# IJM CORPORATION BERHAD (104131-A)

## Part A1 : Quarterly Report

| | |
|---|---|
| **Quarterly report for the financial period ended:** | **30/06/2018** |
| **Quarter:** | **1st Quarter** |
| **Financial Year End:** | **31/03/2019** |
| **The figures:** | **Have not been audited** |
| **Full Quarterly Report:** | **Refer attached** |

## Part A2 : Summary of Key Financial Information for the financial period ended 30/06/2018

| | **Individual Quarter** | | **Cumulative Period** | |
|---|---|---|---|---|
| | Current year quarter 30/06/2018 RM'000 | Preceding year quarter 30/06/2017 RM'000 Restated | Current year to date 30/06/2018 RM'000 | Preceding year to date 30/06/2017 RM'000 Restated |
| 1 Revenue | 1,444,316 | 1,461,562 | 1,444,316 | 1,461,562 |
| 2 Profit before taxation | 103,228 | 186,458 | 103,228 | 186,458 |
| 3 Net profit for the period | 60,817 | 135,684 | 60,817 | 135,684 |
| 4 Net profit attributable to owners of the Company | 62,764 | 121,169 | 62,764 | 121,169 |
| 5 Basic earnings per share (sen) | 1.73 | 3.35 | 1.73 | 3.35 |
| 6 Proposed/Declared dividend per share (sen) | - | - | - | - |

| | **As at end of current quarter 30/06/2018** | **As at preceding financial year end** Restated |
|---|---|---|
| 7 Net assets per share attributable to ordinary equity holders of the Company (RM) | 2.54 | 2.58 |

**IJM CORPORATION BERHAD (104131-A)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*(The figures have not been audited)*

| | Individual Quarter | | | Cumulative Period | | |
|---|---|---|---|---|---|---|
| | Current year quarter | Preceding year quarter | Change (+/-) | Current year to date | Preceding year to date | Change (+/-) |
| | 30/06/2018 RM'000 | 30/06/2017 RM'000 Restated | % | 30/06/2018 RM'000 | 30/06/2017 RM'000 Restated | % |
| Operating revenue | **1,444,316** | 1,461,562 | -1.2% | **1,444,316** | 1,461,562 | -1.2% |
| Cost of sales | **(1,155,395)** | (1,170,989) | -1.3% | **(1,155,395)** | (1,170,989) | -1.3% |
| Gross profit | **288,921** | 290,573 | -0.6% | **288,921** | 290,573 | -0.6% |
| Other operating income | **73,691** | 51,715 | 42.5% | **73,691** | 51,715 | 42.5% |
| Foreign exchange differences | **(71,041)** | (3,638) | 1852.7% | **(71,041)** | (3,638) | 1852.7% |
| Tendering, selling and distribution expenses | **(32,546)** | (34,579) | -5.9% | **(32,546)** | (34,579) | -5.9% |
| Administrative expenses | **(85,405)** | (78,074) | 9.4% | **(85,405)** | (78,074) | 9.4% |
| Other operating expenses | **(13,893)** | (16,743) | -17.0% | **(13,893)** | (16,743) | -17.0% |
| Operating profit before finance cost | **159,727** | 209,254 | -23.7% | **159,727** | 209,254 | -23.7% |
| Finance cost | **(59,833)** | (45,068) | 32.8% | **(59,833)** | (45,068) | 32.8% |
| Operating profit after finance cost | **99,894** | 164,186 | -39.2% | **99,894** | 164,186 | -39.2% |
| Share of profits of associates | **7,370** | 17,252 | -57.3% | **7,370** | 17,252 | -57.3% |
| Share of (losses)/profits of joint ventures | **(4,036)** | 5,020 | -180.4% | **(4,036)** | 5,020 | -180.4% |
| Profit before taxation | **103,228** | 186,458 | -44.6% | **103,228** | 186,458 | -44.6% |
| Income tax expense | **(42,411)** | (50,774) | -16.5% | **(42,411)** | (50,774) | -16.5% |
| Net profit for the period | **60,817** | 135,684 | -55.2% | **60,817** | 135,684 | -55.2% |
| Other comprehensive income / (loss) (net of tax): | | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | | |
| Share of other comprehensive losses of associates | **-** | (2,190) | | **-** | (2,190) | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | |
| Currency translation differences of foreign operations | **(16,546)** | (45,299) | | **(16,546)** | (45,299) | |
| Share of other comprehensive income/(losses) of associates | **670** | (904) | | **670** | (904) | |
| | **(15,876)** | (48,393) | -67.2% | **(15,876)** | (48,393) | -67.2% |
| Total comprehensive income for the period | **44,941** | 87,291 | -48.5% | **44,941** | 87,291 | -48.5% |
| Net profit attributable to:- | | | | | | |
| Owners of the Company | **62,764** | 121,169 | -48.2% | **62,764** | 121,169 | -48.2% |
| Non-controlling interests | **(1,947)** | 14,515 | -113.4% | **(1,947)** | 14,515 | -113.4% |
| | **60,817** | 135,684 | -55.2% | **60,817** | 135,684 | -55.2% |
| Total comprehensive income attributable to:- | | | | | | |
| Owners of the Company | **41,597** | 82,877 | -49.8% | **41,597** | 82,877 | -49.8% |
| Non-controlling interests | **3,344** | 4,414 | -24.2% | **3,344** | 4,414 | -24.2% |
| | **44,941** | 87,291 | -48.5% | **44,941** | 87,291 | -48.5% |
| Earnings per share (sen):- | | | | | | |
| Basic | **1.73** | 3.35 | | **1.73** | 3.35 | |
| Fully diluted | **1.73** | 3.31 | | **1.73** | 3.31 | |

**IJM CORPORATION BERHAD (104131-A)**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | 30/06/2018<br>RM'000<br>Unaudited | 31/03/2018<br>RM'000<br>Restated | 01/04/2017<br>RM'000<br>Restated |
|---|---|---|---|
| CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | |
| Share capital | **6,099,350** | 6,074,349 | 6,022,651 |
| Treasury shares | **(9,994)** | (2,104) | (10) |
| Shares held under trust | **(1,379)** | (1,521) | (4,016) |
| Other reserves | **(88,647)** | (53,559) | 70,273 |
| Retained profits | **3,213,156** | 3,347,102 | 3,277,936 |
| | **9,212,486** | 9,364,267 | 9,366,834 |
| Non-controlling interests | **1,176,585** | 1,175,280 | 1,225,738 |
| Total equity | **10,389,071** | 10,539,547 | 10,592,572 |
| NON-CURRENT LIABILITIES | | | |
| Bonds | **1,910,000** | 1,910,000 | 1,950,000 |
| Medium Term Notes | **650,000** | - | - |
| Term loans | **1,306,208** | 940,150 | 2,121,809 |
| Government support loans | **116,779** | 125,715 | 154,474 |
| Hire purchase and lease payables | **43** | 290 | 802 |
| Deferred tax liabilities | **580,039** | 573,912 | 573,481 |
| Trade and other payables | **750,401** | 696,690 | 701,402 |
| Provisions | **117,087** | 117,087 | 109,705 |
| Retirement benefits | **21,036** | 19,410 | 10,511 |
| | **5,451,593** | 4,383,254 | 5,622,184 |
| DEFERRED INCOME | **70,355** | 70,355 | 73,063 |
| | **15,911,019** | 14,993,156 | 16,287,819 |

**IJM CORPORATION BERHAD (104131-A)**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | 30/06/2018<br>RM'000<br>Unaudited | 31/03/2018<br>RM'000<br>Restated | 01/04/2017<br>RM'000<br>Restated |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | **2,813,517** | 2,753,002 | 2,855,864 |
| Land use rights | **149,161** | 150,668 | 165,831 |
| Concession assets | **3,445,276** | 3,342,386 | 3,097,066 |
| Plantation development expenditure | **-** | - | - |
| Investment properties | **535,401** | 498,601 | 68,867 |
| Associates | **810,742** | 829,134 | 901,392 |
| Joint ventures | **711,550** | 708,473 | 754,288 |
| Available-for-sale financial assets | **-** | 2,155 | 2,155 |
| Financial assets at fair value through other comprehensive income | **2,155** | - | - |
| Long term receivables | **251,966** | 251,352 | 176,699 |
| Deferred tax assets | **324,016** | 320,395 | 319,730 |
| Inventories | **663,289** | 663,465 | 514,788 |
| Intangible assets | **101,949** | 101,596 | 102,618 |
| | **9,809,022** | 9,621,227 | 8,959,298 |
| CURRENT ASSETS | | | |
| Inventories | **7,520,699** | 7,490,185 | 7,013,375 |
| Produce growing on bearer plants | **7,845** | 10,615 | 13,249 |
| Trade and other receivables | **1,758,250** | 1,713,106 | 1,775,335 |
| Contract assets | **241,300** | 262,390 | 279,381 |
| Financial assets at fair value through profit or loss | **473,418** | 311,079 | 299,164 |
| Derivative financial instruments | **7,576** | 1,055 | 2,909 |
| Assets held for sale | **124** | 124 | - |
| Tax recoverable | **170,151** | 150,041 | 129,329 |
| Deposits, cash and bank balances | **1,624,442** | 1,467,653 | 2,147,777 |
| | **11,803,805** | 11,406,248 | 11,660,519 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | **2,511,471** | 2,627,207 | 2,102,097 |
| Contract liabilities | **455,040** | 459,908 | 463,308 |
| Provisions | **4,213** | 2,764 | 10,718 |
| Derivative financial instruments | **-** | 5,858 | - |
| Borrowings: | | | |
| - Bank overdrafts | **60,634** | 32,309 | 44,514 |
| - Others | **2,623,397** | 2,871,808 | 1,698,382 |
| Current tax liabilities | **47,053** | 34,465 | 12,979 |
| | **5,701,808** | 6,034,319 | 4,331,998 |
| NET CURRENT ASSETS | **6,101,997** | 5,371,929 | 7,328,521 |
| | **15,911,019** | 14,993,156 | 16,287,819 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM) | **2.54** | 2.58 | 2.59 |

**IJM CORPORATION BERHAD (104131-A)**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD ENDED 30 JUNE 2018**
*(The figures have not been audited)*

| | ---Attributable to owners of the Company--- | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital RM'000** | **Treasury shares RM'000** | **Shares held under trust RM'000** | **Other reserves RM'000** | **Retained profits RM'000** | **Total RM'000** | **Non-controlling interests RM'000** | **Total equity RM'000** |
| **At 1 April 2018 (as previously reported)** | **6,074,349** | **(2,104)** | **(1,521)** | **41,607** | **3,376,581** | **9,488,912** | **1,276,411** | **10,765,323** |
| Effects of transition from FRSs to MFRSs (see Note A2) | - | - | - | (95,166) | (29,479) | (124,645) | (101,131) | **(225,776)** |
| Effects of adoption of MFRS 9 (see Note A2) | - | - | - | - | (86,656) | (86,656) | - | **(86,656)** |
| **At 1 April 2018 (as restated)** | **6,074,349** | **(2,104)** | **(1,521)** | **(53,559)** | **3,260,446** | **9,277,611** | **1,175,280** | **10,452,891** |
| Total comprehensive income for the period | - | - | - | (21,167) | 62,764 | 41,597 | 3,344 | **44,941** |
| Issuance of employee share options and share grants | - | - | - | 11,010 | - | 11,010 | - | **11,010** |
| Accretion of interests in a subsidiary | - | - | - | - | (1,127) | (1,127) | - | **(1,127)** |
| Single tier second interim dividend: Year ended 31 March 2018 | - | - | - | - | (108,927) | (108,927) | - | **(108,927)** |
| Dividends paid by subsidiaries to non-controlling shareholders | - | - | - | - | - | - | (2,039) | **(2,039)** |
| Issuance of shares: | | | | | | | | |
| - exercise of employee share options | 122 | - | 142 | (52) | - | 212 | - | **212** |
| - vesting of shares under ESGP | 24,879 | - | - | (24,879) | - | - | - | **-** |
| Shares buy back | - | (7,890) | - | - | - | (7,890) | - | **(7,890)** |
| **At 30 June 2018** | **6,099,350** | **(9,994)** | **(1,379)** | **(88,647)** | **3,213,156** | **9,212,486** | **1,176,585** | **10,389,071** |
| **At 1 April 2017 (as previously reported)** | 6,022,651 | (10) | (4,016) | 175,746 | 3,302,903 | 9,497,274 | 1,319,406 | 10,816,680 |
| Effects of transition from FRSs to MFRSs (see Note A2) | - | - | - | (105,473) | (24,967) | (130,440) | (93,668) | (224,108) |
| **At 1 April 2017 (as restated)** | 6,022,651 | (10) | (4,016) | 70,273 | 3,277,936 | 9,366,834 | 1,225,738 | 10,592,572 |
| Total comprehensive income for the period | - | - | - | (36,102) | 118,979 | 82,877 | 4,414 | 87,291 |
| 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) | 15,105 | 3,233,966 | 9,313,819 | 1,230,082 | 10,543,901 |

| | **Other reserves RM'000** | **Retained profits RM'000** | **Amounts attributable to owners of the Company RM'000** | **Non-controlling interests RM'000** | **Total equity RM'000** |
|---|---|---|---|---|---|
| At 31 March 2018 (as previously reported) | 41,607 | 3,376,581 | 9,488,912 | 1,276,411 | 10,765,323 |
| Effects of transition from FRSs to MFRSs | (95,166) | (29,479) | (124,645) | (101,131) | (225,776) |
| At 31 March 2018 (as restated) - without the effects of adoption of MFRS 9 | (53,559) | 3,347,102 | 9,364,267 | 1,175,280 | 10,539,547 |

**IJM CORPORATION BERHAD (104131-A)**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE PERIOD ENDED 30 JUNE 2018**
*(The figures have not been audited)*

| | 3 months ended 30/06/2018 RM'000 | 3 months ended 30/06/2017 RM'000 Restated |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Receipts from customers | **1,405,828** | 1,445,817 |
| Payments to contractors, suppliers and employees | **(1,412,947)** | (1,324,605) |
| Income tax paid | **(45,359)** | (76,271) |
| **Net cash flow (used in)/from operating activities** | **(52,478)** | 44,941 |
| **INVESTING ACTIVITIES** | | |
| Additional investment in an associate | **(105)** | - |
| Additional investment in a joint venture | **(12,408)** | - |
| Acquisition of financial assets at fair value through profit or loss | **(234,180)** | (405,854) |
| Purchases of property, plant and equipment, development land, land use rights, investment properties, concession assets and deferred expenditure | **(290,234)** | (125,166) |
| Disposal of investments, property, plant and equipment, land use rights, investment properties and assets held for sale | **77,983** | 443,356 |
| Interest received | **18,492** | 22,255 |
| Income from unit trusts | **-** | 119 |
| Dividends received from associates and other investments | **18,303** | 5,721 |
| Net advances to associates and joint ventures | **(5,535)** | (81,955) |
| **Net cash flow used in investing activities** | **(427,684)** | (141,524) |
| **FINANCING ACTIVITIES** | | |
| Issuance of shares by the Company | | |
| - exercise of share options | **212** | 16,700 |
| Re-purchase of treasury shares | **(7,890)** | - |
| Net proceeds from bank and government borrowings | **36,119** | 55,327 |
| Repayments to hire purchase and lease creditors | **(153)** | (159) |
| Interest paid | **(69,461)** | (65,388) |
| Dividends paid by a subsidiary to non-controlling shareholders | **(2,039)** | (70) |
| Net drawdown of Medium Term Notes ("MTN") | **650,000** | - |
| Net placements of restricted deposits | **(380)** | (340) |
| Acquisition of additional interests in a subsidiary | **(1,127)** | - |
| **Net cash flow from financing activities** | **605,281** | 6,070 |
| **Net increase/(decrease) in cash and cash equivalents during the financial period** | **125,119** | (90,513) |
| **Cash and cash equivalents at beginning of the financial period** | **1,407,001** | 2,077,331 |
| Foreign exchange differences on opening balances | **3,161** | (11,711) |
| **Cash and cash equivalents at end of the financial period** | **1,535,281** | 1,975,107 |
| Cash and cash equivalents comprise the following : | | |
| Deposits, cash and bank balances | 1,624,442 | 2,017,280 |
| Bank overdrafts | (60,634) | (16,414) |
| | 1,563,808 | 2,000,866 |
| Less: restricted deposits with licensed banks | (28,527) | (25,759) |
| | 1,535,281 | 1,975,107 |

# 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 *MFRS 134: Interim Financial Reporting* and *Paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")*.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2018 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 2018.

### A2. Changes in Accounting Policies

For the periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with the Financial Reporting Standards ("FRS"). The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2018, except for the effects arising from the transition from FRSs to MFRSs, which are disclosed below.

The interim financial report of the Group for the current quarter ended 30 June 2018 is the first interim financial report prepared in accordance with MFRS Framework, including MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards". Subject to certain transition elections and effects of adoption of MFRS 141 "Agriculture", MFRS 9 "Financial Instruments" and MFRS 15 "Revenue from contracts with customers" as disclosed below, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect.

<u>Transition from FRSs to MFRSs</u>:

(i) <u>MFRS 1 exemption options</u>

As provided in MFRS 1, first time adopters of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the following exemptions:

(a) Exemption for business combinations

The Group has elected to apply MFRS 3 "Business Combinations" prospectively from the date FRS 3 "Business Combinations" was adopted i.e. 1 April 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 10 "Consolidated Financial Statements" on the same date as FRS 3. This election does not have any impact on the financial results of the Group.

(b) Property, plant and equipment – previous revaluation as deemed cost

Under FRS, valuation adjustments on certain property, plant and equipment were incorporated into the financial statements. The Group has elected to use the previous revaluation as deemed cost under MFRS. Accordingly, the carrying amounts of these property, plant and equipment as at 1 April 2017 have not been restated. The revaluation reserve of RM91.8 million as at 1 April 2017 was reclassified to retained profits.

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

(i) MFRS 1 exemption options (continued)

(c) MFRS 9 “Financial Instruments”

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 “Financial Instruments: Recognition and Measurement” and FRS 7 “Financial Instruments: Disclosure” for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained profits as at 1 April 2018.

(d) Assets and liabilities of subsidiaries, joint ventures and associates

The assets and liabilities of subsidiaries, joint ventures and associates which had adopted the MFRS Framework or International Financial Reporting Standards (“IFRS”) earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidated adjustments.

The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRS statement of financial position as at 1 April 2017 and throughout all periods presented in the interim financial report.

(ii) Effects of adoption of Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture”

Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture: Bearer Plants” introduce a new category of biological assets i.e. bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants are measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

Prior to the adoption of the MFRS 116 and MFRS 141, all new planting expenditure incurred from land clearing, planting, field upkeep and maintenance to the point of maturity were capitalised under plantation development expenditure and were not amortised. Replanting expenditure which represents cost incurred to replant old planted areas were charged to profit or loss as and when incurred. Agricultural produce which form part of the bearer plants were not recognised and identified separately.

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

(ii) Effects of adoption of Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 141 "Agriculture" (continued)

With the adoption of the Amendments to MFRS 116 and MFRS 141, new planting expenditure and replanting expenditure are accounted for as property, plant and equipment in accordance with MFRS 116 and measured at cost less accumulated depreciation, whereas produce growing on bearer plants within the scope of MFRS 141 are measured at fair value less costs to sell.

The adoption of the Amendments to MFRS 116 and MFRS 141 have resulted in additional depreciation on property, plant and equipment and replanting expenditure that were charged to profit or loss prior to the adoption of the Amendments to MFRS 116 and MFRS 141 are reversed and capitalised under property, plant and equipment. Changes in fair value less costs to sell of the produce growing on bearer plants are recognised in profit or loss.

(iii) MFRS 9 "Financial Instruments"

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (i) classification and measurement of financial assets; (ii) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (iii) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of MFRS 9 adoption are described below:

(a) Classification and measurement

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model under which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

The Group has made an irrevocable election to classify RM2.2 million of the Group's other investments previously classified as available-for-sale financial assets as financial assets at FVOCI. Fair value changes on other investments at FVOCI are presented in other comprehensive income ("OCI") and are not subsequently transferred to profit or loss. Upon sale of other investments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained profits.

The other financial assets held by the Group include:
- equity investments, currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9; and
- debt instruments, currently classified as loans and receivables and measured at amortised cost meet the conditions to be classified at amortised cost under MFRS 9.

There is no impact on the Group for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities. The derecognition rules have been transferred from FRS 139 "Financial Instruments: Recognition and Measurement" and have not been changed.

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

(iii) MFRS 9 “Financial Instruments” (continued)

(b) Impairment

MFRS 9 changes the recognition of impairment provision for financial assets by introducing an expected credit loss model. Upon the adoption of MFRS 9, the Group has revised its impairment methodology to include expected credit losses based on an assessment of any significant increase in credit risk for financial assets measured at amortised cost, contract assets and lease receivables at the end of each reporting period. The assessment has resulted in a decrease of RM86.7 million in retained profits with a corresponding adjustment to trade receivables as at 1 April 2018.

(c) Hedge accounting

The new accounting requirements on hedge accounting do not have any impact on the Group because the Group does not adopt hedge accounting.

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application of MFRS 9.

(iv) MFRS 15 “Revenue from Contracts with Customers”

MFRS 15 “Revenue from contracts with customers” replaces MFRS 118 “Revenue”, MFRS 111 “Construction Contracts” and related interpretations.

The Group has assessed the effects of applying the new revenue standard on the Group’s financial statements and based on the analysis of the recognition of various revenue sources, no significant differences with existing accounting principles were identified except for the following:

(a) Determining the transaction price

In determining the transaction price, the Group assesses the estimated transaction price based on the most likely amount, which is not reversible in the future.

(b) Accounting for separate performance obligations arising from the sale of properties

The application of MFRS 15 resulted in the identification of various separate performance obligations which previously had been bundled as a sale of property. The performance obligations are separated if they are capable of being distinct and are distinct within the context of the contracts, such as, the provision of furniture and fittings, common facilities and any other charges paid on behalf of house buyers. Revenue will then be allocated to the respective performance obligations and recognised when controls in relation to the performance obligations have been transferred. This could affect the timing of the recognition of revenue going forward.

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

(iv) MFRS 15 “Revenue from Contracts with Customers” (continued)

(c) Timing of recognition for the sales of properties

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time. For properties sold in accordance with the Housing Development (Control and Licensing) Act 1966 (“HDA”), control of the asset is transferred over time as 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. Therefore revenue from sale of properties under HDA, without a secured financing arrangement is recognised when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled. Sales of properties that are not governed under HDA, will be assessed on a contract by contract basis, to establish the Group's enforceable right to payment for performance completed to date.

(d) Accounting for incremental costs of obtaining a contract

The Group’s existing accounting policy is to expense off costs, such as sales commissions, in obtaining a contract. Under MFRS 15, these costs are recognised as an asset, as the Group expects to recover them.

(e) Classification of land held for property development and property development costs

Upon withdrawal of FRS 201 “Property Development Activities”, land held for property development and property development costs are reclassified as inventories as these assets are in the process of production for sale. These inventories are carried at the lower of cost or net realisable value.

(f) Presentation of contract assets and contract liabilities in the statement of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This results in some reclassifications as of 1 April 2018, which are currently included in other statement of financial position line items. Contract assets identified are mainly the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract assets are the excess of cumulative revenue earned over cumulative billings to-date and contract liabilities are the obligations to transfer goods or services to the customers for which the Group or the Company has received the consideration or has billed the customers.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group has applied this standard retrospectively.

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

(iv) MFRS 15 "Revenue from Contracts with Customers" (continued)

The Group has also elected the following practical expedients upon the adoption of MFRS 15:

- completed contracts that began and ended in the same comparative reporting period as well as completed contracts at the beginning of the earliest period presented, are not restated; and

- for all reporting periods presented before the date of initial application, the amount of transaction price allocated to the remaining performance obligation and an explanation of when the Group expects to recognise the amount as revenue are not disclosed.

Upon adoption of MFRS 15, property development cost and land held for property development are measured at the lower of cost and net realisable value in accordance with MFRS 102 "Inventories".

The effects of the transition from FRSs to MFRSs are as follows:

| | As previously stated under FRSs | Effects of adoption of MFRS 141 | Effects of adoption of MFRS 15 | 30 June 2017 as restated |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Condensed Consolidated Statement of Comprehensive Income** | | | | |
| **Quarter ended 30 June 2017** | | | | |
| Revenue | 1,468,311 | - | (6,749) | 1,461,562 |
| Costs of sales | (1,162,638) | (7,086) | (1,265) | (1,170,989) |
| Other operating income | 52,858 | - | (1,143) | 51,715 |
| Tendering, selling and distribution expenses | (41,151) | - | 6,572 | (34,579) |
| Other operating expenses | (15,343) | (1,400) | - | (16,743) |
| Share of profits of joint ventures | 4,996 | - | 24 | 5,020 |
| Profit before taxation | 197,505 | (8,486) | (2,561) | 186,458 |
| Income tax expense | (53,677) | 2,570 | 333 | (50,774) |
| Net profit for the period | 143,828 | (5,916) | (2,228) | 135,684 |
| | | | | |
| Other comprehensive income/(loss): | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Currency translation differences of foreign operations | (47,013) | 1,714 | - | (45,299) |
| Total comprehensive income | 93,721 | (4,202) | (2,228) | 87,291 |
| | | | | |
| Net profit attributable to: | | | | |
| Owners of the Company | 126,395 | (3,055) | (2,171) | 121,169 |
| Non-controlling interests | 17,433 | (2,861) | (57) | 14,515 |
| | | | | |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 87,198 | (2,150) | (2,171) | 82,877 |
| Non-controlling interests | 6,523 | (2,052) | (57) | 4,414 |
| | | | | |
| Earnings per share (sen): | | | | |
| Basic | 3.49 | | | 3.35 |
| Fully Diluted | 3.45 | | | 3.31 |

## A2. Changes in Accounting Policies (continued)

<u>Transition from FRSs to MFRSs</u> (continued):

The effects of the transition from FRSs to MFRSs are as follows (continued):

| | As previously stated under FRSs | Effects of adoption of MFRS 1 | Effects of adoption of MFRS 141 | Effects of adoption of MFRS 15 | 31 March 2018 As restated (after effects of transition from FRSs to MFRSs) | Effects of adoption of MFRS 9 | 1 April 2018 As restated |
|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Condensed Consolidated Statement of Financial Position** | | | | | | | |
| | | | | | | | |
| **As at 31 March 2018/1 April 2018** | | | | | | | |
| *Total Equity* | | | | | | | |
| Other reserves | 41,607 | (104,246) | 9,080 | - | (53,559) | - | (53,559) |
| Retained profits | 3,376,581 | 104,246 | (125,821) | (7,904) | 3,347,102 | (86,656) | 3,260,446 |
| Non-controlling interests | 1,276,411 | - | (102,085) | 954 | 1,175,280 | - | 1,175,280 |
| | | | | | | | |
| *Non-current liabilities* | | | | | | | |
| Deferred tax liabilities | 682,177 | - | (108,265) | - | 573,912 | - | 573,912 |
| | | | | | | | |
| *Non-current assets* | | | | | | | |
| Property, plant and equipment | 1,990,135 | - | 762,867 | - | 2,753,002 | - | 2,753,002 |
| Joint ventures | 708,425 | - | - | 48 | 708,473 | - | 708,473 |
| Available-for-sale financial assets | 2,155 | - | - | - | 2,155 | (2,155) | - |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | 2,155 | 2,155 |
| Deferred tax assets | 304,147 | - | 7,275 | 8,973 | 320,395 | - | 320,395 |
| Land held for property development | 663,465 | - | - | (663,465) | - | - | - |
| Inventories | - | - | - | 663,465 | 663,465 | - | 663,465 |
| Plantation development expenditure | 1,107,848 | - | (1,107,848) | - | - | | |
| | | | | | | | |
| *Current assets* | | | | | | | |
| Property development costs | 6,128,340 | - | - | (6,128,340) | - | - | - |
| Inventories | 1,334,243 | - | - | 6,155,942 | 7,490,185 | - | 7,490,185 |
| Produce growing on bearer plants | - | - | 10,615 | - | 10,615 | - | 10,615 |
| Trade and other receivables | 1,952,313 | - | - | (239,207) | 1,713,106 | (86,656) | 1,626,450 |
| Contract assets | - | - | - | 262,390 | 262,390 | - | 262,390 |
| | | | | | | | |
| *Current liabilities* | | | | | | | |
| Trade and other payables | 3,020,359 | - | - | (393,152) | 2,627,207 | - | 2,627,207 |
| Contract liabilities | - | - | - | 459,908 | 459,908 | - | 459,908 |
| | | | | | | | |
| Net assets per share attributable to owners of the Company (RM) | 2.62 | | | | 2.58 | | 2.56 |

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

The effects of the transition from FRSs to MFRSs are as follows (continued):

| | As previously stated under FRSs | Effects of adoption of MFRS 1 | Effects of adoption of MFRS 141 | Effects of adoption of MFRS 15 | 1 April 2017 As restated |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Condensed Consolidated Statement of Financial Position (continued)** | | | | | |
| | | | | | |
| **As at 1 April 2017** | | | | | |
| *Total Equity* | | | | | |
| Other reserves | 175,746 | (104,284) | (1,189) | - | 70,273 |
| Retained profits | 3,302,903 | 104,284 | (116,986) | (12,265) | 3,277,936 |
| Non-controlling interests | 1,319,406 | - | (95,001) | 1,333 | 1,225,738 |
| | | | | | |
| *Non-current liabilities* | | | | | |
| Deferred tax liabilities | 669,456 | - | (95,975) | - | 573,481 |
| | | | | | |
| *Non-current assets* | | | | | |
| Property, plant and equipment | 1,989,646 | - | 866,218 | - | 2,855,864 |
| Joint ventures | 754,783 | - | - | (495) | 754,288 |
| Deferred tax assets | 297,762 | - | 12,952 | 9,016 | 319,730 |
| Land held for property development | 514,788 | - | - | (514,788) | - |
| Inventories | - | - | - | 514,788 | 514,788 |
| Plantation development expenditure | 1,201,570 | - | (1,201,570) | - | - |
| | | | | | |
| *Current assets* | | | | | |
| Property development costs | 5,587,380 | - | - | (5,587,380) | - |
| Inventories | 1,421,961 | - | - | 5,591,414 | 7,013,375 |
| Produce growing on bearer plants | - | - | 13,249 | - | 13,249 |
| Trade and other receivables | 2,031,003 | - | - | (255,668) | 1,775,335 |
| Contract assets | - | - | - | 279,381 | 279,381 |
| | | | | | |
| *Current liabilities* | | | | | |
| Trade and other payables | 2,518,205 | - | - | (416,108) | 2,102,097 |
| Contract liabilities | - | - | - | 463,308 | 463,308 |
| | | | | | |
| Net assets per share attributable to owners of the Company (RM) | 2.63 | | | | 2.59 |
| | | | | | |

## A2. Changes in Accounting Policies (continued)

Transition from FRSs to MFRSs (continued):

The effects of the transition from FRSs to MFRSs are as follows (continued):

| | As previously stated under FRSs | Effects of transition from FRSs to MFRSs | Restated under MFRSs |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| | | | |
| **Condensed Consolidated Statements of Cash Flow** | | | |
| | | | |
| **Quarter ended 30 June 2017** | | | |
| *Net cash fow from operating activities:* | | | |
| Payments to contractors, suppliers and employees | (1,328,279) | 3,674 | (1,324,605) |
| | | | |
| *Net cash flow from investing activities:* | | | |
| Purchase of property, plant and equipment, development land, land use rights, investment properties, concession assets and deferred expenditure | (121,492) | (3,674) | (125,166) |

Adoption of amendments to standards and IC interpretations

Following the adoption of MFRS framework, the Group has adopted the following amendments to standards and IC interpretations which are applicable and effective for annual periods beginning on 1 April 2018:

- Amendments to MFRS 140 “Classification on Change in Use”
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”

The adoption of these amendments and IC interpretations did not have any material impact on the interim financial report of the Group

## A3. Audit Report

The audit report for the financial year ended 31 March 2018 was not subject to any modification or qualification.

## A4. Seasonality or Cyclicality 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 on the results for the financial period-to-date.

## A7. Debt and Equity Securities

(a) For the financial period ended 30 June 2018, the number of issued and paid-up ordinary shares of the Company was increased from 3,628,678,020 to 3,635,687,820 by way of the issuance of:-

   i. 6,981,000 new ordinary shares arising from the vesting of shares under the Employee Share Grant Plan (“ESGP”); and

   ii. 28,800 new ordinary shares arising from the exercise of options under the Employee Share Option Scheme (“ESOS”).

(b) For the financial period ended 30 June 2018, 3,990,100 ordinary shares were repurchased in the open market at an average price of RM1.98 per share and retained as treasury shares of the Company. There were no cancellations and repayments of debt and equity securities for the financial period-to-date.

## A8. Dividend Paid

On 20 July 2018, a single tier second interim dividend of 3 sen per share in respect of the financial year ended 31 March 2018 was paid totalling RM108,927,000.

## A9. Segmental Information

| | GROUP | | |
|---|---|---|---|
| | 3 months ended 30/06/2018 | 3 months ended 30/06/2017 | Change (+/-) |
| | RM'000 | RM'000 | % |
| | | Restated | |
| **External revenue:** | | | |
| Construction | **526,918** | 532,019 | -1.0% |
| Property development | **334,693** | 293,018 | 14.2% |
| Manufacturing and quarrying | **231,660** | 275,063 | -15.8% |
| Plantation | **183,143** | 184,594 | -0.8% |
| Infrastructure | **167,763** | 176,805 | -5.1% |
| Investment and others | **139** | 63 | 120.6% |
| | **1,444,316** | 1,461,562 | -1.2% |
| **Inter-segment revenue:** | | | |
| Construction | **175,869** | 142,419 | 23.5% |
| Property development | **-** | - | |
| Manufacturing and quarrying | **5,570** | 6,620 | -15.9% |
| Plantation | **-** | - | |
| Infrastructure | **-** | - | |
| Investment and others | **64,012** | 323,423 | -80.2% |
| | **245,451** | 472,462 | -48.0% |
| **Profit/(loss) before taxation:** | | | |
| Construction | **39,690** | 56,075 | -29.2% |
| Property development | **44,897** | 24,019 | 86.9% |
| Manufacturing and quarrying | **13,146** | 22,405 | -41.3% |
| Plantation | **(26,269)** | 16,287 | -261.3% |
| Infrastructure | **24,856** | 64,644 | -61.5% |
| Investment and others | **6,908** | 3,028 | 128.1% |
| | **103,228** | 186,458 | -44.6% |
| **Earnings before interest, tax, depreciation and amortisation:** | | | |
| Construction | **63,233** | 73,409 | -13.9% |
| Property development | **52,502** | 34,177 | 53.6% |
| Manufacturing and quarrying | **27,033** | 35,861 | -24.6% |
| Plantation | **20,378** | 52,939 | -61.5% |
| Infrastructure | **76,422** | 121,555 | -37.1% |
| Investment and others | **6,908** | 3,028 | 128.1% |
| | **246,476** | 320,969 | -23.2% |
| Finance Cost | **(59,833)** | (45,068) | |
| Depreciation and amortisation | **(83,415)** | (89,443) | |
| Profit before taxation | **103,228** | 186,458 | -44.6% |
| | **As at 30/06/2018 RM'000** | **As at 31/03/2018 RM'000** | |
| **Total Assets:** | | | |
| Construction | **1,979,061** | 1,745,180 | |
| Property development | **10,371,657** | 10,297,146 | |
| Manufacturing and quarrying | **1,446,539** | 1,461,472 | |
| Plantation | **2,250,860** | 2,269,221 | |
| Infrastructure | **4,919,570** | 4,633,362 | |
| Investment and others | **150,973** | 150,658 | |
| Total segment assets | **21,118,660** | 20,557,039 | |
| Unallocated corporate assets | **494,167** | 470,436 | |
| Consolidated total assets | **21,612,827** | 21,027,475 | |

## A9. Segmental Information (continued)

| | Construction | Property development | Manufacturing & Quarrying | Plantation | Infrastructure | Investment & Others | Total |
|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Quarter ended 30 June 2018** | | | | | | | |
| Timing of revenue recognition: | | | | | | | |
| - At a point in time | 6,198 | 3,515 | 228,103 | 183,143 | 62,802 | - | 483,761 |
| - Over time | 520,720 | 330,932 | 1,309 | - | 2,063 | - | 855,024 |
| - Others | - | 246 | 2,248 | - | 102,898 | 139 | 105,531 |
| | 526,918 | 334,693 | 231,660 | 183,143 | 167,763 | 139 | 1,444,316 |
| **Quarter ended 30 June 2017** | | | | | | | |
| Timing of revenue recognition: | | | | | | | |
| - At a point in time | 7,055 | 3,779 | 268,576 | 184,594 | 73,477 | - | 537,481 |
| - Over time | 524,964 | 288,943 | 5,418 | - | 1,996 | - | 821,321 |
| - Others | - | 296 | 1,069 | - | 101,332 | 63 | 102,760 |
| | 532,019 | 293,018 | 275,063 | 184,594 | 176,805 | 63 | 1,461,562 |

## A10. Carrying Amount of Revalued Property, Plant and Equipment

The valuations of certain property, plant and equipment have been brought forward without amendments from the audited financial statements for the Financial Year 2018.

## A11. Changes in the Composition of the Group

On 23 May 2018, Industrial Concrete Products Sdn Bhd, which is a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as IJM IBS Sdn Bhd. This incorporation has no material impact on the financial results of the Group for the period-to-date.

## A12. Contingent Liabilities

The changes in contingent liabilities are summarised as follows:-

| | **RM'000** |
|---|---|
| Balance as at 31 March 2018 | 5,188 |
| - Exchange differences | (61) |
| Balance as at 30 June 2018 | 5,127 |

## A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2018 are as follows:

| | **RM'000** |
|---|---|
| Approved and contracted for | 852,712 |
| Approved but not contracted for | 102,288 |
| | 955,000 |

<u>Analysed as follows:</u>

| | |
|---|---|
| - Purchases of property, plant and equipment and land use rights | 306,898 |
| - Purchases of development land | 36,554 |
| - Concession assets | 522,458 |
| - Investment properties | 89,090 |
| | 955,000 |

## A14. Significant events subsequent to the statement of financial position date

There was no significant event subsequent to the statement of financial position date of the current reporting period.

## 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 RM1,444.32 million, a minimal decrease of 1.2% over the corresponding quarter of the preceding year, following lower revenues contributed by the Group's Construction, Manufacturing & Quarrying, Plantations and Infrastructure divisions. The Group also recorded a pre-tax profit for the current quarter of RM103.23 million, a decrease of 44.6% over the corresponding quarter of the preceding year, mainly due to an increase in net unrealised foreign exchange losses of RM71.0 million in the current quarter as opposed to a loss of RM3.6 million in the corresponding quarter of the preceding year.

Further analysis of the divisional performances is given below.

| Operating Segment | Commentary |
|---|---|
| Construction | Current quarter revenue and pre-tax profit decreased by 1.0% and 29.2% respectively over the previous year's corresponding quarter. The decrease in pre-tax profit from RM56.1 million in the previous year's corresponding quarter to RM39.7 million in the current quarter was mainly due to the increase in unrealised foreign exchange losses. |
| Property development | The Division recorded a 14.0% revenue growth over the previous year's corresponding quarter following higher work progress and completion of some projects in the current quarter. The increased revenue together with the higher profit margin derived from current ongoing projects have contributed to the increase in pre-tax profits for the current quarter. |
| Manufacturing and quarrying | Current quarter revenue and pre-tax profit decreased by 15.8% and 41.3% respectively compared to the previous year's corresponding quarter mainly due to lower sales volumes and margins in the piles and quarrying sectors. |
| Plantation | Revenue for the current quarter decreased marginally by 0.8% compared to the previous year's corresponding quarter mainly due to lower commodity prices (mainly attributable to the adverse market supply and demand conditions) despite increased CPO sales volume. The current quarter's pre-tax loss of RM26.3 million (as compared to a pre-tax profit of RM16.3 million in the previous year's corresponding quarter) was largely attributable to the net unrealised foreign exchange losses of RM30.9 million on the US Dollar denominated borrowings for the current quarter, as compared to only RM0.8 million in the preceding year's corresponding quarter and by a decline in closing inventory levels as compared to the corresponding quarter of the previous year, valued at the prevailing lower palm produce prices resulting in an impact to EBITDA of RM24.6 million. This was further compounded by the lower commodity prices and production costs pressure from the increase in young mature areas in the Indonesian operations incurring full fixed plantation maintenance and overhead costs set against the start-up crop yield. |
| Infrastructure | Revenue for the current quarter decreased by 5.1% compared to the previous year's corresponding quarter. This was mainly attributable to a 28% decrease in cargo throughput handled by the Group's port concession in the current quarter compared to the previous year's corresponding quarter. The Division's pre-tax profit for the current quarter decreased to RM24.9 million from RM64.6 million recorded in the previous year's corresponding quarter. This was mainly due to the decrease in cargo throughput handled by the Group's port concession as well as increased net foreign exchange loss of RM22.7 million in the current quarter compared to RM0.9 million in the corresponding quarter of the previous year. |

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

Despite the Plantation division having a significant decline in closing inventory levels valued at the prevailing lower palm produce prices resulting in an impact to EBITDA of RM50.6 million, the Group's pre-tax profit increased by RM25.6 million (or 32.9%) compared to that of the immediate preceding quarter mainly due to higher contributions from the Group's Property and Infrastructure divisions as well as improved contributions from associates and joint ventures.

## B3. Prospects for the Current Financial Year

The Group's Construction division expects continuous growth based on an outstanding order book of RM8.8 billion, underpinned by the implementation of on-going domestic projects.

The local property market is expected to remain challenging despite improving consumer sentiments. The key issues of price affordability, the overhang of high priced properties, rising costs of living and tight financing continues to have a dampening effect. Nonetheless, the Property Development division remains steadfast in its efforts 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 RM2.0 billion, the division is expected to maintain a satisfactory performance in the current financial year.

Despite a challenging operating environment both domestically and overseas, the Group's Industry division expects a reasonable performance based on its order book position whilst intensifying its efforts to improve operating margins.

The Group's Plantation division expects a challenging year due to the volatility of the commodity prices, foreign exchange rates particularly that of the Indonesian Rupiah against the US Dollar and higher borrowing costs. Notwithstanding the recovery of crop production from the effects of the prolonged dry weather and increased young mature areas, the division continues to be affected by the start-up yields whilst incurring full plantation maintenance costs and overheads.

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

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

## 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 | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 Restated | 2018 RM'000 | 2017 RM'000 Restated |
| Malaysian income tax | 43,843 | 45,731 | 43,843 | 45,731 |
| Overseas taxation | (2,612) | (161) | (2,612) | (161) |
| Deferred taxation | 1,180 | 5,204 | 1,180 | 5,204 |
| | 42,411 | 50,774 | 42,411 | 50,774 |

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 2018, there were no outstanding corporate proposals.

## B7. Group Borrowings

Particulars of the Group's borrowings as at 30 June 2018 are as follows:

| | As at 30/06/2018 RM'000 |
|---|---|
| **(a) (i) Short Term Borrowings** | |
| Secured:- | |
| - Islamic bonds | 40,000 |
| - Term loans | 44,090 |
| - Hire purchase and lease payables (included in trade and other payables) | 690 |
| - Revolving credits | 121,534 |
| - 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 | 954,278 |
| - Revolving credits | 1,106,488 |
| - Revolving loans | 282,975 |
| - Bankers' acceptances | 63,832 |
| - Letters of Credit | 10,200 |
| - Bank overdrafts | 60,634 |
| | 2,717,825 |
| **(ii) Long Term Borrowings** | |
| Secured:- | |
| - Islamic bonds | 610,000 |
| - Medium term notes | 650,000 |
| - Hire purchase and lease payables | 43 |
| - Term loans | 627,948 |
| - Government support loans | 64,335 |
| Unsecured:- | |
| - Islamic bonds | 1,300,000 |
| - Government support loans | 52,444 |
| - Term loans | 678,260 |
| | 3,983,030 |

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

| | Foreign Currency '000 | RM Equivalent '000 |
|---|---|---|
| US Dollar | 446,700 | 1,806,005 |
| Indian Rupee | 4,572,028 | 268,378 |
| Chinese Yuan | 52,000 | 31,590 |
| Pound Sterling | 26,391 | 139,554 |
| | | 2,245,527 |

## B8. Changes in Material Litigation

There was no material litigation since 31 March 2018.

## B9. Dividends

No dividend has been declared for the current financial year ending 31 March 2019.

In respect of the financial year ended 31 March 2018, a single tier first interim dividend of 3 sen per share was paid on 28 December 2017 and a single tier second interim dividend of 3 sen per share was paid on 20 July 2018.

## B10. Earnings per Share

| | Individual Quarter | | Cumulative Period | |
|---|---|---|---|---|
| | Current year quarter | Preceding year quarter | Current year to date | Preceding year to date |
| | 30/06/2018<br>RM'000 | 30/06/2017<br>RM'000<br>Restated | 30/06/2018<br>RM'000 | 30/06/2017<br>RM'000<br>Restated |
| Basic Earnings per share:- | | | | |
| (a) Net profit for the period attributable to owners of the Company | 62,764 | 121,169 | 62,764 | 121,169 |
| (b) Weighted average number of ordinary shares ('000) | 3,628,819 | 3,618,373 | 3,628,819 | 3,618,373 |
| **Basic Earnings per share (sen)** | **1.73** | **3.35** | **1.73** | **3.35** |
| Diluted Earnings per share:- | | | | |
| (a) Net profit for the period attributable to owners of the Company | 62,764 | 121,169 | 62,764 | 121,169 |
| (b) Weighted average number of ordinary shares ('000) | 3,628,819 | 3,618,373 | 3,628,819 | 3,618,373 |
| Effect of dilution ('000)<br>- Employee share options and share grants | 3,764 | 47,767 | 3,764 | 47,767 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 3,632,583 | 3,666,140 | 3,632,583 | 3,666,140 |
| **Diluted Earnings per share (sen)** | **1.73** | **3.31** | **1.73** | **3.31** |

## 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** |
| | **30/06/2018** | **30/06/2017** | **30/06/2018** | **30/06/2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| | | **Restated** | | **Restated** |
| Interest income | **28,498** | 27,942 | **28,498** | 27,942 |
| Other income (including investment income) | **34,542** | 20,867 | **34,542** | 20,867 |
| Interest expense | **(59,833)** * | (45,068) * | **(59,833)** * | (45,068) * |
| Depreciation and amortisation | **(83,415)** | (89,443) | **(83,415)** | (89,443) |
| Net allowance of impairment of receivables | **(891)** | (2,806) | **(891)** | (2,806) |
| Net gains on disposal of investments or properties | **1,202** | 1,545 | **1,202** | 1,545 |
| Net allowance of impairment of assets | **(294)** | (81) | **(294)** | (81) |
| Net foreign exchange losses | **(71,041)** | (3,638) | **(71,041)** | (3,638) |
| Net gains on derivatives | **11,503** | 720 | **11,503** | 720 |
| Fair value losses on produce growing on bearer plants | **(2,767)** | (1,400) | **(2,767)** | (1,400) |

** Includes RM11.8 mil (2017: RM Nil) of unrealised foreign exchange losses incurred by the Plantation division classified under 'Finance Cost'.*

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

## B12. Derivative financial instruments

### (a) Crude Palm Oil Pricing Swap Contracts

The Group entered into Crude Palm Oil ("CPO") pricing swap contracts offered by certain reputable banks in Malaysia to mitigate the exposure of fluctuations in the price of CPO.

As at 30 June 2018, the outstanding notional volume and value of the CPO pricing swap contracts and their fair values are as follows:

| CPO pricing swap contracts | Notional volume outstanding as at 30/06/2018 (metric tonnes) | Notional value outstanding as at 30/06/2018 (RM'000) | Fair value as at 30/06/2018 (RM'000) |
|---|---|---|---|
| - Less than 1 year | 6,750 | 17,228 | 1,304 |
| - 1 year to 3 years | - | - | - |
| - More than 3 years | - | - | - |

### (b) Cross Currency Swap Contracts

The Group entered into Cross Currency Swap contracts offered by certain reputable banks in Malaysia to swap USD floating rate liability into MYR floating rate liability, thus hedging the USD/MYR currency risk and the interest rate risk.

As at 30 June 2018, the outstanding notional value of the cross currency swap contracts and their fair values are as follows:

| Cross currency swap contracts | Notional value outstanding as at 30/06/2018 (USD'000) | Notional value outstanding as at 30/06/2018 (RM'000) | Fair value as at 30/06/2018 (RM'000) |
|---|---|---|---|
| - Less than 1 year | 90,000 | 355,810 | 6,272 |
| - 1 year to 3 years | - | - | - |
| - More than 3 years | - | - | - |

### (c) Forward foreign exchange contracts

The Group enters into Forward Foreign Exchange contracts offered by certain reputable banks in Malaysia to purchase US Dollars at a predetermined exchange rate for settlement at a predetermined time in the future, thus hedging the USD/MYR currency risk.

As at 30 June 2018, there are no outstanding forward foreign exchange contracts.

## B13. Fair value changes of derivative financial instruments

The Group recognised a total net fair value gain on derivative financial instruments of RM11.50 million during the current period-to-date. The details are as follows:

| Type of derivative | 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/(losses) |
|---|---|---|---|---|
| Crude palm oil ("CPO") pricing swap contracts | 913 | 913 | 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 has dropped below the contracted prices. |
| Cross currency swap contracts | 8,210 | 8,210 | Exchange rate differentials between the USD/MYR spot rate and the contracted USD/MYR rate; Interest rate differentials between the USD floating interest rate and the contracted MYR interest rate. | The fair value gain or loss is affected by movements in the USD/MYR spot rates and the USD and MYR interest rates. |
| Forward foreign exchange contracts | 2,380 | 2,380 | Exchange rate differentials between the market spot rate and the contracted rate between USD and MYR. | The market spot rate for USD against the MYR has risen above the contracted rate. |