



IJM CORPORATION BERHAD (104131-A)

Part A1 : Quarterly Report

Quarterly report for the financial period ended:	30/06/2016
Quarter:	1st Quarter
Financial Year End:	31/03/2017
The figures:	Have not been audited
Full Quarterly Report:	Refer attached

Part A2 : Summary of Key Financial Information for the financial period ended 30/06/2016

	Individual Quarter		Cumulative Period	
	Current year quarter 30/06/2016 RM'000	Preceding year quarter 30/06/2015 RM'000	Current year to date 30/06/2016 RM'000	Preceding year to date 30/06/2015 RM'000
1 Revenue	1,313,229	1,182,243	1,313,229	1,182,243
2 Profit before taxation	174,569	426,637	174,569	426,637
3 Net profit for the period	129,900	370,549	129,900	370,549
4 Net profit attributable to owners of the Company	115,516	336,867	115,516	336,867
5 Basic earnings per share (sen)	3.22	9.46	3.22	9.46
6 Proposed/Declared dividend per share (sen)	-	-	-	-
	As at end of current quarter 30/06/2016		As at preceding financial year end	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)		2.47		2.52

CONDENSED STATEMENT OF COMPREHENSIVE INCOME*(The figures have not been audited)*

	Individual Quarter		Cumulative Period	
	Current year quarter	Preceding year quarter	Current year to date	Preceding year to date
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,313,229	1,182,243	1,313,229	1,182,243
Cost of sales	(1,029,965)	(811,284)	(1,029,965)	(811,284)
Gross profit	283,264	370,959	283,264	370,959
Other operating income	50,800	231,289	50,800	231,289
Foreign exchange differences	(5,918)	27,017	(5,918)	27,017
Tendering, selling and distribution expenses	(42,644)	(39,447)	(42,644)	(39,447)
Administrative expenses	(86,865)	(85,034)	(86,865)	(85,034)
Other operating expenses	(15,004)	(25,386)	(15,004)	(25,386)
Operating profit before finance cost	183,633	479,398	183,633	479,398
Finance cost	(31,103)	(53,381)	(31,103)	(53,381)
Operating profit after finance cost	152,530	426,017	152,530	426,017
Share of profits of associates	21,857	417	21,857	417
Share of profits of joint ventures	182	203	182	203
Profit before taxation	174,569	426,637	174,569	426,637
Income tax expense	(44,669)	(56,088)	(44,669)	(56,088)
Net profit for the period	129,900	370,549	129,900	370,549
<u>Other comprehensive income / (loss) (net of tax):</u>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences of foreign operations	13,589	(615)	13,589	(615)
Realisation of other comprehensive income arising from disposal of foreign subsidiaries and associate	(4,890)	41,025	(4,890)	41,025
Share of other comprehensive (loss)/ income of associates	(15,194)	1,267	(15,194)	1,267
	(6,495)	41,677	(6,495)	41,677
Total comprehensive income for the period	123,405	412,226	123,405	412,226
<u>Net profit attributable to:-</u>				
Owners of the Company	115,516	336,867	115,516	336,867
Non-controlling interests	14,384	33,682	14,384	33,682
	129,900	370,549	129,900	370,549
<u>Total comprehensive income attributable to:-</u>				
Owners of the Company	94,639	378,505	94,639	378,505
Non-controlling interests	28,766	33,721	28,766	33,721
	123,405	412,226	123,405	412,226
<u>Earnings per share (sen):-</u>				
Basic	3.22	9.46 *	3.22	9.46 *
Fully diluted	3.17	9.39 *	3.17	9.39 *

* Adjusted for the effect of 1:1 bonus issue on 10 September 2015

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

	30/06/2016	31/03/2016
	RM'000	RM'000
	(Unaudited)	(Audited)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	3,599,187	3,584,805
Treasury shares	(7)	(3)
Shares held under trust	(3,191)	(3,812)
Share premium	2,378,758	2,349,079
Other reserves	16,083	56,208
Retained profits	2,898,471	3,042,082
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	8,889,301	9,028,359
Non-controlling interests	1,249,538	1,208,045
	<hr/>	<hr/>
Total equity	10,138,839	10,236,404
NON-CURRENT LIABILITIES		
Bonds	1,880,000	1,880,000
Term loans	2,383,330	2,269,363
Government support loans	179,030	184,481
Hire purchase and lease payables	193	169
Deferred tax liabilities	641,952	631,326
Trade and other payables	753,663	764,463
Provisions	85,829	85,829
Retirement benefits	4,675	4,675
	<hr/>	<hr/>
	5,928,672	5,820,306
GOVERNMENT GRANTS	6,944	8,164
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	16,074,455	16,064,874
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IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED BALANCE SHEET

	30/06/2016	31/03/2016
	RM'000	RM'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,855,063	1,812,557
Land use rights	154,305	134,839
Concession assets	2,913,432	2,912,176
Plantation development expenditure	1,122,322	1,088,487
Investment properties	60,474	60,083
Associates	792,602	869,633
Joint ventures	686,700	680,521
Available-for-sale financial assets	2,212	2,212
Long term receivables	131,620	128,787
Deferred tax assets	229,135	230,046
Land held for property development	610,249	604,143
Intangible assets	90,030	91,603
	8,648,144	8,615,087
CURRENT ASSETS		
Property development costs	5,662,403	5,632,922
Inventories	1,043,861	1,092,482
Trade and other receivables	2,107,695	2,256,370
Financial assets at fair value through profit or loss	386,668	407,200
Derivative financial instruments	476	-
Tax recoverable	182,143	152,023
Deposits, cash and bank balances	1,963,190	1,679,461
	11,346,436	11,220,458
CURRENT LIABILITIES		
Trade and other payables	2,456,808	2,258,316
Provisions	3,662	1,945
Derivative financial instruments	-	10,380
Borrowings:		
- Bank overdrafts	160,670	187,352
- Others	1,279,514	1,290,048
Current tax liabilities	19,471	22,630
	3,920,125	3,770,671
NET CURRENT ASSETS	7,426,311	7,449,787
	16,074,455	16,064,874
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	2.47	2.52

IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	<-----Attributable to equity holders of the Company----->						Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	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			
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 year	-	-	-	-	(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	-	-	-	-	-
Shares 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
At 1 April 2015	1,500,001	(270)	(3,771)	2,346,070	2,045,770	2,541,840	8,429,640	1,145,897	9,575,537
Total comprehensive income for the year	-	-	-	-	41,638	336,867	378,505	33,721	412,226
Accretion/dilution of interests in subsidiaries	-	-	-	-	-	11,413	11,413	(6,594)	4,819
Share of reserves in associates	-	-	-	-	(8)	(7,564)	(7,572)	-	(7,572)
Single tier second interim dividend: Year ended 31 March 2015	-	-	-	-	-	(196,481)	(196,481)	-	(196,481)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(450)	(450)
Shares buy back	-	(7)	-	-	-	-	(7)	-	(7)
Issuance of shares:									
- shares allotted upon privatisation of IJM Land Berhad	279,386	-	-	1,732,194	(2,011,580)	-	-	-	-
- exercise of employee share options	3,036	-	3,219	15,680	(3,881)	-	18,054	-	18,054
- vesting of shares under ESGP	2,829	-	-	12,587	(15,416)	-	-	-	-
- shares held under trust	1,000	-	(4,755)	3,755	-	-	-	-	-
Issuance of employee share options and share grants	-	-	-	-	16,277	-	16,277	-	16,277
At 30 June 2015	1,786,252	(277)	(5,307)	4,110,286	72,800	2,686,075	8,649,829	1,172,574	9,822,403

IJM CORPORATION BERHAD (104131-A)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	3 months ended 30/06/2016 RM'000	3 months ended 30/06/2015 RM'000
OPERATING ACTIVITIES		
Receipts from customers	1,481,056	1,246,196
Payments to contractors, suppliers and employees	(1,131,325)	(1,036,471)
Income tax paid	(65,315)	(82,784)
Net cash flow from operating activities	284,416	126,941
INVESTING ACTIVITIES		
Investments in associates	(958)	-
Acquisition of financial assets at fair value through profit or loss	(123,705)	(123,000)
Purchases of property, plant and equipment, development and leasehold land, investment properties, concession assets, plantation development expenditure and deferred expenditure	(116,866)	(60,254)
Disposal of investments, property, plant and equipment, leasehold land, investment properties and assets held for sale	229,554	263,303
Redemption of preference shares of an associate	1,627	-
Interest received	14,100	23,471
Income from unit trusts	275	7
Dividends received from associates and other investments	8,413	6,205
Net (advances to)/repayments from associates and joint ventures	(13,069)	11,215
Net cash flow (used in)/from investing activities	(629)	120,947
FINANCING ACTIVITIES		
Issuance of shares by the Company		
- exercise of share options	15,318	18,054
Issuance of shares by subsidiaries to non-controlling shareholders	5,900	-
Re-purchase of treasury shares	(4)	(7)
Net proceeds from bank and government borrowings	106,980	82,898
Net repayments of Commercial Papers and Medium Term Notes	-	(380,000)
Repayments to hire purchase and lease creditors	(36)	(20)
Interest paid	(60,624)	(67,141)
Dividends paid by subsidiaries to non-controlling shareholders	-	(450)
Net (repayment)/drawdown of bonds	(45,000)	400,000
(Placements)/uplifting of restricted deposits	(29,145)	23,298
Acquisition of additional interests in a subsidiary	(1,811)	-
Partial disposal of equity interests in a subsidiary	-	16,722
Net cash flow (used in)/ from financing activities	(8,422)	93,354
Net increase in cash and cash equivalents during the financial period	275,365	341,242
Cash and cash equivalents at beginning of the financial period	1,423,749	1,637,354
Foreign exchange differences on opening balances	5,747	9,034
Cash and cash equivalents at end of the financial period	1,704,861	1,987,630
Cash and cash equivalents comprise the following :		
Deposits, cash and bank balances	1,963,190	2,326,380
Bank overdrafts	(160,670)	(100,844)
	1,802,520	2,225,536
Less: restricted deposits with licensed banks	(97,659)	(237,906)
	<u>1,704,861</u>	<u>1,987,630</u>

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 2016 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 2016.

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 2016 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 2016 and applicable to the Group as follows:

- Annual improvements to FRSs 2012 - 2014 Cycle, which include Amendments to FRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, FRS 7 “Financial Instruments: Disclosures”, FRS 119 “Employee Benefits”, FRS 134 “Interim Financial Reporting”.
- Amendments to FRS 10, FRS 12 and FRS 128 “Investment Entities: Applying the Consolidation Exception”.
- Amendments to FRS 11 “Accounting for Acquisitions of Interests in Joint Operations”.
- Amendments to MFRS 101 “Disclosure Initiative”.
- Amendments to FRS 116 and FRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”

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 2016 was not subject to any modification or qualification.

A4. Seasonality or Cyclicity 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 year-to-date.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

- (a) For the period ended 30 June 2016, the issued and paid-up ordinary share capital of the Company was increased by RM14,382,000 by way of allotment and issuance of:-
- i. 8,288,900 new ordinary shares of RM1.00 each arising from the vesting of shares under the Employee Share Grant Plan ("ESGP");
 - ii. 4,093,100 new ordinary shares of RM1.00 each arising from the exercise of options under the Employee Share Option Scheme ("ESOS"); and
 - iii. 2,000,000 new ordinary shares of RM1.00 each arising from the subscription of new shares under the Shares held under trust.
- (b) On 2 June 2016, 1,000 ordinary shares of RM1.00 each were repurchased in the open market at an average price of RM3.50 per share and retained as treasury shares of the Company. There were no other cancellations and repayments of debt and equity securities for the financial year-to-date.

A8. Dividend Paid

On 15 July 2016, a single tier second interim dividend of 4 sen per share and a single tier special dividend of 3 sen per share in respect of the financial year ended 31 March 2016 was paid totalling RM251,942,412.

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A9. Segmental Information

	GROUP	
	3 months ended 30/06/2016	3 months ended 30/06/2015
	RM'000	RM'000
<u>External revenue:</u>		
Construction	494,103	213,407
Property development	292,957	293,647
Manufacturing and quarrying	250,009	285,506
Plantation	139,378	141,742
Infrastructure	136,724	247,896
Investment and others	58	45
	1,313,229	1,182,243
<u>Inter-segment revenue:</u>		
Construction	126,089	167,756
Property development	-	-
Manufacturing and quarrying	6,701	7,681
Plantation	-	-
Infrastructure	-	-
Investment and others	160,681	94,227
	293,471	269,664
<u>Profit before taxation:</u>		
Construction	50,108	40,542
Property development	19,916	50,061
Manufacturing and quarrying	26,736	40,014
Plantation	38,640	25,869
Infrastructure	20,765	243,705
Investment and others	18,404	26,446
	174,569	426,637
	As at	As at
	30/06/2016	31/03/2016
	RM'000	RM'000
<u>Total Assets:</u>		
Construction	2,026,948	1,907,204
Property development	9,082,261	9,157,279
Manufacturing and quarrying	1,318,213	1,306,096
Plantation	2,737,394	2,550,813
Infrastructure	4,333,073	4,446,445
Investment and others	85,413	85,639
Total segment assets	19,583,302	19,453,476
Unallocated corporate assets	411,278	382,069
Consolidated total assets	19,994,580	19,835,545

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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 FY2016.

A11. Changes in the Composition of the Group

During the financial year-to-date, the following changes in composition were effected:

- i. On 13 May 2016, IJM Vijayawada (Mauritius) Limited (“IJM Vijayawada”), a wholly-owned subsidiary of IJM Investments (M) Limited, which in turn is a wholly-owned subsidiary of the Company, completed the acquisition of 2,970,000 ordinary shares of INR10 each, representing a 10.1% equity interest in Vijayawada Tollway Private Limited (“VTPL”) from IDFC Limited (formerly known as Infrastructure Development Finance Company Limited) for a total cash consideration of INR29,700,000. With this acquisition, the Company’s effective equity interest in VTPL has been increased from 89.8% to 99.9%. The accretion of IJM Vijayawada’s interest in VTPL was accounted for as a transaction with non-controlling interest and this acquisition has no material impact on the Group for the financial year-to-date.
- ii. On 22 June 2016, IJM Rajasthan (Mauritius) Limited, a wholly-owned subsidiary of IJM Investments (M) Limited, which in turn is a wholly-owned subsidiary of the Company, completed the disposal of its remaining balance of 50,736,903 equity shares of INR10 each, representing a 26% equity interest in Jaipur-Mahua Tollway Private Limited to Cube Highways and Infrastructure Pte Ltd (formerly known as ISQ Asia Infrastructure I-A Pte Ltd) for a total cash consideration of INR996,261,275. The disposal of this remaining stake resulted in a capital gain of approximately RM4.6 million to the Group for the current financial year-to-date.

A12. Contingent Liabilities

The changes in contingent liabilities since 31 March 2016 are summarised as follows:-

	RM’000
Balance as at 31 March 2016	5,687
- Exchange differences	29
Balance as at 30 June 2016	<u>5,716</u>

A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2016 are as follows:

	RM’000
Approved and contracted for	1,377,079
Approved but not contracted for	111,173
	<u>1,488,252</u>
<u>Analysed as follows:</u>	
- Purchase of property, plant and equipment, land use rights and plantation development expenditure	293,078
- Purchase of development land	9,377
- Concession assets	1,090,800
- Investment properties	94,997
	<u>1,488,252</u>

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.

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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 posted an operating revenue of RM1,313.23 million, an increase of 11.1% over the corresponding quarter of the preceding year, mainly due to higher revenue contributed by the Group's Construction division. The Group's pre-tax profit for the current quarter stood at RM174.6 million, a decrease of 59.1% compared to the corresponding quarter of the preceding year, mainly due to the non-recurrence of the one-off gain from the disposal of a 74% equity interest in Jaipur- Mahua Tollway Private Limited totalling RM168.7 million that was recorded in the corresponding quarter of the preceding year. Excluding the effect of this one-off gain, the Group's pre-tax profit has declined 32.3% compared to the corresponding quarter of the preceding year, mainly due to lower contributions from the Group's Property Development, Manufacturing & Quarrying and Infrastructure divisions and further dampened by net unrealised foreign exchange losses totalling RM5.9 million in the current quarter compared to a net unrealised foreign exchange gain of RM27.0 million in the previous year's corresponding quarter.

Further analysis of the divisional performances is given below.

Operating Segment	Commentary
Construction	Current quarter revenue and pre-tax profit increased by 131.5% and 23.6% respectively compared to the previous year's corresponding quarter following increased contribution from certain projects that were secured in the previous year.
Property development	Revenue and pre-tax profit for the current quarter dropped by 0.2% and 60.2% respectively compared to the previous year's corresponding quarter. The decrease in pre-tax profit was mainly attributable to a lower gross profit margin, as well as the recognition of unrealised foreign exchange loss of RM9.6 million in the current quarter compared to a gain of RM17.5 million in the preceding year's corresponding quarter, arising primarily from the depreciation of the Pound Sterling against Ringgit Malaysia.
Manufacturing and quarrying	Current quarter revenue and pre-tax profit fell by 12.4% and 33.2% respectively compared to the previous year's corresponding quarter mainly due to decreases in the delivered tonnage of piles (by 21.3%) as well as lower margins in the quarrying and ready mixed concrete sectors.

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

Operating Segment	Commentary
Plantation	Revenue for the current quarter declined by 1.7% compared to the previous year's corresponding quarter as current quarter sales volume of crude palm oil (CPO) fell by 23.3% despite an increase in the average CPO prices for Malaysian and Indonesian operations by 18.6% and 20.4% respectively. The overall financial performance of the Division however improved as a result of the net foreign exchange gains on the US Dollar denominated borrowings of RM5.4 million arising from the weakening of the US Dollar against the Indonesian Rupiah during the current quarter and the fair value gains of RM6.4 million on the CPO pricing swap contracts.
Infrastructure	Revenue for the current quarter fell by 44.8% compared to the previous year's corresponding quarter mainly attributable to a 68% drop in cargo throughput handled by the Group's port concession arising from the current moratorium on bauxite related activities. In addition, revenue contributed by the Division's wholly-owned toll road concessions declined following the partial disposal of overseas tollway companies in the previous year. The Division's pre-tax profit for the current quarter decreased by 91.5% compared to the corresponding quarter of the previous year largely due to the non-recurrence of the one-off gains derived from the disposal of a 74% equity interest in Jaipur-Mahua Tollway Private Limited totalling RM168.7 million recorded in the corresponding quarter of the previous year. Pre-tax profits contributed by the Group's port concession were also affected by the drop in cargo throughput mentioned above.

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

The Group's pre-tax profit increased by RM39.7 million (or 29.5%) compared to that of the immediate preceding quarter mainly due to lesser net unrealised foreign exchange loss of RM5.9 million in the current quarter as opposed to the net unrealised foreign exchange loss of RM65.4 million in the immediate preceding quarter. This was partly offset by the lower profits contributed by the Group's port concession in the current quarter compared to the immediate preceding quarter.

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B3. Prospects for the Current Financial Year

The Group's Construction division expects to perform satisfactorily on its strong order book position, underpinned by substantial ongoing development activities from the Group's in house property projects and also the Malaysian Government's continuous efforts in implementing the remaining projects under the 11th Malaysia Plan.

The property market is expected to remain challenging as weak consumer sentiment persists due to uncertainties in the global and local environment prospects, volatility in the Malaysian Ringgit, continued stringent mortgage approvals and incoming supply of completed properties. Nonetheless, with unbilled sales of about RM1.7 billion, the Group's Property division is expected to sustain its performance in the current financial year.

Notwithstanding the operating environment in the domestic and external markets remains challenging, the Group's Industry division expects the performance for the current financial year to be positive as the order book remains healthy.

The Group's Plantation division expects the performance for the current financial year to be challenging due to the uncertain global demand and the effect of the El Nino weather pattern in the previous financial year impacting the recovery of the overall crop production. In Indonesia, notwithstanding the anticipated increase in crop production from the additional mature areas coming into maturity, the volatility of the foreign exchange rates is expected to impact the business environment.

The Group's toll and port operations are expected to remain profitable as its existing concessions mature, which further enhance the bottom line of the Group's Infrastructure division.

The Group, while positive on its long term outlook, remains vigilant in FY2017 in light of the constantly changing external environment.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian income tax	39,049	60,404	39,049	60,404
Overseas taxation	-	2,703	-	2,703
Transfer to/(from) deferred taxation	5,620	(7,019)	5,620	(7,019)
	<u>44,669</u>	<u>56,088</u>	<u>44,669</u>	<u>56,088</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 on certain subsidiaries.

B6. Status of Corporate Proposals

As at 30 June 2016, there were no outstanding corporate proposals.

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B7. Group Borrowings

Particulars of the Group's borrowings as at 30 June 2016 are as follows:

	As at 30/06/2016 RM'000
(a) (i) Short Term Borrowings	
Secured:-	
- Islamic bonds	100,481
- Term loans	118,237
- Hire purchase and lease payables (included in trade and other payables)	86
- Revolving credits	45,349
- 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	227,074
- Revolving credits	743,533
- Bankers' acceptances	37,107
- Letter of credit	7,733
- Bank overdrafts	160,670
	1,473,374
 (ii) Long Term Borrowings	
Secured:-	
- Islamic bonds	680,000
- Hire purchase and lease payables	193
- Term loans	845,592
- Government support loans	78,073
Unsecured:-	
- Islamic bonds	1,200,000
- Government support loans	100,957
- Term loans	1,537,738
	4,442,553

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

	Foreign Currency '000	RM Equivalent '000
US Dollar	398,250	1,608,649
Indian Rupee	4,657,870	277,609
Chinese Renminbi	185,727	111,808
		1,998,066

B8. Changes in Material Litigation

There was no material litigation since 31 March 2016.

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B9. Dividend Payable

No dividend has been declared for the current financial year ending 31 March 2017.

In respect of the financial year ended 31 March 2016, a single tier first interim dividend of 3 sen per share was paid on 23 December 2015 and a single tier second interim dividend and special dividend of 4 sen and 3 sen respectively per share was paid on 15 July 2016.

B10. Earnings per Share

	Individual Quarter		Cumulative Period	
	Current year quarter	Preceding year quarter	Current year to date	Preceding year to date
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
<u>Basic Earnings per share:-</u>				
(a) Net profit for the period attributable to owners of the Company	115,516	336,867	115,516	336,867
(b) Weighted average number of ordinary shares ('000)	3,590,484	3,560,440 *	3,590,484	3,560,440 *
Basic Earnings per share (sen)	3.22	9.46	3.22	9.46
<u>Diluted Earnings per share:-</u>				
(a) Net profit for the period attributable to owners of the Company	115,516	336,867	115,516	336,867
(b) Weighted average number of ordinary shares ('000)	3,590,484	3,560,440 *	3,590,484	3,560,440 *
Effect of dilution ('000)				
- Employee share options and share grants	50,533	26,490	50,533	26,490
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,641,017	3,586,930	3,641,017	3,586,930
Diluted Earnings per share (sen)	3.17	9.39	3.17	9.39

* Adjusted for the effect of 1:1 bonus issue on 10 September 2015.

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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
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Interest income	22,522	34,020	22,522	34,020
Other income (including investment income)	4,418	2,396	4,418	2,396
Interest expense	(31,103)	(53,381)	(31,103) *	(53,381) *
Depreciation and amortisation	(61,186)	(60,282)	(61,186)	(60,282)
Net (allowance)/reversal of impairment of receivables	(1,768)	6,090	(1,768)	6,090
Net gains on disposal of investments or properties	5,963	169,020	5,963	169,020
Net reversal of impairment of assets	1,519	568	1,519	568
Net foreign exchange (losses)/gains	(5,918)	27,017	(5,918)	27,017
Net gains/(losses) on derivatives	6,653	(3,370)	6,653	(3,370)

* Includes RM Nil (2015: RM10.6 mil) 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 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 financial liabilities

The Group recognised a total net fair value gain on derivative financial instruments of RM6.65 million during the current period to date arising from financial liabilities. 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 losses
Crude palm oil ("CPO") pricing swap contracts	6,431	6,431	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.
Forward foreign exchange contract	222	222	Exchange rate differentials between the market spot rate and the contracted rate between US Dollar ("USD") and Ringgit Malaysia ("RM")	The market spot rate for USD against RM has risen above the contracted rate

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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 2016	As at 31 March 2016
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	6,201,954	6,204,458
- Unrealised ^{N1}	(479,839)	(472,970)
	5,722,115	5,731,488
Total share of retained profits/(accumulated losses) from associates		
- Realised	123,006	138,152
- Unrealised ^{N1}	7,046	(26,118)
Total share of retained profits/(accumulated losses) from joint ventures		
- Realised	(167,181)	(67,554)
- Unrealised ^{N1}	2,361	2,362
	5,687,347	5,778,330
Add/Less: consolidation adjustments ^{N2}	(2,788,876)	(2,736,248)
Total group retained profits as per group accounts	2,898,471	3,042,082

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.