



IJM CORPORATION BERHAD (104131-A)

Part A1 : Quarterly Report

Quarterly report for the financial period ended: 30/06/2017
Quarter: 1st Quarter
Financial Year End: 31/03/2018
The figures: Have not been audited
Full Quarterly Report: Refer attached

Part A2 : Summary of Key Financial Information for the financial period ended 30/06/2017

| | Individual Quarter | | Cumulative Period | |
|--|---|---|---|---|
| | Current year quarter 30/06/2017 RM'000 | Preceding year quarter 30/06/2016 RM'000 | Current year to date 30/06/2017 RM'000 | Preceding year to date 30/06/2016 RM'000 |
| 1 Revenue | 1,468,311 | 1,313,229 | 1,468,311 | 1,313,229 |
| 2 Profit before taxation | 197,505 | 174,569 | 197,505 | 174,569 |
| 3 Net profit for the period | 143,828 | 129,900 | 143,828 | 129,900 |
| 4 Net profit attributable to owners of the Company | 126,395 | 115,516 | 126,395 | 115,516 |
| 5 Basic earnings per share (sen) | 3.49 | 3.22 | 3.49 | 3.22 |
| 6 Proposed/Declared dividend per share (sen) | - | - | - | - |
| | As at end of current quarter 30/06/2017 | As at preceding financial year end | | |
| 7 Net assets per share attributable to ordinary equity holders of the Company (RM) | | 2.61 | | 2.63 |

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Period | |
|---|----------------------|------------------------|----------------------|------------------------|
| | Current year quarter | Preceding year quarter | Current year to date | Preceding year to date |
| | 30/06/2017 RM'000 | 30/06/2016 RM'000 | 30/06/2017 RM'000 | 30/06/2016 RM'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Operating revenue | 1,468,311 | 1,313,229 | 1,468,311 | 1,313,229 |
| Cost of sales | (1,162,638) | (1,029,965) | (1,162,638) | (1,029,965) |
| Gross profit | 305,673 | 283,264 | 305,673 | 283,264 |
| Other operating income | 52,858 | 50,800 | 52,858 | 50,800 |
| Foreign exchange differences | (3,638) | (5,918) | (3,638) | (5,918) |
| Tendering, selling and distribution expenses | (41,151) | (42,644) | (41,151) | (42,644) |
| Administrative expenses | (78,074) | (86,865) | (78,074) | (86,865) |
| Other operating expenses | (15,343) | (15,004) | (15,343) | (15,004) |
| Operating profit before finance cost | 220,325 | 183,633 | 220,325 | 183,633 |
| Finance cost | (45,068) | (31,103) | (45,068) | (31,103) |
| Operating profit after finance cost | 175,257 | 152,530 | 175,257 | 152,530 |
| Share of profits of associates | 17,252 | 21,857 | 17,252 | 21,857 |
| Share of profits of joint ventures | 4,996 | 182 | 4,996 | 182 |
| Profit before taxation | 197,505 | 174,569 | 197,505 | 174,569 |
| Income tax expense | (53,677) | (44,669) | (53,677) | (44,669) |
| Net profit for the period | 143,828 | 129,900 | 143,828 | 129,900 |
| <u>Other comprehensive income / (loss)</u> | | | | |
| <u>(net of tax):</u> | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| Share of other comprehensive losses of associates | (2,190) | - | (2,190) | - |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Currency translation differences of foreign operations | (47,013) | 13,589 | (47,013) | 13,589 |
| Realisation of other comprehensive income/(loss) arising from disposal of foreign subsidiaries and associates | - | (4,890) | - | (4,890) |
| Share of other comprehensive losses of associates | (904) | (15,194) | (904) | (15,194) |
| | (50,107) | (6,495) | (50,107) | (6,495) |
| Total comprehensive income for the period | 93,721 | 123,405 | 93,721 | 123,405 |
| <u>Net profit attributable to:-</u> | | | | |
| Owners of the Company | 126,395 | 115,516 | 126,395 | 115,516 |
| Non-controlling interests | 17,433 | 14,384 | 17,433 | 14,384 |
| | 143,828 | 129,900 | 143,828 | 129,900 |
| <u>Total comprehensive income attributable to:-</u> | | | | |
| Owners of the Company | 87,198 | 94,639 | 87,198 | 94,639 |
| Non-controlling interests | 6,523 | 28,766 | 6,523 | 28,766 |
| | 93,721 | 123,405 | 93,721 | 123,405 |
| <u>Earnings per share (sen):-</u> | | | | |
| Basic | 3.49 | 3.22 | 3.49 | 3.22 |
| Fully diluted | 3.45 | 3.17 | 3.45 | 3.17 |

IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED BALANCE SHEET

| | 30/06/2017 | 31/03/2017 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| | (Unaudited) | (Audited) |
| CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY | | |
| Share capital | 6,067,547 | 6,022,651 |
| Treasury shares | (10) | (10) |
| Shares held under trust | (2,789) | (4,016) |
| Other reserves | 119,673 | 175,746 |
| Retained profits | 3,264,159 | 3,302,903 |
| | 9,448,580 | 9,497,274 |
| Non-controlling interests | 1,325,859 | 1,319,406 |
| Total equity | 10,774,439 | 10,816,680 |
| NON-CURRENT LIABILITIES | | |
| Bonds | 1,950,000 | 1,950,000 |
| Term loans | 1,798,674 | 2,121,809 |
| Government support loans | 148,784 | 154,474 |
| Hire purchase and lease payables | 795 | 802 |
| Deferred tax liabilities | 674,407 | 669,456 |
| Trade and other payables | 705,482 | 701,402 |
| Provisions | 109,705 | 109,705 |
| Retirement benefits | 13,535 | 10,511 |
| | 5,401,382 | 5,718,159 |
| DEFERRED INCOME | 72,028 | 73,063 |
| | 16,247,849 | 16,607,902 |

IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED BALANCE SHEET

| | 30/06/2017 | 31/03/2017 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| | (Unaudited) | (Audited) |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 1,974,757 | 1,989,646 |
| Land use rights | 162,720 | 165,831 |
| Concession assets | 3,107,016 | 3,097,066 |
| Plantation development expenditure | 1,187,740 | 1,201,570 |
| Investment properties | 74,768 | 68,867 |
| Associates | 891,590 | 901,392 |
| Joint ventures | 742,392 | 754,783 |
| Available-for-sale financial assets | 2,155 | 2,155 |
| Long term receivables | 178,105 | 176,699 |
| Deferred tax assets | 295,613 | 297,762 |
| Land held for property development | 515,169 | 514,788 |
| Intangible assets | 102,067 | 102,618 |
| | 9,234,092 | 9,273,177 |
| CURRENT ASSETS | | |
| Property development costs | 5,635,660 | 5,587,380 |
| Inventories | 1,344,115 | 1,421,961 |
| Trade and other receivables | 2,149,549 | 2,031,003 |
| Financial assets at fair value through profit or loss | 266,586 | 299,164 |
| Derivative financial instruments | 2,969 | 2,909 |
| Tax recoverable | 159,922 | 129,329 |
| Deposits, cash and bank balances | 2,017,280 | 2,147,777 |
| | 11,576,081 | 11,619,523 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 2,490,939 | 2,518,205 |
| Provisions | 11,627 | 10,718 |
| Borrowings: | | |
| - Bank overdrafts | 16,414 | 44,514 |
| - Others | 2,030,432 | 1,698,382 |
| Current tax liabilities | 12,912 | 12,979 |
| | 4,562,324 | 4,284,798 |
| NET CURRENT ASSETS | 7,013,757 | 7,334,725 |
| | 16,247,849 | 16,607,902 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM) | 2.61 | 2.63 |

IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017
(The figures have not been audited)

| | <-----Attributable to equity holders of the Company-----> | | | | | | Non-controlling interests | Total equity | |
|--|---|---------------------------|-----------------------------------|-------------------------|--------------------------|----------------------------|---------------------------|--------------|------------|
| | Share capital RM'000 | Treasury shares RM'000 | Shares held under trust RM'000 | Share premium RM'000 | Other reserves RM'000 | Retained profits RM'000 | Total RM'000 | RM'000 | RM'000 |
| At 1 April 2017 | 6,022,651 | (10) | (4,016) | - | 175,746 | 3,302,903 | 9,497,274 | 1,319,406 | 10,816,680 |
| Total comprehensive income for the period | - | - | - | - | (37,007) | 124,205 | 87,198 | 6,523 | 93,721 |
| Accretion of interest in an associate | - | - | - | - | - | 246 | 246 | - | 246 |
| Issuance of employee share options and share grants | - | - | - | - | 10,357 | - | 10,357 | - | 10,357 |
| Single tier second interim dividend: Year ended 31 March 2017 | - | - | - | - | - | (163,195) | (163,195) | - | (163,195) |
| Dividends paid by subsidiaries to non-controlling shareholders | - | - | - | - | - | - | - | (70) | (70) |
| Issuance of shares: | | | | | | | | | |
| - exercise of employee share options | 14,884 | - | 6,893 | - | (5,077) | - | 16,700 | - | 16,700 |
| - vesting of shares under ESGP | 24,346 | - | - | - | (24,346) | - | - | - | - |
| - shares held under trust | 5,666 | - | (5,666) | - | - | - | - | - | - |
| At 30 June 2017 | 6,067,547 | (10) | (2,789) | - | 119,673 | 3,264,159 | 9,448,580 | 1,325,859 | 10,774,439 |
| At 1 April 2016 | 3,584,805 | (3) | (3,812) | 2,349,079 | 56,208 | 3,042,082 | 9,028,359 | 1,208,045 | 10,236,404 |
| Total comprehensive income for the period | - | - | - | - | (20,877) | 115,516 | 94,639 | 28,766 | 123,405 |
| Share of reserves in associates | - | - | - | - | (778) | 549 | (229) | - | (229) |
| Issuance of employee share options and share grants | - | - | - | - | 11,798 | - | 11,798 | - | 11,798 |
| Acquisition of additional interests in a subsidiary | - | - | - | - | (904) | (7,734) | (8,638) | 6,827 | (1,811) |
| Single tier second interim dividend: Year ended 31 March 2016 | - | - | - | - | - | (143,967) | (143,967) | - | (143,967) |
| Single tier special dividend: Year ended 31 March 2016 | - | - | - | - | - | (107,975) | (107,975) | - | (107,975) |
| Issuance of shares by subsidiaries to non-controlling shareholders | - | - | - | - | - | - | - | 5,900 | 5,900 |
| Issuance of shares: | | | | | | | | | |
| - exercise of employee share options | 4,093 | - | 5,371 | 10,731 | (4,877) | - | 15,318 | - | 15,318 |
| - vesting of shares under ESGP | 8,289 | - | - | 16,198 | (24,487) | - | - | - | - |
| - shares held under trust | 2,000 | - | (4,750) | 2,750 | - | - | - | - | - |
| Share buy back | - | (4) | - | - | - | - | (4) | - | (4) |
| At 30 June 2016 | 3,599,187 | (7) | (3,191) | 2,378,758 | 16,083 | 2,898,471 | 8,889,301 | 1,249,538 | 10,138,839 |

IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017
(The figures have not been audited)

| | 3 months ended 30/06/2017 RM'000 | 3 months ended 30/06/2016 RM'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Receipts from customers | 1,445,817 | 1,481,056 |
| Payments to contractors, suppliers and employees | (1,328,279) | (1,131,325) |
| Income tax paid | (76,271) | (65,315) |
| Net cash flow from operating activities | 41,267 | 284,416 |
| INVESTING ACTIVITIES | | |
| Investments in associates | - | (958) |
| Acquisition of financial assets at fair value through profit or loss | (405,854) | (123,705) |
| Purchases of property, plant and equipment, development land and land use rights, investment properties, concession assets, plantation development expenditure and deferred expenditure | (121,492) | (116,866) |
| Disposal of investments, property, plant and equipment, land use rights, investment properties and assets held for sale | 443,356 | 229,554 |
| Redemption of preference shares of an associate | - | 1,627 |
| Interest received | 22,255 | 14,100 |
| Income from unit trusts | 119 | 275 |
| Dividends received from associates and other investments | 5,721 | 8,413 |
| Net advances to associates and joint ventures | (81,955) | (13,069) |
| Net cash flow used in investing activities | (137,850) | (629) |
| FINANCING ACTIVITIES | | |
| Issuance of shares by the Company | | |
| - exercise of share options | 16,700 | 15,318 |
| Issuance of shares by subsidiaries to non-controlling shareholders | - | 5,900 |
| Re-purchase of treasury shares | - | (4) |
| Net proceeds from bank and government borrowings | 55,327 | 106,980 |
| Repayments to hire purchase and lease creditors | (159) | (36) |
| Interest paid | (65,388) | (60,624) |
| Dividends paid by subsidiaries to non-controlling shareholders | (70) | - |
| Net repayments of bonds | - | (45,000) |
| Placements of restricted deposits | (340) | (29,145) |
| Acquisition of additional interests in a subsidiary | - | (1,811) |
| Net cash flow from/(used in) financing activities | 6,070 | (8,422) |
| Net (decrease)/increase in cash and cash equivalents during the financial period | (90,513) | 275,365 |
| Cash and cash equivalents at beginning of the financial period | 2,077,331 | 1,423,749 |
| Foreign exchange differences on opening balances | (11,711) | 5,747 |
| Cash and cash equivalents at end of the financial period | 1,975,107 | 1,704,861 |
| Cash and cash equivalents comprise the following : | | |
| Deposits, cash and bank balances | 2,017,280 | 1,963,190 |
| Bank overdrafts | (16,414) | (160,670) |
| | 2,000,866 | 1,802,520 |
| Less: restricted deposits with licensed banks | (25,759) | (97,659) |
| | 1,975,107 | 1,704,861 |

IJM CORPORATION BERHAD (104131-A)

A NOTES TO THE QUARTERLY RESULTS

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with *FRS 134: Interim Financial Reporting* and *Chapter 9 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad*.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2017 which are available at <http://www.ijm.com>. The explanatory notes attached to the unaudited interim financial report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

A2. Changes in Accounting Policies

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 “Agriculture” and/or IC Interpretation 15 “Agreements for Construction of Real Estate”, including their parent, significant investor and venturer (herein called “Transitioning Entities”).

Based on the Malaysian Accounting Standards Board (“MASB”) announcement on 2 September 2014, the adoption of the amendments to MFRS 116 and MFRS 141 “Agriculture: Bearer Plants” was to be mandatory for annual periods beginning on or after 1 January 2016, whereas the adoption of MFRS 15 “Revenue from Contracts with Customers” was to be mandatory for annual periods beginning on or after 1 January 2017. However on 8 September 2015, MASB confirmed that the effective date of MFRS 15 “Revenue from Contracts with Customers” will be deferred to annual periods beginning on or after 1 January 2018. As a result, IJM Plantations Berhad and IJM Land Berhad, which are within the scope of MFRS 141 “Agriculture” and IC Interpretation 15 “Agreements for Construction of Real Estate” respectively, and the Company as their holding company hereinafter defined as Transitioning Entities are permitted to defer the adoption of the new MFRS Framework to annual periods beginning after 1 January 2018.

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 31 March 2017 except for the adoption of the following amendments to published standards issued by MASB that are effective for the Group’s financial year beginning on or after 1 April 2017 and applicable to the Group as follows:

- Annual improvements to FRSs 2014 - 2016 Cycle, which include Amendments to FRS 12 “Disclosure of Interests in Other Entities”.
- Amendments to FRS 107 “Statement of Cash Flows” – “Disclosure Initiative”.
- Amendments to FRS 112 “Income Taxes” – “Recognition of Deferred Tax Assets for Unrealised Losses”.

The amendments to published standards do not result in any significant change to the accounting policies and do not have a material impact on the interim financial information of the Group.

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A3. Audit Report

The audit report for the financial year ended 31 March 2017 was not subject to any modification or qualification.

A4. Seasonality or Cyclical of Operations

The Group's operations are not materially affected by seasonal or cyclical factors except for the Plantation division which normally sees its cropping pattern of oil palms declining to a trough in the first half of a calendar year before rising to a peak in the second half.

A5. Unusual Significant Items

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence during the financial period-to-date.

A6. Material Changes in Estimates

There were no major changes in estimates that have a material effect in the financial period-to-date.

A7. Debt and Equity Securities

- (a) For the financial period ended 30 June 2017, the number of issued and paid-up ordinary shares of the Company was increased from 3,613,386,720 to 3,626,562,720 by way of the issuance of:-
 - i. 7,166,300 new ordinary shares arising from the vesting of shares under the Employee Share Grant Plan ("ESGP");
 - ii. 3,909,700 new ordinary shares arising from the exercise of options under the Employee Share Option Scheme ("ESOS"); and
 - iii. 2,100,000 new ordinary shares arising from the subscription of new shares under the Shares held under trust.
- (b) There were no share buyback, cancellation and repayment of debt and equity securities for the financial period-to-date.

A8. Dividend Paid

On 21 July 2017, a single tier second interim dividend of 4.5 sen per share in respect of the financial year ended 31 March 2017 was paid totalling RM163,195,187.

IJM CORPORATION BERHAD (104131-A)

A9. Segmental Information

| | GROUP | |
|---------------------------------------|--|--|
| | 3 months ended 30/06/2017 | 3 months ended 30/06/2016 |
| | RM'000 | RM'000 |
| <u>External revenue:</u> | | |
| Construction | 532,920 | 494,103 |
| Property development | 298,694 | 292,957 |
| Manufacturing and quarrying | 275,063 | 250,009 |
| Plantation | 184,594 | 139,378 |
| Infrastructure | 176,805 | 136,724 |
| Investment and others | 235 | 58 |
| | 1,468,311 | 1,313,229 |
| <u>Inter-segment revenue:</u> | | |
| Construction | 142,419 | 126,089 |
| Property development | - | - |
| Manufacturing and quarrying | 6,620 | 6,701 |
| Plantation | - | - |
| Infrastructure | - | - |
| Investment and others | 323,423 | 160,681 |
| | 472,462 | 293,471 |
| <u>Profit before taxation:</u> | | |
| Construction | 58,119 | 50,108 |
| Property development | 24,536 | 19,916 |
| Manufacturing and quarrying | 22,405 | 26,736 |
| Plantation | 24,773 | 38,640 |
| Infrastructure | 64,644 | 20,765 |
| Investment and others | 3,028 | 18,404 |
| | 197,505 | 174,569 |
| | As at 30/06/2017 RM'000 | As at 31/03/2017 RM'000 |
| <u>Total Assets:</u> | | |
| Construction | 2,070,856 | 2,212,505 |
| Property development | 9,368,962 | 9,315,317 |
| Manufacturing and quarrying | 1,453,765 | 1,450,689 |
| Plantation | 2,878,591 | 2,950,654 |
| Infrastructure | 4,385,453 | 4,449,784 |
| Investment and others | 197,011 | 86,660 |
| Total segment assets | 20,354,638 | 20,465,609 |
| Unallocated corporate assets | 455,535 | 427,091 |
| Consolidated total assets | 20,810,173 | 20,892,700 |

IJM CORPORATION BERHAD (104131-A)

A10. Carrying Amount of Revalued Property, Plant and Equipment

The valuations of certain property, plant and equipment have been brought forward without amendment from the audited financial statements of FY2017.

A11. Changes in the Composition of the Group

During the financial period-to-date, the following change in composition was effected:

- i. On 11 July 2017, IJM Land Berhad, a wholly-owned subsidiary of the Company, entered into a conditional Share Sale Agreement (“SSA”) with Aseania Development Sdn Bhd (“ADSB”) to acquire 250,000 ordinary shares, representing a 100% equity interest in Giant Hectares Sdn Bhd for a total cash consideration of RM250,000. This acquisition has no material impact on the Group for the financial period-to-date.

A12. Contingent Liabilities

The changes in contingent liabilities are summarised as follows:-

| | RM'000 |
|-----------------------------|---------------|
| Balance as at 31 March 2017 | 6,541 |
| - Exchange differences | (173) |
| | <hr/> |
| Balance as at 30 June 2017 | 6,368 |
| | <hr/> |

A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2017 are as follows:

| | RM'000 |
|--|---------------|
| Approved and contracted for | 1,069,712 |
| Approved but not contracted for | 67,964 |
| | <hr/> |
| | 1,137,676 |
| | <hr/> |
| <u>Analysed as follows:</u> | |
| - Purchases of property, plant and equipment, land use rights and plantation development expenditure | 236,230 |
| - Purchases of development land | 5,613 |
| - Concession assets | 812,444 |
| - Investment properties | 83,389 |
| | <hr/> |
| | 1,137,676 |
| | <hr/> |

A14. Significant events subsequent to the balance sheet date

There was no significant event subsequent to the balance sheet date of the current reporting period.

IJM CORPORATION BERHAD (104131-A)

B Bursa Securities Listing Requirements (Part A of Appendix 9B)

B1. Detailed Analysis of Performance of all Operating Segments

In the current quarter, the Group achieved an operating revenue of RM1,468.31 million, an increase of 11.8% over the corresponding quarter of the preceding year, following increased revenue contributed by all the divisions of the Group. The Group also recorded a pre-tax profit for the current quarter of RM197.51 million, an increase of 13.1% over the corresponding quarter of the preceding year, mainly due to improved earnings from the Group's Construction, Property Development and Infrastructure divisions.

Further analysis of the divisional performances is given below.

| Operating Segment | Commentary |
|-----------------------------|--|
| Construction | Current quarter revenue and pre-tax profit grew by 7.9% and 16.0% respectively over the previous year's corresponding quarter as construction works at certain major infrastructural projects gathered momentum while projects that were secured in the previous year further supplemented the Division's current quarter's results. |
| Property development | The Division posted a 2.0% increase in revenue from RM293.0 million in the preceding year's corresponding quarter to RM298.7 million in the current quarter. Pre-tax profit for the current quarter was 23.2% higher as compared to the preceding year's corresponding quarter. It was mainly due to the recognition of unrealised foreign exchange gain of RM1.3 million in the current quarter as compared to a loss of RM9.6 million in the preceding year's corresponding quarter primarily due to the appreciation of GBP against RM. |
| Manufacturing and quarrying | Current quarter revenue increased by 10.0% compared to the previous year's corresponding quarter mainly due to increased orders from local and overseas projects which boosted the delivered tonnage of piles (by 4.9%) and quarry products (by 17.4%). The current quarter pre-tax profit however declined by 16.2% as margins were compressed by increased raw material prices as well as lower volumes in the ready-mixed concrete sector. |
| Plantation | Revenue for the current quarter increased by 32.4% over the previous year's corresponding quarter mainly due to higher CPO prices and sales volume. Crop production increased by 26.1% over the previous year's corresponding quarter as more crops were harvested from the larger area attaining maturity in the Indonesian operations. However, pre-tax profit of the Division dropped to RM24.8 million compared to RM38.6 million in the previous year's corresponding quarter. Lower pre-tax profit was mainly due to the net unrealised foreign exchange loss of RM0.8 million on the US Dollar denominated borrowings as compared to a gain of RM5.4 million in the preceding year's corresponding quarter, lower crude palm oil pricing swaps gain of RM0.7 million (Quarter 1 of FY 2017: RM6.4 million gain) as well as production cost pressures from the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against start-up crop yields. |

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B1. Detailed Analysis of Performance of all Operating Segments (continued)

| Operating Segment | Commentary |
|-------------------|---|
| Infrastructure | Revenue for the current quarter increased by 29.3% over the previous year's corresponding quarter. This was mainly attributable to the increase in cargo throughput handled by the Group's port concession with the current quarter's cargo throughput expanding by 73% compared to the previous year's corresponding quarter (Q1 FY2018: 5,114k FWT ; Q1 FY2017: 2,949k FWT). The Division's pre-tax profit for the current quarter also rose to RM64.6 million compared to RM20.8 million in the previous year's corresponding quarter. This was also mainly due to the increase in cargo throughput handled by the Group's port concession and also higher contribution from the associates. |

B2. Material Changes in the Quarterly Profit Before Taxation Compared to the Immediate Preceding Quarter

The Group's pre-tax profit decreased by RM177.7 million (or 47.4%) compared to that of the immediate preceding quarter mainly due to the sale of a 32-acre land situated at the Light Waterfront Penang (Phase 2) that was recognised in the immediate preceding quarter. This was further compounded by a net unrealised foreign exchange loss of RM3.6 million in the current quarter as compared to a net unrealised foreign exchange gain of RM15.4 million recorded in the immediate preceding quarter.

B3. Prospects for the Coming Financial Year

The Group's Construction division expects the market outlook to remain encouraging based on a record level of RM8.7 billion of outstanding order book, underpinned by the implementation of on-going domestic infrastructural projects as well as a healthy pipeline of new large public infrastructure projects to be rolled out under the 11th Malaysia Plan.

The local property market is expected to remain challenging as weak consumer sentiment persists due to weaker economic prospects, continued stringent mortgage approval and incoming supply of new launches and competing completed properties. Nonetheless, the Property Development division will remain steadfast to grow its business in view of the strategic locations of its properties and the brand premium that it has established. With unbilled sales of about RM1.7 billion, the division is expected to maintain a satisfactory performance in the current financial year.

Although the operating environment remains challenging both domestically as well as overseas, the Group's Industry division should see continued momentum by leveraging on heightened construction activities in Malaysia as well as being supported by its healthy and strong order book position.

Barring unexpected adverse impact of volatility in the palm produce prices and foreign exchange rates, the Group's Plantation division expects the profitability level for the current financial year to be satisfactory on the back of higher crop production from the increasing young mature areas in Indonesia and FFB yields being sustained in the Malaysian operations.

The Group's toll and port operations will continue to provide recurrent revenue streams as its existing concessions mature thereby further enhancing the earnings of the Group's Infrastructure division.

Despite the challenging business environment, based on the above stated factors, the Group expects a reasonable performance for the current financial year.

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B4. Profit Forecast

Not applicable.

B5. Taxation

The taxation for the group for the financial period under review is as follows:

| | INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE | | CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE | |
|---|--|----------------|---|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Malaysian income tax | 45,731 | 39,049 | 45,731 | 39,049 |
| Overseas taxation | (161) | - | (161) | - |
| Transfer to/(from) deferred taxation | 8,107 | 5,620 | 8,107 | 5,620 |
| | <u>53,677</u> | <u>44,669</u> | <u>53,677</u> | <u>44,669</u> |

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) was higher than the statutory tax rate mainly due to certain expenses not being deductible for tax purposes and the non-recognition of deferred tax assets on unused tax losses of certain subsidiaries.

B6. Status of Corporate Proposals

As at 30 June 2017, there were no outstanding corporate proposals.

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B7. Group Borrowings

Particulars of the Group's borrowings as at 30 June 2017 are as follows:

| | As at 30/06/2017 RM'000 |
|---|-------------------------------|
| (a) (i) Short Term Borrowings | |
| Secured:- | |
| - Islamic bonds | 30,000 |
| - Term loans | 232,475 |
| - Hire purchase and lease payables (included in trade and other payables) | 527 |
| - Revolving credits | 98,324 |
| - Government support loans (included in trade and other payables) | 6,951 |
| Unsecured:- | |
| - Government support loans (included in trade and other payables) | 26,153 |
| - Term loans | 816,264 |
| - Revolving credits | 784,993 |
| - Bankers' acceptances | 56,369 |
| - Letters of Credit | 12,007 |
| - Bank overdrafts | 16,414 |
| | <u>2,080,477</u> |
| (ii) Long Term Borrowings | |
| Secured:- | |
| - Islamic bonds | 650,000 |
| - Hire purchase and lease payables | 795 |
| - Term loans | 589,610 |
| - Government support loans | 71,675 |
| Unsecured:- | |
| - Islamic bonds | 1,300,000 |
| - Government support loans | 77,109 |
| - Term loans | 1,209,064 |
| | <u>3,898,253</u> |

(b) Foreign currency borrowings included in the above are as follows:

| | Foreign Currency '000 | RM Equivalent '000 |
|------------------|-----------------------------|--------------------------|
| US Dollar | 402,450 | 1,730,124 |
| Indian Rupee | 3,979,062 | 264,210 |
| Chinese Renminbi | 151,092 | 94,650 |
| Sterling Pound | 3,240 | 18,109 |
| | | <u>2,107,093</u> |

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B8. Changes in Material Litigation

There was no material litigation since 31 March 2017.

B9. Dividends

No dividend has been declared for the current financial year ending 31 March 2018.

In respect of the financial year ended 31 March 2017, a single tier first interim dividend of 3 sen per share was paid on 28 December 2016 and a single tier second interim dividend of 4.5 sen per share was paid on 21 July 2017.

B10. Earnings per Share

| | Individual Quarter | | Cumulative Period | |
|--|----------------------|------------------------|----------------------|------------------------|
| | Current year quarter | Preceding year quarter | Current year to date | Preceding year to date |
| | 30/06/2017 | 30/06/2016 | 30/06/2017 | 30/06/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Basic Earnings per share:-</u> | | | | |
| (a) Net profit for the period attributable to owners of the Company | 126,395 | 115,516 | 126,395 | 115,516 |
| (b) Weighted average number of ordinary shares ('000) | 3,618,373 | 3,590,484 | 3,618,373 | 3,590,484 |
| Basic Earnings per share (sen) | 3.49 | 3.22 | 3.49 | 3.22 |
| <u>Diluted Earnings per share:-</u> | | | | |
| (a) Net profit for the period attributable to owners of the Company | 126,395 | 115,516 | 126,395 | 115,516 |
| (b) Weighted average number of ordinary shares ('000) | 3,618,373 | 3,590,484 | 3,618,373 | 3,590,484 |
| Effect of dilution ('000) | | | | |
| - Employee share options and share grants | 47,767 | 50,533 | 47,767 | 50,533 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 3,666,140 | 3,641,017 | 3,666,140 | 3,641,017 |
| Diluted Earnings per share (sen) | 3.45 | 3.17 | 3.45 | 3.17 |

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B11. Notes to the Statement of Comprehensive Income

| | Individual Quarter | | Cumulative Period | |
|--|----------------------|------------------------|----------------------|------------------------|
| | Current year quarter | Preceding year quarter | Current year to date | Preceding year to date |
| | 30/06/2017 | 30/06/2016 | 30/06/2017 | 30/06/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 29,085 | 22,522 | 29,085 | 22,522 |
| Other income (including investment income) | 2,927 | 4,418 | 2,927 | 4,418 |
| Interest expense | (45,068) | (31,103) | (45,068) | (31,103) |
| Depreciation and amortisation | (79,993) | (61,186) | (79,993) | (61,186) |
| Net allowance of impairment of receivables | (2,806) | (1,768) | (2,806) | (1,768) |
| Net gains on disposal of investments or properties | 1,545 | 5,963 | 1,545 | 5,963 |
| Net (allowance)/reversal of impairment of assets | (81) | 1,519 | (81) | 1,519 |
| Net foreign exchange losses | (3,638) | (5,918) | (3,638) | (5,918) |
| Net gains on derivatives | 720 | 6,653 | 720 | 6,653 |

The above disclosure is prepared in accordance with paragraph 16 of Appendix 9B of the Main Listing Requirements (“MLR”) issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to paragraph 16 of the MLR are not applicable to the Group.

B12. Fair value changes of derivative financial instruments

The Group recognised a total net fair value gain on derivative financial instruments of RM0.72 million during the current period-to-date. The details are as follows:

| Type of financial liability | Current quarter fair value gains/(losses) RM'000 | Current year to date fair value gains/(losses) RM'000 | Basis of fair value measurement | Reasons for the gains |
|---|--|---|---|--|
| Crude palm oil (“CPO”) pricing swap contracts | 720 | 720 | Price differentials between the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange and the fixed contracted CPO prices. | The average future CPO price quoted on the Bursa Malaysia Derivative Exchange had dropped below the contracted prices. |

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B13. Disclosure of Realised and Unrealised Retained Profits / (Accumulated Losses)

The following analysis is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants.

| | As at 30 June 2017 RM'000 | As at 31 March 2017 RM'000 |
|--|---------------------------------|----------------------------------|
| Total retained profits/(accumulated losses) of the Company and its subsidiaries: | | |
| - Realised | 6,660,289 | 6,698,505 |
| - Unrealised ^{N1} | (277,760) | (234,447) |
| | 6,382,529 | 6,464,058 |
| Total share of retained profits from associates | | |
| - Realised | 102,304 | 103,417 |
| - Unrealised ^{N1} | 38,256 | 38,212 |
| Total share of retained profits/(accumulated losses) from joint ventures | | |
| - Realised | (177,537) | (163,260) |
| - Unrealised ^{N1} | 2,362 | 2,362 |
| | 6,347,914 | 6,444,789 |
| Add/Less: consolidation adjustments ^{N2} | (3,083,755) | (3,141,886) |
| Total group retained profits as per group accounts | 3,264,159 | 3,302,903 |

N1 The unrealised retained profits are mainly deferred tax provisions, net gains arising from remeasurement of assets and liabilities at fair value through profit or loss and translation gains or losses of monetary items denominated in a currency other than the functional currency.

N2 Consolidation adjustments are mainly elimination of pre-acquisition profits or losses, fair value adjustments arising from the business combinations and non-controlling interests' share of retained profits or accumulated losses.