	563,935	43%	725,894	32%
Property development and club operations	551,931	43%	671,226	29%
Water and expressway concessions	188,356	14%	890,449	39%
	1,304,222	100%	2,287,569	100%

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

	Group	
	2021 RM'000	2020 RM'000
Trade receivables - third parties	678,057	1,753,550
Other financial assets at amortised cost	100,504	–
Due from associated companies - trade	19,397	19,805
Due from joint venture partners - trade	16,270	26,240
Due from joint ventures - trade	489,994	487,974
	1,304,222	2,287,569

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

44. 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 28% (2020: 46%) of the Group's debts and borrowings (Notes 33 and 34) will mature in less than one year based on the carrying amount reflected in the financial statements. Approximately 23% (2020: 49%) of the Company's debts and borrowings (Notes 33 and 34) will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

Group	2021			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	1,733,246	170,142	–	1,903,388
Islamic debts				
- Principal	790,000	1,645,000	1,000,000	3,435,000
- Profit	128,451	247,661	129,965	506,077
Conventional debts				
- Principal	662,164	921,880	208,750	1,792,794
- Interest	45,935	87,039	3,318	136,292
Total undiscounted financial liabilities	3,359,796	3,071,722	1,342,033	7,773,551

Group	2020			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	1,748,263	185,093	–	1,933,356
Islamic debts				
- Principal	690,000	1,385,000	750,000	2,825,000
- Profit	115,172	229,615	115,918	460,705
Borrowings				
- Principal	1,822,960	817,171	–	2,640,131
- Interest	43,530	28,077	–	71,607
Total undiscounted financial liabilities	4,419,925	2,644,956	865,918	7,930,799

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(b) Liquidity risk (cont'd.)

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

Company	2021			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	219,785	67,771	–	287,556
Due to subsidiaries	131,230	12,256	–	143,486
Islamic debts				
- Principal	400,000	1,200,000	550,000	2,150,000
- Profit	79,898	146,797	82,746	309,441
Conventional debts				
- Principal	157,987	100,000	–	257,987
- Interest	3,704	7,811	–	11,515
Total undiscounted financial liabilities	992,604	1,534,635	632,746	3,159,985

Company	2020			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	207,855	67,572	–	275,427
Due to subsidiaries	350,904	7,766	–	358,670
Islamic debts				
- Principal	400,000	1,000,000	750,000	2,150,000
- Profit	92,390	199,537	115,918	407,845
Conventional debts				
- Principal	1,314,080	–	–	1,314,080
- Interest	6,418	–	–	6,418
Total undiscounted financial liabilities	2,371,647	1,274,875	865,918	4,512,440

The Company has provided an amount of RM2.80 billion (2020: RM2.11 billion) relating to corporate guarantees in favour of its subsidiaries and joint venture companies. The policy of the Company is to provide corporate guarantees in favour of its subsidiaries and joint venture companies only and not to third parties, in relation to the bank borrowings. As at the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as there is no default event by the subsidiaries and joint venture companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(b) Liquidity risk (cont'd.)

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

Maturity analysis of financial guarantees is disclosed as follows:

	2021 RM'000	2020 RM'000
Within one year	596,858	717,279
One to five years	1,204,810	1,209,238
More than five years	994,451	186,501
	2,796,119	2,113,018

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 72% (2020: 71%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM2,768,000 (2020: RM3,062,000) 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 RM44,067,000 (2020: RM32,223,000) and RM37,186,000 (2020: RM29,093,000) higher/lower.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(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 to the financial statements.

To manage its risks, particularly interest rate risk and foreign currency risk, the Group has entered into cross-currency interest rate swap arrangements with financial institutions.

Included in the following statements of financial position captions of the Group and of the Company as at the reporting date are balances denominated in the following major foreign currencies:

Group	Vietnam Dong RM'000	Australian Dollar RM'000	Singapore Dollar RM'000	United States Dollar RM'000	Taiwan Dollar RM'000	Indian Rupee RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Pound Sterling RM'000	Total RM'000
At 31 July 2021										
Cash and bank balances	1,358,647	66,704	27,022	14,755	41,512	44,905	676	44	2,444	1,556,709
Receivables	679,053	23,054	3,815	95	146,178	21,366	745	5	963	875,274
Payables	(806,836)	(21,739)	(12,887)	(52)	(3,855)	(100)	(302)	(1,881)	(4,311)	(851,963)
Borrowings	–	–	–	(78,585)	(79,403)	–	–	–	(46,419)	(204,407)

At 31 July 2020

Cash and bank balances	1,014,724	53,728	10,997	58,694	10,056	42,878	1,451	291	19,580	1,212,399
Receivables	876,330	24,577	261	63	155,626	21,533	13,597	6	7,135	1,099,128
Payables	(874,010)	(15,903)	(8,292)	(45)	(30,014)	(1,423)	(14,235)	(1,899)	(436)	(946,257)
Borrowings	(87,353)	–	–	(203,400)	(66,770)	–	–	–	–	(357,523)

Company	Australian Dollar RM'000	Singapore Dollar RM'000	Taiwan Dollar RM'000	United States Dollar RM'000	Qatari Riyal RM'000	Bahraini Dinar RM'000	Total RM'000
At 31 July 2021							
Cash and bank balances	36,495	21,924	33,763	14,613	676	44	107,515
Receivables	22,289	3,815	9,085	–	745	5	35,939
Payables	(18,417)	(12,868)	(1,990)	–	(302)	(1,881)	(35,458)
Borrowings	–	–	(79,403)	(78,584)	–	–	(157,987)

At 31 July 2020

Cash and bank balances	28,754	9,463	4,908	58,592	1,451	291	103,459
Receivables	23,424	261	6,421	–	13,597	6	43,709
Payables	(15,002)	(8,242)	(640)	–	(14,235)	(1,899)	(40,018)
Borrowings	–	–	(66,770)	(203,400)	–	–	(270,170)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Vietnam, Australia, Singapore, Taiwan, India, Qatar, Bahrain and the United Kingdom. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the business is located.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

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

(e) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the VND, AUD, SGD, USD, TWD, INR, QR, BHD and GBP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Total profit for the year			
		Group Increase/(decrease)		Company Increase/(decrease)	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
VND/RM	strengthened 5% (2021: 5%)	61,543	46,485	–	–
	weakened 5% (2021: 5%)	(61,543)	(46,485)	–	–
AUD/RM	strengthened 5% (2021: 5%)	3,401	3,120	2,018	1,859
	weakened 5% (2021: 5%)	(3,401)	(3,120)	(2,018)	(1,859)
SGD/RM	strengthened 5% (2021: 5%)	898	148	644	74
	weakened 5% (2021: 5%)	(898)	(148)	(644)	(74)
USD/RM	strengthened 5% (2021: 5%)	740	2,936	731	2,930
	weakened 5% (2021: 5%)	(740)	(2,936)	(731)	(2,930)
TWD/RM	strengthened 5% (2021: 5%)	5,222	3,445	(1,927)	(2,804)
	weakened 5% (2021: 5%)	(5,222)	(3,445)	1,927	2,804
INR/RM	strengthened 5% (2021: 5%)	3,309	3,149	–	–
	weakened 5% (2021: 5%)	(3,309)	(3,149)	–	–
QR/RM	strengthened 5% (2021: 5%)	56	41	56	41
	weakened 5% (2021: 5%)	(56)	(41)	(56)	(41)
BHD/RM	strengthened 5% (2021: 5%)	(92)	(80)	(92)	(80)
	weakened 5% (2021: 5%)	92	80	92	80
GBP/RM	strengthened 5% (2021: 5%)	(2,366)	1,314	–	–
	weakened 5% (2021: 5%)	2,366	(1,314)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

45. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The capital management approaches remain unchanged for the current and previous years.

The Group monitors and maintains a prudent level of net gearing ratio, which is net debt divided by total capital, to optimise shareholders value and to ensure compliance under debt covenants.

The Group includes within net debt, subordinate debts and borrowings less cash and bank balances and investment securities. Capital includes equity attributable to the owners of the parent and non-controlling interests.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Islamic debts	3,435,000	2,825,000	2,150,000	2,150,000
Conventional debts	1,792,794	2,640,131	257,987	1,314,080
Less: Cash and bank balances	(2,656,658)	(2,147,202)	(135,105)	(195,532)
Investment securities	(881,337)	(644,467)	(743,716)	(581,850)
Net debt	1,689,799	2,673,462	1,529,166	2,686,698
Equity attributable to the owners of the Company	9,163,557	8,541,092	7,141,239	6,161,543
Non-controlling interests	352,145	426,502	–	–
Total capital	9,515,702	8,967,594	7,141,239	6,161,543
Net gearing ratio	18%	30%	21%	44%

46. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

46. SEGMENT INFORMATION (CONT'D.)

2021	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
Revenue						
Revenue as reported	1,968,787	1,122,793	425,638	–		3,517,218
Share of revenue of joint ventures	1,317,741	172,126	8,872	–		1,498,739
	3,286,528	1,294,919	434,510	–		5,015,957
Inter-segment sales	286,958	–	–	(286,958)	A	–
Total revenue	3,573,486	1,294,919	434,510	(286,958)		5,015,957
Result						
Profit from operations	137,398	270,985	177,672	–		586,055
Finance costs	(14,911)	(62,560)	(36,991)	–		(114,462)
Share of profits of associated companies	1,086	–	96,785	–		97,871
Share of profits of joint ventures	217,115	7,793	(8,122)	–		216,786
Profit before tax	340,688	216,218	229,344	–		786,250
Income tax expense						(154,061)
Profit for the year						632,189
Non-controlling interest						(43,873)
Profit attributable to Owners of the Company						588,316
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	3,622,113	11,110,694	1,869,328	–		16,602,135
Interest in associated companies	8,720	–	771,706	–		780,426
Interest in joint arrangements	306,840	701,803	32,266	–		1,040,909
						18,423,470
Segment liabilities						
Other liabilities	(1,471,057)	(1,858,741)	(350,176)	–		(3,679,974)
Borrowings	(844,290)	(4,020,278)	(363,226)	–		(5,227,794)
						(8,907,768)
Other information						
Interest income	(32,310)	(74,034)	(12,641)	–		(118,985)
Depreciation and amortisation	38,504	44,739	141,524	–		224,767
Non-cash items other than depreciation and amortisation	7,674	4,218	6,528	–	B	18,420
Additions to non-current assets	21,856	503,736	13,742	–	C	539,334

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

46. SEGMENT INFORMATION (CONT'D.)

2020 (Restated)	Engineering and construction RM'000	Property development and club operations RM'000	Water and expressway concessions RM'000	Eliminations RM'000	Note	Consolidated RM'000
Revenue						
Revenue as reported	1,835,784	1,346,788	480,392	–		3,662,964
Share of revenue of joint ventures	2,953,308	173,742	14,909	–		3,141,959
Inter-segment sales	4,789,092	1,520,530	495,301	–		6,804,923
	354,370	–	–	(354,370)	A	–
Total revenue	5,143,462	1,520,530	495,301	(354,370)		6,804,923
Result						
Profit from operations	59,443	253,451	256,403	–		569,297
Impairment of IBS assets	(148,100)	–	–	–		(148,100)
Finance costs	(5,778)	(91,271)	(42,291)	–		(139,340)
Share of profits of associated companies	137	–	116,108	–		116,245
Share of profits of joint ventures	185,496	10,620	(3,935)	–		192,181
Profit before tax	91,198	172,800	326,285	–		590,283
Income tax expense						(161,272)
Profit for the year						429,011
Non-controlling interest						(52,510)
Profit attributable to Owners of the Company						376,501
Core profit before tax	239,298	172,800	326,285	–		738,383
Less: impairment of IBS assets	(148,100)	–	–	–		(148,100)
Profit before tax as reported	91,198	172,800	326,285	–		590,283
Assets and liabilities						
Segment assets excluding interests in associated companies and joint arrangements	3,646,742	10,289,712	2,580,956	–		16,517,410
Interest in associated companies	8,533	–	944,254	–		952,787
Interest in joint arrangements	169,725	847,235	40,388	–		1,057,348
						18,527,545
Segment liabilities						
Other liabilities	(2,226,669)	(1,468,729)	(399,422)	–		(4,094,820)
Borrowings	(828,290)	(4,183,614)	(453,227)	–		(5,465,131)
						(9,559,951)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

46. SEGMENT INFORMATION (CONT'D.)

2020 (Restated)	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
Other information						
Interest income	(37,962)	(67,996)	(40,465)	–		(146,423)
Depreciation and amortisation	49,900	34,985	138,242	–		223,127
Non-cash items other than depreciation and amortisation	147,412	2,817	4,938	–	B	155,167
Additions to non-current assets	55,750	539,645	186,675	–	C	782,070

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

- A Inter-segment revenues are eliminated on consolidation.
- B Other material non cash expenses/(income) consist of the following item as presented in the respective notes to the financial statements:

	2021 RM'000	2020 RM'000
Property, plant and equipment written off	2,426	2,753
Unrealised loss on foreign exchange	1,175	–
Net fair value loss/(gain) on derivatives	6,182	(1,459)
Provisions	8,637	153,873
	18,420	155,167

- C Additions to non-current assets consist of:

	Note	2021 RM'000	2020 RM'000
Property, plant and equipment	12	90,146	155,533
Investment properties	14	134,967	9,882
Right-of-use assets	15	5,728	3,821
Land held for property development	13(a)	295,436	406,823
Expressway and water development expenditure	16	13,057	186,160
		539,334	762,219

Additions to non-current assets excludes interests in associated companies and interests in joint arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

46. SEGMENT INFORMATION (CONT'D.)

Geographical information

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	2,811,906	2,585,556	5,694,472	5,621,384
Outside Malaysia				
- Vietnam	294,931	877,608	506,946	435,221
- Australia	31,861	41,593	2,134	1,717
- Singapore	35,911	824	741	128
- Taiwan	342,609	157,383	366	622
- United Kingdom	–	–	83,338	–
	705,312	1,077,408	593,525	437,688
Consolidated	3,517,218	3,662,964	6,287,997	6,059,072
Share of revenue of joint ventures				
- Malaysia	1,498,739	3,100,679		
- Singapore	–	41,280		
Total revenue	5,015,957	6,804,923		

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

	2021 RM'000	2020 RM'000
Property, plant and equipment	960,687	997,517
Land held for property development	3,305,083	3,169,895
Investment properties	711,524	455,501
Right-of-use assets	82,677	80,687
Concession development expenditure	1,228,026	1,355,472
	6,287,997	6,059,072
Deferred tax assets	57,775	40,665
Other investments	812	812
Receivables and other financial assets	360,407	890,835
	6,706,991	6,991,384

The disclosure above includes minimum information and other voluntary disclosures in accordance with Paragraph 33(b) MFRS 8.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

47. COMPARATIVE FIGURES

The comparative figures have been restated to reflect the effects of the following:

(a) Accounting for dilution gains arising from the deemed disposal of the interest in an associated company

The Group's effective interest in an associated company, Lingkaran Trans Kota Holdings Berhad ("LITRAK Holdings"), had reduced over time due to the issuance of ordinary shares by LITRAK including issuance of ordinary shares pursuant to its Employees' Share Option Scheme and other corporate exercises that do not involve the Group. Such reductions in effective interest is commonly referred to as deemed disposals. The deemed disposals gave rise to only a partial disposal, such that the Group continued to equity account the Group's interest in the associated company and consequently gave rise to the dilution gains. The Group had recognised and reported the dilution gains in the Capital Reserve account via other comprehensive income in the Statement of Comprehensive Income. As at 31 July 2020, the total dilution gains recognised and reported in the Capital Reserve account amounted to RM151,970,000 (2019: RM147,149,000).

As disclosed in Note 2.6 to the financial statements, the applicable accounting standard, MFRS 128 Investment in Associates and Joint Ventures, does not prescribe where the dilution gains should be recognised. In the absence of further guidance, the Group had recognised the dilution gains in other comprehensive income in the previous financial years.

During the financial year, the Group has applied the change in accounting treatment to recognise the dilution gains in the Income Statement retrospectively. This has also resulted in a transfer of Capital Reserve from Other Reserve account to Retained Profits account.

(b) Reclassifications of comparatives in statement of financial position

Redeemable unsecured loan stock which was previously included in the total cost of investments in subsidiaries, have been reclassified and included as part of long-term receivables, to better reflect the nature of the transaction and to conform to the current year's presentation.

(c) Reclassifications of comparatives in statement of cash flows

Net advances made to subsidiaries of RM496,742,000 which were previously included as part of operating activities in the statement of cash flows have been reclassified and included as part of investing activities in the statement of cash flows, to better reflect the nature of the transaction and to conform to the current year's presentation.

(d) Reclassifications of comparatives in statement of financial position

Long term leasehold land which was previously included in property, plant and equipment, have been reclassified and included as part of right-of-use assets, to better reflect the nature of the transaction and to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

47. COMPARATIVE FIGURES (CONT'D.)

The following comparatives of the Group and of the Company for financial year ended 31 July 2020 and 31 July 2019 have been adjusted as a result of the following adjustments.

Group	Note	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Consolidated income statement				
For the financial year ended 31 July 2020				
Other income	(a)	213,750	4,821	218,571
Profit before tax	(a)	585,462	4,821	590,283
Profit for the year	(a)	424,190	4,821	429,011
Profit attributable to:-				
Owners of the Company	(a)	371,680	4,821	376,501
Non-controlling interests		52,510	–	52,510
		424,190	4,821	429,011
Consolidated statement of comprehensive income				
For the financial year ended 31 July 2020				
Net accretion in an associated company arising from capital contribution	(a)	4,821	(4,821)	–
Consolidated statement of financial position				
For the financial year ended 31 July 2020				
Assets				
Non-current assets				
Property, plant and equipment	(d)	1,063,066	(65,549)	997,517
Right-of-use assets	(d)	15,138	65,549	80,687
For the financial year ended 31 July 2019				
Assets				
Non-current assets				
Property, plant and equipment	(d)	1,155,510	(21,528)	1,133,982
Right-of-use assets	(d)	16,920	21,528	38,448
Consolidated statement of changes in equity				
As at 31 July 2020				
Other reserves	(a)	440,943	(151,970)	288,973
Retained profits	(a)	4,479,203	151,970	4,631,173
As at 31 July 2019				
Other reserves	(a)	341,874	(147,149)	194,725
Retained profits	(a)	4,178,436	147,149	4,325,585

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 July 2021

47. COMPARATIVE FIGURES (CONT'D.)

The following comparatives of the Group and of the Company for financial year ended 31 July 2020 and 31 July 2019 have been adjusted as a result of the following adjustments. (cont'd.)

Company	Note	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of financial position				
For the financial year ended 31 July 2020				
Assets				
Non-current assets				
Property, plant and equipment	(d)	197,636	(4,590)	193,046
Right-of-use assets	(d)	1,584	4,590	6,174
Investments in subsidiaries	(b)	5,269,376	(400,000)	4,869,376
Due from subsidiaries	(b)	938,380	400,000	1,338,380
For the financial year ended 31 July 2019				
Assets				
Non-current assets				
Property, plant and equipment	(d)	281,491	(4,658)	276,833
Right-of-use assets	(d)	5,307	4,658	9,965
Investments in subsidiaries	(b)	4,526,481	(400,000)	4,126,481
Due from subsidiaries	(b)	844,703	400,000	1,244,703
Statement of cash flows				
For the financial year ended 31 July 2020				
Cash flows from operating activities				
Operating profit before working capital changes				
(Increase)/decrease in:				
– Net amount due from/(to) subsidiaries (trade)	(c)	(526,972)	496,742	(30,230)
				–
Cash flows from investing activities				
– Net advances to subsidiaries (non-trade)	(c)	–	(496,742)	(496,742)