IJM CORPORATION BERHAD (104131-A)

Part A1 : Quarterly Report

Quarterly report for the financial period ended:	**30/09/2018**
Quarter:	**2nd 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 30/09/2018

		Individual Quarter		**Cumulative Period**	
		Current year quarter 30/09/2018 RM'000	Preceding year quarter 30/09/2017 RM'000 Restated	Current year to date 30/09/2018 RM'000	Preceding year to date 30/09/2017 RM'000 Restated
1	Revenue	1,309,166	1,599,045	2,753,482	3,060,607
2	Profit before taxation	35,832	183,895	139,060	370,353
3	Net profit for the period	11,766	126,474	72,583	262,158
4	Net profit attributable to owners of the Company	21,918	114,229	84,682	235,398
5	Basic earnings per share (sen)	0.60	3.15	2.33	6.50
6	Proposed/Declared dividend per share (sen)	2.00	3.00	2.00	3.00

		As at end of current quarter 30/09/2018	**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 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 (+/-)
	30/09/2018 RM'000	30/09/2017 RM'000 Restated	%	30/09/2018 RM'000	30/09/2017 RM'000 Restated	%
Operating revenue	**1,309,166**	1,599,045	-18.1%	**2,753,482**	3,060,607	-10.0%
Cost of sales	**(1,093,689)**	(1,266,170)	-13.6%	**(2,249,084)**	(2,437,159)	-7.7%
Gross profit	**215,477**	332,875	-35.3%	**504,398**	623,448	-19.1%
Other operating income	**54,263**	47,340	14.6%	**127,954**	99,055	29.2%
Foreign exchange differences	**(33,513)**	(377)	8789.4%	**(104,554)**	(4,015)	2504.1%
Tendering, selling and distribution expenses	**(28,158)**	(30,531)	-7.8%	**(60,704)**	(65,110)	-6.8%
Administrative expenses	**(83,112)**	(98,896)	-16.0%	**(168,517)**	(176,970)	-4.8%
Other operating expenses	**(50,862)**	(14,869)	242.1%	**(64,755)**	(31,612)	104.8%
Operating profit before finance cost	**74,095**	235,542	-68.5%	**233,822**	444,796	-47.4%
Finance cost	**(56,803)**	(50,340)	12.8%	**(116,636)**	(95,408)	22.2%
Operating profit after finance cost	**17,292**	185,202	-90.7%	**117,186**	349,388	-66.5%
Share of profits/(losses) of associates	**24,036**	(2,964)	-910.9%	**31,406**	14,288	119.8%
Share of (losses)/profits of joint ventures	**(5,496)**	1,657	-431.7%	**(9,532)**	6,677	-242.8%
Profit before taxation	**35,832**	183,895	-80.5%	**139,060**	370,353	-62.5%
Income tax expense	**(24,066)**	(57,421)	-58.1%	**(66,477)**	(108,195)	-38.6%
Net profit for the period	**11,766**	126,474	-90.7%	**72,583**	262,158	-72.3%
<u>Other comprehensive income / (loss) (net of tax):</u>						
Items that will not be reclassified to profit or loss:						
Share of other comprehensive losses of associates	-	(230)		-	(2,420)	
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences of foreign operations	**(33,814)**	(39,639)		**(50,360)**	(84,938)	
Share of other comprehensive income/(losses) of associates	**4,568**	(15,072)		**5,238**	(15,976)	
	(29,246)	(54,941)	-46.8%	**(45,122)**	(103,334)	-56.3%
Total comprehensive (loss)/income for the period	**(17,480)**	71,533	-124.4%	**27,461**	158,824	-82.7%
<u>Net profit/(loss) attributable to:-</u>						
Owners of the Company	**21,918**	114,229	-80.8%	**84,682**	235,398	-64.0%
Non-controlling interests	**(10,152)**	12,245	-182.9%	**(12,099)**	26,760	-145.2%
	11,766	126,474	-90.7%	**72,583**	262,158	-72.3%
<u>Total comprehensive (loss)/income attributable to</u>:-						
Owners of the Company	**(3,523)**	70,711	-105.0%	**38,074**	153,588	-75.2%
Non-controlling interests	**(13,957)**	822	-1797.9%	**(10,613)**	5,236	-302.7%
	(17,480)	71,533	-124.4%	**27,461**	158,824	-82.7%
<u>Earnings per share (sen):-</u>						
Basic	**0.60**	3.15		**2.33**	6.50	
Fully diluted	**0.60**	3.11		**2.33**	6.42	

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

	30/09/2018 RM'000 Unaudited	31/03/2018 RM'000 Restated	01/04/2017 RM'000 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	**(101,295)**	(53,559)	70,273
Retained profits	**3,230,566**	3,347,252	3,279,164
	9,217,248	9,364,417	9,368,062
Non-controlling interests	**1,142,968**	1,175,280	1,225,738
Total equity	**10,360,216**	10,539,697	10,593,800
NON-CURRENT LIABILITIES			
Bonds	**2,055,000**	1,910,000	1,950,000
Medium Term Notes	**875,000**	-	-
Term loans	**1,479,190**	940,150	2,121,809
Government support loans	**90,842**	125,715	154,474
Hire purchase and lease payables	**32**	290	802
Deferred tax liabilities	**574,420**	573,912	573,481
Trade and other payables	**759,136**	696,690	701,402
Provisions	**117,239**	117,087	109,705
Retirement benefits	**20,776**	19,410	10,511
	5,971,635	4,383,254	5,622,184
DEFERRED INCOME	**70,355**	70,355	73,063
	16,402,206	14,993,306	16,289,047

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

	30/09/2018 RM'000 Unaudited	31/03/2018 RM'000 Restated	01/04/2017 RM'000 Restated
NON-CURRENT ASSETS			
Property, plant and equipment	**2,810,980**	2,753,002	2,855,864
Land use rights	**146,836**	150,668	165,831
Concession assets	**3,503,648**	3,342,386	3,097,066
Plantation development expenditure	**-**	-	-
Investment properties	**549,546**	498,601	68,867
Associates	**748,820**	829,134	901,392
Joint ventures	**711,650**	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	**257,458**	251,352	176,699
Deferred tax assets	**331,057**	320,395	319,730
Inventories	**663,336**	663,465	514,788
Intangible assets	**101,875**	101,596	102,618
	9,827,361	9,621,227	8,959,298
CURRENT ASSETS			
Inventories	**7,644,903**	7,490,185	7,013,375
Produce growing on bearer plants	**10,253**	10,615	13,249
Trade and other receivables	**1,698,331**	1,713,256	1,776,563
Contract assets	**227,103**	262,390	279,381
Financial assets at fair value through profit or loss	**466,660**	311,079	299,164
Derivative financial instruments	**9,316**	1,055	2,909
Assets held for sale	**161,724**	124	-
Tax recoverable	**175,531**	150,041	129,329
Deposits, cash and bank balances	**1,659,551**	1,467,653	2,147,777
	12,053,372	11,406,398	11,661,747
CURRENT LIABILITIES			
Trade and other payables	**2,404,276**	2,631,716	2,102,097
Contract liabilities	**522,419**	455,399	463,308
Provisions	**5,366**	2,764	10,718
Derivative financial instruments	**-**	5,858	-
Borrowings:			
- Bank overdrafts	**90,467**	32,309	44,514
- Others	**2,408,851**	2,871,808	1,698,382
Current tax liabilities	**47,148**	34,465	12,979
	5,478,527	6,034,319	4,331,998
NET CURRENT ASSETS	**6,574,845**	5,372,079	7,329,749
	16,402,206	14,993,306	16,289,047
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 SEPTEMBER 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)	(29,329)	(124,495)	(101,131)	**(225,626)**
Effects of adoption of MFRS 9 (see Note A2)	-	-	-	226	(91,424)	(91,198)	-	**(91,198)**
At 1 April 2018 (as restated)	**6,074,349**	**(2,104)**	**(1,521)**	**(53,333)**	**3,255,828**	**9,273,219**	**1,175,280**	**10,448,499**
Total comprehensive income for the period	-	-	-	(46,608)	84,682	38,074	(10,613)	**27,461**
Accretion of interest in an associate	-	-	-	-	110	110	-	**110**
Issuance of employee share options and share grants	-	-	-	23,577	-	23,577	-	**23,577**
Accretion of interests in a subsidiary	-	-	-	-	(1,127)	(1,127)	-	**(1,127)**
Capital distribution upon liquidation of a subsidiary	-	-	-	-	-	-	(214)	**(214)**
Single tier second interim dividend: Year ended 31 March 2018	-	-	-	-	(108,927)	(108,927)	-	**(108,927)**
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(21,485)	**(21,485)**
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 September 2018	**6,099,350**	**(9,994)**	**(1,379)**	**(101,295)**	**3,230,566**	**9,217,248**	**1,142,968**	**10,360,216**
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)	(23,739)	(129,212)	(93,668)	(222,880)
At 1 April 2017 (as restated)	6,022,651	(10)	(4,016)	70,273	3,279,164	9,368,062	1,225,738	10,593,800
Total comprehensive income for the period	-	-	-	(79,390)	232,978	153,588	5,236	158,824
Accretion of interest in an associate	-	-	-	1,652	(1,406)	246	-	246
Issuance of employee share options and share grants	-	-	-	20,087	-	20,087	-	20,087
Single tier second interim dividend: Year ended 31 March 2017	-	-	-	-	(163,195)	(163,195)	-	(163,195)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(29,844)	(29,844)
Issuance of shares:								
- exercise of employee share options	18,912	-	8,502	(6,029)	-	21,385	-	21,385
- vesting of shares under ESGP	24,346	-	-	(24,346)	-	-	-	-
- shares held under trust	6,314	-	(6,314)	-	-	-	-	-
At 30 September 2017	6,072,223	(10)	(1,828)	(17,753)	3,347,541	9,400,173	1,201,130	10,601,303

	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)	(29,329)	(124,495)	(101,131)	(225,626)
At 31 March 2018 (as restated) - without the effects of adoption of MFRS 9	(53,559)	3,347,252	9,364,417	1,175,280	10,539,697

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

	6 months ended 30/09/2018 RM'000	6 months ended 30/09/2017 RM'000 Restated
OPERATING ACTIVITIES		
Receipts from customers	**2,787,538**	2,791,962
Payments to contractors, suppliers and employees	**(2,665,254)**	(2,513,917)
Income tax paid	**(86,876)**	(136,318)
Net cash flow from operating activities	**35,408**	141,727
INVESTING ACTIVITIES		
Additional investment in an associate	**(105)**	-
Subscription of Redeemable Unsecured Murabahah Stocks in an associate	**(15,010)**	(1,500)
Additional investment in a joint venture	**(12,408)**	-
Acquisition of financial assets at fair value through profit or loss	**(409,033)**	(493,318)
Purchases of property, plant and equipment, development land, land use rights, investment properties, concession assets and deferred expenditure	**(452,003)**	(283,479)
Disposal of investments, property, plant and equipment, land use rights, investment properties and assets held for sale	**261,927**	527,897
Capital distribution to minority shareholders upon liquidation of a subsidiary	**(214)**	-
Interest received	**32,288**	42,362
Income from unit trusts	**-**	193
Dividends received from associates and other investments	**19,773**	83,577
Net advances to associates and joint ventures	**(6,622)**	(112,229)
Net cash flow used in investing activities	**(581,407)**	(236,497)
FINANCING ACTIVITIES		
Issuance of shares by the Company		
- exercise of share options	**212**	21,385
Re-purchase of treasury shares	**(7,890)**	-
Net repayment of bank and government borrowings	**(85,118)**	(36,811)
Repayments to hire purchase and lease creditors	**(302)**	(352)
Interest paid	**(134,601)**	(124,373)
Dividends paid by a subsidiary to non-controlling shareholders	**(21,485)**	(29,844)
Dividends paid by the Company	**(108,927)**	(163,195)
Net drawdown/(repayment) of Medium Term Notes ("MTN") and Sukuk	**1,035,000**	(30,000)
Net placements of restricted deposits	**(816)**	(740)
Acquisition of additional interests in a subsidiary	**(1,127)**	-
Net cash flow from/(used in) financing activities	**674,946**	(363,930)
Net increase/(decrease) in cash and cash equivalents during the financial period	**128,947**	(458,700)
Cash and cash equivalents at beginning of the financial period	**1,407,001**	2,077,331
Foreign exchange differences on opening balances	**4,659**	(19,225)
Cash and cash equivalents at end of the financial period	**1,540,607**	1,599,406
Cash and cash equivalents comprise the following :		
Deposits, cash and bank balances	1,659,551	1,654,673
Bank overdrafts	(90,467)	(29,702)
	1,569,084	1,624,971
Less: restricted deposits with licensed banks	(28,477)	(25,565)
	1,540,607	1,599,406

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 period ended 30 September 2018 is 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 balance sheet 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 RM104.3 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 consolidation 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 being 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 which 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 balance sheet

MFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. 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 September 2017 as restated
	RM'000	RM'000	RM'000	RM'000
Condensed Consolidated Statement of Comprehensive Income				
Quarter ended 30 September 2017				
Revenue	1,593,809	-	5,236	1,599,045
Costs of sales	(1,254,721)	(6,206)	(5,243)	(1,266,170)
Other operating income	49,619	-	(2,279)	47,340
Tendering, selling and distribution expenses	(40,754)	-	10,223	(30,531)
Other operating expenses	(16,076)	1,207	-	(14,869)
Share of profits of joint ventures	2,672	-	(1,015)	1,657
Profit before taxation	181,972	(4,999)	6,922	183,895
Income tax expense	(57,607)	2,646	(2,460)	(57,421)
Net profit for the period	124,365	(2,353)	4,462	126,474
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences of foreign operations	(41,763)	2,124	-	(39,639)
Total comprehensive income	67,300	(229)	4,462	71,533
Net profit attributable to:				
Owners of the Company	110,862	(1,089)	4,456	114,229
Non-controlling interests	13,503	(1,264)	6	12,245
Total comprehensive income attributable to:				
Owners of the Company	66,214	41	4,456	70,711
Non-controlling interests	1,086	(270)	6	822
Earnings per share (sen):				
Basic	3.06			3.15
Fully Diluted	3.02			3.11

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 141	Effects of adoption of MFRS 15	30 September 2017 as restated
	RM'000	**RM'000**	**RM'000**	**RM'000**
Condensed Consolidated Statement of Comprehensive Income				
Period ended 30 September 2017				
Revenue	3,062,120	-	(1,513)	3,060,607
Costs of sales	(2,417,359)	(13,292)	(6,508)	(2,437,159)
Other operating income	102,477	-	(3,422)	99,055
Tendering, selling and distribution expenses	(81,905)	-	16,795	(65,110)
Other operating expenses	(31,419)	(193)	-	(31,612)
Share of profits of joint ventures	7,668	-	(991)	6,677
Profit before taxation	379,477	(13,485)	4,361	370,353
Income tax expense	(111,284)	5,216	(2,127)	(108,195)
Net profit for the period	268,193	(8,269)	2,234	262,158
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences of foreign operations	(88,776)	3,838	-	(84,938)
Total comprehensive income	161,021	(4,431)	2,234	158,824
Net profit attributable to:				
Owners of the Company	237,257	(4,144)	2,285	235,398
Non-controlling interests	30,936	(4,125)	(51)	26,760
Total comprehensive income attributable to:				
Owners of the Company	153,412	(2,109)	2,285	153,588
Non-controlling interests	7,609	(2,322)	(51)	5,236
Earnings per share (sen):				
Basic	6.55			6.50
Fully Diluted	6.47			6.42

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	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)	226	(53,333)
Retained profits	3,376,581	104,246	(125,821)	(7,754)	3,347,252	(91,424)	3,255,828
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
Associates	829,134	-	-	-	829,134	(4,542)	824,592
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	-	-	(239,057)	1,713,256	(86,656)	1,626,600
Contract assets	-	-	-	262,390	262,390	-	262,390
Current liabilities							
Trade and other payables	3,020,359	-	-	(388,643)	2,631,716	-	2,631,716
Contract liabilities	-	-	-	455,399	455,399	-	455,399
Net assets per share attributable to owners of the Company (RM)	2.62				2.58		2.56

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	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)	(11,037)	3,279,164
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	-	-	(254,440)	1,776,563
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			
Period ended 30 September 2017			
Net cash fow from operating activities:			
Payments to contractors, suppliers and employees	(2,522,017)	8,100	(2,513,917)
Net cash flow used in investing activities:			
Purchase of property, plant and equipment, development land, land use rights, investment properties, concession assets and deferred expenditure	(275,379)	(8,100)	(283,479)

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 ended 30 September 2018.

A6. Material Changes in Estimates

There were no major changes in estimates that have a material effect on the results for the financial period ended 30 September 2018.

A7. Debt and Equity Securities

(a) For the financial period ended 30 September 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 September 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 ended 30 September 2018.

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.

IJM CORPORATION BERHAD (104131-A)

A9. Segmental Information

	GROUP			GROUP		
	3 months ended 30/09/2018	3 months ended 30/09/2017	Change (+/-)	6 months ended 30/09/2018	6 months ended 30/09/2017	Change (+/-)
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated			Restated	
External revenue:						
Construction	**530,013**	675,328	-21.5%	**1,056,931**	1,207,347	-12.5%
Property development	**255,566**	269,893	-5.3%	**590,259**	562,911	4.9%
Manufacturing and quarrying	**220,240**	299,258	-26.4%	**451,900**	574,321	-21.3%
Plantation	**140,086**	196,438	-28.7%	**323,229**	381,032	-15.2%
Infrastructure	**162,986**	157,492	3.5%	**330,749**	334,297	-1.1%
Investment and others	**275**	636	-56.8%	**414**	699	-40.8%
	1,309,166	1,599,045	-18.1%	**2,753,482**	3,060,607	-10.0%
Inter-segment revenue:						
Construction	**124,031**	145,347	-14.7%	**299,900**	287,766	4.2%
Property development	**-**	-		**-**	-	
Manufacturing and quarrying	**12,375**	4,808	157.4%	**17,945**	11,428	57.0%
Plantation	**-**	-		**-**	-	
Infrastructure	**-**	-		**-**	-	
Investment and others	**179,868**	57,723	211.6%	**243,880**	381,146	-36.0%
	316,274	207,878	52.1%	**561,725**	680,340	-17.4%
Profit/(loss) before taxation:						
Construction	**38,509**	71,083	-45.8%	**78,199**	127,158	-38.5%
Property development	**21,924**	32,444	-32.4%	**66,821**	56,463	18.3%
Manufacturing and quarrying	**16,081**	27,459	-41.4%	**29,227**	49,864	-41.4%
Plantation	**(31,749)**	13,259	-339.5%	**(58,018)**	29,546	-296.4%
Infrastructure	**8,536**	35,730	-76.1%	**33,392**	100,374	-66.7%
Investment and others	**(17,469)**	3,920	-545.6%	**(10,561)**	6,948	-252.0%
	35,832	183,895	-80.5%	**139,060**	370,353	-62.5%
Earnings before interest, tax, depreciation and amortisation:						
Construction	**71,240**	85,569	-16.7%	**134,473**	158,978	-15.4%
Property development	**16,920**	42,680	-60.4%	**69,422**	76,857	-9.7%
Manufacturing and quarrying	**29,854**	41,015	-27.2%	**56,887**	76,876	-26.0%
Plantation	**14,503**	59,921	-75.8%	**34,881**	112,860	-69.1%
Infrastructure	**61,222**	86,245	-29.0%	**137,644**	207,800	-33.8%
Investment and others	**(17,469)**	3,920	-545.6%	**(10,561)**	6,948	-252.0%
	176,270	319,350	-44.8%	**422,746**	640,319	-34.0%
Finance Cost	**(56,803)**	(50,340)		**(116,636)**	(95,408)	
Depreciation and amortisation	**(83,635)**	(85,115)		**(167,050)**	(174,558)	
Profit before taxation	**35,832**	183,895	-80.5%	**139,060**	370,353	-62.5%

	As at 30/09/2018 RM'000	As at 31/03/2018 RM'000 Restated
Total Assets:		
Construction	**2,141,140**	1,735,566
Property development	**10,556,903**	10,306,910
Manufacturing and quarrying	**1,438,428**	1,461,472
Plantation	**2,184,440**	2,269,221
Infrastructure	**4,971,139**	4,633,362
Investment and others	**82,095**	150,658
Total segment assets	**21,374,145**	20,557,189
Unallocated corporate assets	**506,588**	470,436
Consolidated total assets	**21,880,733**	21,027,625

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
3 months ended 30/09/2018							
Timing of revenue recognition:							
- At a point in time	6,857	218,985	219,407	140,086	52,939	-	638,274
- Over time	523,156	36,332	1,252	-	2,080	-	562,820
- Others	-	249	(419)	-	107,967	275	108,072
	530,013	255,566	220,240	140,086	162,986	275	1,309,166
6 months ended 30/09/2018							
Timing of revenue recognition:							
- At a point in time	13,055	222,500	447,510	323,229	115,741	-	1,122,035
- Over time	1,043,876	367,264	2,561	-	4,143	-	1,417,844
- Others	-	495	1,829	-	210,865	414	213,603
	1,056,931	590,259	451,900	323,229	330,749	414	2,753,482
3 months ended 30/09/2017							
Timing of revenue recognition:							
- At a point in time	6,720	210,475	290,156	196,438	53,137	-	756,926
- Over time	668,608	59,119	7,682	-	2,004	-	737,413
- Others	-	299	1,420	-	102,351	636	104,706
	675,328	269,893	299,258	196,438	157,492	636	1,599,045
6 months ended 30/09/2017							
Timing of revenue recognition:							
- At a point in time	13,775	214,254	558,732	381,032	126,614	-	1,294,407
- Over time	1,193,572	348,062	13,100	-	4,000	-	1,558,734
- Others	-	595	2,489	-	203,683	699	207,466
	1,207,347	562,911	574,321	381,032	334,297	699	3,060,607

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

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

(i) 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.

(ii) On 5 October 2018, the Company made an announcement on members' voluntary winding-up of a dormant subsidiary, Sheffield Enterprise Sdn Bhd ("SESB"). SESB is a 90%-owned subsidiary of the Company via IJM Land Berhad. This winding-up has no material impact on the financial results of the Group for the period-to-date.

A11. Changes in the Composition of the Group (continued)

(iii) On 23 October 2018, ICPB (Mauritius) Limited, a wholly-owned subsidiary of the Company via ICP Investments (L) Limited and Industrial Concrete Products Sdn Bhd, entered into a share purchase agreement to dispose 32,083,669 ordinary shares of INR10 each, representing 99.99% of the issued and paid-up share capital of IJM Steel Products Private Limited to Pravan Holdings LLP and Highworth Holdings LLP in equal proportion for a total consideration of INR63,999,998 (which is equivalent to RM3.6 million). The disposal 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	(201)
Balance as at 30 September 2018	4,987

A13. Capital Commitments

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

	RM'000
Approved and contracted for	747,514
Approved but not contracted for	104,239
	851,753

<u>Analysed as follows:</u>

- Purchases of property, plant and equipment and land use rights	266,677
- Purchases of development land	33,607
- Concession assets	430,648
- Investment properties	120,821
	851,753

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

On 26 November 2018, the Company announced that CIDB Inventures Sdn Bhd ("CIDBI"), a wholly-owned subsidiary of the Company has exercised its rights pursuant to a Shareholders Agreement dated 26 October 2015 to dispose 81,000,000 ordinary shares in Swarna Tollway Private Limited ("STPL") to MAIF Investments India 3 Pte Ltd ("MAIF"), representing the remaining 30% issued and paid-up share capital of STPL, for a total consideration of INR2,419.43 million (equivalent to approximately RM143.4 million). The disposal of the remaining stake resulted in losses of approximately RM37.5 million to the Group, which have been accrued for the financial 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 RM1,309.17 million, a decrease of 18.1% over the corresponding quarter of the preceding year, following lower revenues contributed by the Group's Construction, Property Development, Manufacturing & Quarrying and Plantations divisions. The Group also recorded a pre-tax profit for the current quarter of RM35.83 million, a decrease of 80.5% over the corresponding quarter of the preceding year, mainly due to weaker earnings posted by the Group's Construction, Property Development, Manufacturing & Quarrying, Plantations and Infrastructure divisions. It was further exacerbated by an increase in net unrealised foreign exchange losses of RM33.5 million in the current quarter as opposed to a loss of RM0.4 million in the corresponding quarter of the preceding year.

For the current period ended 30 September 2018, the Group posted an operating revenue of RM2,753.48 million, a decrease of 10.0% over the corresponding period of the preceding year, mainly due to lower revenue contributed by the Group's Construction, Manufacturing & Quarrying, Plantations and Infrastructure divisions. The Group's pre-tax profit for the current period totalled RM139.06 million, a decrease of 62.5% compared to the corresponding period of the preceding year, mainly due to an increase in net unrealised foreign exchange losses of RM104.6 million in the current period as opposed to a loss of RM4.0 million in the corresponding period of the preceding year. This was accompanied by lower contributions from the Group's Construction, Manufacturing & Quarrying, Plantation and Infrastructure divisions in the current period compared to the corresponding period of the preceding year.

Further analysis of the divisional performances is given below.

Operating Segment	Commentary
Construction	Revenue for the current quarter and period ended 30 September 2018 declined by 21.5% and 12.5% respectively compared to the corresponding period of the preceding year as newer projects have yet to reach optimal construction phase. Consequently, pre-tax profit for the current quarter and period also fell by 45.8% and 38.5% respectively compared to the corresponding period of the preceding year mainly due to lower construction margins as well as an increase in unrealised foreign exchange losses to RM6.7 million for the current quarter and RM30.7 million for the current period as opposed to unrealised foreign exchange losses of RM0.4 million and RM3.6 million in the previous year's corresponding quarter and period respectively.
Property development	Current quarter revenue and pre-tax profit decreased by 5.3% and 32.4% respectively compared to the previous year's corresponding quarter. This was mainly due to lower sales coupled with lower margins achieved in the current quarter compared to the previous year's corresponding quarter. On a period basis, the revenue and pre-tax profit was 4.9% and 18.3% higher as compared to the corresponding period of the preceding year. The higher revenue and profit before tax registered in the current period was mainly due to the completion of certain development projects as well as lower operating expenses incurred in the current period as compared to the corresponding period of the preceding year.
Manufacturing and quarrying	Current quarter revenue and pre-tax profit decreased by 26.4% and 41.4% respectively compared to the previous year's corresponding quarter. Revenue and pre-tax profit for the period was also down 21.3% and 41.4% respectively compared to the previous year's corresponding period. These were mainly due to lower sales volumes and margins in the piles and quarrying sectors.

B1. Detailed Analysis of Performance of all Operating Segments (cont'd)

Operating Segment	Commentary
Plantation	Revenue for the current quarter and period decreased by 28.7% and 15.2% respectively compared to the corresponding period of the preceding year mainly due to lower CPO sales volume and commodity prices. The pre-tax losses of RM31.7 million for the current quarter and RM58.0 million for the period were mainly attributable to the lower commodity prices and higher production costs 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. This was further compounded by the net unrealised foreign exchange losses of RM22.6 million and RM53.5 million on the US Dollar denominated borrowings for the current quarter and period respectively as compared to unrealised foreign exchange losses of RM8.5 million and RM9.3 million respectively in the corresponding period of the preceding year.
Infrastructure	Revenue for the current quarter and period were almost unchanged compared to the corresponding period of the preceding year, increasing by 3.5% and decreasing by 1.1% respectively. The Division's pre-tax profit for the current quarter decreased to RM8.5 million from RM35.7 million recorded in the previous year's corresponding quarter. This was mainly due to the losses being accrued for the disposal of the remaining 30% equity interests in Swarna Tollway Private Limited in the current quarter. The losses were mitigated by higher contribution from the Group's local tolls as well as toll concession investment in Argentina. However, the Division's pre-tax profit for the period decreased to RM33.4 million from RM100.4 million recorded in the corresponding period of the preceding year mainly due to the losses as mentioned above and a decrease in cargo throughput handled by the Group's port concession as well as increased net foreign exchange loss of RM43.0 million in the current period compared to a net foreign exchange loss of RM4.3 million in the corresponding period of the preceding year.

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

The Group's pre-tax profit decreased by RM67.4 million (or 65.3%) compared to that of the immediate preceding quarter mainly due to lower contributions from the Group's Construction, Property, Plantations and Infrastructure divisions.

B3. Prospects for the Current Financial Year

The Group's Construction division expects continued 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, with the key issues of price affordability, the overhang of high priced properties, rising costs of living and tight financing continue 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.

Given a difficult operating environment both domestically and overseas, the Group's Industry division expects a lower performance for the current financial year.

The Group's Plantation division expects a challenging year due to the weakening of the commodity prices, volatile foreign exchange rates particularly that of the Indonesian Rupiah against the US Dollar and higher borrowing costs. Notwithstanding the anticipated 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 concessions mature thereby further enhancing the earnings of the Group's Infrastructure division.

Based on the above stated factors and given the constantly changing business environment, the Group expects the current financial year to be challenging.

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 SEPTEMBER		CUMULATIVE PERIOD 6 MONTHS ENDED 30 SEPTEMBER	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000 Restated**
Malaysian income tax	39,855	51,677	83,698	97,408
Overseas taxation	(3,903)	-	(6,515)	(161)
Deferred taxation	(11,886)	5,744	(10,706)	10,948
	24,066	57,421	66,477	108,195

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 September 2018, there were no outstanding corporate proposals.

B7. Group Borrowings

Particulars of the Group’s borrowings as at 30 September 2018 are as follows:

	As at 30/09/2018 RM'000
(a) (i) Short Term Borrowings	
Secured:-	
- Islamic bonds	55,000
- Term loans	48,630
- Hire purchase and lease payables (included in trade and other payables)	551
- 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	829,645
- Revolving credits	1,000,739
- Revolving loans	290,115
- Bankers' acceptances	54,376
- Letters of Credit	8,812
- Bank overdrafts	90,467
	2,532,973
(ii) Long Term Borrowings	
Secured:-	
- Islamic bonds	555,000
- Medium term notes	875,000
- Hire purchase and lease payables	32
- Term loans	835,205
- Government support loans	64,972
Unsecured:-	
- Islamic bonds	1,500,000
- Government support loans	25,870
- Term loans	643,985
	4,500,064

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

	Foreign Currency '000	RM Equivalent '000
US Dollar	445,200	1,846,107
Indian Rupee	5,346,550	305,288
Chinese Yuan	47,800	28,608
Pound Sterling	37,202	201,637
		2,381,640

B8. Changes in Material Litigation

There was no material litigation since 31 March 2018.

B9. Dividends

The Company has declared a single tier first interim dividend in respect of the financial year ending 31 March 2019 of 2 sen per share to be paid on 27 December 2018 to every member who is entitled to receive the dividend at the close of business on 13 December 2018.

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
	30/09/2018 RM'000	30/09/2017 RM'000 Restated	30/09/2018 RM'000	30/09/2017 RM'000 Restated
Basic Earnings per share:-				
(a) Net profit for the period attributable to owners of the Company	21,918	114,229	84,682	235,398
(b) Weighted average number of ordinary shares ('000)	3,634,891	3,627,478	3,631,872	3,622,950
Basic Earnings per share (sen)	**0.60**	**3.15**	**2.33**	**6.50**
Diluted Earnings per share:-				
(a) Net profit for the period attributable to owners of the Company	21,918	114,229	84,682	235,398
(b) Weighted average number of ordinary shares ('000)	3,634,891	3,627,478	3,631,872	3,622,950
Effect of dilution ('000)				
- Employee share options and share grants	3,764	46,287	3,764	45,755
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,638,655	3,673,765	3,635,636	3,668,705
Diluted Earnings per share (sen)	**0.60**	**3.11**	**2.33**	**6.42**

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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
	30/09/2018 RM'000	30/09/2017 RM'000 Restated	30/09/2018 RM'000	30/09/2017 RM'000 Restated
Interest income	**28,728**	24,676	**57,226**	52,618
Other income (including investment income)	**15,621**	22,763	**50,163**	43,630
Interest expense	**(56,803)** *	(50,340) *	**(116,636)** *	(95,408) *
Depreciation and amortisation	**(83,635)**	(85,115)	**(167,050)**	(174,558)
Net reversal/(allowance) of impairment of receivables	**4,695**	(1,118)	**3,804**	(3,924)
Net (losses)/gains on disposal of investments or properties	**(36,989)**	638	**(35,787)**	2,183
Net allowance of impairment of assets	**(106)**	(1,456)	**(400)**	(1,537)
Net foreign exchange losses	**(33,513)**	(377)	**(104,554)**	(4,015)
Net gains/(losses) on derivatives	**2,941**	(3,003)	**14,444**	(2,283)
Fair value gains/(losses) on produce growing on bearer plants	**2,461**	1,208	**(306)**	(192)
** Includes unrealised foreign exchange losses incurred by the Plantation division classified under Finance Cost*	**(10,825)**	(9,116)	**(22,581)**	(9,116)

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 September 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 30/09/2018 (metric tonnes)	Notional value outstanding as at 30/09/2018 (RM'000)	Fair value as at 30/09/2018 (RM'000)
- **Less than 1 year**	3,750	9,420	1,102
- **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 September 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 30/09/2018 (USD'000)	Notional value outstanding as at 30/09/2018 (RM'000)	Fair value as at 30/09/2018 (RM'000)
- **Less than 1 year**	90,000	363,330	8,214
- **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 September 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 RM14.44 million during the current financial period. The details are as follows:

Type of derivative	Current quarter fair value gains/(losses) RM'000	Current period fair value gains/(losses) RM'000	Basis of fair value measurement	Reasons for the gains/(losses)
Crude palm oil ("CPO") pricing swap contracts	999	1,912	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	1,942	10,152	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	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.