



IJM CORPORATION BERHAD
198301008880 (104131-A)

Part A1 : Quarterly Report

Quarterly report for the financial period ended:	30/09/2020
Quarter:	2nd Quarter
Financial Year End:	31/03/2021
The figures:	Have not been audited
Full Quarterly Report:	Refer attached

Part A2 : Summary of Key Financial Information for the financial period ended 30/09/2020

	Individual Quarter		Cumulative Period	
	Current year quarter 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year to date 30/09/2020 RM'000	Preceding year to date 30/09/2019 RM'000
1 Revenue	1,428,708	1,574,228	2,308,511	3,117,786
2 Profit before taxation	161,679	114,211	254,831	257,611
3 Net profit for the period	122,914	84,152	172,667	164,623
4 Net profit attributable to owners of the Company	99,515	70,102	100,786	129,526
5 Basic earnings per share (sen)	2.74	1.93	2.78	3.57
6 Proposed/Declared dividend per share (sen)	2.00	2.00	2.00	2.00
	As at end of current quarter 30/09/2020		As at preceding financial year end	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)		2.67		2.65

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Period		
	Current year quarter	Preceding year quarter	Change (+/-)	Current year to date	Preceding year to date	Change (+/-)
	30/09/2020 RM'000	30/09/2019 RM'000	%	30/09/2020 RM'000	30/09/2019 RM'000	%
Operating revenue	1,428,708	1,574,228	-9.2%	2,308,511	3,117,786	-26.0%
Cost of sales	(1,130,994)	(1,306,477)	-13.4%	(1,867,068)	(2,606,429)	-28.4%
Gross profit	297,714	267,751	11.2%	441,443	511,357	-13.7%
Other operating income	45,564	43,919	3.7%	108,943	130,965	-16.8%
Foreign exchange differences	(25,347)	(14,764)	-71.7%	66,089	(25,195)	362.3%
Tendering, selling and distribution expenses	(24,507)	(34,134)	-28.2%	(50,240)	(58,049)	-13.5%
Administrative expenses	(50,394)	(75,315)	-33.1%	(118,970)	(133,905)	-11.2%
Other operating expenses	(23,873)	27,760	-186.0%	(43,550)	(25,937)	67.9%
Operating profit before finance cost	219,157	215,217	1.8%	403,715	399,236	1.1%
Finance cost	(45,461)	(60,018)	-24.3%	(107,870)	(114,623)	-5.9%
Operating profit after finance cost	173,696	155,199	11.9%	295,845	284,613	3.9%
Share of losses of associates	(13,688)	(62,276)	-78.0%	(38,521)	(46,571)	-17.3%
Share of profits/(losses) of joint ventures	1,671	21,288	-92.2%	(2,493)	19,569	-112.7%
Profit before taxation	161,679	114,211	41.6%	254,831	257,611	-1.1%
Income tax expense	(38,765)	(30,059)	29.0%	(82,164)	(92,988)	-11.6%
Net profit for the period	122,914	84,152	46.1%	172,667	164,623	4.9%
<u>Other comprehensive (loss)/income (net of tax):</u>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation differences of foreign operations	(55,697)	(20,388)		45,169	27,915	
Share of other comprehensive (loss)/income of associates	(502)	805		(253)	1,701	
	(56,199)	(19,583)	-187.0%	44,916	29,616	51.7%
Total comprehensive income for the period	66,715	64,569	3.3%	217,583	194,239	12.0%
<u>Net profit attributable to:-</u>						
Owners of the Company	99,515	70,102	42.0%	100,786	129,526	-22.2%
Perpetual sukuk	11,707	9,521	23.0%	23,256	20,053	16.0%
Non-controlling interests	11,692	4,529	158.2%	48,625	15,044	223.2%
	122,914	84,152	46.1%	172,667	164,623	4.9%
<u>Total comprehensive (loss)/income attributable to:-</u>						
Owners of the Company	69,750	46,007	51.6%	129,738	145,923	-11.1%
Perpetual sukuk	11,707	9,521	23.0%	23,256	20,053	16.0%
Non-controlling interests	(14,742)	9,041	-263.1%	64,589	28,263	128.5%
	66,715	64,569	3.3%	217,583	194,239	12.0%
<u>Earnings per share (sen):-</u>						
Basic	2.74	1.93		2.78	3.57	
Fully diluted	2.74	1.93		2.77	3.57	

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30/09/2020	31/03/2020
	RM'000	RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	6,117,057	6,112,042
Treasury shares	(30,109)	(18,070)
Shares held under trust	(1,263)	(1,263)
Other reserves	(68,078)	(90,701)
Retained profits	3,664,831	3,600,358
	9,682,438	9,602,366
Perpetual sukuk of a subsidiary	848,120	848,470
Non-controlling interests	1,243,046	1,192,770
	11,773,604	11,643,606
NON-CURRENT LIABILITIES		
Bonds	2,916,477	2,876,119
Term loans	2,142,843	1,615,143
Government support loans	48,730	58,672
Lease liabilities	47,431	49,889
Deferred tax liabilities	636,606	629,587
Trade and other payables	311,227	311,297
Retirement benefits	24,402	22,443
Derivative financial instruments	-	872
	6,127,716	5,564,022
DEFERRED INCOME	70,355	70,355
	17,971,675	17,277,983

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30/09/2020	31/03/2020
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	2,618,165	2,578,272
Right-of-use assets	439,578	444,907
Concession assets	3,825,964	3,786,391
Investment properties	646,586	652,879
Associates	906,237	921,975
Joint ventures	833,131	852,370
Financial assets at fair value through other comprehensive income	3,665	3,665
Long term receivables	248,412	220,731
Deferred tax assets	446,781	447,287
Inventories	679,490	679,223
Intangible assets	104,927	101,116
	10,752,936	10,688,816
CURRENT ASSETS		
Inventories	7,670,168	7,687,014
Produce growing on bearer plants	15,971	11,892
Trade and other receivables	1,924,049	1,865,664
Contract assets	256,489	345,336
Financial assets at fair value through profit or loss	622,870	534,630
Derivative financial instruments	1,737	1,722
Assets held for sale	-	3,665
Tax recoverable	100,663	91,880
Deposits, cash and bank balances	2,396,277	2,222,648
	12,988,224	12,764,451
CURRENT LIABILITIES		
Trade and other payables	3,076,067	3,130,999
Contract liabilities	560,944	666,366
Provisions	2,342	2,476
Derivative financial instruments	5,161	3,236
Lease liabilities	13,607	11,870
Borrowings:		
- Bank overdrafts	76,472	118,860
- Others	1,994,117	2,211,657
Current tax liabilities	40,775	29,820
	5,769,485	6,175,284
NET CURRENT ASSETS	7,218,739	6,589,167
	17,971,675	17,277,983
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	2.67	2.65

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	-----Attributable to owners of the Company-----						Perpetual sukuk 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	Other reserves RM'000	Retained profits RM'000	Total RM'000			
At 1 April 2020	6,112,042	(18,070)	(1,263)	(90,701)	3,600,358	9,602,366	848,470	1,192,770	11,643,606
Total comprehensive income for the period	-	-	-	28,952	100,786	129,738	23,256	64,589	217,583
Issuance of employee share options and share grants (net)	-	-	-	(1,314)	-	(1,314)	-	-	(1,314)
Single tier second interim dividend: Year ended 31 March 2020	-	-	-	-	(36,313)	(36,313)	-	-	(36,313)
Perpetual Sukuk distribution payable and paid by a subsidiary	-	-	-	-	-	-	(23,606)	-	(23,606)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(16,684)	(16,684)
Issuance of shares: - vesting of shares under ESGP	5,015	-	-	(5,015)	-	-	-	-	-
Shares buy back	-	(12,039)	-	-	-	(12,039)	-	-	(12,039)
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	2,371	2,371
At 30 September 2020	6,117,057	(30,109)	(1,263)	(68,078)	3,664,831	9,682,438	848,120	1,243,046	11,773,604
At 1 April 2019	6,099,350	(18,070)	(1,379)	(35,922)	3,494,673	9,538,652	647,108	1,198,661	11,384,421
Total comprehensive income for the period	-	-	-	16,397	129,526	145,923	20,053	28,263	194,239
Issuance of employee share options and share grants (net)	-	-	-	8,649	-	8,649	-	-	8,649
Single tier second interim dividend: Year ended 31 March 2019	-	-	-	-	(72,589)	(72,589)	-	-	(72,589)
Distribution to perpetual sukuk holders	-	-	-	-	-	-	(18,394)	-	(18,394)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(13,713)	(13,713)
Issuance of perpetual sukuk by a subsidiary	-	-	-	-	-	-	199,760	-	199,760
Issuance of shares: - exercise of employee share options - vesting of shares under ESGP	421 12,250	- -	37 -	(96) (12,250)	- -	362 -	- -	- -	362 -
At 30 September 2019	6,112,021	(18,070)	(1,342)	(23,222)	3,551,610	9,620,997	848,527	1,213,211	11,682,735

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	6 months ended 30/09/2020 RM'000	6 months ended 30/09/2019 RM'000
OPERATING ACTIVITIES		
Receipts from customers	2,195,510	2,848,123
Payments to contractors, suppliers and employees	(1,807,027)	(2,435,180)
Income tax paid	(65,261)	(85,806)
Net cash flow from operating activities	323,222	327,137
INVESTING ACTIVITIES		
Acquisition of a subsidiary	(9,188)	-
Subscription of Redeemable Unsecured Murabahah Stocks in an associate	(8,433)	-
Acquisition of financial assets at fair value through profit or loss	(269,730)	(321,672)
Purchases of property, plant and equipment, development land, right-of-use assets, investment properties, concession assets and deferred expenditure	(193,268)	(387,244)
Disposal of investments, property, plant and equipment, right-of-use assets, investment properties and assets held for sale	199,013	379,505
Interest received	37,250	41,862
Dividends received from associates and other investments	20,138	41,398
Net repayments from/(advances to) associates and joint ventures	3,371	(89,857)
Net cash flow used in investing activities	(220,847)	(336,008)
FINANCING ACTIVITIES		
Issuance of shares by the Company	-	362
- exercise of share options	-	-
Re-purchase of treasury shares	(12,039)	-
Net proceeds from bank and government borrowings	328,496	80,341
Repayments of hire purchase and lease liabilities	(5,506)	(4,258)
Interest paid	(159,316)	(166,391)
Dividends paid by subsidiaries to non-controlling shareholders	(16,684)	(13,713)
Distribution to perpetual sukuk holders	(23,606)	(18,394)
Dividends paid by the Company	(36,313)	(72,589)
Net drawdown/(repayment) of bonds	40,000	(5,000)
Issuance of perpetual sukuk by a subsidiary	-	199,760
Net uplifts/(placements) of restricted deposits	18,288	(6,970)
Net cash flow from/(used in) financing activities	133,320	(6,852)
Net increase/(decrease) in cash and cash equivalents during the financial period	235,695	(15,723)
Cash and cash equivalents at beginning of the financial period	2,071,209	1,451,135
Foreign exchange differences	(1,625)	2,915
Cash and cash equivalents at end of the financial period	2,305,279	1,438,327
Cash and cash equivalents comprise the following :		
Deposits, cash and bank balances	2,396,277	1,602,875
Bank overdrafts	(76,472)	(126,047)
	2,319,805	1,476,828
Less: restricted deposits with licensed banks	(14,526)	(38,501)
	2,305,279	1,438,327

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A NOTES TO THE QUARTERLY RESULTS

A1. Basis of Preparation

The 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 interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2020 which are available at <http://www.ijm.com>. The explanatory notes attached to the 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 2020.

The financial statements of the Group, which comprise the statement of financial position of the Group as at 30 September 2020, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the financial period ended 30 September 2020 have not been audited.

A2. Changes in Accounting Policies

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 31 March 2020 except for the adoption of the following amendments to published standards:

- (a) Amendments to published standards that are effective for the Group’s financial year beginning on or after 1 April 2020 and applicable to the Group are as follows:
- The conceptual framework for financial reporting (Revised 2018)
 - Amendments to MFRS 3 “Definition of a business”
 - Amendments to MFRS 101 and MFRS 108 “Definition of Material”
- (b) Amendments to published standard that is effective for the Group’s financial year beginning on or after 1 April 2021 and the Group has early adopted in FY2021 is as follows:
- Amendments to MFRS 16 Leases “COVID-19 Related Rent Concessions”

The adoption of the above amendments does not result in any significant change to the accounting policies and does not have a material impact on the interim financial report of the Group.

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A3. Audit Report

The audit report for the financial year ended 31 March 2020 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 period ended 30 September 2020.

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 2020.

A7. Debt and Equity Securities

- (a) For the financial period ended 30 September 2020, the number of issued and paid-up ordinary shares of the Company was increased from 3,639,288,920 to 3,641,119,020 by way of the issuance of 1,830,100 new ordinary shares arising from the vesting of shares under the Employee Share Grant Plan ("ESGP").
- (b) For the financial period ended 30 September 2020, 10,000,000 ordinary shares were repurchased in the open market at an average price of RM1.20 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 2020.

A8. Dividend Paid

On 21 August 2020, a single tier second interim dividend of 1 sen per share in respect of the financial year ended 31 March 2020 was paid totalling RM36,312,823.

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A9. Segmental Information

	GROUP			GROUP		
	3 months ended 30/09/2020	3 months ended 30/09/2019	Change (+/-)	6 months ended 30/09/2020	6 months ended 30/09/2019	Change (+/-)
	RM'000	RM'000	%	RM'000	RM'000	%
<u>External revenue:</u>						
Construction	573,635	594,162	-3.5%	861,145	1,112,163	-22.6%
Property development	255,078	375,978	-32.2%	400,783	838,361	-52.2%
Manufacturing and quarrying	162,405	227,754	-28.7%	247,971	459,041	-46.0%
Plantation	211,370	172,861	22.3%	417,355	305,928	36.4%
Infrastructure	225,891	203,092	11.2%	380,847	401,752	-5.2%
Investment and others	329	381	-13.6%	410	541	-24.2%
	1,428,708	1,574,228	-9.2%	2,308,511	3,117,786	-26.0%
<u>Inter-segment revenue:</u>						
Construction	50,299	87,927	-42.8%	67,220	178,871	-62.4%
Property development	-	2	-100.0%	-	2	-100.0%
Manufacturing and quarrying	9,440	14,833	-36.4%	13,908	26,124	-46.8%
Plantation	-	-		-	-	
Infrastructure	-	-		-	-	
Investment and others	156,624	227,043	-31.0%	168,912	273,542	-38.3%
	216,363	329,805	-34.4%	250,040	478,539	-47.7%
<u>Profit/(loss) before taxation:</u>						
Construction	50,883	38,494	32.2%	67,277	79,116	-15.0%
Property development	32,962	37,200	-11.4%	22,553	83,053	-72.8%
Manufacturing and quarrying	6,137	17,923	-65.8%	(8,797)	33,101	-126.6%
Plantation	(2,431)	(4,954)	50.9%	112,867	(10,337)	1191.9%
Infrastructure	68,405	35,235	94.1%	57,383	79,643	-27.9%
Investment and others	5,723	(9,687)	159.1%	3,548	(6,965)	150.9%
	161,679	114,211	41.6%	254,831	257,611	-1.1%
<u>Earnings/(losses) before interest, tax, depreciation and amortisation:</u>						
Construction	65,486	66,918	-2.1%	115,245	133,940	-14.0%
Property development	43,191	42,364	2.0%	39,857	93,952	-57.6%
Manufacturing and quarrying	23,309	33,874	-31.2%	24,271	64,603	-62.4%
Plantation	32,401	32,395	0.0%	182,676	61,499	197.0%
Infrastructure	143,751	104,098	38.1%	207,435	213,618	-2.9%
Investment and others	5,727	(9,682)	159.2%	3,558	(6,954)	151.2%
	313,865	269,967	16.3%	573,042	560,658	2.2%
Finance Cost	(45,461)	(60,018)		(107,870)	(114,623)	
Depreciation and amortisation	(106,725)	(95,738)		(210,341)	(188,424)	
Profit before taxation	161,679	114,211	41.6%	254,831	257,611	-1.1%
				As at 30/09/2020 RM'000	As at 31/03/2020 RM'000	
<u>Total Assets:</u>						
Construction				2,479,895	2,634,774	
Property development				10,772,516	10,881,362	
Manufacturing and quarrying				1,447,514	1,487,153	
Plantation				2,387,475	2,285,766	
Infrastructure				5,934,628	5,564,870	
Investment and others				171,688	60,175	
Total segment assets				23,193,716	22,914,100	
Unallocated corporate assets				547,444	539,167	
Consolidated total assets				23,741,160	23,453,267	

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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 30/09/2020							
Revenue from contract with customers							
Timing of revenue recognition:							
- At a point in time	3,528	60,907	159,950	210,940	-	-	435,325
- Over time	570,107	185,517	1,434	430	214,355	46	971,889
	573,635	246,424	161,384	211,370	214,355	46	1,407,214
Revenue from other sources	-	8,654	1,021	-	11,536	283	21,494
Total revenue	573,635	255,078	162,405	211,370	225,891	329	1,428,708
6 months ended 30/09/2020							
Revenue from contract with customers							
Timing of revenue recognition:							
- At a point in time	4,310	103,767	244,522	416,635	-	-	769,234
- Over time	856,835	279,791	1,572	720	356,916	62	1,495,896
	861,145	383,558	246,094	417,355	356,916	62	2,265,130
Revenue from other sources	-	17,225	1,877	-	23,931	348	43,381
Total revenue	861,145	400,783	247,971	417,355	380,847	410	2,308,511
3 months ended 30/09/2019							
Revenue from contract with customers							
Timing of revenue recognition:							
- At a point in time	2,556	98,518	219,670	172,861	-	-	493,605
- Over time	591,606	273,873	7,318	-	192,392	51	1,065,240
	594,162	372,391	226,988	172,861	192,392	51	1,558,845
Revenue from other sources	-	3,587	766	-	10,700	330	15,383
Total revenue	594,162	375,978	227,754	172,861	203,092	381	1,574,228
6 months ended 30/09/2019							
Revenue from contract with customers							
Timing of revenue recognition:							
- At a point in time	4,985	258,004	443,750	305,928	-	-	1,012,667
- Over time	1,107,178	576,571	13,740	-	380,050	75	2,077,614
	1,112,163	834,575	457,490	305,928	380,050	75	3,090,281
Revenue from other sources	-	3,786	1,551	-	21,702	466	27,505
Total revenue	1,112,163	838,361	459,041	305,928	401,752	541	3,117,786

A10. Carrying Amount of Revalued Property, Plant and Equipment

The carrying amounts of property, plant and equipment have been brought forward without amendments from the audited financial statements for the Financial Year 2020.

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A11. Changes in the Composition of the Group

On 18 September 2020, IJM Engineering (Mauritius) Limited, a wholly-owned subsidiary of IJM Investments (M) Limited, which in turn is a wholly-owned subsidiary of the Company, completed the acquisition of 11,656,884 equity shares in Team Universal Infratech Private Limited (“TUIPL”), representing 80% equity interest in TUIPL, for a total purchase consideration of INR 240,000,000 (Indian Rupees Two Hundred and Forty Million only), which was equivalent to approximately RM13.45 million. TUIPL is engaged in the business of construction of buildings and infrastructure. The provisional effect of the acquisition is as follows:

	<u>Fair value</u> RM'000
<u>Identifiable assets and liabilities:</u>	
<u>Non-current asset</u>	
Property, plant and equipment	15,007
Deferred tax assets	581
<u>Current assets</u>	
Trade and other receivables	68,634
Inventory	14,005
Tax recoverable	4,949
Cash and bank balances	4,257
Restricted deposits with licensed bank	779
	108,212
8% Non-cumulative compulsorily Convertible Preference Shares	(3,360)
<u>Non-current liabilities</u>	
Lease liabilities	(1,048)
<u>Current liabilities</u>	
Trade and other payables	(86,405)
Lease liabilities	(2,870)
Term loan	(2,675)
	(91,950)
Fair value of identifiable net assets acquired	11,854
Less: Non-controlling interests	(2,371)
	9,483
Less: Purchase consideration	(13,445)
	(3,962)
	(3,962)
Details of cash flows arising from the acquisition are as follows:	
	Group
	RM'000
Total purchase consideration	(13,445)
Less: Cash and cash equivalents of a subsidiary acquired	4,257
Cash outflow to the Group on acquisition	(9,188)

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A12. Contingent Liabilities

The changes in contingent liabilities are summarised as follows:-

	RM'000
Balance as at 31 March 2020	5,022
- Exchange differences	<u>(105)</u>
Balance as at 30 September 2020	<u><u>4,917</u></u>

A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 September 2020 are as follows:

	RM'000
Approved and contracted for	836,526
Approved but not contracted for	<u>130,732</u>
	<u><u>967,258</u></u>

Analysed as follows:

- Purchases of property, plant and equipment	355,025
- Purchases of development land	11,482
- Concession assets	591,292
- Investment properties	<u>9,459</u>
	<u><u>967,258</u></u>

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

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

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

B1. Detailed Analysis of Performance of all Operating Segments

In response to the World Health Organisation declaring Covid-19 as a global pandemic on 11 March 2020, the Malaysian government implemented the Movement Control Order (MCO) with effect from 18 March 2020. The other countries in which the Group operates have also implemented similar control measures which have materially impacted the Group's business operations. Subsequently on 10 June 2020, Malaysia entered the Recovery MCO (RMCO) phase which allowed the relaxation of certain control measures to enable a gradual recovery of the Malaysian economy.

As a result of the abovementioned control measures, the Group recorded lower operating revenue of RM1,428.71 million for the current quarter (a decrease of 9.2% from the corresponding quarter of the preceding year) and RM2,308.51 million for the period-to-date (a decrease of 26.0% from the corresponding period of the preceding year). Despite lower revenue being recorded, the Group's pre-tax profit for the current quarter was higher at RM161.68 million (a growth of 41.6% from the corresponding quarter of the preceding year) with improved results achieved by the Group's Construction, Plantation and Infrastructure divisions. For the period-to-date, the Group recorded a marginally lower pre-tax profit of RM254.83 million (a decrease of 1.1% from 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 decreased slightly by 3.5%, but pre-tax profit for the current quarter increased by 32.2% compared to the corresponding quarter of the preceding year mainly due to the improvement in the net margin and increased net foreign exchange gains. Revenue and pre-tax profit for the period-to-date decreased by 22.6% and 15.0% respectively as compared to the corresponding period of the preceding year mainly due to lower construction activities during the period.
Property development	Revenue and pre-tax profit for the current quarter decreased by 32.2% and 11.4% respectively as compared to the corresponding quarter of the preceding year. On a period-to-date basis, the revenue and pre-tax profit decreased by 52.2% and 72.8% respectively as compared to the corresponding period of the preceding year. This was mainly due to lower work progress for the development projects as well as lower sales being recorded during the period.
Manufacturing and quarrying	Revenue and pre-tax profit for the current quarter decreased by 28.7% and 65.8% respectively compared to the previous year's corresponding quarter. Revenue and pre-tax profit for the period-to-date decreased by 46.0% and 126.6% respectively compared to the previous year's corresponding period. These were mainly due to lower deliveries of piles, quarry products and ready-mixed concrete as a result of minimal construction activity during the period.

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

Operating Segment	Commentary
Plantation	<p>Revenue for the current quarter increased by 22.3% compared to the corresponding quarter of the preceding year mainly due to higher commodity prices. However, during the quarter, the Indonesian Rupiah weakened against both the US Dollar and the Japanese Yen causing net foreign exchange loss of RM35.0 million (Q2-FY2020: Gain of RM0.02 million) on the foreign currency denominated borrowings. As a result of the unfavourable currency fluctuation coupled with the fair value losses recorded on crude palm oil pricing swap contracts, the division recorded a loss before taxation of RM2.4 mil for the current quarter.</p> <p>Revenue for the period-to-date increased by 36.4% compared to the corresponding period of the preceding year mainly due to higher commodity prices and sales volume. During the period, the Indonesian Rupiah strengthened against both the US Dollar and the Japanese Yen to record a net foreign exchange gain of RM56.8 million (FY2020 corresponding period: Gain of RM0.2 million) on the foreign currency denominated borrowings. The higher commodity prices and FFB production coupled with the favorable currency movements had contributed to a significant improvement in the overall financial performance for the period-to-date.</p>
Infrastructure	<p>Revenue and pre-tax profit for the current quarter increased by 11.2% and 94.1% respectively compared to the corresponding quarter of the preceding year. This was mainly due to a 20.1% increase in cargo throughput handled by the Group's port operations, favourable foreign exchange movements which resulted in a net foreign exchange gain of RM4.9 million for the current quarter (Q2-FY2020: Loss of RM4.9 million) and lower negative contribution from the associates. Revenue and pre-tax profit for the period-to-date decreased by 5.2% and 27.9% respectively compared to the corresponding period of the preceding year mainly due to lower local and overseas traffic volumes as a result of the movement control measures implemented.</p>

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

The Group's pre-tax profit increased by 73.6% to RM161.7 million compared to RM93.2 million posted in the immediate preceding quarter as the Group's business operations continue to recover from the effect of the MCO implemented in the preceding quarter.

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B3. Prospects for the Current Financial Year

The Malaysian gross domestic product (GDP) contraction of 8.3% in the first half of 2020 reflects the unprecedented challenges and uncertainties currently faced by businesses. The Group expects a gradual recovery in the business landscape, arising from the efforts of the Malaysian Government to revitalise the economy through an expansionary Budget for 2021. The Government expects Malaysia's GDP to grow between 6.5% and 7.5% in 2021, after a 4.5% contraction in 2020.

Following the resumption of construction activities after the Movement Control Order (MCO) in the first quarter of FY2021, the performance of the Group's Construction division for the remainder of the year will be focused on the timely execution of its outstanding order book of RM5.4 billion. The division had secured RM2.0 billion of new projects for this year and with large scale infrastructure projects identified in Budget 2021, prospects for the division are encouraging.

Market sentiment for the property sector showed signs of recovery post-MCO with the Property division achieving pre-pandemic sales levels in Q2 FY2021. While the low interest rate environment, coupled with property sector incentives such as stamp duty waivers and housing discounts, are supportive of mid-market segment demand, the recent announcement of a Conditional Movement Control Order ("CMCO") has resulted in a decrease in footfalls to the sales galleries. Combined with stringent bank lending criteria and the uncertainties over employment, the Property division is expected to record a weaker performance for the current financial year.

The boost for the construction sector as unveiled in Budget 2021 should also bode well for the outlook of the Group's Industry division. The division will, however, continue with its business rationalisation efforts through the improvements in product quality, cost optimisation and process efficiency enhancements.

With expectations of continued favourable CPO prices and stable foreign exchange environment, the Group's Plantation division is optimistic for a better performance for the year.

The Group's Port operations are expected to perform positively as cargo throughput remains stable despite the pandemic. Traffic volumes for the Toll business have gradually recovered close to pre-Covid 19 levels. Nevertheless, the outlook for the toll business is dependent on the duration of the CMCO being imposed in the states in which we operate.

The Group's diversified portfolio is expected to provide resilience to its financial performance. Despite the constantly changing business environment, the Group expects the performance to be satisfactory.

B4. Profit Forecast

Not applicable.

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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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian income tax	48,573	37,421	74,088	95,044
Overseas taxation	9	568	328	568
Deferred taxation	(9,817)	(7,930)	7,748	(2,624)
	<u>38,765</u>	<u>30,059</u>	<u>82,164</u>	<u>92,988</u>

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the financial period 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 overseas subsidiaries.

B6. Status of Corporate Proposals

As at 30 September 2020, there were no outstanding corporate proposals.

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B7. Group Borrowings

Particulars of the Group's borrowings as at 30 September 2020 are as follows:

	As at 30/09/2020 RM'000
(a) (i) Short Term Borrowings	
Secured:-	
- Islamic bonds	60,000
- Term loans	80,942
- Revolving credits	165,178
- Government support loans (included in trade and other payables)	9,930
Unsecured:-	
- Islamic bonds	150,000
- Term loans	637,260
- Revolving credits	884,090
- Bankers' acceptances	12,366
- Letters of Credit	4,281
- Bank overdrafts	76,472
	<u>2,080,519</u>
(ii) Long Term Borrowings	
Secured:-	
- Islamic bonds	1,416,477
- Term loans	1,272,911
- Government support loans	48,730
Unsecured:-	
- Islamic bonds	1,500,000
- Term loans	869,932
	<u>5,108,050</u>

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

	Foreign Currency '000	RM Equivalent '000
US Dollar	479,800	1,994,061
Indian Rupee	9,601,672	540,574
Chinese Yuan	43,800	26,740
Japanese Yen	5,247,200	206,635
Pound Sterling	7,600	40,612
		<u>2,808,622</u>

B8. Changes in Material Litigation

There was no material litigation since 31 March 2020.

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B9. Dividends

The Company has declared a single tier first interim dividend in respect of the financial year ending 31 March 2021 of 2 sen per share to be paid on 30 December 2020 to every member who is entitled to receive the dividend at the close of business on 14 December 2020.

In respect of the financial year ended 31 March 2020, a single tier first interim dividend of 2 sen per share was paid on 27 December 2019 and a single tier second interim dividend of 1 sen per share was paid on 21 August 2020.

B10. Earnings per Share

	Individual Quarter		Cumulative Period	
	Current year quarter	Preceding year quarter	Current year to date	Preceding year to date
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<u>Basic Earnings per share:-</u>				
(a) Net profit for the period attributable to owners of the Company	99,515	70,102	100,786	129,526
(b) Weighted average number of ordinary shares ('000)	3,630,805	3,629,449	3,630,132	3,627,934
Basic Earnings per share (sen)	2.74	1.93	2.78	3.57
<u>Diluted Earnings per share:-</u>				
(a) Net profit for the period attributable to owners of the Company	99,515	70,102	100,786	129,526
(b) Weighted average number of ordinary shares ('000)	3,630,805	3,629,449	3,630,132	3,627,934
Effect of dilution ('000)				
- Employee share options and share grants	1,830	353	1,830	155
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,632,635	3,629,802	3,631,962	3,628,089
Diluted Earnings per share (sen)	2.74	1.93	2.77	3.57

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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
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Interest income	25,752	26,840	61,098	85,446
Other income (including investment income)	11,076	15,439	35,664	32,946
Interest expense	(45,461)	(60,018) *	(107,870)	(114,623) *
Depreciation and amortisation	(106,725)	(95,738)	(210,341)	(188,424)
Net reversal/(allowance) of impairment of receivables	6,254	(681)	5,686	373
Net write back/(write off) of inventories	440	(2)	455	13
Net gains/(losses) on disposal of investments and properties	2,163	316	(1,756)	2,162
Net allowance of impairment of assets	(219)	(52)	(222)	(2,103)
Net foreign exchange (losses)/gains	(25,347)	(14,764)	66,089	(25,195)
Net (losses)/gains on derivatives	(4,625)	1,340	(3,005)	9,242
<i>* Includes unrealised foreign exchange losses incurred by the Plantation division, classified under Finance Cost</i>	-	(2,709)	-	(2,709)

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.

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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 prices of CPO.

As at 30 September 2020, 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 30/09/2020 (metric tonnes)	Notional value outstanding as at 30/09/2020 (RM'000)	Fair value as at 30/09/2020 (RM'000)
- Less than 1 year	10,500	25,655	(2,646)
- 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 liabilities into MYR floating rate liabilities, thus hedging the USD/MYR currency risk and the interest rate risk.

As at 30 September 2020, 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 30/09/2020 (USD'000)	Notional value outstanding as at 30/09/2020 (RM'000)	Fair value as at 30/09/2020 (RM'000)
- Less than 1 year	87,500	363,388	1,737
- 1 year to 3 years	-	-	-
- More than 3 years	-	-	-

(c) Interest Rate Swap Contracts

The Group entered into Interest Rate Swap (‘IRS’) contracts offered by a reputable bank in Malaysia to mitigate the exposure to fluctuations in the interest rates of its US Dollar borrowings. The Group has entered into IRS contracts to swap a portion of its US Dollar borrowings which are under floating rates to fixed rates.

As at 30 September 2020, the outstanding notional value of the IRS contracts and their fair values are as follows:

Interest rate swap contracts	Base Currency	Notional value outstanding as at 30/09/2020 (RM'000)	Fair value as at 30/09/2020 (RM'000)
- Less than 1 year	USD	162,323	(2,514)
- 1 year to 3 years	-	-	-
- More than 3 years	-	-	-

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B13. Fair value changes of derivative financial instruments

The Group recognised a total net fair value loss on derivative financial instruments of RM3.01 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	(5,839)	(3,107)	Price differentials between the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange and the fixed contracted CPO prices for specific contracted periods.	The average future CPO price quoted on the Bursa Malaysia Derivative Exchange is lower/(higher) than the contracted fixed CPO prices.
Cross currency swap contracts	1,661	344	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.
Interest rate swap contracts	(447)	(242)	The difference between floating and fixed interest rates.	Fair value gain is recorded when the floating interest rates are higher than the fixed interest rates. Conversely, a fair value loss is recorded when the floating interest rates are lower than the fixed interest rates.