



**IJM CORPORATION BERHAD**

ANNUAL REPORT 2018





## IJM CORPORATION BERHAD

ANNUAL REPORT 2018



# PRINCIPLES

## 01 OUR VISION



Become a leading Malaysian conglomerate in the markets we serve.

## 02 OUR MISSION



Deliver sustainable value to our stakeholders and enrich lives with the IJM Mark of Excellence.

## 03 CORE VALUES



At IJM, we are guided by a set of core values in everything we do. These values form an integral part of our corporate culture, which is geared towards long-term success:

### **INTEGRITY**

We act with professionalism in everything we do and with everyone we deal with, always delivering on our promise.

### **TEAMWORK**

We work, collaborate and succeed in unity, believing and trusting each other in pursuing our shared goals. We embrace a philosophy of openness in acknowledging differences of opinions, cultures and contributions among all team members, treating all with respect.

### **INNOVATION**

We believe in continuous improvements, always exploring new ideas and promoting creative thinking. We commit passionately to excel at all we do, constantly striving to push the limits and surpass standards of excellence at every opportunity.

### **CUSTOMER FOCUS**

We place our customers at the heart of everything we do, constantly delivering at the right time with high quality and great attitude. We relentlessly rise to exceed customers' expectations with the IJM Mark of Excellence.



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A simple and richly toned logo that reflects dynamism, rich experience and solid balance.

The 35<sup>th</sup> anniversary logo is defined by the 5 colour tones imbued within the numerals 35. These symbolise the 5 business drivers of the Group and are rendered in flowing, intermingling unstructured waves to show agility, responsiveness and synergy. The numerals are kept solid and defined to denote stability and strength. A sense of celebration is conveyed by the flowing pennant ribbon at the bottom.



**CONSTRUCTION**

**PROPERTY**

**INDUSTRY**

# KEY SECTORS

**PLANTATION**

**INFRASTRUCTURE**

## IJM CHARTER

- Quality Products & Services
- Social Responsibility
- Trusted Client Relationships
- Good Corporate Governance
- Safety, Health & Environment
- Maximising Stakeholder Returns
- Employee Welfare
- Ethical Conduct



# CONSTRUCTION

Building the future  
with passion



# PROPERTY

Making an indelible  
mark in property  
development



# INDUSTRY

An essential  
industry partner



# PLANTATION

Building  
a sustainable  
future for all



# INFRASTRUCTURE

Connecting  
communities,  
enhancing lives



# THE EVOLUTION OF IJM 1983-2018

IJM celebrates 35 years of a winning-game, delivering one sterling performance after another, and ensuring our business remains sustainable.

Through good governance, quality delivery and a team of committed employees, we have helped transform the face of the nation with ground-breaking construction, infrastructure and property development expertise. In doing so, we have also solidified our reputation as one of Malaysia's leading builders.

Our dynamic vision and nimble thinking are the foundation of what makes IJM who we are today. However, we do not take our success for granted. Moving forward, we will continue to reassess our strengths and capabilities to help us set the catalyst for positive change, and elevate our business growth and sustainability to new heights of success.



IJM Headquarters,  
Petaling Jaya, Selangor

1985

### Pioneering spirit

- Secured first project in Sydney, Australia and built residential units in Florida, USA.
- Ventured into oil palm cultivation in Sabah.
- Acquired Sharidal Complex (now Wisma IJM) in Petaling Jaya which now serves as IJM's head office.

1986

### IJM goes public

IJM became a public-listed company with a market capitalisation of RM66 million and total assets of RM172 million, heralding a new era of growth, prosperity and opportunities.

1986-1988

### Going international

Property development and construction projects in USA, Australia, Hong Kong, U.K., Singapore, Pakistan and Bangladesh.

1982

### The meeting of minds

IGB Construction Sdn Bhd, Jurutama Sdn Bhd and Mudajaya Sdn Bhd joined forces to compete equally with well-capitalised foreign players in the growing Malaysian construction industry.



Residential units at  
Southfork, USA

1983

### 3 became 1

The three companies joined hands and Solidstate Sdn Bhd was incorporated. First motto: 'Big, Strong and Caring'.

1984

### The birth of the IJM name

The Company was renamed IJM Engineering & Construction Sdn Bhd – a name that comprises the first initials of the three original companies (IGB, Jurutama and Mudajaya).



1984-1987

### Building businesses

- 1st major contract: Construction of three major interchanges for the KL-Seremban Toll Expressway with a contract value of RM40.2 million.
- 1st corporate acquisition: Pucung Building Products Sdn Bhd (49%) in 1984 for quarry operations.
- 1st international joint venture: IJM Degremont Sdn Bhd was formed with Lyonnaise de Eaux, Degremont SA of France and local bumiputera partners for water projects.



KL-Seremban Toll  
Expressway

- 1st plantation: Desa Talisai, a 10,000-acre oil palm plantation near Sandakan, Sabah.
- Manufacturing of building materials businesses to improve efficiency and competitiveness.
- 1st property privatisation projects: PKNS housing development (Selangor) and Batu Lancang Apartments (Penang).

Desa Talisai Palm Oil Mill,  
Sandakan





1989

**IJM Corporation Berhad was born**

Along with the name change came a new corporate logo. IJM became one of the most favoured stocks by foreign institutional investors in the infrastructure and construction-related sector.

1991-1998

**Heady days**

- Construction business breached the RM1 billion mark.
- Construction of major highways and development of landmark property projects such as the 847.7 km North-South Highway, Mid Valley Megamall, KLIA, Putrajaya, the XVI Commonwealth Games Village, Penang International Education and Technology Centre and Seremban 2 satellite township.
- IJM entered Vietnam, Namibia, Argentina, Chile, the Philippines, Myanmar, Mauritius, India and China through MASSCORP – the investment arm of the Malaysia South-South Association.
- Commissioned the first palm oil mill in Sabah.



Guangdong Provincial Expressway, China



IJM Scholarship Award Presentation Ceremony 2007

1994-2010

**Giving back**

- IJM slogan evolved to Excellence through Quality.
- Achieved ISO 9002 certification for the 'Provision of Construction Services in Building and Civil Engineering Works'.
- Launch of hallmark CSR programmes – IJM Scholarship Programme, Rakan Sukin Programme, Hundred-Acre Wood environmental conservation programme, Home Rehabilitation Programme as well as Give Day Out.

1991

**Birth of a new division**

In a strategic move to achieve economies of scale and competitive pricing, IJM expanded its manufacturing operations – resulting in the birth of the Quarrying & Manufacturing division with the acquisition of Malaysian Rock Products Sdn Bhd.



North-South highway

1998 – 2000s

**Inspiring India**

- IJM made inroads into India's development with highway, building and real estate projects in Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Rajasthan, Karnataka, West Bengal, Maharashtra and the municipality of Delhi.



ICP piles used at Rajit Package 2, Perengang, Johor

Mumbai Pune Expressway, India



Quarry operations





Sand mining, Bestari Jaya, Selangor

**2000s**

**Leading the way**

- IJM's industry Division expanded operations with strategic acquisitions and successful market diversifications into China, India and Pakistan.
- 1st sand mine: Bestari Jaya, Selangor was established, with a monthly production capacity of 100,000 tonnes.

**2008**

**The game changer**

- In a high profile merger, IJM acquired the Road Builder Group, its nearest competitor, to become one of the country's biggest builders.
- The merger created a paradigm shift in growth and revenue for IJM's infrastructure Division, with the addition of four mature infrastructure assets: two toll highways – Besraya and New Pantai Expressway, and two ports – Kuantan Port and Kemaman Port.
- Unveiled the prestigious 'The Light' Waterfront development in Penang.
- Total assets exceeded RM11 billion for the first time.

**2012**

**Oil & gas exploration**

IJM diversified into the oil & gas sector by acquiring a 25% stake in the Scemi Group, establishing a new revenue stream. This puts IJM in a favourable position to take advantage of the industry's regional prospects and opportunities.

**2012-2013**

**Pioneering inroads**

- Secured the first aboveground Klang Valley Mass Rapid Transit Package.
- Associate company, Kumpulan Europlus Bhd, secured the 233km West Coast Expressway concession.

**2014**

**IJM Land goes private**

The privatisation exercise strengthened both IJM Land and IJM, enabling the company to leverage IJM's financial standing and resources to undertake larger scale projects in the future.

**2003**

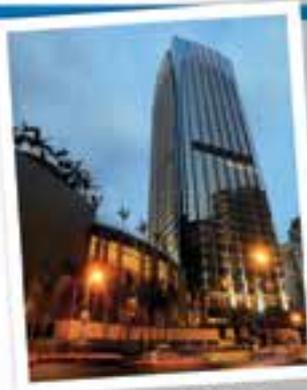
**Listing of IJM Plantations Berhad**

The stellar listing of IJM Plantations Berhad (IJMP) on Bursa Malaysia's Main Board on July 2, 2003.

**2004/2005**

**The growth continues**

- ICP became an IJM subsidiary.
- Secured first Middle East project – Fortune Tower.
- Awarded the construction of Kajang-Seremban Highway, Menara Commerce-Asat and Islamic Art Museum Projects.



Grand Hyatt, Kuala Lumpur

**2009**

**Growth through diversification**

- Secured major projects including Grand Hyatt Hotel in KL, Electrified Double Track from Seremban to Gemas and six-laning of the Chikaluripet-Vijayawada Section in India.
- ICP was delisted, becoming a wholly-owned subsidiary.
- Commenced oil palm planting in Kalimantan, Indonesia.

**2014-2017**

**Strategic blueprint and innovation**

- IJM developed its Blue Ocean Strategy roadmap with the aim of creating new market spaces with growth opportunities to elevate business growth and sustainability.
- IJM became the 1st public-listed company in Malaysia to be connected via Workplace by Facebook.

Fortune Tower, Dubai, Middle East



Workplace by Facebook launch at IJM





#### 2000-2017

##### Winning awards

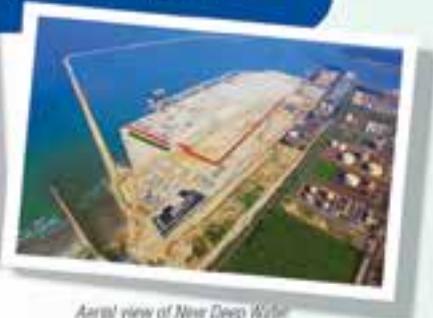
- 1st Malaysian International Contractor of the Year Award by Construction Industry Development Board in 2000 and 2005.
- Malaysian Construction Industry Excellence (International Achievement) Award in 2001, 2006 and 2007.
- Malaysian Ministry of International Trade & Industry's Excellence Award for Export of Services in 2003 and 2007.
- Best Managed Malaysian Company by Asia Money in 2006.
- World Gold Winner of FABC World Prix D'Excellence Awards 2017, Master Plan Category.

## IJM 35 years on

- We are reputed as a well-managed conglomerate with very strong delivery capabilities.
- We are one of the top construction companies in Malaysia.
- We are a market leader in pretensioned spun concrete (PSC) piles.
- We are the second largest infrastructure company in Malaysia in terms of tolled kilometres.
- We are well recognised as a reputable Malaysian company in India.
- IJM Land ranks as one of Malaysia's Top 10 developers.
- IJM Plantations is reputed to be a well-managed plantation company, with good sustainability initiatives.
- IJM-owned Kuantan Port is being expanded to a mega port to serve growing bilateral trade between Malaysia-China as well as Asia-Pacific markets.



The Light Collection @ Penang



Aerial view of New Deep Water Terminal, Kuantan Port.



Menara Prudential in Sun Plaza Exchange, Kuala Lumpur

#### 2014-2018

##### Building capacity

- IJM undertook to execute two of its biggest projects in the company's history – West Coast Expressway (RM6 billion) and Kuantan Port's New Deep Water Terminal expansion (RM3 billion).
- We secured the largest domestic construction project, Light Rail Transit 3 (RM1.1 billion) and biggest road BOT in India, the Solapur-Bijapur project (RM1.3 billion).
- IJM invests in Menara Prudential in TRX, upcoming KL financial district to grow its recurring income stream.
- Order book at record high of RM9.41 billion.

## 2018 and beyond Inspiring tomorrow

What's next?

The future is ours to shape.



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Scan this to view our Annual Report online. Our Annual Report, financial and other information about IJM Corporation Berhad can also be found at [www.ijm.com](http://www.ijm.com)





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## 34<sup>TH</sup> ANNUAL GENERAL MEETING

## IJM CORPORATION BERHAD

Tuesday  
28 August 2018  
3.00pm

Victorian Ballroom  
Level 1, Holiday Villa Hotel & Suites Subang  
9 Jalan SS12/1, 47500 Subang Jaya  
Selangor Darul Ehsan, Malaysia





# PARTNERING PROGRESS & GROWTH

## Framework

- 010** Our Global Presence
- 012** Corporate Profile
- 014** IJM in the News
- 016** Awards & Accolades
- 018** IJM Group Structure
- 020** Corporate Diary

# OUR GLOBAL

01 Framework

02

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# PRESENCE



# CORPORATE PROFILE

01 Framework

02

03

04

05

06



IJM Corporation Berhad (“IJM”) is a leading Malaysian conglomerate and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). Its core business activities encompass construction, property development, manufacturing and quarrying, infrastructure concessions and plantations.

Headquartered in Selangor, Malaysia, IJM’s international aspirations have seen it establish its presence in 10 countries, with primary focus in Malaysia, India, China and Indonesia.

IJM’s growth over the past three and a half decades has been the result of its unwavering focus on its core competencies, diversification into strategically related businesses and selective expansion into new markets.

IJM was formed in 1983 as a result of a merger between three medium-sized local construction companies – IGB Construction Sdn Bhd, Jurutama Sdn Bhd and Mudajaya Sdn Bhd – to compete more effectively against bigger foreign contractors in Malaysia at the time. In the years following its formation, the Company quickly established itself as a professionally managed construction group and rapidly gained market acceptance. During this time, the Company progressively built on its delivery capabilities,



*Seri Riana Residence, Wangsa Maju, Kuala Lumpur*



*The Starling, Damansara Uptown*

competitive prowess and financial capacity to strengthen its footing as a reputable local contractor.

In April 2007, IJM acquired the Road Builder Group (“RBH”), its nearest competitor, to augment its position as one of the country’s biggest builders. In addition to bolstering its construction order book, property land bank and infrastructure portfolio, the enlarged Group enabled IJM to attain considerable synergistic benefits, greater local prominence as well as possess a more sizeable balance sheet to bid for larger jobs and facilitate its expansion into overseas markets.

IJM’s undertaking as a property developer began as a natural progression from its experience in the construction business. The Group’s property arm, led by IJM Land Berhad, has since grown considerably and has emerged as one of the largest property developers in Malaysia with sprawling townships, commercial buildings and high-rise condominiums under development in key growth areas throughout the country. Besides establishing itself as a reputable township developer in India, IJM has also successfully undertaken overseas ventures in Orlando, USA, Singapore and Australia. Current overseas developments include projects in London, China and Vietnam.

Initially supporting in-house needs, the Group’s Industry Division grew its operations into scalable core activities focused on catering to demand from outside the Group. IJM continued to expand this division with strategic acquisitions

such as the takeover of Industrial Concrete Products Berhad in 2004 and successful market diversifications into China, India and Pakistan.

Leveraging on its construction expertise, the Group also owns and operates infrastructure concessions to create long-term recurrent income streams. Initial advancements into concession assets in Malaysia, however, proved elusive and an international focus was adopted. IJM’s involvement in overseas infrastructure privatisation Build-Operate-Transfer schemes met with considerable success. Amongst the Group’s present investments in major overseas infrastructure projects are the Western Access Tollway in Argentina, four tolled highways and the Gautami power plant in India, and the Binh An water treatment concession in Vietnam. In Malaysia, the Group owns and operates the NPE, Besraya and LEKAS expressways as well as the Kuantan Port. IJM also owns a stake in the West Coast Highway that is currently being constructed. The Group had previously invested in and profitably sold several infrastructure assets in China.

The Group ventured into oil palm plantations in 1985 as a source of steady income to cushion the cyclical nature of its core construction business. Now listed on the Main Market of Bursa Securities, IJM Plantations Berhad has contributed significantly to the Group’s earnings over the years and has also accorded the Group better resilience to weather macroeconomic and input costs volatilities. It is currently expanding its plantation operations into Indonesia.

# IJM

## IN THE NEWS

### IJM confident of more projects

Company's order book at record high of RM9.3bil



IJM Corporation Berhad (104131-A)

www.ijm.com

The Edge Financial Daily, WEDNESDAY, 14 MARCH 2018

### IJM wins RM1.12b LRT3 underground contract

BY SUZIE CHOW

KUALA LUMPUR: IJM Corp. has won a RM1.12-billion underground package for the light rail transit line 3 (LRT3) project, the group's first construction contract with the MTA.

Further demonstrating our ability to carry out technically complex and large-scale urban infrastructure projects, IJM chief executive officer and managing director Dr. Ivan Heng Choo said in the statement.

"IJM has a solid reputation of delivering high standards of quality and performance in project management, design and construction. This project is a continuation of our involvement in major rail transportation projects in the Klang Valley, encompassing infrastructure for LRT, MRT, monorail transit and roadwork projects," he added.

Specifically, in railway-related and transit-related projects, IJM brings best expertise and experience in tendering and negotiating contracts professionally and transparently.

In urban rail, IJM is currently undertaking the Klang Valley mass rail transit (KVMRT) project for the 19.2km station from the station on Jalan South North Road and four stations on the 10.2km LRT3 project in Kuala Lumpur.

LRT3 consists of Kuala Lumpur to Puchong line with Klang Valley Station.

IJM will be in LRT3 contract in support of its expertise in providing the group's extensive track installation and track bed construction services.

The group said the risks for materials affecting the project will be managed and the availability of materials.

"However, drawing on experience and know-how in project management, IJM is confident to deliver the project on time and within budget."

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"However, drawing on experience and know-how in project management, IJM is confident to deliver the project on time and within budget."

SIN CHIEW BUSINESS, THURSDAY 23 NOVEMBER 2017

### 5億發展保誠大樓 怡保工程拓租金收入

#### 新聞分析

■ 怡保工程 (IJM) 3336, 主理建築商, 將投資5億元在怡保發展保誠大樓 (The Prudential) 的馬保誠保險中心 (Prudential) 總部大樓。

該公司與該保險公司...

The Edge Financial Daily, THURSDAY 23 NOVEMBER 2017

### IJM CORP BAGS ITS LARGEST INDIAN PROJECT

By Anand Kumar, IJM Corp. has secured a RM1.12-billion contract to build the LRT3 project in Kuala Lumpur.

The project is a continuation of our involvement in major rail transportation projects in the Klang Valley, encompassing infrastructure for LRT, MRT, monorail transit and roadwork projects," he added.

The Edge Financial Daily, FRIDAY, 19 MAY 2017

### IJM Corp to invest in property project in India

BY SUPRIYA SUBRAMAN

KUALA LUMPUR: IJM Corp. has set to take part in a property development project in Nagpur, the third-biggest city in the Maharashtra state of India.

To do so, it has incorporated IJM Realty (Maharashtra) Ltd (IJMRS) as a wholly-owned subsidiary of IJM Investments (M) Ltd, according to its Bursa Malaysia filing yesterday. The latter is a wholly-owned unit of IJM.

IJMRS, in turn, will be...

STARBUZ, FRIDAY, 16 JUNE 2017

### IJM bags RM342mil contract from MRT Corp

KUALA LUMPUR: Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) has awarded a RM342-million contract to IJM Corp to build stations along the Sungai Buloh-Seremban Peninsula (SSP) MRT line.

Under the contract, IJM will be responsible for the design, construction and commissioning of the stations and the associated infrastructure for the SSP MRT line.

The contract is a significant milestone for IJM as it marks the company's first construction contract with MRT Corp.

IJM chief executive officer and managing director Dr. Ivan Heng Choo said in a statement, "This project is a testament to our expertise in delivering high-quality infrastructure projects."

The Edge Financial Daily, THURSDAY 23 NOVEMBER 2017

### 6 HOME BUSINESS

### IJM 1Q profit up 9%

Its property unit plans launches worth RM750m in current year

KUALA LUMPUR: IJM Corp. has reported a 9% increase in its first-quarter profit, driven by strong performance in its property unit plans.

The group's revenue for the quarter rose to RM1.1 billion, up from RM1.0 billion in the same period last year.

Chief executive officer and managing director Dr. Ivan Heng Choo said, "Our strong performance in the first quarter is a result of our focus on high-quality projects and efficient cost management."

The group also reported a 10% increase in its operating profit, reflecting the impact of its property unit plans.

In total, IJM has launched property unit plans worth RM750 million in the current year, up from RM600 million in 2016.

The group's property unit plans are primarily located in the Klang Valley and other major urban centers in Malaysia.

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HANYANG, 24 AUGUST 2017

### 私有化壮大财力 大股东 IJM 乐见史格米重组

(新加坡 23 日专电) 史格米 (SCOM) 71.5% 大股东 IJM 乐见史格米重组。史格米重组后, IJM 将持有史格米 24.59% 股权, 是该公司最大单一股东。

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竞标东铁工程

竞标的东铁工程, 由 IJM 集团中标。



Kuantan Port set to spur economy

Passan, Berita Harian, 5 FEBRUARI 2018

### Firma penyediaan yakin ke atas saham IJM



KUALA LUMPUR: Firma penyediaan yakin ke atas saham IJM Corp. telah mengumumkan bahawa mereka yakin ke atas saham IJM Corp. dalam jangka masa panjang.

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# IJM Corp Bags Its Largest Indian Project



IJM Corp Bhd has bagged a RM1.5 billion contract to develop the Solapur-Bijapur section of the new National Highway 52.

Annual Report 2018

The Edge Financial Daily, MONDAY, 14 NOVEMBER 2017

EDITOR'S PICKS FROM theedgemarkets.com

## Kuantan Port attracts RM5.1b oil refinery investment

BY ROSELA HADIAN WILLY

**KUALA LUMPUR:** Kuantan Port Consortium Sdn Bhd and NewOcean Energy (M) Sdn Bhd, a unit of energy supplier HongKong-based NewOcean Energy Holdings Ltd, have signed land release and non-binding agreements for the development of NewOcean's oil refinery complex at Kuantan Port.

The project, estimated to cost approximately RM5.1 billion, comprises an oil refinery with an annual production capacity of 3.5 million

metres per annum, with existing infrastructure, the project is signed by Kuantan Port, NewOcean and the East Coast Economic Region Development Council (ECERDC) August 2017.

Kuantan Port is a subsidiary of IJM Corp Bhd. The NewOcean oil refinery agreement was the largest investment deal out of the RM4.5-billion new investment announced by ECERDC Kuantan Port said.

Under the agreements, NewOcean will develop, build, own and operate the oil refinery complex at

with existing infrastructure, the project is signed by Kuantan Port, NewOcean and the East Coast Economic Region Development Council (ECERDC) August 2017.

in *China Business*, FROM 14 APRIL 2017

## 怡保種植短空長多 現金穩料增派息

企業通訊

怡保種植 現金穩料增派息

怡保種植 (3333) 現金穩料增派息

STANDARD, WEDNESDAY 24 JANUARY 2018

## IJM confident of more projects

Company's order book at record high of RM9.3bil

By Nurul Huda

**KUALA LUMPUR:** IJM Corp Bhd is confident of securing more projects in the coming months, as the company's order book has reached a record high of RM9.3 billion, it said yesterday.



Photo: Nurul Huda

## IJM Corp to build RM500m office tower in TRX

Works are expected to be completed by end of 2018

By Nurul Huda

**KUALA LUMPUR:** IJM Corp Bhd is confident of securing more projects in the coming months, as the company's order book has reached a record high of RM9.3 billion, it said yesterday.

NST - Business News, WEDNESDAY, 24 JANUARY 2018

## IJM Corp targets RM1.6b sales

**KUALA LUMPUR:** IJM Corp Bhd is targeting RM1.6 billion in property sales for the financial year ending March 31.

At Invest Malaysia 2018, here, yesterday, its chief executive officer and managing director Datuk Soon Heng Choon said this was higher than its total property sales of RM1.4 billion in the preceding financial year.

"We are confident that we will be able to hit the target, given the sales we have achieved in the first half ended September 30 last year."

"We do see some challenges but we are doing very well with our township sales in Seremban and Cheras."

Soon said the property division's current unbilled sales amounted to RM1.9 billion as of September last year.

He said the final book value will be around RM1.6 billion, as the company's order book has reached a record high of RM9.3 billion, it said yesterday.

Utusan Online, DISEMBER, 05 DISEMBER 2017

## IJM lengkapkan struktur bangunan 27 tingkat

Zamathul Zahar

05 December 2017 11:03 AM

**KUALA LUMPUR:** Dis - IJM Corporation Bhd. (IJM) melaksanakan penyempurnaan binaan bagi menara pejabat di Tun Razak Exchange (TRX) yang menandakan selesainya struktur 27 tingkat bangunan tersebut.

Kerja-kerja struktur utama bangunan tersebut bermula sejak Januari 2017 dan

The Edge Financial Daily, WEDNESDAY 24 JANUARY 2018

## IJM Corp targets RM10b order book by end-FY18

BY MING LIAU

**KUALA LUMPUR:** IJM Corp Bhd is targeting a RM10 billion order book by the end of the financial year ending March 31, 2018 (FY18).

Currently, the group's order book stands at RM9.3 billion.

"We hope we are able to complete our property order book by the end of the financial year ending March 31, 2018 (FY18)."

While the property division is confident of securing more projects in the coming months, as the company's order book has reached a record high of RM9.3 billion, it said yesterday.

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STANDARD, MONDAY 15 NOVEMBER 2017

## IJM Land to launch RM1.2b projects

This is on top of close to RM1bil it has unveiled in first half of financial year 2018

By Nurul Huda

15 November 2017

**KUALA LUMPUR:** IJM Land Bhd will be launching more projects worth a total of RM1.2 billion in the second quarter of 2018.

The group's order book has reached a record high of RM9.3 billion, it said yesterday.

"We are confident that we will be able to hit the target, given the sales we have achieved in the first half ended September 30 last year."

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The Edge Financial Daily, TUESDAY, 18 JULY 2017

## IJM Corp bags RM450.9m job to build UOB Tower 2

BY CHONG JIN HUN

**KUALA LUMPUR:** IJM Corp Bhd has bagged a RM450.9 million contract from UOB Properties (KL) Bhd to build a new corporate office tower in Jalan Raja Laut here.

In a statement yesterday, IJM Corp said the project was award-

ed to IJM Corp Bhd by UOB Properties (KL) Bhd to build a new corporate office tower in Jalan Raja Laut here.

The new building will be located adjacent to the existing UOB Malaysia headquarters here. Both buildings will be connected by an elevated plaza. The new building will include a range of facilities, including two levels of podium for retail banking, one level of lower ground floor, five

## Gradual recovery ahead, says IJM Land

BY MING LIAU

15 November 2017

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# AWARDS & ACCOLADES

Participating in awards and indices is a good way for us to benchmark our performance and gain valuable feedback from third parties so that we can continue to improve.

We are proud of the awards and recognition we have earned for our performance over the past one year.

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In our pursuit for excellence, we are honoured to have been recognised for our industry leadership, corporate and community stewardship as well as for having a dynamic workplace culture.

Here is an overview of our awards and accolades that showcases our track record and performance over the years in the sectors that we operate in.

## CONSTRUCTION

- **Construction Industry Development Board (CIDB)**  
Certificate of Achievement SCORE 5-Star Rating in 2018
- **Malaysia Canada Business Council (MCBC) 25th Anniversary Business Excellence Awards**  
Excellence Through Quality Award
- **RAM Ratings Blueprint Awards**  
Project Finance Landmark Deal in 2015
- **PAM Awards for Excellence in Architecture**  
Silver Award in Public and Institutional Category (SOCISO Rehabilitation Centre) in 2015
- **Utusan Business Awards**  
Industry Excellence in Construction Sector in 2015
- **National Occupational Safety and Health Award (OSH)**  
Construction Category for Puteri Cove Residences, Johor in 2017 and The Light Collection IV in 2014
- **Malaysian Construction Industry Excellence Awards**
  - Builder of the Year Award in 2015, 2002 and 2001
  - Best Project Award for Major Project (Building) in 2016, 2015, 2013
  - Best Infrastructure Project for Major Project in 2016
  - Contractor of the Year Award in 2012 and 2009
  - International Achievement Award in 2007, 2006 and 2001
  - Project Award (Major Scale Project) in 2004 for New Pantai Expressway and Major Building Category for Putrajaya Convention Centre in 2003
  - International Contractor of the Year Award in 2005 and 2000

## PROPERTY

- **FIABCI World Prix D'Excellence Awards 2017**  
World Gold in Master Plan Category for Bandar Rimbayu
- **Property Insight Prestigious Developer Awards**  
Top 10 Developers Award in 2017, 2016 and 2015
- **Putra Brand Awards 2017**  
Bronze Award, Property Development Category
- **QLASSIC Excellence Awards 2017**  
High QLASSIC Achievement Awards for The Light Collection III, Seri Riana Residence, De'Bunga Residensi, Saujana Duta and the Fairway Golf Villas at Seban Cove; and Best QLASSIC Achievement Awards in the residential (small < RM20 million) category for De'Bunga Residensi
- **StarProperty.my Awards**
  - 2018 – All-Star Award: Top Ranked Developer of the Year; – The Poseidon Award (Excellence), for The Light Waterfront Penang
  - 2017 – All-Star Award: Top Ranked Developer of the Year; The Family-Friendly Award (Excellence) for Seremban 2; The Skyline Award (Excellence) for Seri Riana Residence; and StarProperty.my Readers' & Voters' Choice Award
  - 2016 – All-Star Award: Top Ranked Developer of the Year; The Family-Friendly Award (Excellence) for Bandar Rimbayu; and The WOW Award (Excellence) for The Light Waterfront Penang
- **The Edge Malaysia Property Excellence Awards**
  - Top Property Developers Awards in 2017, 2016 and 2015
  - Property Development Excellence Award for Seremban 2 in 2016
  - Notable Property Achievement Award for The Light Waterfront Penang in 2015
- **FIABCI World Prix D'Excellence Awards 2015**  
World Silver in Master Plan Category for The Light Waterfront Penang
- **FIABCI Malaysia Property Awards**  
Master Plan Category Winner for Bandar Rimbayu in 2016 and The Light Waterfront Penang in 2014
- **BCI Asia Top 10 Developer Awards (Malaysia)**  
in 2016, 2015 and 2014
- **Malaysia Landscape Architecture Awards 2015**  
Honours in Landscape Design for DeBunga Residensi and The Address
- **MIP Planning Excellence Awards 2016**  
Place Making and Public Space Award for The ARC at Bandar Rimbayu and Merit in Design Excellence for Bandar Rimbayu

- **The Malaysia Book of Records 2015 for The Light Waterfront Penang**  
Being the first marine ecosystem in a residential precinct (national record)
- **International Property Awards (Asia Pacific) 2015**  
Highly Commended for Condominium Malaysia for Seri Riana Residence and Architecture Multiple Residence Malaysia for DeBunga Residensi

## PLANTATION

- **ACCA Malaysia Sustainability Reporting Awards (MaSRA)**  
Finalist in 2016
- **Malaysian Palm Oil Board Industry Excellence Award**  
Best Kernel Crushing Plant (IJM Edible Oils Sdn Bhd, Kernel Crushing Plant) in 2016
- **Asia Money Best Managed Company (Small Cap)**  
Malaysia in 2015
- **Malaysian Palm Oil Board Industry Excellence Award**  
Best Estate (Rakanan Jaya North Estate) in 2014
- **Malaysian Investor Relations Awards (Mid Cap)**  
Best CEO and Best CFO in 2014

Here is the recognition that IJM has received for its culture of professionalism, performance and good governance as well as care for society and the environment.

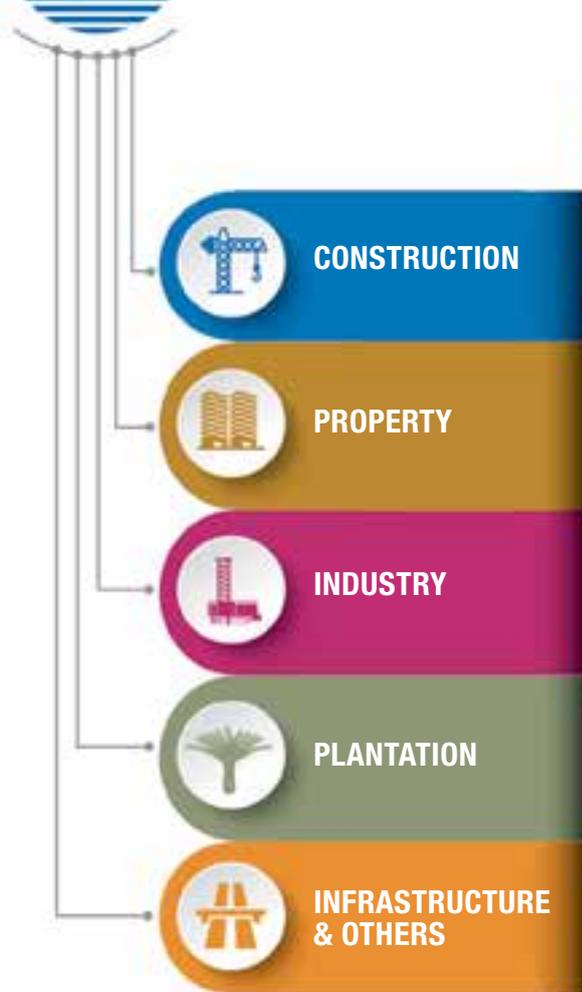
## GOVERNANCE, REPORTING, INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

- **The Edge Billion Ringgit Club Corporate Awards**  
Highest Growth in Profit After Tax (Construction sector) in 2017, 2016 and 2015
- **National Annual Corporate Report Awards (NACRA)**  
Industry Excellence Awards (Construction and Infrastructure) in 2017, 2016, 2014, 2013, 2009, 2008, 2007, 2006, 2004 and 2003, and Merit Awards in 2015 and 2010
- **ASEAN India Business Council (AIBC)**  
ASEAN-India Achievement and Excellence Award 2017
- **BrandLaureate Awards**  
Most Valuable Brand Award for Construction and Builder of Choice in 2016
- **ASEAN Corporate Governance Awards**  
Top 50 Public Listed Companies in ASEAN in 2015
- **MSWG-ASEAN Corporate Governance Transparency Index, Findings & Recognition**  
Top 10 Disclosure Merit Recognition Award in 2015
- **Malaysia-ASEAN Corporate Governance Index**  
Industry Excellence Award (Industrial/Trading) in 2014
- **Malaysian Corporate Governance Index**  
Corporate Governance Industry Excellence (Industries) in 2013 and Merit Award in 2010 and 2009
- **Asia Money Best Managed Company (Mid Cap)**  
Malaysia in 2014 and 2006
- **Malaysian Investor Relations Awards**  
Best Investor Relations Professional (Mid Cap) in 2013
- **Malaysian Investor Relations Awards**  
Best Investor Relations Website (Mid Cap) in 2012

## WORKPLACE AND DIVERSITY

- **Malaysia's 100 (M100) 2017**  
Leading Graduate Employer
- **GRADUAN Brand Awards 2017**  
Top 50 Companies
- **TalentCorp Life @ Work Awards 2016**  
Honouree
- **HR Asia Best Companies to Work for in Asia 2014 Awards**

# IJM GROUP STRUCTURE



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- Direct subsidiary/associate/joint venture of IJM Corporation Berhad
- ◆ Subsidiaries
- ◆ Associates
- ◆ Joint Ventures
- \* Direct subsidiary of Road Builder (M) Holdings Bhd, a wholly-owned subsidiary of IJM Corporation Berhad
- Direct associate of Road Builder (M) Holdings Bhd, a wholly-owned subsidiary of IJM Corporation Berhad
- ★ Direct subsidiary of IJM (India) Infrastructure Limited, a subsidiary of IJMII (Mauritius) Limited
- Direct subsidiary of IJMII (Mauritius) Limited
- \* Associate of KP Port Services Sdn Bhd
- ▲ Direct subsidiary of RB Manufacturing Sdn Bhd, a wholly-owned subsidiary of IJM Corporation Berhad
- Direct subsidiary of IJM Investments (M) Limited, a subsidiary of IJM Corporation Berhad

Note: Non-operating or dormant companies are not included

- IJM Construction Sdn Bhd
  - Road Builder (M) Sdn Bhd
    - RBM-PATI JV
  - Commerce House Sdn Bhd
  - IJM Building Systems Sdn Bhd
  - IJM Construction Vietnam Co., Ltd
  - IJM Investments J. A. Limited
    - IJM Construction (Pakistan) (Private) Limited

- IJM Land Berhad
  - IJM Land Management Services Sdn Bhd
  - IJM Properties Sdn Bhd
    - Aqua Aspect Sdn Bhd
    - Chen Yu Land Sdn Bhd
    - Cypress Potential Sdn Bhd
      - Seban Golf & Marina Resort Berhad
    - IJM Management Services Sdn Bhd
    - Jelutong Development Sdn Bhd
    - Manda'rina Sdn Bhd
    - Maxharta Sdn Bhd
      - Jelita Kasturi Sdn Bhd
      - Panorama Jelita Sdn Bhd
    - NS Central Market Sdn Bhd
    - Suria Bistari Development Sdn Bhd
    - Worldwide Ventures Sdn Bhd
      - Island Golf View Sdn Bhd
    - Preferred Accomplishment Sdn Bhd
    - Radiant Pillar Sdn Bhd
      - Bandar Rimbayu Sdn Bhd

- Industrial Concrete Products Sdn Bhd
  - Durabon Sdn Bhd
  - ICP Investments (L) Limited
    - ICPB (Mauritius) Limited
      - IJM Concrete Products Private Limited
        - IJM-AIKYA Joint Venture
  - ICP Jiangmen Co. Ltd

- IJM Plantations Berhad
  - Berakan Maju Sdn Bhd
  - Desa Talisai Sdn Bhd
  - Dynasive Enterprise Sdn Bhd
    - PT Prima Alumga
  - Excellent Challenger (M) Sdn Bhd

- Road Builder (M) Holdings Bhd
  - Besraya (M) Sdn Bhd
  - New Pantai Expressway Sdn Bhd
  - Kuantan Port Consortium Sdn Bhd
    - KP Port Services Sdn Bhd

- West Coast Expressway Sdn Bhd  
KP Depot Services Sdn Bhd\*

- IJM Investments (M) Limited
  - IEMCEE Infra (Mauritius) Limited
    - GVK Gautami Power Limited

- IM Technologies Pakistan (Private) Limited
- Karachi Expressway J. A. Limited
- Jurutama Sdn Bhd
- Prebore Piling & Engineering Sdn Bhd
- IJM-Norwest JV
- Hexacon Construction Pte Limited
- Integrated Water Services (M) Sdn Bhd
- Highway Master Sdn Bhd

- BSC-RBM-PATI JV
- IJMC-Gayari Joint Venture
- IJM-LFE Joint Venture
- IJMC-Zublin Joint Venture
- IJM LFE Sdn Bhd
- IJM Sunway Sdn Bhd
- ISZL Consortium
- Shimizu-Nishimatsu-UEMB-IJM Joint Venture

- Kiara Teratai-IJM Joint Venture
- IJM-CHEC Joint Venture
- IJM Construction (Middle East) Limited Liability Company
- IJM (India) Infrastructure Limited
- IJM (India) Geotechniques Private Limited

- Valencia Terrace Sdn Bhd
- IJMP-MK Joint Venture
- Larut Leisure Enterprise (Hong Kong) Limited
  - Jilin Dingtai Enterprise Company Limited
- Cekap Tropikal Sdn Bhd
- Good Debut Sdn Bhd
- RB Land Sdn Bhd
  - Aras Varia Sdn Bhd
  - Casa Warna Sdn Bhd
  - Dian Warna Sdn Bhd
  - Ikatan Flora Sdn Bhd
  - RB Property Management Sdn Bhd
  - Seremban Two Holdings Sdn Bhd
  - Seremban Two Properties Sdn Bhd
  - Seremban Two Property Management Sdn Bhd
- Shah Alam 2 Sdn Bhd
- Titian Tegas Sdn Bhd

- Tarikan Abadi Sdn Bhd
- Murni Lapisan Sdn Bhd
- Unggul Senja Sdn Bhd
- Sova Holdings Sdn Bhd
- Emko Properties Sdn Bhd
  - Emko Management Services Sdn Bhd
- ERMS Berhad
- RB Development Sdn Bhd
- Mintle Limited
  - RMS (England) Limited
- OneAce Global Limited
- Asas Panorama Sdn Bhd
- Kuantan Pahang Holding Sdn Bhd
- Elegan Pesona Sdn Bhd
- IJM Management Services-Giat Bernas Joint Venture
- IJM Properties-JA Manan Development Joint Venture

- Nasa Land Sdn Bhd
- 368 Segambut Sdn Bhd
- Sierra Ukay Sdn Bhd
- IJM RE Sdn Bhd
  - IJM Perennial Development Sdn Bhd
  - IJM RE Commercial Sdn Bhd
    - Fairview Valley Sdn Bhd
- IJM Lingamaneni Township Private Limited
- Swarnandhra-IJMII Integrated Township Development Company Private Limited
- NPE Property Development Sdn Bhd
- Kuching Riverine Resort Management Sdn Bhd
- IJM Realty (Mauritius) Limited
  - Nagpur Integrated Township Private Limited
- Bionic Land Berhad

- Malaysian Rock Products Sdn Bhd
- Azam Ekuiti Sdn Bhd
- IJM Concrete (Private) Limited
- Kuang Rock Products Sdn Bhd
- Oriental Empire Sdn Bhd
- Scaffold Master Sdn Bhd

- Strong Mixed Concrete Sdn Bhd
  - SMC Islamabad (Private) Limited
  - Warga Sepakat Sdn Bhd
- Kemena Industries Sdn Bhd
- Cofreth (M) Sdn Bhd

- Gunaria Sdn Bhd
  - PT Sinergi Agro Industri
  - PT Karya Bakti Sejahtera Agrotama
- IJM Edible Oils Sdn Bhd
- Minat Teguh Sdn Bhd
  - PT Primabahagia Permai
    - PT Indonesia Plantation Synergy

- Rakanan Jaya Sdn Bhd
- Ratus Sempurna Sdn Bhd

- IJMII (Mauritius) Limited
  - Swarnandhra Road Care Private Limited
- IJM Rajasthan (Mauritius) Limited
- IJM Rewa (Mauritius) Limited
  - Rewa Tollway Private Limited
- IJM Trichy (Mauritius) Ltd
- IJM Vijayawada (Mauritius) Ltd
  - Vijayawada Tollway Private Limited
- IJM Dewas (Mauritius) Limited
  - Dewas Bypass Tollway Private Limited

- IJM International Limited
- IJM Investments (L) Ltd
- IJM Highway Services Sdn Bhd
- CIDB Inventions Sdn Bhd
  - Swarna Tollway Private Limited
- Vijayapura Tollway Private Limited
- Emas Utilities Corporation Sdn Bhd
- Grupo Concesionario del Oeste S. A.
- WCE Holdings Berhad
- Scomi Group Berhad
- Lebuhraya Kajang-Seremban Sdn Bhd

# CORPORATE DIARY FY2018

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**RHB-Shimano Highway Ride @ LEKAS 2017**  
The 4th edition of the race received a bigger turnout of more than 4,400 local and foreign cyclists.

**15  
APR**

**19  
APR**

**Affin Hwang Malaysia Corporate Day @ Singapore**  
IJM participated in one-on-one and small group meetings with fund managers.



**21  
APR**

**KSIJM Pool Championship**  
An annual event organised by KSIJM to foster networking and healthy competition amongst its members.

**Amazing Nature Trail Challenge @ Pahang**  
Kelab Sukan IJM ("KSIJM") organised an outing to Taman Negara Pahang for adventurous IJMers seeking to enjoy the leafy paradise and thrill of nature.

**17  
APR**



**Kaamatan Celebration in Sugut Region @ Sabah**  
Our Plantation Division celebrated the Sabahan Harvest Festival, Kaamatan Celebration with its staff and community.

**09  
MAY**

**09  
MAY**

**Launch of The Light City @ Penang**  
A large-scale integrated mixed-use waterfront development was unveiled at a ceremony and included the presentation of two premium residential projects, The Mezzo and The Essence.



**17  
MAY**

**Give Day Out**  
Continuing from the theme 'Fun with Nature' which comprised of 3 editions, this 2nd edition saw a total of 2,000 IJMers worked hand in hand to clean and revive the forest reserves by repairing trails and replanting trees.



**26  
MAY**

**Stakeholder Engagement with clients @ Plantations**  
Wilmar International Limited visited our Plantation Division's office to discuss on sustainability related matters.

**25  
MAY**



**FIABCI World Prix D'Excellence Awards 2017**  
Bandar Rimbayu, IJM Land's GBI certified green township emerged World Gold winner for the Master Plan Category. The accolade marks IJM Land's second award on the FIABCI World stage.



**Ramadhan Month CSR Programme**  
 During Ramadhan month, our Toll Division made contributions to families of demised employees to help ease their burden in preparation for Hari Raya.

**07 JUN**



**23 JUN**

**Road Safety Campaign @ LEKAS Setul Toll Plaza**

In conjunction with Hari Raya Aidilfitri, Toll Division collaborated with Polis DiRaja Malaysia, Bomba and Majlis Keselamatan Jalan Raya Malaysia to create awareness on road safety during the festive season. Fire extinguishers and safety campaign flyers were distributed to road users.

**14 JUN**

**Hari Raya Celebration @ Wisma IJM**

IJMers were treated to a sumptuous spread of Malay cuisine and lively Malay culture performances.



**19 JUL** **Visit by UBS Investment Bank @ Kuantan**

A site visit to Kuantan Port and Malaysia-China Kuantan Industrial Park was organised by UBS Investment Bank for fund managers from Permodalan Nasional Berhad as well as from Singapore and Hong Kong namely Fidelity Investments, Blackrock, Graticule and Seatown.



**11 JUL**

**Plantations hosted '4R Nutrient Stewardship' @ Sabah**

IJM Plantations hosted an agronomy training session which was organised by IPNI (International Plant Nutrition Institute), a not-for-profit science-based organisation.

**30 JUL**

**IJM Allianz Duo Highway Challenge 2017: Besraya Challenge**

The first of 2 legs successfully flagged off at the elevated Besraya Highway. The race offered 2 categories: 13km challenge run and 6km fun run. More than 5,700 runners participated.



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**Senior Management Forum 2017 @ Holiday Villa Subang**

An annual forum attended by all Directors, Senior Management and Managers to discuss on the Group and divisional performances as well as operational strategies. This year's theme was entitled 'Adopt Innovation, Think Intrapreneurship, Revolutionise Business'.

**03  
AUG**



**IJM Scholarship & Academic Excellence Awards 2017**

Top students were awarded with 15 IJM Scholarships and 50 Academic Excellence Awards in this annual event.

**18  
AUG**



**AGM @ Holiday Villa Subang**

Shareholders attended the 33rd Annual General Meeting and approved a number of resolutions including reappointment of directors, auditors and other matters.

**23  
AUG**



**26  
AUG**

**Annual Dinner @ Sunway Resort Hotel**  
*'Where Dreams Come True'* was this year's theme. Many directors, staff and guests were treated to great food, live performances and lucky draws.

**04  
SEP**

**UBS Sydney Roadshow @ Australia**

IJM participated in one-on-one meetings with fund managers.

**IJM Allianz Duo Highway Challenge 2017 @ NPE Challenge**

The final leg saw 9,000 running enthusiasts participated in either the 21km half marathon challenge or 10km run.

**13  
SEP**

**Exhibition at Concrete Show South East Asia @ Indonesia**

Our Industry Division participated in the trade show to market, create and strengthen our homegrown brand for the South East Asia market.

**10  
SEP**





**09  
OCT**

**New Plant commissioned @ Segambut**

A new Ready Mix plant was successfully commissioned.



**My Green Highway Index (MyGHI) 2016 Gold Award: Besraya Highway (E9)**

Besraya Highway won the Gold award as chosen by the Malaysian Highway Authority amongst the six Malaysian highways audited for MyGHI.

**24  
OCT**



**26  
OCT**

**Movie Night for Bankers and Analysts**

IJM invited a host of bankers and analysts to the premier showing of Thor: Ragnarok at Pavilion, Kuala Lumpur.



**27  
OCT**

**Deepavali Celebration**

Staff gathered to celebrate the Festival of Lights and were treated with delicious Indian cuisine.



**The Edge  
Property Excellence  
Awards 2017**

**30  
OCT**

**The Edge's Top 10 Property Developers**

IJM Land was ranked among the Top 10 property developers in Malaysia at The Edge Malaysia Property Excellence Awards 2017.



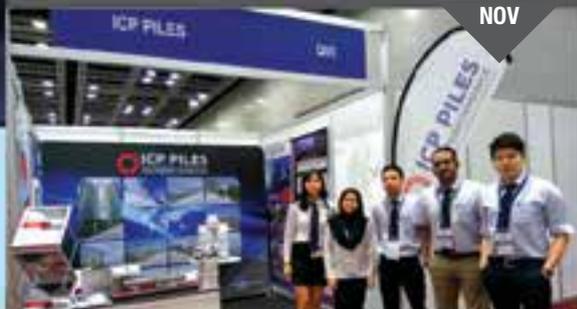
**02  
NOV**

**Carrom Tournament**

A KSIJM organised event for IJMers to foster healthy competition amongst staff members.

**Exhibition @ MBAM One Build Malaysia**  
Industry Division participated in the Master Builders Association Malaysia ("MBAM") One Build Malaysia exhibition where it showcased the latest construction technology and construction materials.

**02  
NOV**



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**Secured the largest road BOT in India to-date**

Our Indian counterparts was awarded the Built Operate Transfer (“BOT”) contract for the Solapur-Bijapur road project amounting approximately RM1.3 billion.

**22  
NOV**



**23  
NOV**

**NACRA Award 2017**

IJM Corporation retained the Industry Excellence Award in the Construction & Infrastructure Project Companies category for the second year consecutively and the tenth time overall.

**Kuantan Port Fun Ride 2017**

The 40km fun ride received more than 500 participants from all over Malaysia, mainly from the East Coast. Participants cycled through the port operational areas including the breakwater.

**25  
NOV**



**Increasing Productivity of Harvester**

IJM Plantations introduced a light-weight Graphite Harvesting Pole to increase the productivity of the harvester in its estates.

**12  
DEC**



**20  
DEC**

**Back to School Programme**

The children of our Toll Division’s employees received school aid including school bags, uniforms and shoes to ease their burden in preparation for the new school term.



**05  
JAN**

**Christmas and New Year Celebration**

Another joyous celebration was attended by IJMers to celebrate Christmas and New Year at the Merchant Live, Armada Hotel.



**09  
JAN**

**KAF Corporate Day @ Kuala Lumpur**

IJM met with institutional shareholders in a large group setting.

**Ping Pong Championship**

KSIJM organised a ping pong championship at Wisma IJM for its members to promote networking and competitive spirit.

**09  
JAN**





**19**  
JAN

**Blood Donation**  
IJMers donated blood in the annual event at Wisma IJM in aid of the local blood bank.

**23-24**  
JAN

**Invest Malaysia, Maybank @ Kuala Lumpur**  
IJM participated in one-on-one and small group meetings with fund managers.

**Visit to Plantations**  
Ms Belvinder of the Malaysian Palm Oil Council visited our Plantation's estate in Sabah.

**09**  
FEB



**FUNtastic Day**  
A monthly reward programme for road users at every 9th, 10th and 21st of the month at the respective toll plazas of Besraya, LEKAS and NPE highways.

**21**  
FEB



**28**  
FEB

**Chinese New Year Celebration**  
Staff and guests celebrated the Lunar Chinese New Year at Wisma IJM.



**Sales Gallery @ Riana Dutamas, Segambut**  
IJM Land, together with its partner, FCW Holdings Berhad unveiled the sales gallery and show units for Riana Dutamas, a freehold project with gross development value of RM1.5 billion on land area of 16.15 acres.

**06**  
MAR



**13**  
MAR

**Awarded Light Rail Transit 3 Package**  
IJM attained its biggest domestic project in Malaysia valued at RM1.12 billion.

**PSKLM (Persatuan Syarikat-Syarikat Konsesi Lebuhraya Malaysia) 8th Annual General Meeting.**  
Our Toll Division's Chief Operating Officer, Puan Wan Salwani Wan Yusoff is a member of the Steering Committee handling government liaison.

**20**  
MAR



**31**  
MAR

**Outstanding Construction Order Book of RM9.41 billion**  
Highest ever recorded by IJM as at 31 March 2018.



**ADVANCING  
ON VISION**



## Organisation & Stewardship

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- 038** Profile of Key Senior Management

# BOARD OF DIRECTORS AND SECRETARY

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- 01. Tan Sri Abdul Halim bin Ali
- 02. Tan Sri Dato' Tan Boon Seng @ Krishnan
- 03. Dato' Soam Heng Choon



04. Mr Lee Chun Fai  
05. Datuk Lee Teck Yuen  
06. Datuk Ir. Hamzah bin Hasan  
07. Mr Pushpanathan A/L S A Kanagarayar  
08. Mr Goh Tian Sui

09. Dato' David Frederick Wilson  
10. Tunku Alina Binti Raja Muhd Alias  
11. Ms Tan Ting Min  
12. Ms Ng Yoke Kian (Secretary)

# PROFILE OF DIRECTORS AND SECRETARY

## TAN SRI ABDUL HALIM BIN ALI

- PMN, P.JN, SPMS, SIMP, DGSM, DHMS, DSDK, JSM, KMN
- BA (Hons)
- Independent Non-Executive Chairman
- Audit Committee (Member), Nomination & Remuneration Committee (Member), Securities & Options Committee (Chairman)

**AGE / GENDER:** 75 / Male      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Arts (Honours), University of Malaya

### DATE APPOINTED / WORKING EXPERIENCE:

Tan Sri Abdul Halim joined the Board of IJM Corporation Berhad ("IJM") on 25 April 2007 and was subsequently appointed Chairman of IJM on 24 August 2011.

He joined the Ministry of Foreign Affairs and served in the Malaysian Diplomatic Service from 1966 to 1996. During this period, he served in several diplomatic missions overseas, including ambassadorial appointments in Vietnam and Austria. He was appointed the Chief Secretary to the Government of Malaysia in 1998 and retired in 2001. After his retirement, he was made the Chairman of the Employees Provident Fund Board until January 2007.

### DIRECTORSHIP:

#### Listed Companies

- Malaysia Building Society Berhad (Chairman)
- Sedania Innovator Berhad

#### Other Public Companies

- MBSB Bank Berhad (formerly known as Asian Finance Bank Berhad) (Chairman)

### OTHER INFORMATION:

Tan Sri Abdul Halim was the Chairman of the Minority Shareholders Watchdog Group (2001 – 2012), Multimedia Development Corporation (2003 – 2016) and University of Technology Malaysia School of Professional and Continuing Education (UTMSpace) (2011 – 2017).

## TAN SRI DATO' TAN BOON SENG @ KRISHNAN

- PSM, DSPN, SMS
- B.Econs (Hons), CPA(M), MBA
- Deputy Non-Executive Chairman

**AGE / GENDER:** 65 / Male      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Economics (Honours), University of Malaya
- Master of Business Administration, Golden Gate University, San Francisco, USA
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)

### DATE APPOINTED / WORKING EXPERIENCE:

Tan Sri Krishnan was appointed Deputy Non-Executive Chairman of IJM Corporation Berhad ("IJM") on 1 January 2014.

He joined IJM as Financial Controller in 1983 and then the Board as an Alternate Director on 12 June 1984, Director on 10 April 1990 and Deputy Managing Director on 1 November 1993. He was appointed Group Managing Director on 1 January 1997 and was redesignated Chief Executive Officer & Managing Director ("CEO&MD") on 26 February 2004. He stepped down as the CEO&MD of IJM on 31 December 2010 and was appointed the Executive Deputy Chairman from 1 January 2011 to 31 December 2013. He was also the Chairman of IJM Land Berhad from 2007 to 2015.

Prior to joining IJM, he was with Kumpulan Perangsang Selangor Berhad for seven (7) years, his last position was Group Financial Controller.

### DIRECTORSHIP:

#### Listed Companies

- IJM Plantations Berhad
- Grupo Concesionario del Oeste S.A., Argentina

#### Other Public Companies

- HSBC Bank Malaysia Berhad (Independent Non-Executive Chairman)
- Malaysia Airlines Berhad
- Malaysia Aviation Group Berhad
- Malaysian Community & Education Foundation

### OTHER INFORMATION:

Tan Sri Krishnan is actively involved in the promotion of Malaysia-India business ties and is the Founder President of the Malaysia-India Business Council (MIBC) and the Co-Chairman of the Malaysia India CEO Forum. He was the President of MIBC from 2008 to 2015.

He also serves as a management committee member of the Olympic Council Trust and President of the Klang High School Old Boys Association.

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## DATO' SOAM HENG CHOON

- DIMP, DPNS
- *B.Sc. (Civil Eng.) (Hons), P.Eng., MIEM*
- Chief Executive Officer & Managing Director
- Executive Committee (Chairman), Securities & Options Committee (Member)

**AGE / GENDER:** 58 / Male      **NATIONALITY:** Malaysian

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### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science (1<sup>st</sup> Class Honours) in Civil Engineering, University of Strathclyde, United Kingdom
- Professional Engineer (P.Eng.) and a member of the Institution of Engineers, Malaysia

### DATE APPOINTED / WORKING EXPERIENCE:

Dato' Soam was appointed Chief Executive Officer ("CEO") & Managing Director ("MD") of IJM Corporation Berhad ("IJM") on 6 April 2015. He was the Deputy CEO & Deputy MD from 7 June 2013 to 5 April 2015.

He was with the Ministry of Works for 10 years prior to joining Road Builder (M) Holdings Bhd ("RBH") Group in 1989. On 25 May 2004, he was appointed Executive Director of RB Land Holdings Berhad (now known as IJM Land Berhad ("IJML")) and MD on 2 October 2006. Subsequent to the acquisition of RBH Group by IJM in 2007, he was redesignated CEO&MD of IJML on 1 February 2010. He stepped down as the CEO&MD of IJML on 5 April 2015 prior to his appointment as CEO&MD of IJM. He has extensive experience in construction and property development.

### DIRECTORSHIP:

#### Listed Companies

- IJM Plantations Berhad

#### Other Public Companies

- IJM Land Berhad
- ERMS Berhad
- Road Builder (M) Holdings Bhd
- Malaysian South-South Corporation Berhad
- Perdana Leadership Foundation
- Construction Labour Exchange Centre Berhad

### OTHER INFORMATION:

Dato' Soam is the President of Real Estate and Housing Developers Association Malaysia (REHDA). He is also a member of the Research Advisory Council of the Construction Research Institute of Malaysia (CREAM).

## LEE CHUN FAI

- *B. Acct. (Hons), MBA*
- Deputy Chief Executive Officer & Deputy Managing Director
- Executive Committee (Member)

**AGE / GENDER:** 47 / Male      **NATIONALITY:** Malaysian

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### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Accountancy (Honours), University Utara Malaysia
- Master of Business Administration, Northwestern University (Kellogg) and The Hong Kong University of Science & Technology

### DATE APPOINTED / WORKING EXPERIENCE:

Mr Lee was appointed Deputy Chief Executive Officer & Deputy Managing Director of IJM Corporation Berhad ("IJM") on 6 April 2015.

He started his career with a public accounting firm. In October 1995, he joined Road Builder (M) Holdings Bhd ("RBH Group") and was the Head of Corporate Services Division of RBH Group prior to the acquisition of RBH Group by IJM in 2007. He has extensive experience in corporate finance, privatisation projects and financial management. He is currently the Head of Corporate Strategy & Investment and Head of Information Systems Department. Prior to that, he was the Deputy Chief Financial Officer for the IJM Group.

### DIRECTORSHIP:

#### Listed Companies

- Scomi Group Bhd
- Scomi Energy Services Bhd
- WCE Holdings Berhad

#### Other Public Companies

- IJM Land Berhad
- Road Builder (M) Holdings Bhd
- Seban Golf & Marina Resort Berhad

### OTHER INFORMATION:

Mr Lee is the board representative of IJM in WCE Holdings Berhad, Scomi Group Bhd and Scomi Energy Services Bhd.

# PROFILE OF DIRECTORS AND SECRETARY

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## DATUK LEE TECK YUEN

- PJJN
- *BSc.(Hons) Civil Eng. & Bus. Adm.*
- Senior Independent Non-Executive Director
- Nomination & Remuneration Committee (Chairman)

**AGE / GENDER:** 61 / Male      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science (Honours) in Civil Engineering and Business Administration, University of Leeds, United Kingdom

### DATE APPOINTED / WORKING EXPERIENCE:

Datuk Lee was appointed Director of IJM Corporation Berhad on 30 May 2007, and Senior Independent Non-Executive Director on 9 November 2012.

He was a Director of IJM Land Berhad from 2007 to 2015. Datuk Lee has more than 30 years' experience in property development.

### OTHER DIRECTORSHIP IN PUBLIC COMPANIES:

- Road Builder (M) Holdings Bhd
- Malaysian South-South Corporation Berhad
- Asean Business Forum

### OTHER INFORMATION:

He is currently the President of Malaysian Water Ski Federation and Honorary Secretary of Malaysian South-South Association.

## DATUK IR. HAMZAH BIN HASAN

- PJJN, DPMT, DNS
- *MSc.(Construction Management), BSc.(Hons) Civil Eng.*
- Independent Non-Executive Director
- Audit Committee (Member), Nomination & Remuneration Committee (Member)

**AGE / GENDER:** 67 / Male      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science (Honours) in Civil Engineering, Glasgow University, United Kingdom
- Master of Science (Construction Management), Loughborough University, United Kingdom
- Professional Engineer of the Board of Engineers Malaysia

### DATE APPOINTED / WORKING EXPERIENCE:

Datuk Hamzah was appointed Director of IJM Corporation Berhad on 16 November 2012.

He started his career as a Civil Engineer in the Public Works Department ("JKR") in 1975. Since then he has served JKR for 23 years until 1998. In 1998, he joined Ahmad Zaki Resources Berhad, a public listed company, as Group Managing Director until 2002. With his vast experience in both the public and private sectors, he was appointed as Chief Executive Officer of the Construction Industry Development Board ("CIDB"), Malaysia in 2003 and then served as the Chairman of CIDB from 2011 to February 2014.

### DIRECTORSHIP:

#### Listed Companies

- WCE Holdings Berhad

#### Other Public Companies

- School of Professional and Continuing Education, University of Technology Malaysia (UTMSpace)
- Phillip Mutual Berhad

### OTHER INFORMATION:

Datuk Hamzah is a Fellow of the Chartered Institute of Building, Royal Institute of Chartered Surveyors, Institution of Engineers Malaysia, Institute of Value Engineering Malaysia, ASEAN Federation of Engineering Organizations and Honorary Fellow of the Project Management Institution Malaysia.

## PUSHPANATHAN A/L S A KANAGARAYAR

- CA(Scotland), CPA(M), CA(M)
- Independent Non-Executive Director
- Audit Committee (Chairman)

**AGE / GENDER:** 66 / Male      **NATIONALITY:** Malaysian

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### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Member of the Institute of Chartered Accountants of Scotland
- Member of the Malaysian Institute of Certified Public Accountants ("MICPA")
- Member of the Malaysian Institute of Accountants ("MIA")

### DATE APPOINTED / WORKING EXPERIENCE:

Mr Pushpanathan was appointed Director of IJM Corporation Berhad on 9 November 2012.

He retired as a partner of Ernst & Young on 31 December 2009. He has more than 39 years of experience in providing advisory, accounting and audit services in the role of a partner-adviser for a large number of clients based in Malaysia and internationally (both private and public corporations) in a variety of industries. He was also involved in share valuations of corporations, mergers and acquisitions, restructurings, takeovers, flotations, investigations and tax planning.

### DIRECTORSHIP:

#### Listed Companies

- Bursa Malaysia Berhad
- IJM Plantations Berhad

#### Other Public Companies

- Asian Institute of Finance Berhad
- Sun Life Malaysia Assurance Berhad
- Sun Life Malaysia Takaful Berhad
- MICPA
- Malaysian Community & Education Foundation

### OTHER INFORMATION:

Mr Pushpanathan is currently a Council Member and EXCO Member of MICPA. He also serves as the Chairman of the Listing Committee of Bursa Malaysia and a Trustee of WWF-Malaysia.

He was a Board Member of the Malaysian Accounting Standards Board ("MASB") (2009-2015), Honorary Secretary of the Financial Reporting Foundation (2010-2015), President of MICPA (2012-2014), a Council Member of MIA (2012-2014), Chairman of MICPA's Financial Statements Review Committee and is currently the Project Chairman of the Insurance Standards Working Group of MASB on IFRS 17. He also headed the MICPA Working Group, which undertook a revision of the specimen financial statements of Model Insurance Berhad. He has served as an inaugural member of the International Federation of Accountants (IFAC's) Developing Nations Permanent Taskforce for 2004/2005. He has been actively involved in the National Annual Corporate Report Awards (NACRA), which is jointly organised by MICPA, MIA and Bursa Malaysia, as Chairman of the Adjudication and/or Organising Committees from 2003 to 2009.

## GOH TIAN SUI

- BSc.(Hons), FRICS, FRISM
- Independent Non-Executive Director

**AGE / GENDER:** 63 / Male      **NATIONALITY:** Malaysian

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### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science (Honours) in Estate Management, University of Reading, United Kingdom
- Fellow of the Royal Institution of Chartered Surveyors (RICS), United Kingdom
- Fellow of the Royal Institution of Surveyors Malaysia (RISM)
- Registered Valuer with the Board of Valuers, Appraisers and Estate Agents, Malaysia

### DATE APPOINTED / WORKING EXPERIENCE:

Mr Goh was appointed Director of IJM Corporation Berhad on 20 June 2016.

He has more than 30 years of experience as a Chartered Valuation Surveyor in both public and private sectors and has been involved in various real estate valuation and advisory assignments. He was appointed as a Director of C H Williams Talhar & Wong Sdn Bhd in 1989 and was made the Managing Director in 2003 until his retirement in 2010. He also served as an Independent Non-Executive Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust, from 2006 to 2010, and was a member of the RICS Malaysia Working Group from 2006 to 2012, of which he was the Chairman from 2010 to 2012. He was also an Independent Non-Executive Director of IJM Land Berhad from January 2013 until May 2015.

### OTHER DIRECTORSHIP IN PUBLIC COMPANIES:

- Nil

### OTHER INFORMATION:

Mr Goh's other past appointments include Executive Committee member of the Association of Valuers & Property Consultants in Private Practice (1991-2000), Council member of RISM (1996-1999), Board member of the Board of Valuers, Appraisers and Estate Agents, Malaysia (1999-2010) and Board member of the RICS Asia Valuation Professional Group (2010-2016).

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## DATO' DAVID FREDERICK WILSON

- DIMP
- MA (Mech.Sc)
- Independent Non-Executive Director
- Securities & Options Committee (Member)

**AGE / GENDER:** 73 / Male      **NATIONALITY:** British

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Master of Arts in Mechanical Sciences, Cambridge University, United Kingdom
- Fellow of the Institution of Civil Engineers, United Kingdom
- Fellow of the Chartered Institution of Highways and Transportation, United Kingdom

### DATE APPOINTED / WORKING EXPERIENCE:

Dato' Wilson was appointed Director of IJM Corporation Berhad on 30 May 2007, and was redesignated Independent Non-Executive Director on 25 May 2017.

He worked on various infrastructure and development projects in United Kingdom, Africa, Central America, the Caribbean and the Middle East before coming to Malaysia in 1980 as the Chief Resident Engineer for the construction of the Kuala Lumpur-Seremban Expressway and the implementation of the first highway toll systems in Malaysia.

In 1986, he joined United Engineers (Malaysia) Berhad as General Manager – Technical Services and was Managing Director of Kinta Kellas plc from 1990 to 1994 during which time he was responsible for the management of the construction of the North-South Expressway. Subsequent appointments included Managing Director of Renong Overseas Corporation Sdn Bhd (1995-2002), Managing Director of Crest Petroleum Berhad (1998-2000) and President of the Construction and Engineering Division of the Renong Group (1998-2002).

In 2002, he moved to Road Builder (M) Holdings Bhd initially as Non-Executive Director and later as Executive Director responsible for construction operations in India until 2007.

### OTHER DIRECTORSHIP IN PUBLIC COMPANIES:

- Nil

## TUNKU ALINA BINTI RAJA MUHD ALIAS

- LL.B., LL.M., Ph.D (Islamic Finance)
- Independent Non-Executive Director

**AGE / GENDER:** 54 / Female      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Laws (LL.B.), University of Malaya
- LL.M. (Masters in Law) (Corporate and Commercial Law), King's College, London
- PhD in Islamic Finance, International Centre for Education in Islamic Finance, Malaysia ("INCEIF")
- Advocate and Solicitor of the High Court of Malaya
- Associate Mediator of Singapore Mediation Centre

### DATE APPOINTED / WORKING EXPERIENCE:

Tunku Alina Binti Raja Muhd Alias was appointed as an Independent Non-Executive Director of IJM Corporation Berhad on 1 November 2017.

She started her career as a Legal Assistant with Skrine & Co in February 1987. After working for five (5) years with Skrine & Co, she started up and co-established a legal firm known as 'Wong Lu Peen & Tunku Alina' in April 1992 and served as the Managing Partner until December 2011. She was later appointed as a Consultant of the firm till to-date.

She has more than 25 years of experience in leading business and community development, client negotiation, legal consultation, dispute resolution and goal setting and specialises in managing clients' compliance and regulatory aspects for investments and development of properties in Malaysia and abroad.

### DIRECTORSHIP:

#### Listed Companies

- Batu Kawan Berhad
- Malaysian Pacific Industries Berhad

#### Other Public Companies

- MBSB Bank Berhad (formerly known as Asian Finance Bank Berhad)
- Raja Alias Foundation (Trustee)

### OTHER INFORMATION:

Tunku Alina undertakes continuing research on waqf (Islamic foundations) and volunteers as a facilitator with Soliya's Connect Program. She was an Adjunct Professor at the School of Law, University of Miami and has also served as an Adjunct Research Fellow of INCEIF. She serves as a Council member of the Malaysian Oil Scientists' & Technologists' Association.

### TAN TING MIN

- B.A. (Hons) (Cantab), M.A.
- Independent Non-Executive Director

**AGE / GENDER:** 49 / Female      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Arts (Honours) (Cantab) in Natural Sciences, Cambridge University, United Kingdom
- Master of Arts, Cambridge University, United Kingdom

#### DATE APPOINTED / WORKING EXPERIENCE:

Ms Tan Ting Min was appointed as an Independent Non-Executive Director of IJM Corporation Berhad on 1 November 2017.

She started her career with British American Tobacco (Malaysia) Berhad as a Research and Development Executive from 1991 to 1992. She was with Ke-zan Securities Sdn Bhd as an Investment Analyst for one (1) year prior to joining Credit Suisse Securities (Malaysia) Sdn Bhd ("Credit Suisse") as an Investment Analyst in 1994. She was then promoted to Director to lead the regional plantation team with coverage in Malaysia, Singapore and Indonesia until her retirement in 2017. Subsequently, she was appointed as the Head of Research of Credit Suisse for seven (7) years (2010 - 2017).

#### DIRECTORSHIP:

##### Listed Companies

- Sime Darby Plantation Berhad

##### Other Public Companies

- Nil

#### OTHER INFORMATION:

During her tenure as the Head of Research in Credit Suisse, Ms Tan led the Credit Suisse Malaysian equity research team to rank first in the Institutional Investor Poll in Malaysia for seven (7) consecutive years.

### NG YOKE KIAN

- ACIS
- Company Secretary

**AGE / GENDER:** 50 / Female      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Associate of Malaysian Institute of Chartered Secretaries & Administrators (MAICSA)

#### DATE APPOINTED / WORKING EXPERIENCE:

Ms Ng joined IJM Corporation Berhad ("IJM") in 1997 and was appointed Company Secretary on 6 April 2012. She was subsequently appointed to head the Corporate Services Department on 24 September 2012. She is also the Company Secretary of IJM Plantations Berhad.

She started her career with a secretarial firm for about 5 years and was an Assistant Manager of the Technical and Research Department of MAICSA prior to joining IJM. She has more than 25 years experience in corporate secretarial work.

#### Note:

1. There are no family relationship between the Directors and/or major shareholders of the Company.
2. Save for Tan Sri Dato' Tan Boon Seng @ Krishnan and Datuk Ir. Hamzah bin Hasan who have interest in certain related party transactions as disclosed in Note 51(c) to the financial statements, none of the Directors has any financial interest in any business arrangement involving the Group.
3. All Directors maintain a clean record with regard to convictions for offences.

# GROUP ORGANISATION CHART

## BOARD OF DIRECTORS

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02 Organisation & Stewardship

Executive Committee

Audit Committee

Nomination & Remuneration Committee

Securities & Options Committee

Company Secretary

Risk Management Committee

Internal Audit



CEO & Managing Director  
Dato' Soam Heng Choon



Deputy CEO & Deputy  
Managing Director  
Lee Chun Fai

## DIVISIONS



Construction  
Liew Hau Seng



Property  
Edward Chong Sin Kiat



Industry  
Dato' Khor Kiem Teoh



Plantation  
Joseph Tek Choon Yee



Infrastructure - Port  
Wong Soon Fah



Infrastructure - Tolls  
Wan Salwani Binti  
Wan Yusoff

## GROUP SUPPORT SERVICES



**Accounts & Finance**  
Cyrus Eruch Daruwalla



**Corporate Strategy & Investment and Information Systems**  
Lee Chun Fai



**Legal**  
James Ponniah Joseph



**Human Resources & Administration**  
Agnes Choon



**Corporate Services**  
Ng Yoke Kian



**Investor Relations**  
Shane Guha Thakurta



**Corporate Communications**  
Mandy Chen Man Lee



**Quality**  
S. Ramesh A/L  
V. Subramaniam



**Health, Safety & Environment**  
Rozaimy bin Amiruddin



**Internal Audit**  
Chan Weng Yew

## INTERNATIONAL VENTURES



**India**  
Cyrus Eruch Daruwalla



**Middle East**  
Liew Hau Seng



**Pakistan**  
Pook Fong Fee



**Indonesia**  
Purushothaman A/L  
Kumaran



**Vietnam**  
Tan Peng Kok



**Argentina**  
Adam Eleod

# PROFILE OF KEY SENIOR MANAGEMENT

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Left to right  
Dato' Khor Kiem Teoh  
Edward Chong Sin Kiat  
Joseph Tek Choon Yee  
Liew Hau Seng

## DATO' KHOR KIEM TEOH

- DIMP
- *B. Civil Engineering*
- Chief Executive Officer & Managing Director, Industrial Concrete Products Sdn Bhd

**AGE / GENDER:** 59 / Male      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science in Civil Engineering, Auburn University, Alabama, USA

### DATE APPOINTED / WORKING EXPERIENCE:

Dato' Khor was appointed Chief Executive Officer & Managing Director of Industrial Concrete Products Sdn Bhd ("ICP") on 5 November 2007.

He started his career as an Engineer in Jurutera Konsultant (SEA) Sdn Bhd. He was involved in the design of North-South Expressway.

He joined ICP in 1984 as a Sales Engineer and was promoted to Sales Manager in 1993. He was Deputy General Manager in 2002 and then General Manager in 2003. He was appointed Chief Operating Officer on 17 August 2004 and was Alternate Director to the late Mr Lim Yong Keat from 17 August 2004 to 21 September 2005. He was appointed as Executive Director of ICP on 16 August 2006.

### DIRECTORSHIP IN PUBLIC COMPANIES:

- Nil

## EDWARD CHONG SIN KIAT

- *B. Bus (Acct), CA(M), CPA (Aust)*
- Managing Director, IJM Land Berhad

**AGE / GENDER:** 46 / Male      **NATIONALITY:** Malaysian

### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Business (Accountancy), Royal Melbourne Institute of Technology, Australia
- Chartered Accountant of the Malaysian Institute of Accountants
- Certified Practising Accountant of CPA Australia

### DATE APPOINTED / WORKING EXPERIENCE:

Mr Edward Chong was appointed Managing Director of IJM Land Berhad ("IJML") on 6 April 2015. Prior to this, he was the Chief Operating Officer & Chief Financial Officer of IJML since 1 November 2012.

He joined the Group in 2000 as Assistant General Manager of Corporate Affairs and since held various positions such as General Manager of Corporate Affairs, General Manager of Finance and Chief Financial Officer prior to his appointment as the Chief Operating Officer & Chief Financial Officer. Before joining the Group, he was attached to the corporate finance department of an investment bank and prior to that, a public accounting firm.

### DIRECTORSHIP:

#### Listed Companies

- Nil

#### Other Public Companies

- IJM Land Berhad
- ERMS Berhad
- Seban Golf & Marina Resort Berhad



### JOSEPH TEK CHOON YEE

- *B. Sc. (Hons), MPhil. (Cantab)*
- Chief Executive Officer & Managing Director, IJM Plantations Berhad

**AGE / GENDER:** 52 / Male      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science (1<sup>st</sup> Class Honours), Universiti Kebangsaan Malaysia
- Master in Philosophy (Plant Breeding), Cambridge University, England
- ASEAN Senior Management Development Programme, Harvard Business School

#### DATE APPOINTED / WORKING EXPERIENCE:

Mr Joseph Tek was appointed Chief Executive Officer & Managing Director (“CEO&MD”) of IJM Plantations Berhad (“IJMP”) on 23 May 2010.

He joined IJMP in September 2004 to head the research, training and development activities of IJMP Group, and was appointed an Alternate Director on 22 May 2008 and Executive Director on 19 October 2008 besides being the General Manager – Plantations (Sabah). He was then redesignated to the position of Chief Operating Officer & Executive Director on 18 May 2009, prior to his appointment as CEO&MD of IJMP.

Prior to joining IJMP in 2004, he was with Sime Darby Plantations Sdn Bhd as Plant Breeder in Ebor Research (1991-1997), R&D Manager (1997-2000) and later Manager-Agritech Business (2000-2001) with Sime Aerogreen Sdn Bhd and Sime Gardentech Sdn Bhd. His last position was Head of R&D with the Malaysian Palm Oil Association (“MPOA”) (2001-2004).

#### DIRECTORSHIP:

##### Listed Companies

- IJM Plantations Berhad

##### Other Public Companies

- Nil

#### OTHER INFORMATION:

Mr Joseph Tek is a Council member of the Malaysian Estate Owners’ Association (MEOA). He was the President of the MEOA (2015-2018). He is with the Board of Governors for Montfort Youth Training Centre (MYTC) in Sabah since 2016. He was a Board Member of the Malaysian Palm Oil Board (MPOB) (2016-2018), a member of the Programme Advisory Committee (PAC) of the MPOB (2011-2013), a Council Member of the Malaysian Oil Scientists’ and Technologists’ Association (MOSTA) (2006-2007), a member of the Criteria Working Group for the Roundtable on Sustainable Palm Oil (RSPO) (2005-2006) and Vice-Chairman of the MPOA Environment Working Committee (2004-2005).

### LIEW HAU SENG

- *B. Eng. (Civil) (Hons), MBA*
- Managing Director, IJM Construction Sdn Bhd

**AGE / GENDER:** 52 / Male      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Engineering (1<sup>st</sup> Class Honours) in Civil Engineering, Universiti Teknologi Malaysia
- Master in Business Administration, HELP University

#### DATE APPOINTED / WORKING EXPERIENCE:

Mr Liew was re-designated as Managing Director of IJM Construction Sdn Bhd (“IJMC”) on 6 April 2015. He was the Executive Director of IJMC from 1 June 2012 to 5 April 2015, and was appointed to head the Construction Division with effect from 7 June 2013.

He started his career in IJM Corporation Berhad in 1989 as an Engineer of GR Concrete Sdn Bhd. He held various other positions since then, namely as Senior Engineer (1995-2002), Senior Project Manager (2003-2005), Project Director (2006-2009) and Operations Director (2010-2011), prior to his appointment as Executive Director of IJMC and to head the Construction Division for local operations in 2012.

#### DIRECTORSHIP IN PUBLIC COMPANIES:

- Nil

## PROFILE OF KEY SENIOR MANAGEMENT

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*Left to right*

Wan Salwani Binti Wan Yusoff  
Wong Soon Fah  
Cyrus Eruch Daruwalla  
Purushothaman A/L Kumaran



### WAN SALWANI BINTI WAN YUSOFF

- *B.Sc. (Electrical Engineering), MBA (International Business)*
- Chief Operating Officer, Toll Division, Malaysia

**AGE / GENDER:** 51 / Female      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Science in Electrical Engineering, University of Arizona, USA
- Master in Business Administration, Universiti Putra Malaysia

#### DATE APPOINTED / WORKING EXPERIENCE:

Puan Wan Salwani was appointed the Chief Operating Officer of Toll Division on 1 May 2013 responsible for the tollway operations in Malaysia.

She worked for Enserv Sdn Bhd as Application Engineer prior to joining Besraya (M) Sdn Bhd, a subsidiary of Road Builder (M) Holdings Bhd ("RBH"), as Project Engineer in November 1996. When Besraya Highway commenced its operations in 1999, she was responsible for the maintenance of Electrical & Mechanical, and a year later she was appointed as Assistant Manager to assist the Head of Engineering and Maintenance Department. She was transferred to New Pantai Expressway Sdn Bhd in 2001 when RBH took over the New Pantai Highway project from Berjaya Group. She held the position of Manager (January 2003-December 2007) and later Senior Manager (January 2008-June 2009), responsible for toll operations, mechanical & electrical matters, concession monitoring, land acquisition and corporate communication before being promoted to General Manager, Toll Division on 1 July 2009.

#### DIRECTORSHIP IN PUBLIC COMPANIES:

- Nil

### WONG SOON FAH

- *MCIT*
- Executive Director, Kuantan Port Consortium Sdn Bhd

**AGE / GENDER:** 67 / Male      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Member of Chartered Institute of Transport (London)
- Post Graduate Diploma in Port Operations & Management (University of Antwerp)

#### DATE APPOINTED / WORKING EXPERIENCE:

Mr Wong was appointed Director of Kuantan Port Consortium Sdn Bhd ("KPC") on 5 May 2017, and re-designated as Executive Director on 2 July 2018 to oversee the operations of the Port Division.

He was the Managing Director of KPC from 15 August 2006 to 31 August 2009. Prior to joining KPC, he was with the Port Authority (Klang and Kuantan) for 28 years, having served the last eight (8) years as Operations and Commercial Manager for Kuantan Port Authority. He was the General Manager Operations (1998 – 2000), General Manager Marketing (2000 - 2004) and Chief Operating Officer (2004-2006) of KPC before assuming the position of Managing Director.

He was retained as an Advisor for a year upon his retirement as Managing Director of KPC. He was then appointed on the board of the Port Klang Free Trade Zone by the Ministry of Transport from 2011 to 2015. He was involved in logistic and port development consultancy from 2016 until his appointment as the Executive Director of KPC.

#### DIRECTORSHIP IN PUBLIC COMPANIES:

- Nil



### CYRUS ERUCH DARUWALLA

- ACCA, B. Commerce
- Chief Financial Officer

**AGE / GENDER:** 56 / Male      **NATIONALITY:** Indian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Commerce (Honours), University of Bombay
- Associate Member of the Association of Chartered Certified Accountants, United Kingdom

#### DATE APPOINTED / WORKING EXPERIENCE:

Mr Cyrus joined IJM Corporation Berhad (“IJM”) in September 2006 as Chief Financial Officer, heading the Accounts & Finance Department for the overall Group. He was also appointed the Country Head for IJM Indian operations on 1 January 2018.

Upon graduation, Mr Cyrus completed his audit articleship with Ernst & Young, London, UK prior to joining Addmoss Taylor & Partners, London, before being appointed as Senior Accountant for Portlands of Blackheath Ltd., UK in 1987. In Malaysia, he worked as Head of Professional Programmes for Emile Woolf Far East Sdn Bhd, before being appointed as Group Financial Controller for the Sri America Group of Companies. In 1999, he joined PricewaterhouseCoopers, Malaysia as Manager before assuming the position of Executive Director in 2003.

#### DIRECTORSHIP:

##### Listed Companies

- Scomi Group Bhd

##### Other Public Companies

- Road Builder (M) Holdings Bhd

#### OTHER INFORMATION:

Mr Cyrus is the board representative of IJM in Scomi Group Bhd. He is also a Director for several of the Group’s overseas entities.

### PURUSHOTHAMAN A/L KUMARAN

- B. Acc. (Hons), CA, MBA
- Chief Financial Officer & Executive Director, IJM Plantations Berhad

**AGE / GENDER:** 56 / Male      **NATIONALITY:** Malaysian

#### ACADEMIC / PROFESSIONAL QUALIFICATION:

- Bachelor of Accounting (Honours), University of Malaya
- Master in Business Administration, Anglia Polytechnic University, Cambridge, England
- Member of the Malaysian Institute of Accountants

#### DATE APPOINTED / WORKING EXPERIENCE:

Mr Puru Kumaran was appointed the Chief Financial Officer & Executive Director (“CFO&ED”) of IJM Plantations Berhad (“IJMP”) on 23 May 2010. He was also appointed the Chief Executive Officer for the Group’s Indonesian operations on 1 January 2016.

He joined IJMP as Financial Controller on 1 January 2004. He was redesignated to General Manager – Corporate Affairs & Finance on 1 January 2007, prior to his appointment as CFO&ED.

Prior to joining IJMP, he was with Unilever Group for over 14 years, serving various finance and commercial positions in Malaysia, England and Indonesia. His last post was as Commercial Director of its plantation operations in Malaysia.

#### DIRECTORSHIP:

##### Listed Companies

- IJM Plantations Berhad

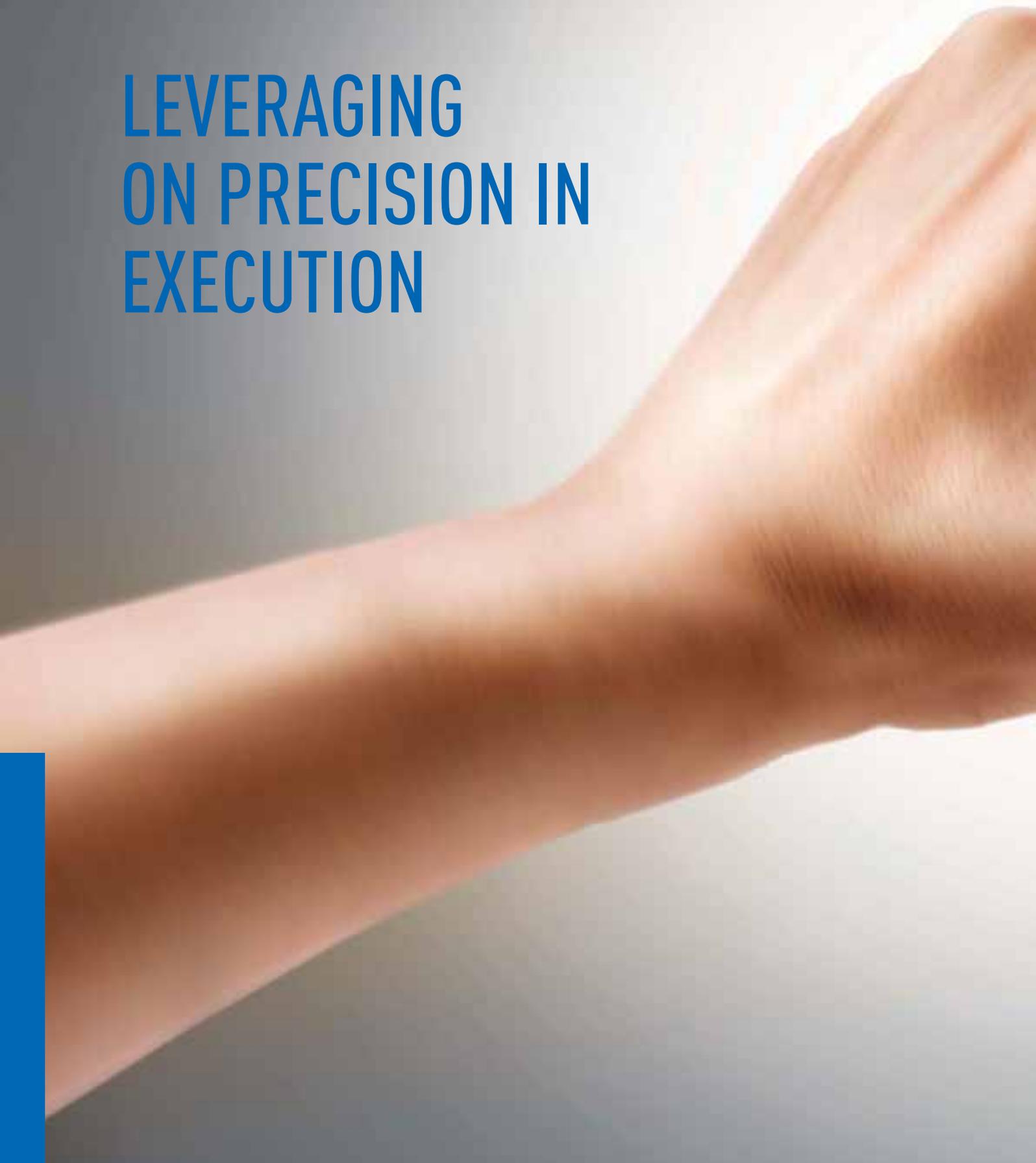
##### Other Public Companies

- Nil

#### Notes:

1. The Key Senior Management has no family relationship with any of the Directors and/or major shareholders of the Company.
2. Save for Dato’ Khor Kiem Teoh, Joseph Tek Choon Yee and Wan Salwani binti Wan Yusoff who have interest in certain related party transactions as disclosed in Note 51(c) to the financial statements, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.
3. All Key Senior Management maintain a clean record with regard to convictions for offences.

# LEVERAGING ON PRECISION IN EXECUTION





# Summary of Information for Shareholder

- 044** Group Financial Highlights
- 046** Group Quarterly Performance
- 048** Statement of Value Added & Distribution
- 049** Information for Investors
- 051** Analysis of Shareholdings

# GROUP FINANCIAL HIGHLIGHTS

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Summary of Information for Shareholder

		2018	2017	2016	2015	2014
<b>OPERATING REVENUE <sup>††</sup></b>		RM'000				
Construction		2,674,392	2,532,146	1,642,997	1,224,314	2,080,082
Property development		1,323,504	1,516,225	1,289,966	2,203,422	2,224,957
Manufacturing & quarrying		1,057,097	1,136,614	982,769	926,767	890,330
Plantation		747,217	753,711	557,613	667,666	646,981
Infrastructure		1,001,873	975,515	1,295,014	1,031,410	881,565
Investment & others		2,830	3,528	14,493	10,113	692
		<b>6,806,913</b>	<b>6,917,739</b>	<b>5,782,852</b>	<b>6,063,692</b>	<b>6,724,607</b>
<b>PROFIT BEFORE TAXATION</b>		RM'000				
Construction		226,014	216,715	170,569	184,844	168,173
Property development		110,559	303,277	159,288	494,660	748,655
Manufacturing & quarrying		82,479	142,417	124,090	125,601	146,229
Plantation		77,304	168,514	50,408	89,409	109,082
Infrastructure		120,115	62,313	555,773	42,276	189,118
Investment & others		13,088	116,774	95,669	82,567	55,057
		<b>629,559</b>	<b>1,010,010</b>	<b>1,155,797</b>	<b>1,019,357</b>	<b>1,416,314</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION &amp; AMORTISATION (EBITDA)</b>	RM'000	<b>1,135,257</b>	1,457,723	1,587,495	1,516,610	1,848,182
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>	RM'000	<b>390,689</b>	766,804	881,535	713,041	1,075,656
<b>NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	RM'000	<b>349,809</b>	653,773	793,587	480,944	829,599
<b>EARNINGS PER SHARE (Basic)</b>	Sen	<b>9.65</b>	18.16	22.22	14.75 *	26.00 *
<b>EARNINGS PER SHARE (Fully Diluted)</b>	Sen	<b>9.62</b>	17.94	21.81	14.65 *	25.74 *
<b>GROSS DIVIDEND PER SHARE</b>	Sen	<b>6.00</b>	7.50	10.00	15.00	25.00
<b>FINANCIAL POSITION</b>						
<b>ISSUED SHARE CAPITAL</b>	RM'000	<b>6,074,349</b>	6,022,651 ***	3,584,805	1,500,001	1,427,531
<b>SHAREHOLDERS' FUNDS</b>	RM'000	<b>9,488,912</b>	9,497,274	9,028,359	8,429,640	6,738,808
<b>TOTAL ASSETS</b>	RM'000	<b>21,294,760</b>	20,892,700	19,835,545	19,730,689	18,398,468
<b>TOTAL BORROWINGS</b>	RM'000	<b>5,913,975</b>	6,003,770	5,844,662	6,154,763	5,612,407
<b>NET ASSETS PER SHARE</b>	RM	<b>2.62</b>	2.63	2.52	5.62	4.72
<b>RETURN ON TOTAL ASSETS</b>	%	<b>1.64</b>	3.13	4.00	2.44	4.51
<b>RETURN ON EQUITY</b>	%	<b>3.69</b>	6.88	8.79	5.71	12.31
<b>GEARING (Net Debt/Equity)</b>	%	<b>46.86</b>	40.60	46.13	50.34	53.49
<b>MARKET CAPITALISATION</b>	RM'000	<b>9,722,719</b>	12,285,516	12,654,362	10,800,007	8,765,040
<b>SHARE PRICE</b>						
High	RM	<b>3.60</b>	3.64	3.75 *	3.65 *	3.08 *
Low	RM	<b>2.55</b>	3.07	2.87	3.05 *	2.65 *
Close	RM	<b>2.68</b>	3.40	3.53	3.60 *	3.07 *
<b>WARRANT PRICE 2009/2014</b>						
High	RM	—	—	—	2.81	1.96
Low	RM	—	—	—	1.94	1.25
Close	RM	—	—	—	2.39 **	1.94

<sup>††</sup> Including share of associate and joint venture's revenue

\* After adjustment for 1:1 Bonus Issue

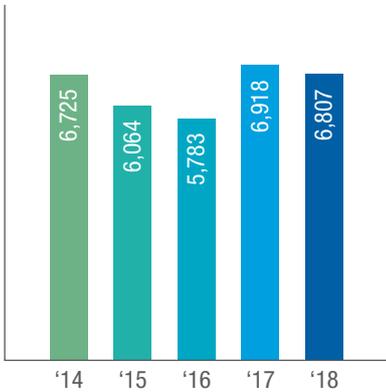
\*\* Warrants 2009/2014 ceased trading and expired on 8 October 2014 and 24 October 2014 respectively

\*\*\* With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM2,395,511,000 had been transferred into the share capital account. Pursuant to the subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from the share premium account within 24 months after the commencement of the New Act.

### OPERATING REVENUE

RM million

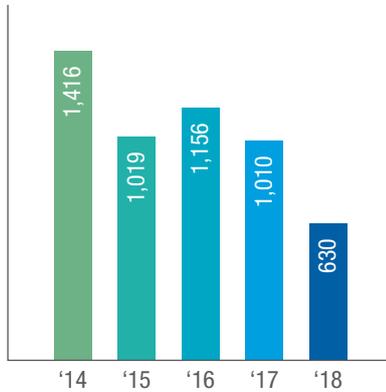
RM**6,807**million



### PROFIT BEFORE TAXATION

RM million

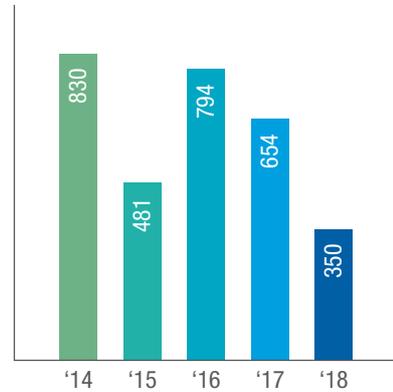
RM**630**million



### NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM million

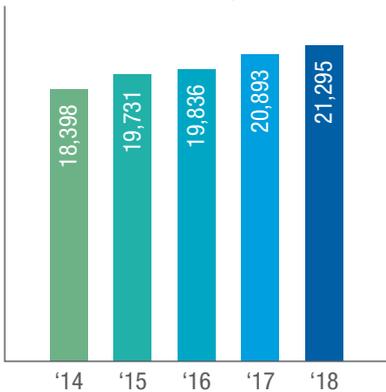
RM**350**million



### TOTAL ASSETS

RM million

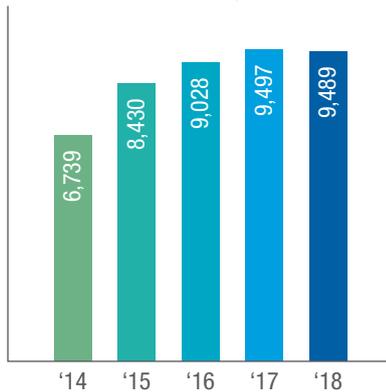
RM**21,295**million



### SHAREHOLDERS' FUNDS

RM million

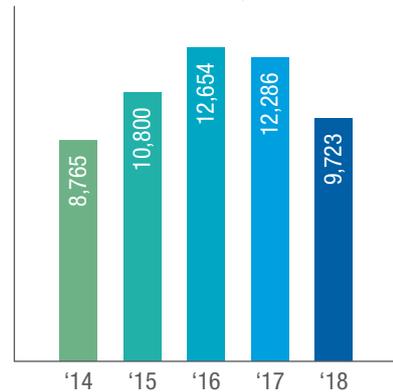
RM**9,489**million



### MARKET CAPITALISATION

RM million

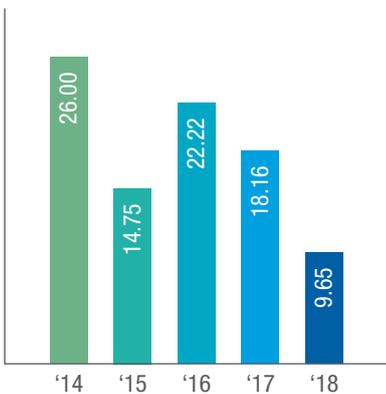
RM**9,723**million



### EARNINGS PER SHARE (Basic)

Sen

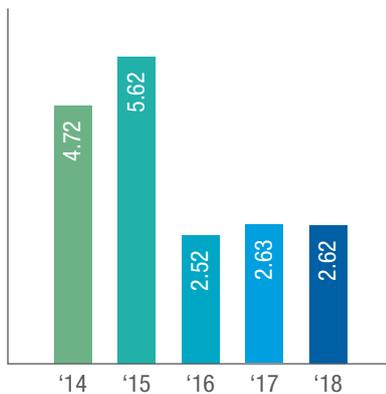
**9.65**sen



### NET ASSETS PER SHARE

RM

RM**2.62**



### GEARING (Net Debt/Equity)

%

**46.86**%



# GROUP QUARTERLY PERFORMANCE

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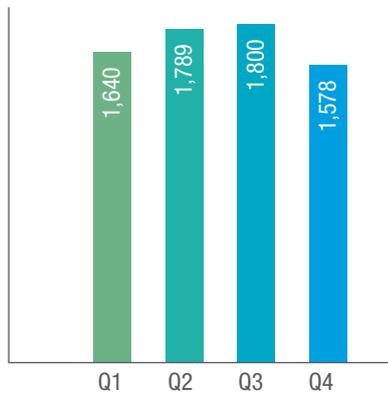
Summary of  
Information for  
Shareholder

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
<b>OPERATING REVENUE <sup>N1</sup></b>		<b>RM'000</b>				
Construction		641,296	758,796	669,513	604,787	
Property development		314,353	268,279	401,098	339,774	
Manufacturing & quarrying		275,949	300,218	262,050	218,880	
Plantation		184,594	196,438	224,868	141,317	
Infrastructure		223,206	264,356	242,257	272,054	
Investment & others		235	464	550	1,581	
		<b>1,639,633</b>	<b>1,788,551</b>	<b>1,800,336</b>	<b>1,578,393</b>	
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>RM'000</b>				
Construction		58,119	62,357	50,278	55,260	
Property development		24,536	34,248	28,584	23,191	
Manufacturing & quarrying		22,405	27,459	19,289	13,326	
Plantation		24,773	18,258	32,389	1,884	
Infrastructure		64,644	35,730	41,974	(22,233)	
Investment & others		3,028	3,920	(88)	6,228	
		<b>197,505</b>	<b>181,972</b>	<b>172,426</b>	<b>77,656</b>	
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION &amp; AMORTISATION (EBITDA)</b>		<b>RM'000</b>	<b>321,257</b>	<b>306,793</b>	<b>297,138</b>	<b>210,069</b>
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>RM'000</b>	<b>143,828</b>	<b>124,365</b>	<b>110,090</b>	<b>12,406</b>
<b>NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>RM'000</b>	<b>126,395</b>	<b>110,862</b>	<b>101,364</b>	<b>11,188</b>
<b>EARNINGS PER SHARE (Basic)</b>		<b>Sen</b>	<b>3.49</b>	<b>3.06</b>	<b>2.79</b>	<b>0.31</b>
<b>EARNINGS PER SHARE (Fully Diluted)</b>		<b>Sen</b>	<b>3.45</b>	<b>3.02</b>	<b>2.76</b>	<b>0.31</b>
<b>GROSS DIVIDEND PER SHARE</b>		<b>Sen</b>	<b>–</b>	<b>3.00</b>	<b>–</b>	<b>3.00</b>
<b>ISSUED SHARE CAPITAL</b>		<b>RM'000</b>	<b>6,067,547</b>	<b>6,072,223</b>	<b>6,073,944</b>	<b>6,074,349</b>
<b>SHAREHOLDERS' FUNDS</b>		<b>RM'000</b>	<b>9,448,580</b>	<b>9,529,209</b>	<b>9,505,009</b>	<b>9,488,912</b>
<b>TOTAL ASSETS</b>		<b>RM'000</b>	<b>20,810,173</b>	<b>20,781,384</b>	<b>21,001,171</b>	<b>21,294,760</b>
<b>TOTAL BORROWINGS</b>		<b>RM'000</b>	<b>5,978,730</b>	<b>5,833,889</b>	<b>5,799,289</b>	<b>5,913,975</b>
<b>NET ASSETS PER SHARE</b>		<b>RM</b>	<b>2.61</b>	<b>2.63</b>	<b>2.62</b>	<b>2.62</b>
<b>RETURN ON TOTAL ASSETS (Annualised)</b>		<b>%</b>	<b>2.39</b>	<b>2.26</b>	<b>2.14</b>	<b>1.64</b>
<b>RETURN ON EQUITY (Annualised)</b>		<b>%</b>	<b>5.14</b>	<b>4.86</b>	<b>4.69</b>	<b>3.69</b>
<b>GEARING (Net Debt/Equity)</b>		<b>%</b>	<b>41.93</b>	<b>43.86</b>	<b>44.00</b>	<b>46.86</b>
<b>MARKET CAPITALISATION</b>		<b>RM'000</b>	<b>12,547,897</b>	<b>11,972,514</b>	<b>11,066,551</b>	<b>9,722,719</b>
<b>SHARE PRICE</b>						
High	<b>RM</b>	<b>3.60</b>	<b>3.53</b>	<b>3.35</b>	<b>3.19</b>	
Low	<b>RM</b>	<b>3.28</b>	<b>3.26</b>	<b>2.71</b>	<b>2.55</b>	
Close	<b>RM</b>	<b>3.46</b>	<b>3.30</b>	<b>3.05</b>	<b>2.68</b>	

<sup>N1</sup> Including share of associate and joint venture's revenue

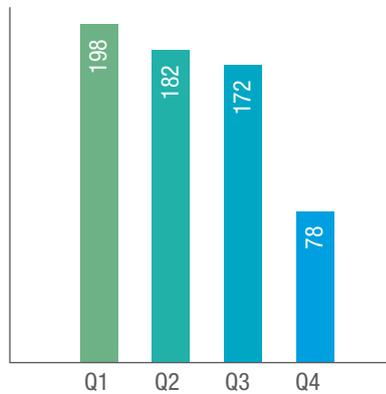
### OPERATING REVENUE

RM million



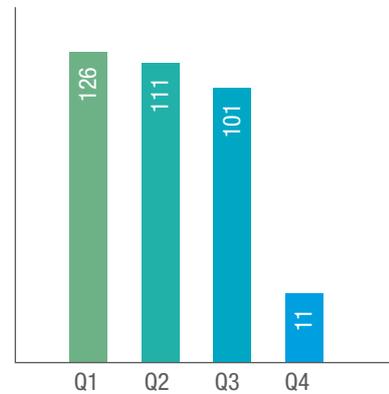
### PROFIT BEFORE TAXATION

RM million



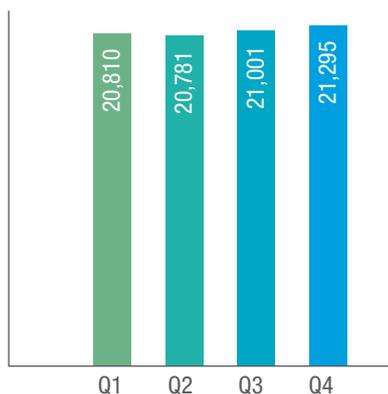
### NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM million



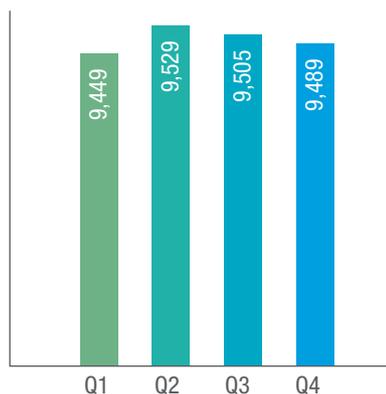
### TOTAL ASSETS

RM million



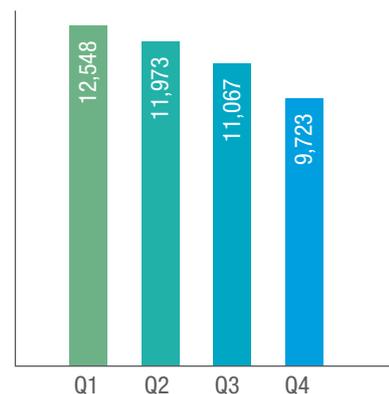
### SHAREHOLDERS' FUNDS

RM million



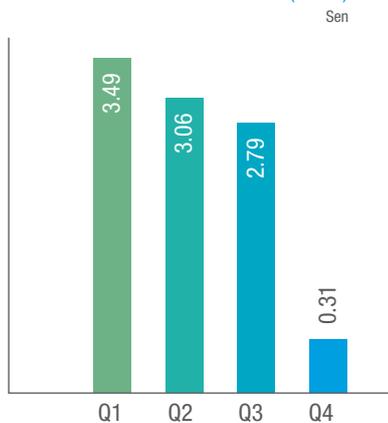
### MARKET CAPITALISATION

RM million



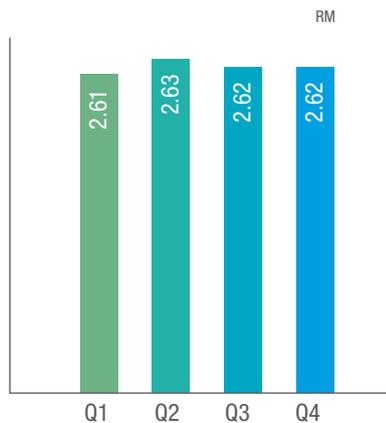
### EARNINGS PER SHARE (Basic)

Sen



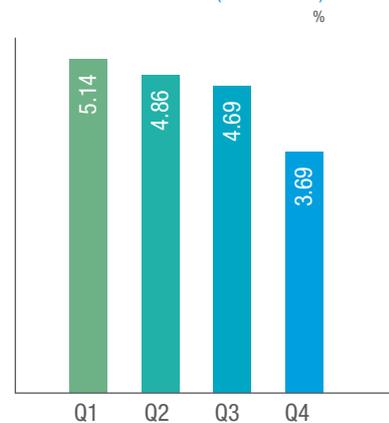
### NET ASSETS PER SHARE

RM



### RETURN ON EQUITY (Annualised)

%



# STATEMENT OF VALUE ADDED & DISTRIBUTION

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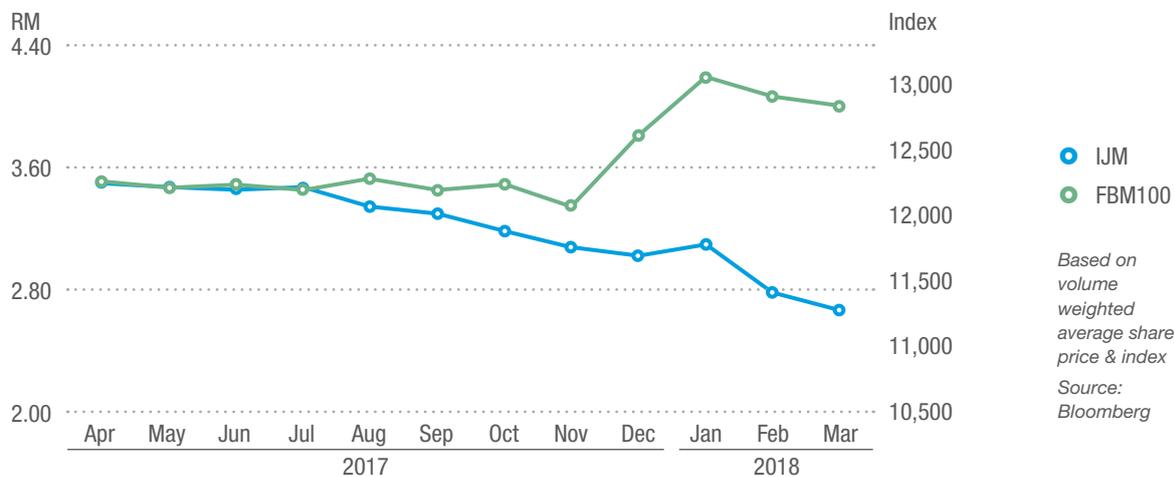
	2018 RM'000	2017 RM'000
<b>VALUE ADDED</b>		
Operating revenue	6,026,948	6,065,335
Purchases of goods & services	(4,427,484)	(4,250,519)
Value added by the Group	1,599,464	1,814,816
Share of profits of associates	5,540	56,403
Share of (losses)/profits of joint ventures	(10,002)	16,668
<b>Total value added</b>	<b>1,595,002</b>	<b>1,887,887</b>
<b>DISTRIBUTION</b>		
To employees		
- Salaries & other staff costs	457,192	423,992
To Governments		
- Taxation	238,870	243,206
To providers of capital		
- Dividends	272,043	360,029
- Finance cost	185,674	144,670
- Non-controlling interests	40,880	113,031
Retained for future reinvestment & growth		
- Depreciation and amortisation	322,577	309,215
- Retained profits	77,766	293,744
<b>Total Distributed</b>	<b>1,595,002</b>	<b>1,887,887</b>

Value added is a measure of wealth created. The above statement shows the Group's value added for 2018 and 2017 and its distribution by way of payments to employees, governments and capital providers, with the balance retained in the Group for future reinvestment and growth.

<b>RECONCILIATION</b>		
Profit for the year	349,809	653,773
Add : Depreciation and amortisation	322,577	309,215
Finance cost	185,674	144,670
Staff costs	457,192	423,992
Taxation	238,870	243,206
Non-controlling interests	40,880	113,031
<b>Total value added</b>	<b>1,595,002</b>	<b>1,887,887</b>

# INFORMATION FOR INVESTORS

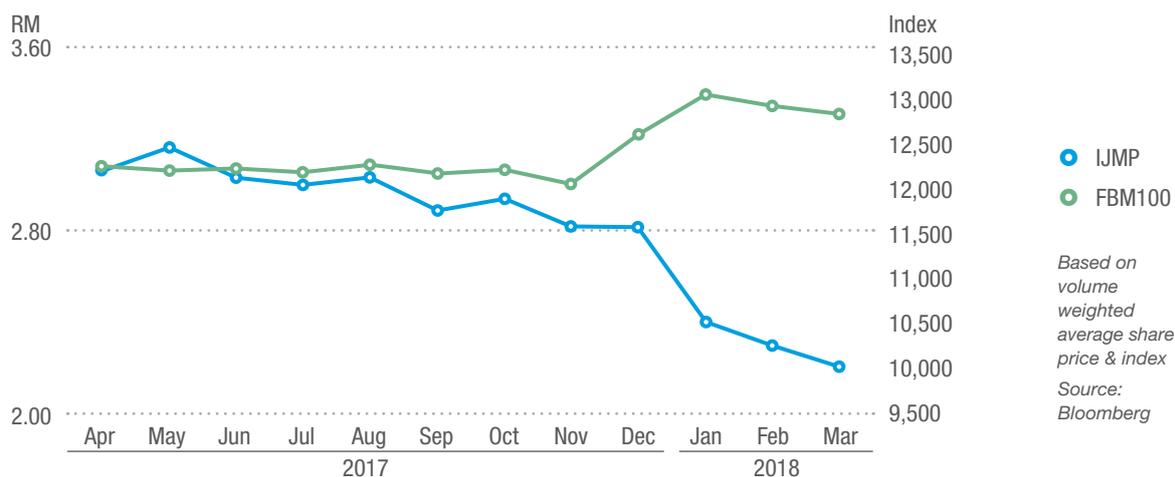
## A. IJM CORPORATION BERHAD (“IJM”) SHARE PRICE VS FBM100



IJM's share price (stock code: 3336) saw persistent decline from RM3.49 in April 2017 and closed the financial year ended 31 March 2018 at RM2.66.

Although sentiment for the construction sector was positive for the period, investors' preference for mid-cap pure play construction counters had negatively impacted the Group's share price. Furthermore, although investors were positive on the prospects of the New Deep Water Terminal at Kuantan Port, the financial impact was seen to likely accrue only in the mid-term. IJM saw its share price decline by 24% compared to FBM100 which rose 5% in the same period of IJM's financial year of 2018.

## B. IJM PLANTATIONS BERHAD (“IJMP”) SHARE PRICE VS FBM100



IJMP's share price (stock code: 2216) showed a downward trend from RM3.06 to RM2.20 during its financial year ended 31 March 2018.

The share price of IJMP moved in tandem with a declining crude palm oil price trend during the period as a result of increasing Malaysian inventory levels arising from higher production. Demand factors were also unsupportive of crude palm oil prices with China experiencing an abundance of soybean inventories and India's raising of crude palm oil import duties during the period.

Over the financial year, IJMP's share price declined 28% compared to a 5% gain by the FBM100.

## C. IJM'S 2014/2034 SUKUK MURABAHAH (RM3.0 BILLION)

RAM Ratings has reaffirmed IJM's RM3.0 Billion Sukuk Murabahah Programme with a rating of "AA3" with a stable outlook in July 2018.

Details of the programme are disclosed in Note 16 to the Financial Statements.



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03 Summary of Information for Shareholder

## FINANCIAL CALENDAR

FINANCIAL YEAR END		31 MARCH 2018
Announcement of Results	1st Quarter	23 August 2017
	2nd Quarter	28 November 2017
	3rd Quarter	27 February 2018
	4th Quarter	30 May 2018
Notice of Annual General Meeting		30 July 2018
Annual General Meeting		28 August 2018

## INVESTOR SERVICE

The Group maintains a dynamic website ([www.ijm.com](http://www.ijm.com)) which provides detailed information on the Group's operations and latest developments.

For shareholder and company related matters, please contact:

**Ms Ng Yoke Kian**  
Company Secretary  
Tel : +603 79858131  
Fax : +603 79521200  
E-mail : [csa@ijm.com](mailto:csa@ijm.com)

For financial performance or company development matters, please contact:

**Mr Shane Guha Thakurta**  
Investor Relations, Assistant General Manager  
Tel : +603 79858041  
Fax : +603 79529388  
E-mail : [shanethakurta@ijm.com](mailto:shanethakurta@ijm.com)

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 JUNE 2018

Number of Issued Share : 3,635,687,820\*

Class of Shares : Ordinary Shares

## Voting Rights

On show of hands : 1 vote

On a poll : 1 vote for each share held

\*inclusive of 4,787,800 shares bought-back by the Company and retained as treasury shares as at 29 June 2018

## DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF ISSUED SHARES
Less than 100	270	9,202	0.00%
100 – 1,000	2,700	2,165,421	0.06%
1,001 - 10,000	8,442	37,024,688	1.02%
10,001 – 100,000	2,886	89,400,189	2.46%
100,001 to less than 5% of issued shares <sup>(1)</sup>	981	2,625,672,042	72.32%
5% and above of issued shares	3	876,628,478	24.14%
	15,282	3,630,900,020	100.00%

(1) excluding 4,787,800 treasury shares

## REGISTER OF SUBSTANTIAL SHAREHOLDERS

	NUMBER OF SHARES		PERCENTAGE OF ISSUED SHARES
	DIRECT	DEEMED	
1. Employees Provident Fund Board	524,848,118	–	14.455%
2. AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	250,290,700	–	6.893%
3. Lembaga Tabung Haji	234,154,400	–	6.449%
4. Kumpulan Wang Persaraan (Diperbadankan)	185,426,700	–	5.107%

## THIRTY LARGEST SHAREHOLDERS

	NUMBER OF SHARES	PERCENTAGE OF ISSUED SHARES
1. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	400,138,678	11.02%
2. AmanahRaya Trustees Berhad Amanah Saham Bumiputera	249,182,300	6.86%
3. Lembaga Tabung Haji	227,307,500	6.26%
4. Kumpulan Wang Persaraan (Diperbadankan)	134,954,200	3.72%
5. AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	119,469,000	3.29%
6. AmanahRaya Trustees Berhad Amanah Saham Malaysia	94,040,100	2.59%
7. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	83,345,940	2.30%
8. Permodalan Nasional Berhad	81,924,480	2.26%
9. Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	75,729,056	2.09%

# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 JUNE 2018

### THIRTY LARGEST SHAREHOLDERS (cont'd)

		NUMBER OF SHARES	PERCENTAGE OF ISSUED SHARES
01	10. AmanahRaya Trustees Berhad AS 1Malaysia	58,255,100	1.60%
02	11. Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	58,171,128	1.60%
03	12. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	55,000,000	1.51%
04	13. HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	50,903,534	1.40%
05	14. Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	47,777,100	1.32%
06	15. HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	44,841,820	1.24%
	16. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	41,913,980	1.15%
	17. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	40,410,700	1.11%
	18. AMSEC Nominees (Tempatan) Sdn Bhd MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	38,833,100	1.07%
	19. AmanahRaya Trustees Berhad Public Islamic Dividend Fund	35,967,608	0.99%
	20. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	35,551,118	0.98%
	21. AmanahRaya Trustees Berhad Public Ittikal Sequel Fund	35,351,400	0.97%
	22. Sunway Holdings Sdn Bhd	34,225,900	0.94%
	23. AmanahRaya Trustees Berhad Amanah Saham Didik	31,708,300	0.87%
	24. HSBC Nominees (Asing) Sdn Bhd HSBC BK Plc for Kuwait Investment Office (KIO)	31,500,000	0.87%
	25. AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	30,000,000	0.83%
	26. CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (AUR-VCAM)	26,170,300	0.72%
	27. AmanahRaya Trustees Berhad Public Islamic Sector Select Fund	24,551,400	0.68%
	28. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	23,638,100	0.65%
	29. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	22,255,240	0.61%
	30. Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	21,959,526	0.60%
		<b>2,255,076,608</b>	<b>62.10%</b>

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## DIRECTORS' SHAREHOLDINGS IN IJM CORPORATION BERHAD

as at 29 June 2018

NAME OF DIRECTORS	NUMBER OF SHARES		PERCENTAGE OF ISSUED SHARES
	DIRECT	DEEMED	
Tan Sri Abdul Halim bin Ali	30,000	–	0.001%
Tan Sri Dato' Tan Boon Seng @ Krishnan	6,493,066	371,972 <sup>1</sup>	0.189%
Dato' Soam Heng Choon	1,914,500	–	0.053%
Lee Chun Fai	596,500	250,000 <sup>1</sup>	0.023%
Datuk Lee Teck Yuen	11,764,692	–	0.324%
Datuk Ir. Hamzah bin Hasan	–	–	–
Pushpanathan A/L S A Kanagarayar	–	–	–
Goh Tian Sui	–	10,000 <sup>1</sup>	0.000%
Dato' David Frederick Wilson	–	–	–
Tunku Alina Binti Raja Muhd Alias	–	–	–
Tan Ting Min	–	–	–

**Note:**

<sup>1</sup> Through a family member

## DIRECTORS' INTERESTS UNDER THE EMPLOYEE SHARE OPTION SCHEME OF IJM CORPORATION BERHAD

as at 29 June 2018

OPTIONS OVER ORDINARY SHARES ("OPTIONS") UNDER EMPLOYEE SHARE OPTION SCHEME						
AWARD	NAME OF DIRECTORS	*PROVISIONAL NUMBER OF OPTIONS AWARDED	*BALANCE PROVISIONAL NUMBER OF OPTIONS	NUMBER OF OPTIONS VESTED	NUMBER OF OPTIONS EXERCISED	NUMBER OF OPTIONS UNEXERCISED
First Award on 24.12.2012	Dato' Soam Heng Choon	250,250*	–	384,900*	384,900	–
	Lee Chun Fai	250,250*	–	376,400*	–	376,400
Second Award on 24.12.2013	Lee Chun Fai	308,000*	–	378,500*	–	378,500
Third Award on 24.12.2014	Dato' Soam Heng Choon	935,000*	–	935,000	–	935,000
	Lee Chun Fai	165,000*	–	162,800	–	162,800
Fourth Award on 24.12.2015	Dato' Soam Heng Choon	1,320,000	396,000	924,000	–	924,000
	Lee Chun Fai	385,000	115,500	269,500	–	269,500
Sixth Award on 30.03.2018	Dato' Soam Heng Choon	1,320,000	1,320,000	–	–	–
	Lee Chun Fai	660,000	660,000	–	–	–

**Notes:-**

\* The vesting of the Options to the eligible Director is subject to the fulfillment of the relevant vesting conditions as at the relevant vesting dates

\* Including the Bonus Issue adjustment on 1:1 basis on 11 September 2015

# ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2018

## DIRECTORS' INTERESTS UNDER THE EMPLOYEE SHARE GRANT PLAN OF IJM CORPORATION BERHAD

as at 29 June 2018

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SHARES UNDER EMPLOYEE SHARE GRANT PLAN							
AWARD	NAME OF DIRECTORS	TOTAL				*BALANCE PROVISIONAL NUMBER OF SHARES	
		+PROVISIONAL NUMBER OF SHARES AWARDED		NUMBER OF SHARES VESTED		PSP**	RSP***
		PSP**	RSP***	PSP	RSP		
First Award on 15.04.2013	Dato' Soam Heng Choon	72,750*	29,100*	145,500	43,600	–	–
	Lee Chun Fai	72,750*	29,100*	145,500	43,600	–	–
Second Award on 15.04.2014	Lee Chun Fai	97,000*	38,800*	97,000	58,200	–	–
Third Award on 15.04.2015	Dato' Soam Heng Choon	393,000*	101,200*	196,500	151,800	–	–
Fourth Award on 15.04.2016	Dato' Soam Heng Choon	629,600	184,600	275,900	155,500	235,800	60,700
	Lee Chun Fai	347,600	139,000	126,400	132,700	94,800	37,900
Fifth Award on 15.04.2017	Dato' Soam Heng Choon	471,600	121,400	–	–	471,600	121,400
	Lee Chun Fai	189,600	75,800	–	–	189,600	75,800
Sixth Award on 15.04.2018	Dato' Soam Heng Choon	471,600	121,400	–	–	471,600	121,400
	Lee Chun Fai	189,600	75,800	–	–	189,600	75,800

**Notes:-**

PSP Performance Share Plan

RSP Retention Share Plan

\* The vesting of the shares to the eligible Director is subject to the fulfillment of the relevant vesting conditions as at the relevant vesting dates

\*\* The quantum of shares to be vested may vary from 0% to 200% of the number of shares provisionally awarded

\*\*\* The quantum of shares to be vested may vary from 0% to 150% of the number of shares provisionally awarded

\* Including the Bonus Issue adjustment on 1:1 basis on 11 September 2015

## DIRECTORS' SHAREHOLDINGS IN IJM PLANTATIONS BERHAD

as at 29 June 2018

NAME OF DIRECTORS	NUMBER OF SHARES		PERCENTAGE OF ISSUED SHARES
	DIRECT	DEEMED	
Tan Sri Abdul Halim bin Ali	20,000	–	0.002%
Tan Sri Dato' Tan Boon Seng @ Krishnan	716,060	481,033 <sup>1</sup>	0.136%
Dato' Soam Heng Choon	–	–	–
Lee Chun Fai	–	–	–
Datuk Lee Teck Yuen	–	–	–
Datuk Ir. Hamzah bin Hasan	–	–	–
Pushpanathan A/L S A Kanagarayar	–	–	–
Goh Tian Sui	–	–	–
Dato' David Frederick Wilson	–	–	–
Tunku Alina Binti Raja Muhd Alias	–	–	–
Tan Ting Min	–	–	–

**Note:**

<sup>1</sup> Through a family member

## KEY SENIOR MANAGEMENT'S SHAREHOLDINGS IN IJM CORPORATION BERHAD

as at 29 June 2018

NAME OF KEY SENIOR MANAGEMENT	NUMBER OF SHARES		PERCENTAGE OF ISSUED SHARES
	DIRECT	DEEMED	
Dato' Khor Kiem Teoh	818,112	72,800 <sup>1</sup>	0.025%
Edward Chong Sin Kiat	466,000	–	0.013%
Joseph Tek Choon Yee	401,500	–	0.011%
Liew Hau Seng	821,100	–	0.023%
Wan Salwani Binti Wan Yusoff	302,800	–	0.008%
Wong Soon Fah	192,700	–	0.005%
Cyrus Eruch Daruwalla	896,600	–	0.025%
Purushothaman A/L Kumaran	755,500	–	0.021%

**Note:**

<sup>1</sup> Through a family member

## KEY SENIOR MANAGEMENT'S INTERESTS UNDER THE EMPLOYEE SHARE OPTION SCHEME OF IJM CORPORATION BERHAD

as at 29 June 2018

OPTIONS OVER ORDINARY SHARES ("OPTIONS") UNDER EMPLOYEE SHARE OPTION SCHEME			
AWARD	NAME OF KEY SENIOR MANAGEMENT	*BALANCE PROVISIONAL NUMBER OF OPTIONS	NUMBER OF OPTIONS UNEXERCISED
First Award on 24.12.2012	Edward Chong Sin Kiat	–	333,400
	Joseph Tek Choon Yee	–	98,700
Second Award on 24.12.2013	Edward Chong Sin Kiat	–	325,300
	Joseph Tek Choon Yee	–	200,500
	Liew Hau Seng	–	108,600
	Wan Salwani Binti Wan Yusoff	–	126,800
	Cyrus Eruch Daruwalla	–	91,400
	Purushothaman A/L Kumaran	–	101,800
Third Award on 24.12.2014	Dato' Khor Kiem Teoh	–	45,000
	Edward Chong Sin Kiat	–	64,000
	Joseph Tek Choon Yee	–	143,600
	Liew Hau Seng	–	93,000
	Wan Salwani Binti Wan Yusoff	–	105,300
	Cyrus Eruch Daruwalla	–	127,600
Fourth Award on 24.12.2015	Edward Chong Sin Kiat	49,500	103,400
Fifth Award on 24.12.2016	Purushothaman A/L Kumaran	90,000	58,200

# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 JUNE 2018

### KEY SENIOR MANAGEMENT'S INTERESTS UNDER THE EMPLOYEE SHARE OPTION SCHEME OF IJM CORPORATION BERHAD (cont'd)

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OPTIONS OVER ORDINARY SHARES ("OPTIONS") UNDER EMPLOYEE SHARE OPTION SCHEME			
AWARD	NAME OF KEY SENIOR MANAGEMENT	*BALANCE PROVISIONAL NUMBER OF OPTIONS	NUMBER OF OPTIONS UNEXERCISED
Sixth Award on 30.03.2018	Dato' Khor Kiem Teoh	467,500	–
	Edward Chong Sin Kiat	467,500	–
	Joseph Tek Choon Yee	425,000	–
	Liew Hau Seng	467,500	–
	Wan Salwani Binti Wan Yusoff	275,000	–
	Cyrus Eruch Daruwalla	425,000	–
	Purushothaman A/L Kumaran	467,500	–

**Note:**

+ The vesting of the Options to the eligible Key Senior Management is subject to the fulfillment of the relevant vesting conditions as at the relevant vesting dates

### KEY SENIOR MANAGEMENT'S INTERESTS UNDER THE EMPLOYEE SHARE GRANT PLAN OF IJM CORPORATION BERHAD

as at 29 June 2018

AWARD	NAME OF KEY SENIOR MANAGEMENT	*BALANCE PROVISIONAL NUMBER OF SHARES UNDER EMPLOYEE SHARE GRANT PLAN	
		PSP**	RSP***
Fourth Award on 15.04.2016	Dato' Khor Kiem Teoh	58,200	23,300
	Edward Chong Sin Kiat	58,200	23,300
	Joseph Tek Choon Yee	58,200	23,300
	Liew Hau Seng	58,200	23,300
	Wan Salwani Binti Wan Yusoff	21,500	16,000
	Cyrus Eruch Daruwalla	58,200	23,300
	Purushothaman A/L Kumaran	58,200	23,300
Fifth Award on 15.04.2017	Dato' Khor Kiem Teoh	116,400	46,600
	Edward Chong Sin Kiat	116,400	46,600
	Joseph Tek Choon Yee	116,400	46,600
	Liew Hau Seng	116,400	46,600
	Wan Salwani Binti Wan Yusoff	43,000	32,000
	Cyrus Eruch Daruwalla	116,400	46,600
	Purushothaman A/L Kumaran	116,400	46,600

## KEY SENIOR MANAGEMENT'S INTERESTS UNDER THE EMPLOYEE SHARE GRANT PLAN OF IJM CORPORATION BERHAD (cont'd)

as at 29 June 2018

AWARD	NAME OF KEY SENIOR MANAGEMENT	*BALANCE PROVISIONAL NUMBER OF SHARES UNDER EMPLOYEE SHARE GRANT PLAN	
		PSP**	RSP***
Sixth Award on 15.04.2018	Dato' Khor Kiem Teoh	116,400	46,600
	Edward Chong Sin Kiat	116,400	46,600
	Joseph Tek Choon Yee	116,400	46,600
	Liew Hau Seng	116,400	46,600
	Wan Salwani Binti Wan Yusoff	43,000	32,000
	Cyrus Eruch Daruwalla	116,400	46,600
	Purushothaman A/L Kumaran	116,400	46,600

### Notes:-

PSP Performance Share Plan

RSP Retention Share Plan

\* The vesting of the shares to the eligible Key Senior Management is subject to the fulfillment of the relevant vesting conditions as at the relevant vesting dates

\*\* The quantum of shares to be vested may vary from 0% to 200% of the number of shares provisionally awarded

\*\*\* The quantum of shares to be vested may vary from 0% to 150% of the number of shares provisionally awarded

## KEY SENIOR MANAGEMENT'S SHAREHOLDINGS IN IJM PLANTATIONS BERHAD

as at 29 June 2018

NAME OF KEY SENIOR MANAGEMENT	NUMBER OF SHARES		PERCENTAGE OF ISSUED SHARES
	DIRECT	DEEMED	
Dato' Khor Kiem Teoh	–	–	–
Edward Chong Sin Kiat	–	–	–
Joseph Tek Choon Yee	–	–	–
Liew Hau Seng	–	–	–
Wan Salwani Binti Wan Yusoff	–	–	–
Wong Soon Fah	–	–	–
Cyrus Eruch Daruwalla	–	–	–
Purushothaman A/L Kumaran	877,500	–	0.100%

# ENHANCING STRATEGY AND PERFORMANCE





# Business Review & Reports

- 060** Chairman's Statement
- 062** Management Discussion & Analysis
- 100** Corporate Governance Overview Statement
- 111** Audit Committee Report
- 116** Statement on Risk Management and Internal Control

# CHAIRMAN'S STATEMENT

The Group consolidated revenue has surpassed RM6 billion for the second consecutive year. Since the formation of IJM 35 years ago, we have been working hard to deliver value to our shareholders. On behalf of the Board of Directors of IJM, I am pleased to present the Annual Report of the Group for the financial year ended 31 March 2018.

01

02

03

04 Business Review & Reports

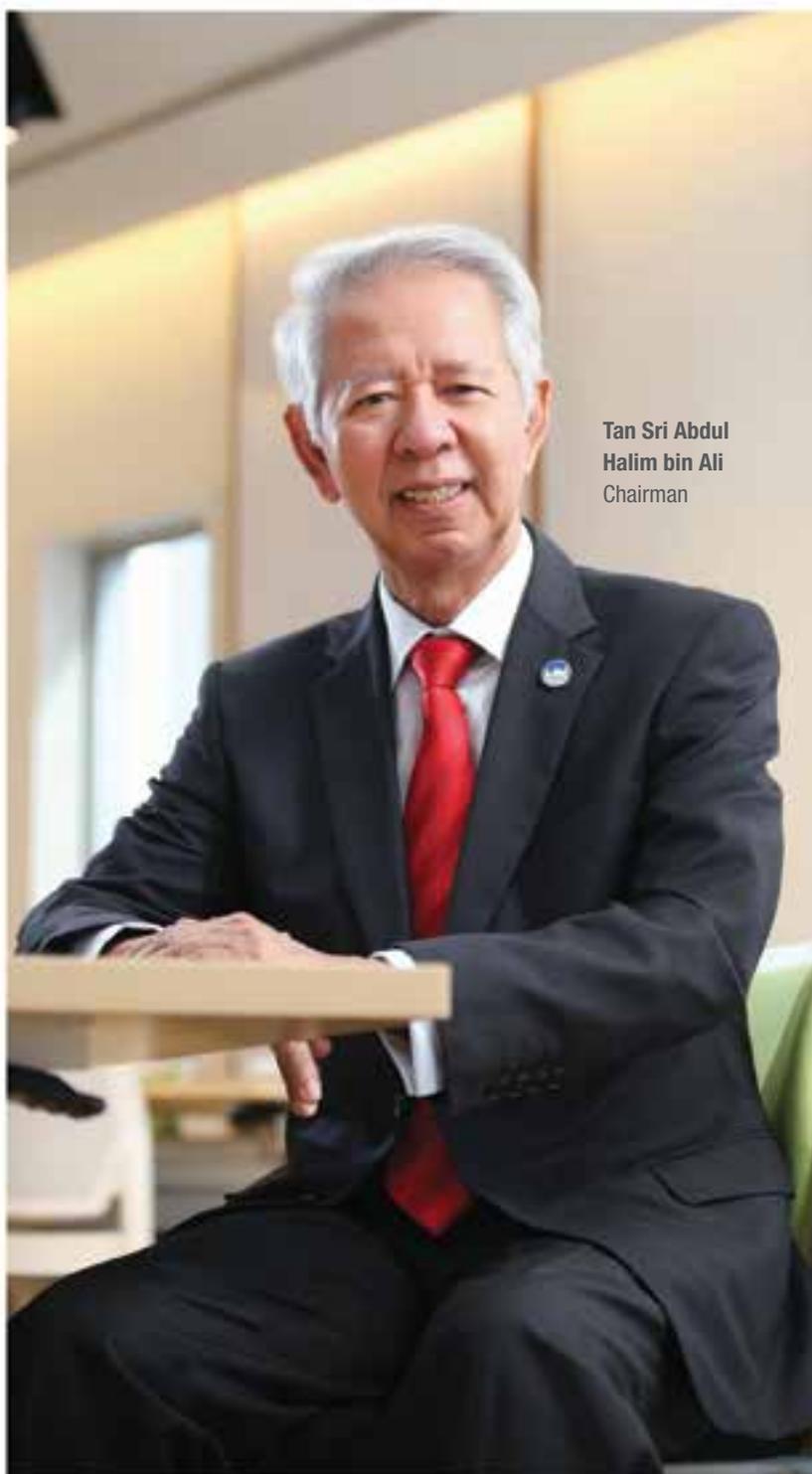
05

06

## OPERATING RESULTS

The Group posted revenue of RM6,026.95 million, representing a marginal decrease of 1% over RM6,065.34 million achieved in the preceding year, mainly due to lower revenues contributed by the Property, Industry and Plantation Divisions. The Group's pre-tax profit for the year stood at RM629.56 million, a decrease of 38% compared to the preceding year, mainly due to lower contributions from the Property, Industry and Plantation Divisions as well as higher share of losses from our associate company, Scomi Group Bhd. Additionally, there were non-recurrences of one-off gains that were recognised in the preceding year, namely the sale of a 32-acre land situated at the Light Waterfront Penang which yielded a gain of RM123.1 million and a further RM27.9 million gain arising from the disposal of property, plant and equipment that was contributed by an associate in the preceding year. The Group's pre-tax profit was further impacted by a net unrealised forex loss of RM3.7 million in the year as opposed to a net unrealised forex gain of RM30.1 million last year.

Further details of the Group's financial performance are contained in the Management Discussion and Analysis section within this Annual Report.



**Tan Sri Abdul  
Halim bin Ali**  
Chairman

## BUSINESS OUTLOOK AND OPERATIONAL STRATEGIES FOR FY2019

While the smooth transition of power in the ruling government following the 14th General Election initially provided comfort to investors and financial markets, subsequent announcements of policy reviews and reforms invariably inject uncertainty at a time when emerging markets are under pressure from fund outflows and a rising US dollar while global trade tensions are at elevated levels. At present, Bank Negara is forecasting the Malaysian economy to grow by 5.5% – 6% in 2018 as compared with 5.9% in 2017.

Since taking office, the new Malaysian Government has initiated a slew of reforms predicated on its election manifestos, some of which have direct bearing on the Group's businesses – the review, deferment or cancellation of a number of mega infrastructure projects as well as a proposal to abolish toll highways (which has since been deferred).

In the near term, the outlook for the Construction Division is supported by a near record RM9.41 billion in outstanding order book. The local property market is expected to remain challenging as the key issues of price affordability, the overhang of high-rise homes, rising cost of living and tight financing will continue to have a dampening effect. Nonetheless, the Property Division will continue to focus its efforts to grow its business in view of the strategic locations of its properties and the brand premium that it has established while intensifying the marketing and sale of completed unsold units. With unbilled sales of about RM2.0 billion, the Division is expected to maintain its performance in the coming financial year. Still faced with a challenging operating environment domestically and internationally, largely due to increased competition, the Group's Industry Division has intensified its efforts to grow its regional market. The Group's Plantation Division expects a challenging year ahead due to the volatility of the commodity prices, foreign exchange rates particularly that of the Indonesian Rupiah against the US Dollar and higher borrowing costs. Notwithstanding the recovery of crop production in the Malaysian operations and the higher crop production from the increased young mature areas in the Indonesian operations, 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 will continue to provide recurrent revenue streams as existing concessions mature.



Desa Talisai South Estate



Rimbun Vista 2-Storey Superlink Homes @ Seremban 2 Heights

For the coming years, the Group will continue to pursue its long term strategies of strengthening its regional footprint, growing its recurrent income base, pursuing its domestic business agenda, and continue reviewing its asset portfolio.

## CORPORATE GOVERNANCE & SUSTAINABILITY

IJM is focused on maintaining high standards of corporate governance, compliance, business conduct, safety and environmental management – all of which are vital to the Group's performance and business sustainability. It is our belief that good corporate governance supports the long-term value creation for all our stakeholders.

Our Corporate Governance Overview Statement can be found on pages 100 to 110.

IJM's commitment to sustainability is depicted in our Sustainability Statement on pages 124 to 177.

## ACKNOWLEDGEMENT

I am delighted to welcome our new Directors to the Board, Tunku Alina binti Raja Muhd Alias and Ms Tan Ting Min. Our new Directors are well respected individuals with an outstanding reputation for their expertise and integrity.

On behalf of the Board, I would like to thank the management and all employees of the Group for their dedication and contributions to the Group in the past year. I would also like to take this opportunity to thank the shareholders, associates, clients, bankers, subcontractors and suppliers for their support to the Group. The Group values and looks forward to this continued support as we undertake new challenges and opportunities ahead.

**Tan Sri Abdul Halim bin Ali**  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

As we celebrated IJM Group's 35th year in July, we look back at our journey with pride.

Having been with the Company for the past three decades, including my tenure with the Road Builders' Group prior to the merger with IJM in 2008, I have witnessed and was privileged to be involved in various aspects of the Group's development, including celebrating its many triumphs, as well as navigating the challenges during the economic downturns of 1997 and 2008.

As 2018 heralds our Company's 35th anniversary, I would like to take this opportunity to share my thoughts on what has made the IJM Group one of the leading conglomerates in Malaysia, and the steps we are taking to extend the legacy of this strong foundation we have built.

**Dato' Soam Heng Choon**  
CEO & Managing Director

Today, IJM is a leading Malaysian conglomerate with an international presence. Through good governance, quality delivery and a team of committed employees, we have helped shape the landscape of the nation with our thoughtful and meticulous construction, infrastructural and property development expertise. We are a key player in fulfilling Malaysia's national roadmap towards becoming a developed nation, as we strive to make a positive impact to the lives of our stakeholders. As we celebrate our 35th Anniversary, it is apt for us to reassess our strengths and capabilities so we can ensure that the health and vitality of our Company is up to facing all the challenges a globalised nation would bring:

- ❖ Thirty-five years ago, IJM started out as a homegrown contractor and developer that was committed to compete as equals with well-capitalised foreign players in the Malaysian construction

industry. We have since solidified our reputation as a leading Malaysian brand with core businesses in the construction, property, industry, plantation and infrastructure sectors. We made our mark starting from China in the East, to Australia in the Asia Pacific, India and the Middle East in Asia and as far as the UK, USA and Argentina in the West. More information on the milestones of our growth and accomplishments are contained in pages 2 to 5 of the Annual Report.

- ❖ As a testament to our professionalism, good governance, excellent track record, quality and safety standards, IJM has garnered countless notable awards and accolades over the years. For these recognitions, we are grateful and thankful to our people, customers, partners and stakeholders for their continued support.

- ❖ Our workforce, in traditional male-dominated industries, grew many folds to about 4,600 diverse talents as of FY2018. As we embrace gender diversity, women employees now make up about one third of our total work force – 38% of our executives and 31% of the non-executive workforce. Together with our employees whose achievements are the backbone of everything that IJM has accomplished to-date, we embrace the shared destiny belief and reward our employees with long term incentives as we share the risks and rewards of the Group together.
- ❖ With our commitment to board diversity, the Board has appointed two new women directors at the end of 2017. On behalf of the Board, I take this opportunity to welcome Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min to the IJM Board. With their vast professional experience and contribution to corporate Malaysia, I am confident they will help elevate the Group to greater heights.
- ❖ The Group recognised the importance of integrating sustainability and shared value creation into our business strategies and objectives for sustainable business growth, sustainable communities and enhanced brand value. We are committed to this endeavor with the establishment of a dedicated sustainability team to manage the risks and opportunities associated with our businesses and sustainability. Our efforts to this end are elaborated in the Sustainability Statement of the Annual Report.
- ❖ We recognised that innovating our businesses in today's digital age will give us a competitive edge, as well as enhance collaboration and communication internally and externally. As such, since 2015, IJM has embarked on the Blue Ocean Strategy covering innovation in areas of operations, existing and new markets, technology and innovation, branding and human capital.
- ❖ Since our listing on the Main Market of Bursa Malaysia in 1986, our market capitalisation was RM66 million which increased 147% to RM9.7 billion as at 31 March 2018 with a compounded annual growth rate of 17%, a decent feat after surviving many economic crises and the current market condition.
- ❖ From a macro financial perspective, the Group's Total Assets grew 124 times from RM172 million in 1986 to RM21,294.76 million as at FY2018, while Group PBT increased 52 times to RM629.56 million as at FY2018.

## GROUP PERFORMANCE SNAPSHOT FY2018

### Our performance:

- ❖ Robust outstanding construction order book of RM9.41 billion, the highest ever recorded by IJM.
- ❖ Attained the biggest domestic project awarded in Malaysia – Light Rail Transit 3 (“LRT3”) (RM1.1 billion).
- ❖ Secured the largest road Build-Operate-Transfer (“BOT”) concession in India to-date, the Solapur-Bijapur Road Project (RM1.5 billion).
- ❖ Forayed into real estate investment business, Menara Prudential, a 27-storey office building in Tun Razak Exchange (“TRX”), Kuala Lumpur.
- ❖ Total property sales achieved of RM1.66 billion, increased from FY2017's RM1.4 billion.

### Our financials:

- ❖ Group revenue dipped marginally to RM6,026.95 million (FY2017: RM6,065.34 million).
- ❖ Earnings before interest, tax, depreciation and amortisation (“EBITDA”) reduced 22% to RM1,135.26 million (FY2017: RM1,457.72 million).
- ❖ Group Profit Before Tax (“PBT”) was RM629.56 million, down 38% from FY2017's RM1,010.01 million which included non-recurring gains totaling RM151.0 million. Without the one-off items, Group PBT actually reduced by 27%.
- ❖ Consequently, normalised PBT margin was 10.5% (FY2017: 14.2%).
- ❖ Profit after tax and minority interests was RM349.81 million, down 47% (FY2017: RM653.77 million).
- ❖ Basic Earnings per Share (“EPS”) was 9.65 sen (FY2017: 18.16 sen) and Diluted EPS was 9.62 sen (FY2017: 17.94 sen).
- ❖ Net Assets per share marginally reduced to RM2.62 (FY2017: RM2.63).
- ❖ Return on total assets reduced by 149 basis points to 1.64%.
- ❖ Return on equity decreased to 3.69%, down 319 basis points over the previous year.

## BUSINESS ENVIRONMENT

The global economy rebounded strongly in 2017 driven by a pick-up in global trade as well as improvements in domestic demand and robust investments in advanced countries. This in turn, fostered favourable external demand for emerging markets, particularly for Asia. Global growth was also supported by low volatility in financial markets while benign inflation levels were seen in many countries. As a result, global growth in 2017 improved to 3.7% as compared to 3.2% in 2016.

Following the strengthening of global demand, Malaysia saw a notable improvement in its manufacturing exports. Commodity exports also turned around in 2017 supported largely by the recovery in major commodity prices. Domestic demand continued to anchor growth, driven by both strong private and public consumption. The supportive environment enabled the Malaysian economy to grow by 5.9% in 2017 as compared to 4.2% in the previous year. The pace of growth in the construction sector continued to moderate in 2017 to 6.7% as compared to 7.4% last year. Growth was mainly supported by higher activity in the civil engineering and non-residential sub-sectors while the residential sub-sector moderated, consistent with the ongoing challenges of affordability in the housing market.

## FINANCIAL PERFORMANCE

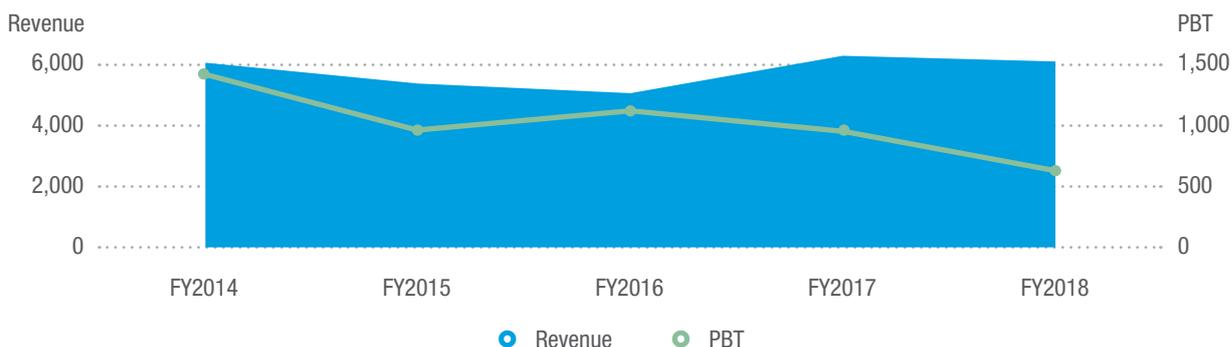
The Group reported a marginally lower consolidated revenue by 0.6% to RM6,026.95 million during FY2018 from RM6,065.34 million in the previous year. Lower revenue was contributed by Property, Industry and Plantation Divisions which altogether

reduced by RM278.73 million or 8% from the previous year as a result of lower property, piles and quarry sales and lower commodity prices. The reduced revenue was buffered by higher revenues recorded by the Construction and Infrastructure Divisions which increased by RM238.12 million or 9% supported by physical progress billings of major infrastructure projects as well as higher throughput from our port concession.

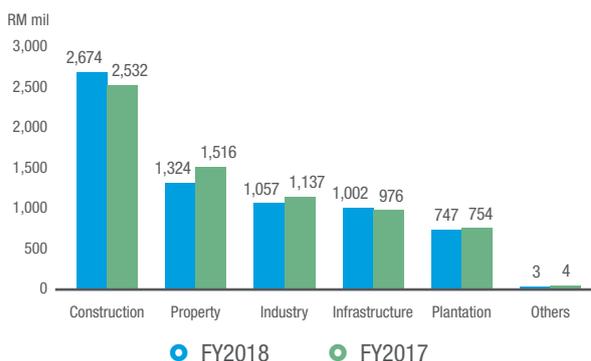
The Group's profit before tax ("PBT") during FY2018 decreased substantially to RM629.56 million, a reduction of 38% from RM1,010.01 million in the preceding year mainly due to non-recurring gains from our disposal of a 32-acre land at The Light Waterfront Penang (Phase 2) which yielded a gain of RM123.1 million and a further RM27.9 million gain arising from the disposal of property, plant and equipment by an associate in the prior year. Without the one-off items, the Group's core PBT in FY2017 would be RM859.01 million and therefore, the Group's PBT FY2018 actually reduced by 27% from the preceding year.

The lower Group earnings in FY2018 were mainly attributable to the Property, Industry and Plantation Divisions which altogether reduced by RM343.87 million or 56% from the previous year owing to lower sales, increased material and planting costs, and lower commodity prices. The current year results also incurred unrealised foreign exchange losses of RM3.7 million as opposed to unrealised foreign exchange gains of RM30.1 million in the prior year. The reduction from these divisional earnings was cushioned by higher profits earned from the Construction and Infrastructure Divisions by RM67.10 million or 24% from the previous year. More details of divisional performances are elaborated in the following pages.

### Group Performance (RM'million)



### Group Revenue by Division\* (RM'million)

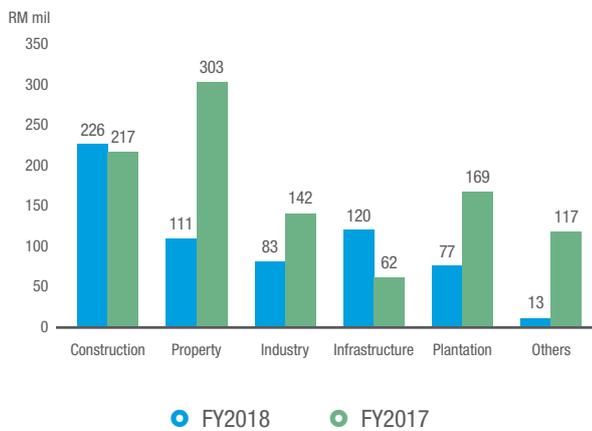


### Group Revenue by Division\* (Proportion %)

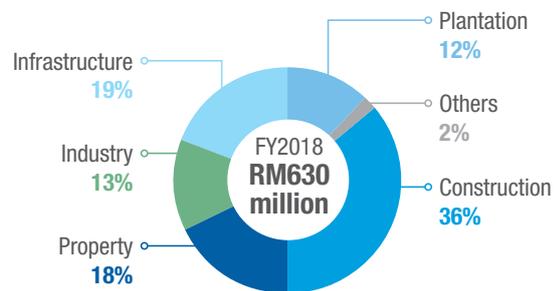


\* includes share of associate and joint venture's revenue

### Group PBT by Division\* (RM'million)



### Group PBT by Division\* (Proportion %)



## FINANCIAL POSITION

IJM Group's total assets increased by RM402.06 million or 2% to RM21,294.76 million in FY2018 mainly due to increased investment properties for its investment in the Menara Prudential project as well as higher property development expenditures incurred for the Malaysia-China Kuantan Industrial Park project in Pahang, Pantai Sentral Park project in Kuala Lumpur, Royal Mint Gardens development in London, UK and an integrated township project in Nagpur, India. The Group's total liabilities increased by RM453.42 million or 5% to RM10,529.44 million as at FY2018 mainly due to higher trade and other payables incurred as a result of increased construction activities during the financial year. Based on the above, the Group's net assets per share marginally reduced to RM2.62 as of FY2018 from RM2.63 a year ago.

The Group's net gearing increased to 46.86% as at FY2018 compared to 40.60% in the prior year mainly due to decreased bank balances and deposits which were used for dividend payments, acquisition and construction of Menara Prudential as well as repayment of borrowings.

Total capital commitments of the Group in FY2018 amounted to RM1,178.04 million, a marginal increase of 1% compared to the prior year. In terms of the composition of capital commitments, the bulk comprised of capital commitments for concession assets amounting to RM608.30 million (52%) was mainly in relation to the New Deep Water Terminal Project in Kuantan Port and the construction of Dewas Bypass Tollway in India. The balance capital commitments is for property, plant and equipment, land use rights and plantation amounting to RM433.51 million (37%).

In terms of the Group's debt activity, the Group utilises bonds, term loans, revolving credits and other borrowing facilities to fund its business activities. The Group's total borrowings as at FY2018 amounted to RM5,913.98 million, decreased by 2% from the prior financial year. Of the total borrowings, about 50% is due within 12 months. The Group has adequate fund-based facilities and bank balances and deposits to service its debt obligations as and when they become due and payable.

## DIVIDENDS

The Company is committed to the payment of annual dividends. The quantum of dividends is determined after taking into account, inter alia, the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements.

For the financial year ended 31 March 2018, the Company declared a single tier second interim dividend of 3 sen per share, paid on 20 July 2018. Combined with a single tier first interim dividend of 3 sen per share paid earlier on 28 December 2017, the total dividends declared for this financial year amounted to 6 sen per share.

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

## BOS JOURNEY

IJM's 5-year strategic blueprint, a result of our Blue Ocean Strategy ("BOS") co-creation process, was kicked off in Year 2016 with close to 100 initiatives formulated. To-date, there are 80 initiatives launched across all divisions in the areas of business growth, operational excellence, technology, innovation, sustainability, branding and human capital.

BLUE OCEAN STRATEGY INITIATIVES	
<b>CORPORATE</b>	<p>Focusing on areas of enhancing human capital management, branding, innovation, information technology and ESG (Environment, Social &amp; Governance)</p> <p>Corporate level has launched 22 initiatives to-date.</p>
<b>CONSTRUCTION</b>	<p>Focusing on operational excellence, sharpening competencies, process improvement through digitisation, adoption of latest construction technologies and continuous development in enhancing the application of Building Information Modelling (“BIM”) in major projects.</p> <p>Business growth in Asia focusing on India.</p> <p>The Division has launched 8 initiatives to-date.</p>
<b>PROPERTY</b>	<p>Focusing on affordable housing, development of investment property, innovation in sales and marketing and enhancing customer experience.</p> <p>The Division has launched 14 initiatives to-date.</p>
<b>INDUSTRY</b>	<p>Focusing on driving efficiency and business growth.</p> <p>Innovation projects launched to enhance customer relationship management and improve efficiency of batching system. Develop Industrialised Building System (“IBS”).</p> <p>The Division has launched 15 initiatives to-date.</p>
<b>PLANTATION</b>	<p>Focusing on land banking expansion, cattle farming, bio gas capturing and sales of seedlings.</p> <p>The Division has launched 5 initiatives to-date.</p>
<b>INFRASTRUCTURE</b>	<p>Toll: Focusing on improvement and expansion of expressways to enhance efficiency, non-toll revenue and marketing activities to promote expressways.</p> <p>The Division has launched 7 initiatives to-date.</p> <p>Port: Focusing on building strategic partnerships through establishment of sister ports in the region, expansion of facilities with the New Deep Water Terminal, enhancement of marketing and branding activities and process digitisation.</p> <p>The Division has launched 9 initiatives to-date.</p>

### Innovation and Digital Capability:

One of the strategic thrusts at the corporate level is ‘Innovation and Digital Capability’. We have launched a framework to nurture innovation culture, which included amongst others, building an online innovation application using gamification approach to encourage ideation and reward good ideas with redeemable reward points. A creative space, the IJM Innovation Lab was launched to facilitate brainstorming, testing of ideas and co-working among teams in bringing new ideas to life. Among the diverse topics covered were ‘workplace productivity and modernisation, customer experience, sales and marketing, process digitisation, sustainability, brand positioning and virtual reality & augmented reality’.

To enhance the Group’s digital capability, we are undertaking an initiative to strengthen the Group’s information technology backbone that paves way for digital transformation. PricewaterhouseCoopers has been appointed to manage the initiative which covers the key areas such as enterprise architecture, cyber security, governance, network and cloud infrastructure.

### Collaboration and Partnership:

To build innovation capabilities, we are engaging with Malaysia Digital Economy Corporation (“MDEC”) to tap into the innovations of start-up companies. Our Port Division took part in MDEC’s Value Innovation Programme to identify opportunities in the digital space and collaborate with start-up companies to pilot innovation projects. A number of our property development projects were also working with selected start-up companies to provide smart home solutions to our buyers.

As IJM has a significant footprint in the East Coast as the primary developer of the Malaysia-China Kuantan Industry Park (“MCKIP”) and the operator of Kuantan Port, we are collaborating with Technology University of Munich International through the East Coast Economic Region Development Council to drive Industry 4.0 in the port and MCKIP.



## AWARDS & RECOGNITION

As a recognised leader in the construction and property industries, IJM has received many recognition and awards for its performance as a company, exemplary corporate governance and reporting practices, valued branding, corporate social responsibility and a dynamic workplace culture. Our most recent accomplishments include The Edge Billion Ringgit Club Corporate Awards 2017 for Highest Growth in Profit After Tax (Construction), NACRA 2017 Industry Excellence Award for Construction & Infrastructure Project Companies and the ASEAN India Business Council (“AIBC”) ASEAN-India Achievement and Excellence Award 2017.

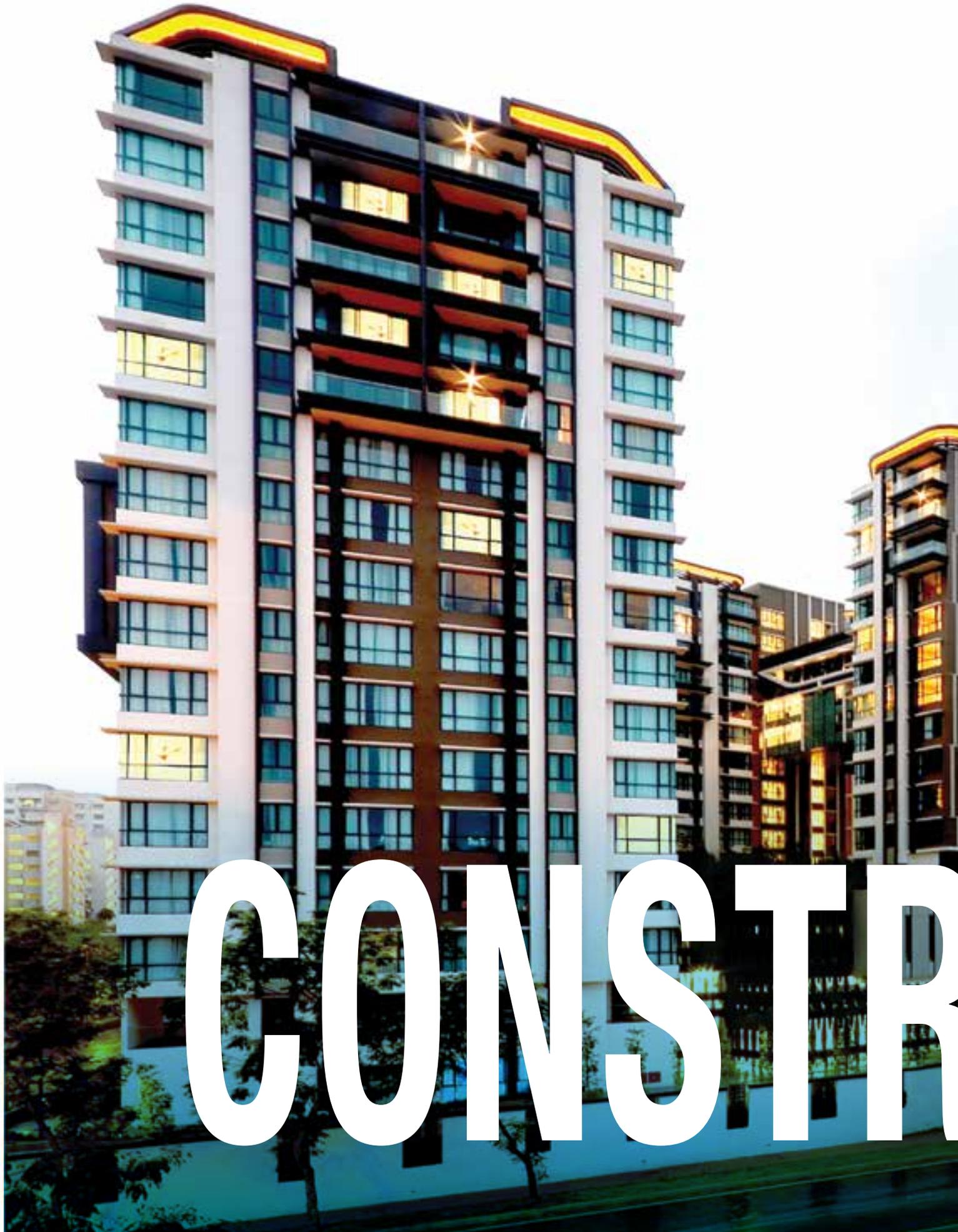
Our Construction Division’s excellence in quality and health, safety and environment further attained the Malaysia Canada Business Council (“MCBC”) 25th Anniversary Business Excellence Awards – Excellence Through Quality Award, Construction Industry Development Board (“CIDB”) Certificate of Achievement SCORE 5-Star Rating in 2018 and National Occupational Safety and Health Award (“OSH”) Construction Category for Puteri Cove Residences, Johor in 2017.

IJM Land, our esteemed property arm, performed notably well during the year by attaining the prestigious FIABCI World Prix D’Excellence Awards 2017 World Gold in Master Plan Category (Bandar Rimbayu) and the Putra Brand Awards 2017 - Bronze Award (Property Development). It also achieved the Top Developer awards in the StarProperty.my Awards 2018 – All-Star Award, The Poseidon Award (Excellence for The Light Waterfront, Penang) and The Edge Malaysia Property Excellence Awards 2017. CIDB awarded the Qlassic Excellence Award 2017 to the Property Division’s The Light Collection III, Seri Riana Residence, De’Bunga Residensi, Saujana Duta and the Fairway Golf Villas at Seban Cove, and Best Qlassic Achievement Award 2017 in the small (less than RM20 million) residential category for De’Bunga Residensi.

The awards received by the Group are testimonies of the collective effort, dedication and hard work put in by our people as well as the continuous support from our business associates and stakeholders.

## SUSTAINABILITY STATEMENT

In our commitment to sustainable development, value creation and business continuity, the Group continued to assess and monitor its material economic, environmental and social risks and opportunities in line with its sustainability framework and business strategies. With continued emphasis on focus areas of Marketplace, Environment, Community and Workplace in the Group’s sustainability agenda, we have made progress and are pleased to share our sustainability report and the challenges we faced in our second Sustainability Statement in this Annual Report.



# CONSTR

Backed by a solid reputation, IJM's Construction Division today is widely acknowledged as the builder of choice and an undisputed cornerstone of the Group. In a competitive construction industry, our ability to provide solutions with the best balance of cost, function, efficiency, delivery and highest standards of quality has built our name as an internationally reputable builder.



OUTSTANDING  
ORDER BOOK  
FY2018  
**RM9.41**  
billion

PROJECTS COMPLETED

**1,600km highways**  
**150km bridges and viaducts**  
**160km railways**

MALAYSIAN CONSTRUCTION  
INDUSTRY EXCELLENCE AWARDS

**Builder of the Year**  
**2015, 2002 & 2001**



REACH  
**Domestic**  
& **Global**



PROJECTS  
SECURED  
FY2018



**RM3.80**billion

ISO 9001: 2015

**Quality Management Systems**

OHSAS 18001: 2007 and MS 1722: 2011

**Occupational Health & Safety  
Management System**

ISO 14001: 2015

**Environmental Management Systems**

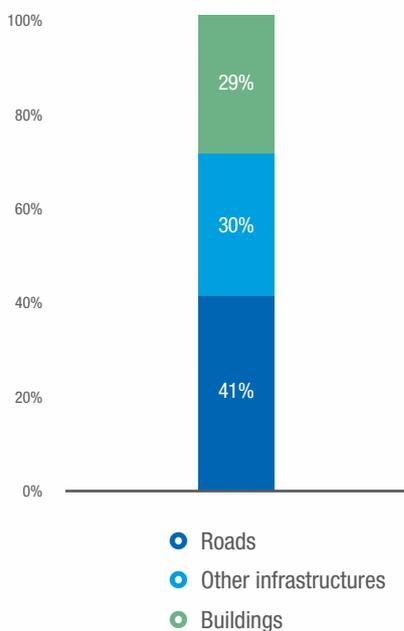
# CONSTRUCTION

## Construction Management Team:



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**RM9.41**  
billion  
Order Book

## ORDER BOOK ALL-TIME-HIGH-RECORD FY2018

Construction Division's outstanding order book surpassed RM9.41 billion, an ALL-TIME high. The outstanding order book comprised of road projects (41%), other infrastructure (30%) and buildings (29%).

The Division successfully bagged new projects locally and internationally worth a total of RM3.80 billion during the reporting period FY2018. The Division achieved a better order book replenishment than expected which is a testament of its strong capability to win new projects.

Newly secured local projects during the financial year included the LRT3 – Underground package from Bandar Utama in Petaling Jaya to Johon Setia in Klang (RM1,115.69 million), HSBC Office Building at TRX (RM409.96 million), UOB Tower 2 Office Building at Jalan Raja Laut (RM450.90 million), Damansara Uptown 8 Office Building at Damansara Jaya (RM378.23 million), Foundation work for Affin Group (RM29.87 million) and the Breakwater 2 Project at the New Deep Water Terminal Project, Kuantan Port through a joint venture with a China company with the Division's 60% share being RM150.19 million. Internationally, the Construction Division has successfully secured a new Four-Laning Tollway construction project in India named Solapur-Bijapur Tollway (RM1,260.00 million).

During the financial year under review, the Division performed better compared to the last financial year. It recorded a 6% higher revenue to RM2,674.39 million (FY2017: RM2,532.15 million). Profit before tax achieved a decent growth of 4% to RM226.01 million (FY2017: RM216.72 million). PBT margin averaged around 8.5%.



Oasis International School, Bandar Rimbayu

The increase in revenue and net profit for the financial year was principally attributed to higher progress billings from advanced stages of construction work for various on-going projects such as the West Coast Expressway road project, New Deep Water Terminal at Kuantan Port – Phase 1 project, Equatorial Plaza project and Almas Johor Bahru project. Further to that, the newly commenced projects such as the Bukit Bintang City Centre project, Menara Prudential project, HSBC Office Building project and Breakwater 2 project also started to contribute revenues and profits during the financial year.

On the international front, our associate, Hexacon Construction Pte Ltd in which IJM Construction Sdn Bhd has a 45.5% stake, performed well over the past one year. It generated a revenue of RM221.16 million and profit after tax of RM29.67 million for the Division's share during the financial year.

This year marked the Division's fourth consecutive year into the BOS journey. The Division has thus far launched defined initiatives under three strategic thrusts which encompass eight (8) initiatives, of which 85% of all initiatives were launched and implemented successfully. Business Information Modelling ("BIM") system as one of its major initiatives moved up a notch higher in the Division. BIM system has been undertaken by most of its current projects to enhance their performances including generating consistent information in digital files, creating collaboration amongst stakeholders and assisting in clash detection during construction stages.

During FY2018, the Division has successfully completed several projects. The locally completed projects included the Potpourri – Commercial Development project in Ara Damansara, Radia Phase 1 & 2 and Phase 3 & 4 – Mixed Development project in Bukit Jelutong. Besides that, the Division completed the Breakwater Project at the New Deep Water Terminal of Kuantan Port. In Central region, some new phases were completed in IJM's townships, Bandar Rimbayu and Seremban 2.

The Division has successfully upgraded to the Environmental Management Standard ISO 14001:2015 and retained its certification to the internationally recognised Occupational Safety & Health Management Standards known as OHSAS 18001 & MS 1722 after recertification in September 2017. The management system has been adopted in all of its project sites to ensure that best practices are applied and risks and opportunities are identified for improved health, safety and environment ("HSE") performances.

“The Construction sector registered a moderate growth of 6.7% in 2017 (2016: 7.4%). Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation and utility projects. The special trade sub-sector benefited from increased activity from projects in the early stages of construction, such as land clearing, piling and land reclamation work. Growth in residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sport complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.”

*Extracted from  
Bank Negara Report 2017*



Puteri Cove Residences

## Construction Support Services:



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## KEY FINANCIAL INDICATORS FY2018:

Revenue (RM'million)

# 2,674.39

FY2017 ❖ 2,532.15

PBT (RM'million)

# 226.01

FY2017 ❖ 216.72

PBT margin (%)

# 8.5%

FY2017 ❖ 8.6%

By having identified all potential risks associated with business activities, proper control measures were established and implemented to mitigate work hazards and any adverse impacts to the Division. The safety of our employees is of utmost priority in all project sites and their wellbeing is our key concern. Adequate amenities for our employees such as rest areas, prayer rooms and safe access to the sites are provided.

Besides that, various trainings on HSE related knowledge for enhancing competencies and capabilities were provided to our employees. The Division believes that continual improvement and adoption of the highest level of HSE standards are the foundation to deliver our projects in a timely and safe manner with excellent quality.

The Construction Division is committed to ensuring customer satisfaction by providing an exceptional level of professional service from beginning to the end and this is best reflected in the Division's outstanding performance in a variety of projects.

The Division is widely acknowledged as 'The Builder of Choice' for delivering projects timely whilst maintaining excellent quality, safety and environmental standards. Its Quality Management System is primarily driven by a set of well-defined comprehensive management system and a dedicated team steered by strong leadership from the top. 'Customer Focus' is one of its core values emphasising customer satisfaction which is used as a yardstick for measuring its success in delivering projects. All of its construction activities and processes have been identified, planned, controlled, monitored and subject to continuous improvement. Activities and processes which have quality implications are verified at each stage of production and the results are documented for analysis and benchmarking.

The Division keeps track of new developments in the construction industry whilst complying with regulatory requirements for an effective quality system. Strong leadership and high levels of commitment from top management provide a clear direction and drives the workforce to achieve the Division's objectives. Our human capital ensures quality results by inculcating a risk based thinking and customer focus mindset as well as swiftly responding to changes in the dynamic workplace.

Having achieved a remarkable order book replenishment record during the reporting period, the Division will now focus on project execution to ensure timely completion of all on-going projects and be prudent against many uncertainties in the challenging business environment. Going forward, the Division's performance is expected to remain satisfactory supported by the existing outstanding order book on hand for sustainable revenue and profit growth.

The sluggish property market is expected to slow down future launches of private projects in the near term. The Division expects the weak market sentiment for the property sector to continue into the coming financial year as well as limited public infrastructure projects taking off due to new Government reforms and the cancellation of several mega projects.

Given the emphasis of the new Government to promote transparent procurement processes, the Division stands in good stead given our proven execution track record and ability to provide value added return.

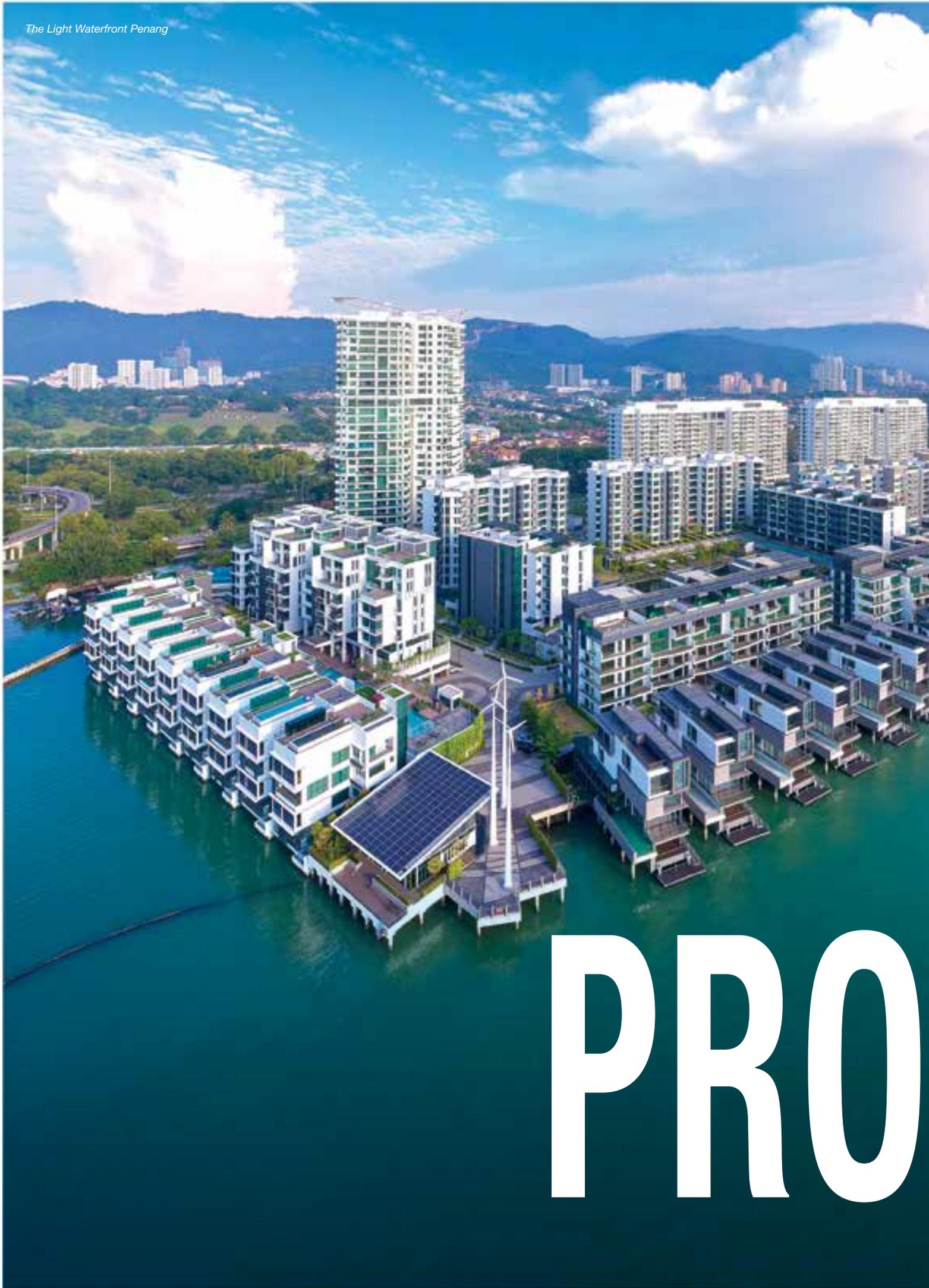
To preserve sustainable growth in its business, the Division will prioritise the tendering of projects in overseas markets such as India and Vietnam. In addition, the Division will align its strategy to ensure business continuity to preserve the interest of its stakeholders.



*Construction of Menara Prudential, TRX*



*Construction of the Dewas Bypass, India*



# PRO

IJM's Property Division is one of the largest property developers in Malaysia with a strong presence in key market centres throughout the country. A trusted developer with an impressive portfolio of projects, IJM Land Berhad also boasts one of the largest land banks in the country.

TOTAL SALES FY2018

**RM1.66**billion



FIABCI PRIX D'EXCELLENCE AWARDS 2017

**World Gold winner for Master Plan  
(Bandar Rimbayu)**



TOTAL UNBILLED SALES FY2018

**RM2.0**billion



GREEN BUILDING INDEX

- The Light
- The Address
- Bandar Rimbayu
- Kondominium Altitude 236



# PROPERTY

## Property Management Team:



Edward Chong Sin Kiat

Dato' Toh Chin Leong

Dato' Hoo Kim See

Chai Kian Soon

Roger Lee Wai Hin

Patrick Oye Kheng Hoon

Tan Khee Leng

Chai King Sing

Lim Hock Seng

Leong Fook Yew

Pee Poh Hun

Yeo Yee Khim

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## KEY FINANCIAL INDICATORS FY2018:

Revenue (RM'million)

# 1,323.50

FY2017 ❖ 1,516.23

PBT (RM'million)

# 110.56

FY2017 ❖ 303.28

PBT margin (%)

# 8.4%

FY2017 ❖ 20.0%

The property sector saw a marginal decline in both total volume and value of transactions last year compared to 2016. According to the Malaysian Property Market Report 2017, the volume of property transactions dropped by 2.7% in 2017 to 311,824 transactions from 320,425 transactions in the previous year whilst the total value of transactions declined by 3.8% in 2017 to RM139.8 billion from RM145.4 billion. While there were more new property launches in Malaysia with 77,570 units in 2017 as compared to 52,713 units in 2016 and slightly better sales performance of 32.6% as compared to 31.4% in 2016, it is the affordable houses segment that is currently in demand.

The business environment in the property sector continued to be challenging due to the soft market sentiment and stringent bank lending policies, amongst other factors. These have affected Property Division's financial position and performance during the period under review.

For the financial year ended 31 March 2018, the Division's revenue dropped 13% to RM1,323.50 million from RM1,516.23 million previously. After removing the impact from a disposal of 32.76 acres of commercial land in Penang in the preceding year amounting to RM201.40 million; year-on-year revenue increased marginally by 1%. Pre-tax profit ("PBT") for the current year declined by 64% to RM110.56 million mainly due to the profit from the disposal of a commercial land in Penang of RM123.95 million in the previous year, as well as lower margins earned from the on-going mix of projects, and higher selling and distribution expenses incurred due to the soft property market. Consequently, PBT margin dropped to 8.4% from 20.0% in the prior year. However, excluding the profit from land sale, PBT actually reduced by 38% during FY2018.

During the financial year, the Division continuously monitored and strategised its property launches in order to achieve the best match of its products to meet customers' needs and affordability levels in various locations whilst balancing profit and prudence to create higher value for its stakeholders. The Division had also ramped up sales and marketing initiatives, rolling out innovative marketing strategies and financial schemes for all its projects. In addition, the Division intensified its efforts to reduce unsold inventories of previously-launched projects through active sales promotions and campaigns. As a result, the Division recorded sales of RM1.66 billion for the current year, an increase of 19% from FY2017.

In responding to the increasing demand for affordable housing in the country, the Division had launched strategically located products catered to the mass market, particularly mid-range landed properties and condominiums in the Klang Valley, Seremban and Johor. The Division saw good traction across the board for all of its mid-range projects such as Livia Double-Storey Link Homes in Bandar Rimbayu, Rimbun Harmoni Double-Storey Link Homes and Rimbun Ara Double-Storey Link Homes in Seremban 2 Heights, Riana South Condominiums in Cheras, Savio at Riana Dutamas in Segambut and Austin Duta Double-Storey Terrace Homes in Johor. Simultaneously, in considering the current challenges of home ownership for the mid-range products, several innovative financing schemes have been rolled out over the past year, including the launch of i.d.e.a.l. solutions, Oh Money Grow!, Set Jimat Rumah Dapat! and numerous other easy home ownership schemes which help lessen the burden of buying a home with low down payment and an affordable installment plan coupled with deferred billing and a host of other benefits.

Existing township developments remain the core key revenue drivers and the Division remains cautiously optimistic on its outlook with the launches of some projects planned for this year on the strength of location, good connectivity and accessibility, the presence of amenities as well as attractive pricing. Several residential projects of a variety of affordability levels are gearing up for launch this year include The Mezzo, the first residential project at The Light City in Penang, 3 Residence Condominium in Bandar Sri Pinang in Penang, Swans 2-Storey Link Homes in Bandar Rimbayu, Suria Pantai Apartments at Pantai Sentral Park in Kuala Lumpur, Alam Suria Enclave 2-storey Terrace Homes in Shah Alam 2, Safira Apartments in Seremban 2 and affordable apartment units within Pantai Sentral Park, Bandar Rimbayu and Seremban 2 townships to cater to the growing demand. Notwithstanding the varied affordability levels of these residential properties, the focus of the Division remains in elevating customer experience and delivering quality throughout its projects. This affirms the Division's commitment to its stakeholders and reflects its vision for a better future while aligning the Division's goal to support positive development in the communities where it does business.



*The residents-only club house at Sherwood, Granview*



*The Fairway Golf Villas, Seban Cove, Johor*

During the financial year, the Division ventured into a new real estate business with the acquisition of land and construction of Menara Prudential, a 27-storey office building in TRX, Kuala Lumpur. Menara Prudential is a Grade A, LEED Gold certified and MSC Status office building constructed over a land area of 1.18 acres with a total gross floor area of about 560,000 square feet. Leading insurer, Prudential Assurance Malaysia Berhad is expected to relocate its Malaysian headquarters to Menara Prudential in the first quarter of 2019. The building will consolidate all of Prudential's assurance and asset management businesses under one roof. This new business is expected to provide recurring income streams to the Group for the next few years.

FY2018 was a particularly eventful year which saw the Property Division winning several awards and accolades, including the prestigious FIABCI Prix d'Excellence Awards. The Division's Bandar Rimbau township emerged World Gold winner for the Master Plan category at the FIABCI Prix d'Excellence Awards 2017. The Division was also ranked among the Top 10 property developers in Malaysia at both The Edge Malaysia Property Excellence Awards as well as the Property Insight Malaysia's Prestigious Developers Awards. At the Starproperty.my Awards 2018, the Division was awarded the All-Star Award of Top Ranked Developer of the Year. The Excellence Winner for the Poseidon Award (Best Waterfront Development) was accorded to The Light Waterfront Penang. The Division was also voted as one of Malaysia's most well-loved brands in the 'Property Development' category of the Putra Brand Awards 2017, also known as the people's choice awards. These awards add to the Division's track record of achievements and recognition for quality excellence in all its developments.

The Division continues to place the highest commitment and priority on sustaining its culture of quality excellence in all its developments. During the year, the Division attained a QLASSIC score of over 80% for The Light Collection III, Seri Riana Residence, De'Bunga Residensi, Saujana Duta and the Fairway Golf Villas at Seban Cove. Meanwhile, its exquisite garden homes, De'Bunga Residensi, was also awarded the highest accolade achievable for quality in the form of Best QLASSIC Achievement Awards 2017 for residential (small less than RM20 million) category. The Division is certified with the ISO 9001:2015 version.

As a conscientious developer, the Division is mindful of the impact that its projects have on the environment. The Division has maintained an unwavering support to the protection of the environment and mitigating the impacts of its operations on surrounding areas and is committed to comply with regulatory guidelines on environment preservation set by the local authorities.

In the area of customer experience, the Division embarked on customer-centric initiatives through the establishment of a dedicated Customer Experience unit, driving continuous improvement of customer experience and the launch of 'IJM Land VIP Principles' across all touch points in all projects from the Sales Galleries, Sales Administration to Property Management and Maintenance. The Division also engaged an independent agency to conduct 'mystery customer' visits and online surveys. The visits and surveys conducted by the Division aided in the identification of areas for improvement and commendation. The resulting audits are one of the main drivers for refinement and enhancement in all of its touch points. Equally as important, the Division's internal

customers – its personnel – are being continuously groomed and developed as the Division believes satisfied employees will result in satisfied customers.

On the international front, the Division will concentrate on the construction and completion of Phase 1 of the Royal Mint Gardens development in London, United Kingdom.

In India, the development of the Division's second phase of Raintree Park Dwaraka Krishna Township in Vijayawada, is currently in the advanced stage of construction with scheduled delivery by April 2019. The state government of Andhra Pradesh is trying its best to build the new capital city, but it will be a while before it can start functioning from this permanent seat of power in the new state. The proposed greenfield capital city has generated unprecedented interest in the surrounding areas and the two urban centres of Vijayawada and Guntur are the biggest gainers of this immense interest. Many private companies have expressed interest in setting up facilities in and around Amaravathi and this momentum is expected to escalate.

The Division's First City Project is a world-class integrated township being developed in Multi-modal International Cargo Hub and Airport, Nagpur ("MIHAN") across a vast area of 31 and 11.644 acre parcels. MIHAN is the biggest economical development project currently in India in terms of investments. The project aims to exploit the central location of Nagpur and convert the present airport into a major cargo hub with integrated road and rail connectivity. The integrated township will have modern facilities such as a club house, shopping complex and school. The first phase of the project which consists of 3 buildings comprising 568 units and a club house, is planned for completion by December 2020. On 1 May 2017, the Government of India enforced the Real Estate (Regulation and Development) Act, 2016 nationwide to safeguard consumers' interests.



*Raintree Park Dwaraka Krishna Township, Vijayawada, India*

With the Government of India clear in its agenda for further economic liberalisation, it is expected that India will be further integrated with the world economy. This will likely translate into more businesses shifting their back office operations to India and an increase in outsourcing activities. With the real estate scenario reaching a saturation point in big cities, the new setup of knowledge based industries will be established in Tier II and Tier III cities like Nagpur, leading to an increase in demand for residential units.

For the forthcoming FY2019, the Property Division, backed by total unbilled sales of RM2.0 billion, remains optimistic about the opportunities ahead, however the Malaysian property market is expected to remain challenging. The Division will continue to be vigilant to the changes in customers' needs and versatile in its strategies to launch products that match the market's demand and redirect its resources to improve operational efficiency.



*Sanctuary Ridge, Bukit Mertajam, Penang*

The growth of IJM's Industry Division is a direct result of the Group's success in the construction industry. From providing in-house support for IJM projects, the Division has upscaled its operations to focus on demand from outside the Group and around the world. Today, we are a key supplier to the construction industry for essential materials.

EXPORTED TO

**15 countries**



TOTAL QUARRY SALES  
VOLUME SINCE 1996

**100 million mt**



TOTAL WEIGHT OF PILES  
MANUFACTURED SINCE 1977

**28 million mt**

TOTAL VOLUME OF READY MIXED  
CONCRETE PRODUCED SINCE 1998

**6.8 million m<sup>3</sup>**



# INDU



# STRY

## Industry Management Team:



Dato' Khor Kiem Teoh

Tan Boon Leng

Lee Chee Heong

Faizal Amir B Mohd Zain

Tan Khuan Beng

Choy Teik San

Chan Kok Keong

Yap Swee Kee

Leong Siew Wah

Lee Hong Chai

Lau Liang See

Low Hong Imm

## KEY FINANCIAL INDICATORS FY2018:

Revenue (RM'million)

**1,057.10**

FY2017 ❖ 1,136.61

PBT (RM'million)

**82.48**

FY2017 ❖ 142.42

PBT margin (%)

**7.8%**

FY2017 ❖ 12.5%

During FY2018, Industry Division's revenue decreased by 7% to RM1,057.10 million while PBT decreased by 42% to RM82.48 million. PBT margin consequently dropped to 7.8% (FY2017: 12.5%). Its two main activities, pre-stressed spun concrete piles and quarrying suffered margin compressions mainly due to lower selling prices and higher operating costs. Consequently, revenue decreased by 8% and 18% respectively while PBT dropped by 42% and 31% respectively.

The first half of FY2018 saw sales volume remained strong as the momentum from FY2017 continued. Major projects contributing to sales were the West Coast Expressway, Road & Bridge Works to Pengerang in Johor, Forest City Development at Tg Kupang in Johor, Ikano Shopping Mall at Johor Bahru, Alliance Factory in MCKIP, Kuantan in Pahang, New EPF HQ at Kwasa Land, Sg Buloh in Selangor, LRT3 Depot at Klang in Selangor and Affordable Housing Programme under PRIMA and PPA1M.

Sales volume for the second half of FY2018 were mainly contributed by projects such as Queen Residence (Phase 2) at Jalan Cassia in Penang, West Coast Expressway, Pengerang Independent Deep-Water Terminal, Pengerang in Johor, Jambatan Bagan Datuk in Perak, Universiti Pendidikan Sultan Idris, Teluk Intan in Perak, Hospital Parit Buntar in Perak, Pegaga Jetty Upgrade at Lumut Port Industrial Park in Perak, Mukah Airport Extension Project in Sarawak and Pan Borneo Highway Project.

Export market for FY2018 achieved a record high volume of 248,589 tonnes. This was mainly contributed by Temburong Bridge Project in Brunei, Mega Shipyard (Phase 3), Tuas in Singapore, Fertiliser Plant at Sg Liang Industrial Park in Brunei, Pulp & Paper Mill, Riao in Indonesia, Jetties and Tank Farms in Myanmar and HDB Projects in Singapore.

Looking forward, in the domestic market, the Division is targeting the following projects for FY2019: Hospital Kemaman in Terengganu, LRT3 Project, IKEA Warehouse Project at Pulau Indah in Selangor, Hospital Tanjung Karang in Selangor, Bridge Crossing Sg Pulau and Link Road from Tg Pelepas to Tg Bin in Johor, Hospital Pasir Gudang in Johor, Ultropolis Development at Batu Kawan in Penang, Commercial/Convention Center at Gelugor in Penang and Industrial Plants at MCKIP, Kuantan in Pahang.

In order to boost revenue, the Division continued its expansion programme with the construction of a new plant in Kuantan, Pahang. This plant is expected to benefit from the on-coming industrial plants at MCKIP in Kuantan, Pahang. The existing Kuala Terengganu Plant is being upgraded to increase its production capacity for the coming projects.

In addressing margin compressions, the Division is investing into more automation at various factories to reduce escalating labour costs and material wastages. At the same time, it is expected that efficiency will increase, thus reducing production time.

On the overseas front, the company is looking forward to continue the momentum gained in FY2018 through marketing efforts made in Singapore, Myanmar, Indonesia, Brunei and Bangladesh.

Operational wise, production costs were adversely affected by the weak MYR/USD currency and rising prices of steel materials. The impact from these two items was approximately RM30 million. For the coming financial year, overall costs are expected to come down due to the strength of MYR vs USD and stable prices of raw materials. The Division will continue its cost down initiatives to reduce costs further.

In the area of Research & Development (“R&D”), its laboratory achieved significant results during the year, amongst which were application of limestone aggregate in grade 80 concrete for overseas project, new concrete mix developed by applying cementitious material as cement replacement towards carbon footprint initiatives and improvement on pile production efficiency through optimised processes including automation.

A new scope of testing accredited by the Department of Standard Malaysia was humus content test for fine aggregate. This additional test service was able to increase the lab’s technical capability and cost savings to the Division. The R&D staff also shares knowledge with the quality control staff at ICP factories through training

and lab demonstration of concrete coring and preparation of test samples in compliance with standards to improve their technical knowledge when dealing with their customers.

Health, Safety and Environment (“HSE”) initiatives continue to be the core focus point of management. The Division’s main emphasis was to ensure a safe and conducive working environment at all factories and quarries.

To achieve this, training and awareness campaigns were conducted throughout the year to create awareness and improve competency among staff. The theme for FY2018 was ‘HSE, Trouble Free’. In fulfilling the Group’s commitment to preserve the environment through reduction in carbon footprint, three more solar roof top plants were installed and commissioned in the Senai, Ulu Choh and Lumut factories respectively. In the coming year, the Division will continue to focus on reducing pollution at its factories and quarries, concentrating in areas related to air, water, soil and noise.

ICP Jiangmen’s (“ICPJM”) results improved significantly during FY2018 by recording a lower loss before tax of RM1.68 million (FY2017: Loss of RM3.75 million). Revenue increased by 30% compared to the last financial year due to higher deliveries as some projects resumed after delays. The main deliveries were made to SINOPEC-Kuwait JV Refinery Terminals Phase 1 and Phase 2, Zhanjiang Port Bulk Terminal and SINOTRANS Bulk Terminal in Jiangmen. The outlook for ICPJM is positive as more projects are expected to come on-stream and ICPJM is confident of securing some of them. ICPJM secured a supply contract to a port project in Tanzania, Africa for FY2019.



Sandisk Factory, Penang

## MANAGEMENT DISCUSSION AND ANALYSIS

Durabon Sdn. Bhd (“DSB”) achieved a revenue of RM121 million, an increase of 8% from FY2017. However, PBT remained almost the same of RM4.06 million as profit margin was affected by higher costs of imported raw materials arising from increased prices and weak MYR/USD currency. Both local and export sales will remain challenging with the influx of cheap finished products from China. DSB will continue its cost-cutting initiatives to enhance its competitiveness.

Revenue in the quarry sector fell 18% to RM150.63 million on lower sales volume which deteriorated 8% from last year. The drop was mainly attributed to the slowdown in property development activities, morbid Singapore market and reduction in deliveries to the Kuantan Breakwater Project which was nearing completion. As such, its quarries in Ulu Choh, Kulai, Gebeng and Pancing registered decline in sales. In tandem with the drop-in revenue and margin squeeze from lower selling prices which fell by a further 5%-10% from last year, PBT shrank 31% to RM16.18 million.

In its efforts to improve sales, the Division embarked on increasing production in various quarries and sand mining by implementing new initiatives. The new quarry in Segari, Perak has commenced operations in March 2018. By having a coastal quarry, its business will no longer be limited by land transportation and its products (amour rock and crushed rock) will be able to reach customers further away by sea. This will enable the Division to build strategic partnerships with overseas markets such as Singapore, Myanmar and Bangladesh.

Meanwhile, the strategy for the long term is to operate two additional quarries at strategic locations in Malaysia and one in India and a second sand pit in a key location.

Production and supply of ready mixed concrete under Strong Mixed Concrete Sdn Bhd improved by 7% attributed to full year operations of both Nusajaya and Bukit Raja plants as well as the commencement of Segambut plant which was set up to supply to the MRT Package V203 project. However, the increase was offset by lower off-takes from Kuantan Port as the breakwater and wharf projects were nearing completion. Overall, revenue dropped by 10% to RM81.5 million due to the decline in selling prices and intense pricing competition. The higher capital expenditure incurred for the three (3) new plants had resulted in higher depreciation charges and financing costs. The company was also hit by unrealised foreign exchange losses of RM0.1 million on USD loans to its overseas subsidiary in Pakistan. Consequently, with margins under pressure, a loss of RM2.8 million was incurred in FY2018.

In India, the performance of the ready-mix sector of IJMCPPPL has improved after the demonetisation of the Indian currency but volumes were still down when compared to the previous year. Volumes in Bangalore region were down, particularly Whitefield plant on pollution control and local issues. It registered a 10% decrease in revenue to RM71.68 million but pre-tax profit rose 115% to RM2.43 million, aided by the reversal of allowance for bad debts amounting to RM1.6 million. In order to increase revenue in the next financial year, the company is looking at growing cities like Mumbai, Hyderabad and Bangalore to set up plants with smaller



Kuantan Quarry



*Sand Mining, Bestari Jaya, Selangor*

capacities and optimum route haulage. Its quarry business did not perform well and suffered a higher pre-tax loss of RM2.07 million (FY2017: Loss of RM1.3 million) mainly from its Jhansi and Magadi operations. Both quarries have since ceased operations.

The Division's ready-mix plant in Islamabad, Pakistan recorded a 26% increase in revenue in its second year of operation. However, its pre-tax profit fell to RM0.05 million from RM0.69 million a year ago on lower selling prices and foreign exchange losses of RM0.18 million on an USD loan. Despite the drop in PBT, the company is confident of its future prospects and is currently identifying another location to invest in a second plant.

When the CIDB Act 520 (Amendment 2011) came into force on 1 December 2015, rental of scaffoldings fell and the drop increased in the current year as the twenty-four-months grace period ended on 1 December 2017. Revenue in Scaffold Master Sdn Bhd dropped by 32% to RM10.58 million due to strict adherence to the Act where all conventional frame scaffoldings and accessories with thickness below 2.3 mm were banned and the use of new approved frames with PPS and heavy duty (shoring system) scaffoldings were slow. Coupled with lower rental rates and higher depreciation, PBT deteriorated 29% to RM4.09 million. The company is confident that the use of conforming and heavy-duty scaffoldings will pick up in the coming financial year.

Kemena Industries Sdn Bhd, a 55% subsidiary in Bintulu, Sarawak is engaged in the production and sales of ready-mixed concrete and precast reinforced concrete products. Its revenue decreased by 1% to RM12.37 million and PBT rose 237% to RM1.34 million, backed by extraordinary income of RM1.58 million. Business is expected to be challenging with more intense competition from existing and new players and the continuation of a subdued



*Readymix Plant, Jalan Chan Sow Lin, Kuala Lumpur*

property market. Nevertheless, the company foresees that more infrastructure works by the local authority can mitigate the market scenario and the company aims to serve these projects.

Malaysia's economic outlook is expected to remain strong despite the post-14th general election environment given its resilient and robust financial system. With higher oil prices and a stronger ringgit, the Division believes the new Government will continue the pump priming activities especially in the construction sector to keep the economy going. This will sustain demand for the Division's products. In addition, the Division will be more vigorous in carrying out its cost optimisation programmes in order to improve the bottom line.

IJM first ventured into plantations in 1985. Today, the Plantation Division is a key contributor to the Group. Originally based in Sandakan, Sabah, the Division has also expanded its operations into Indonesia. Our proven expertise in productivity and innovation, plus a strong focus on our people, have helped us achieve commendable results time and time again.

TOTAL PLANTED AREAS  
**60,981 hectares**

41% Malaysia  
59% Indonesia



FFB YIELD  
**20.8 mt** per hectare (Malaysia)  
**15.0 mt** per hectare (Indonesia)



PALM OIL MILLS  
PROCESSING CAPACITY

**6** operating mills  
**300 mt** of FFB per hour



TOTAL FFB PRODUCTION  
**932,950 mt**

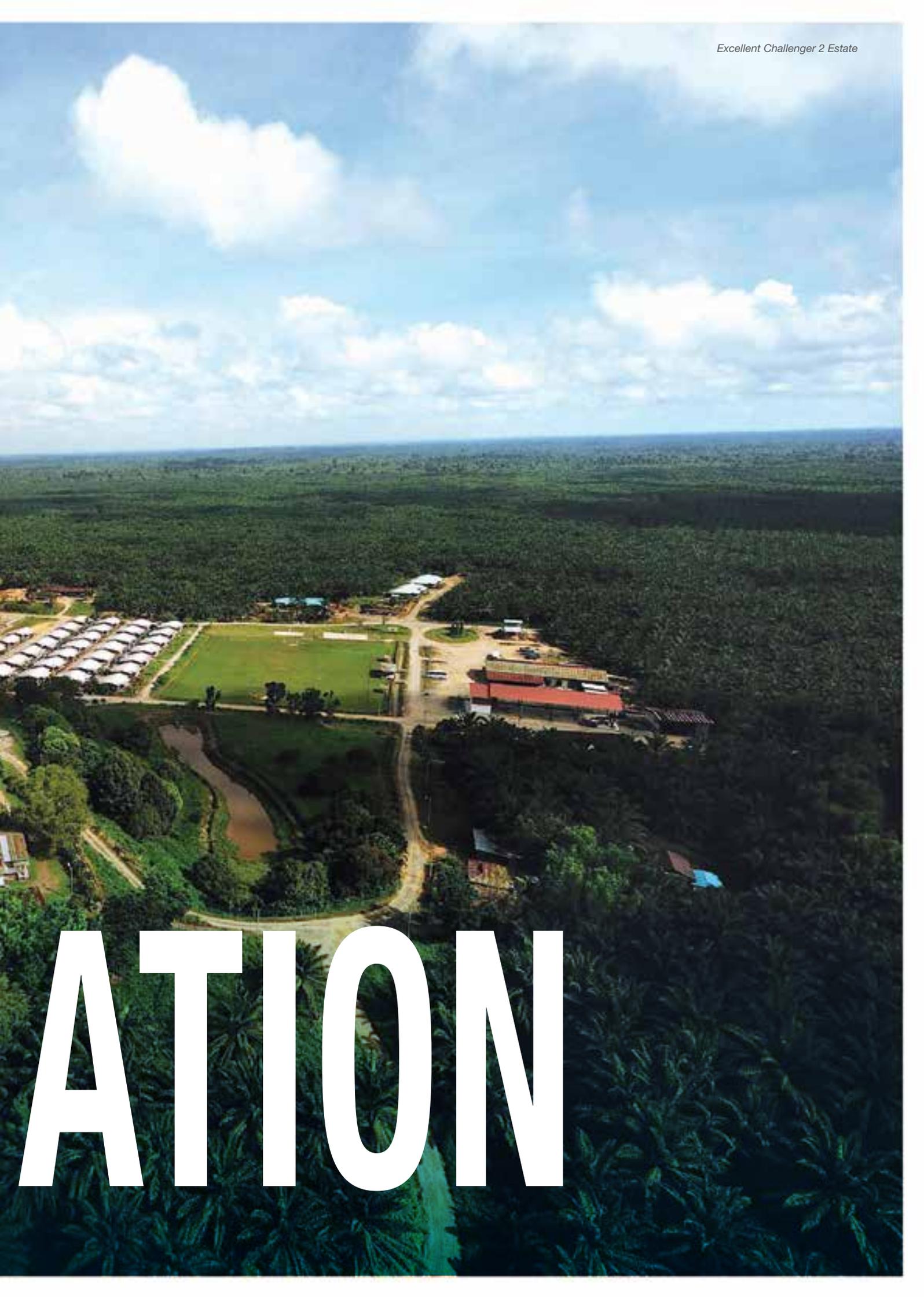


RESEARCH CENTRE  
Sabah, Malaysia



CERTIFICATION  
**MSPO**  
**ISCC-EU**  
**ISPO**

# PLANT



# ATION

## Plantation Management Team:



Joseph Tek Choon Yee

Puru Kumaran

Sandra Segran A/L  
Kenganathan

Lee Hock Leang

## KEY FINANCIAL INDICATORS FY2018:

Revenue (RM'million)

**747.22**

FY2017 ❖ 753.71

PBT (RM'million)

**77.30**

FY2017 ❖ 168.51

PBT margin (%)

**10.4%**

FY2017 ❖ 22.4%

Plantation Division is principally engaged in the cultivation of oil palms, processing of fresh fruit bunches ("FFB") into crude palm oil ("CPO") and processing of palm kernel ("PK") into crude palm kernel oil and expellers. The journey of the Division dates back to 1985 when it first ventured into a mere 4,000 hectares of Desa Talisai estates in Sabah, Malaysia. As it stands today, the Division's cultivated area exceeds 60,000 hectares. On top of that, the Division had successfully established its footprint by expanding its operation into Indonesia. The Division was listed on the main board of Bursa Malaysia in 2003.

During the year under review, the existing six (6) palm oil mills continued to run at a capacity of 300 metric tonne ("mt") of FFB per hour. In its Malaysian operations, four (4) palm oil mills ran at a capacity of 180 mt of FFB per hour. Whereas, the existing two (2) mills in its Indonesian operations operated at a capacity of 120 mt of FFB per hour. The third mill in Indonesia with a capacity of 60 mt of FFB per hour is under construction and expected to be commissioned in 2019.

During the financial year, the industry operated in a challenging environment and was exposed to various external factors. The import duty hike in India, increased global inventories of competing vegetable oils and announcement of a plan to reduce the use of palm based biodiesel and proposed new certification standards by the European Union ("EU") added mounting pressures on CPO prices.

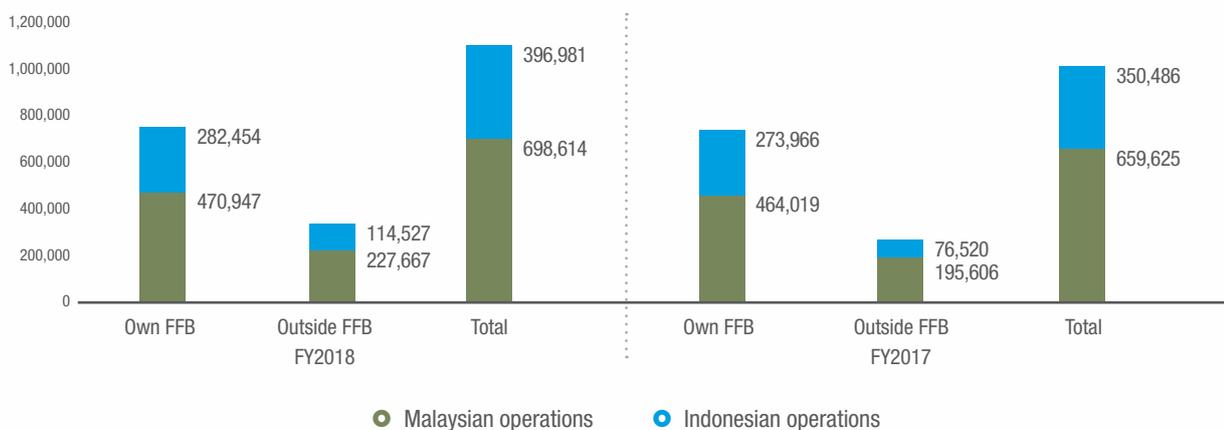
Although the industry is witnessing a recovery in fresh fruit bunches ("FFB") production as the El Nino effects faded, the recovery recorded by the Division is slower than anticipated and its FFB production from older palms in both Malaysian and Indonesian operations continued to be affected by the previous prolonged dry weather. Notwithstanding the above challenges, volatility and crop recovery, the Division successfully delivered another year of positive crop performance with 8% increase in the overall FFB production to 932,950 mt (FY2017: 862,435 mt).

Details of the Division's oil palm age profile are as follows:

		MALAYSIAN OPERATIONS		INDONESIAN OPERATIONS		DIVISION TOTAL	
		HECTARES	%	HECTARES	%	HECTARES	%
Mature	(> 20 years)	1,772	7%	–	0%	1,772	3%
Mature - Prime	(8 - 20 years)	17,776	71%	5,505	15%	23,281	38%
Mature - Young	(4 - 7 years)	3,046	12%	25,213	70%	28,259	46%
Immature	(1 - 3 years)	2,556	10%	5,113	15%	7,669	13%
	Total	25,150	100%	35,831	100%	60,981	100%
	Weighted average age of palms (years)		14.1		6.8		9.9

As at 31 March 2018, the Division's total planted area stood at 60,981 hectares (FY2017: 60,570 hectares) with a weighted average age of 9.9 years. It consists of 53,312 hectares (FY2017: 51,798 hectares) of mature areas of various age and 7,669 hectares (FY2017: 8,772 hectares) of immature areas. 59% of total planted area is located in Indonesia while the balance 41% is located in Sabah, Malaysia. From the total planted area, 90% of the Malaysian planted areas are mature whereas for Indonesian operations, the mature area increased to 85% as compared to 80% in the previous year.

### FFB Processed (mt)



In terms of crop yield and productivity, the Malaysian operations recorded 4% increase in FFB yield to end the year with 20.8 mt per hectare (FY2017: 20.1 mt), whilst Indonesian operations recorded FFB yield of 15.0 mt per hectare (FY2017: 13.9 mt).

Together with outside crops, total FFB processed by the Division during the year was 1,095,595 mt (FY2017: 1,010,111 mt), an increase of 8% compared to the previous year.

In its Malaysian operations, a total of 698,614 mt (FY2017: 659,625 mt) of FFB inclusive of outside crop were processed by its four (4) palm oil mills. With this, a total of 140,496 mt (FY2017: 135,275 mt) of CPO and 36,303 mt (FY2017: 32,672 mt) of PK were produced by the Malaysian operations. The average oil extraction rate ("OER") and kernel extraction rate ("KER") achieved by the Division were 20.1% (FY2017: 20.5%) and 5.2% (2017: 5.0%) respectively.

FFB processed in its Indonesian operations was 396,981 mt which was 13% higher than the previous year. The higher volume of crop processed was attributed to more palms attaining maturity and moving into prime age and the commissioning of its second mill, Sinergi mill. 89,113 mt (FY2017: 76,405 mt) of CPO and 15,519 mt (FY2017: 13,676 mt) of PK were produced in the Indonesian mills. The average OER and KER achieved were 22.4% (FY2017: 21.8%) and 3.9% (FY2017: 3.9%) respectively.

By geographical segment, FFB production from the Indonesian operations registered a growth of more than 16% to end the year with 462,003 mt of FFB (FY2017: 398,416 mt) as more areas attained maturity and moved into prime age. On the other hand, FFB production from the Malaysian operations increased by 1% to 470,947 mt (FY2017: 464,019 mt) net of crops reduced from areas removed for replanting. Overall, the FFB production of the Division for the year was 932,950 mt (FY2017: 862,435 mt), an improvement of 8% compared to the previous year.

The Division's kernel crushing plant in its Malaysian operations processed 33,531 mt (FY2017: 32,202 mt) of PK to produce 14,810 mt (FY2017: 14,669 mt) of crude palm kernel oil ("CPKO") and 16,447 mt (FY2017: 15,876 mt) palm kernel expellers ("PKE"). The average extraction rate for CPKO was 44.2% (FY2017: 45.6%) and PKE was 49.1% (FY2017: 49.3%). Whereas at its Indonesian operations, the kernel crushing plant processed 15,423 mt (FY2017: 12,394 mt) of PK to produce 5,904 mt (FY2017: 5,206 mt) and 9,433 mt (FY2017: 7,187 mt) of CPKO and PKE respectively.



Crop evacuation

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As a result of external factors, compounded by FFB recovery in the industry, the Malaysian Palm Oil Board (“MPOB”)’s average CPO price slumped more than 19% from RM3,045 per mt in the first quarter of 2017 to RM2,466 per mt in the 1st quarter of 2018. In line with that, the average CPO price achieved by the Division softened to RM2,532 per mt, as compared to RM2,695 per mt achieved in the previous financial year. Average CPO price from its Malaysian operations decreased to RM2,639 per mt (FY2017: RM2,753 per mt), whereas in its Indonesian operations, the CPO price reduced to RM2,380 per mt (FY2017: RM2,589 per mt) at end of FY2018. Hence, revenue for the current financial year was lower after considering the commodity prices and volume variances year-on-year.

The Division’s cost of sales for the current financial year was 13% higher, impacted by higher costs from increased replanting activities in Malaysia, minimum wages and revision of harvesting rates in Malaysia, increase in young mature areas in Indonesia which incurred full plantation maintenance and overheads but are set against start-up yields, and additional depreciation and overheads with the commencement of the second palm oil mill in Indonesia.

Aside from lower commodity prices and higher cost of sales, the Division’s performance was battered by increased LIBOR rate and weakening of the Indonesian Rupiah against USD during the financial year. A net unrealised foreign exchange loss of RM23.7 million on USD denominated borrowings was recorded during FY2018, as compared to a gain of RM1.8 million in FY2017.

In tandem with this, the Division saw its PBT and PBT margin decreasing to RM77.30 million and 10.4% respectively (FY2017: RM168.51 million and 22.4%). Notwithstanding the above, the Division continued to achieve strong EBITDA of RM203.80 million, which exceeded the RM200 million mark. Contribution to the Sabah state sales tax, windfall profit levy to the Malaysian Customs Department and statutory payment cesses to MPOB amounted to RM26.5 million in FY2018 (FY2017: RM30.1 million). The decrease was mainly due to the drop in commodity prices compared to the previous year.



Oil palm nursery, Pertama Estate



Tree planting project in the Indonesian operations

The Division’s capital expenditure of RM83.6 million (FY2017: RM90.7 million) consists mainly of its development expenditure in Indonesia which included construction costs of the third palm oil mill and related infrastructure establishment. On plantation development expenditure, the Division incurred a lower spend of RM29.8 million in the current year compared to RM31.9 million in FY2017 due to lesser immature plantings.

On 26 March 2018, PT Indonesia Plantation Synergy (“IPS”), a subsidiary, entered into a Shareholders Agreement with KL-Kepong Plantation Holdings Sdn. Bhd (“KLKP”) and an individual shareholder in relation to PT Perindustrian Sawit Sinergi (“PSS”) - a joint venture to establish an integrated palm oil refinery complex and a kernel crushing plant for the production and sale of refined or processed oil palm products or its derivatives. Pursuant to the agreement, IPS will subscribe 44,000 shares of Rp.1,000,000 each, representing 20% equity interest in PSS for a total cash consideration of Rp.44,000,000,000 (approximately RM13 million). The amount was paid after the balance sheet date on 15 May 2018.

On the mandatory certification under the Malaysian Sustainable Palm Oil (“MSPO”) scheme, one of the Division’s palm oil mill Desa Talisai Palm Oil Mill and three (3) supplying estates were certified since 2015. The entire Malaysian operations will be certified under MSPO scheme by 2019. The Division continued with its recertification of the International Sustainability and Carbon Certification ISCC-EU scheme where premiums were derived for its CPO. Its four (4) Indonesian estates successfully achieved certification under the Indonesian Sustainable Palm Oil (“ISPO”) scheme. The Division will work towards the full implementation of the mandatory ISPO certification in its Indonesian operations.

True to its mission to uphold the highest standards of performance, the Division continues to pursue measures to contain rising production costs, implementing site-specific mechanisation for in-field crop evacuation, harnessing workable innovations and technologies, replanting with high yielding planting materials besides actively implementing other resource saving initiatives. Plantation digitalisation was also initiated as part of the Division’s Blue Ocean Strategy.

The Division's research and development department plays a pivotal role in sustaining the performance and growth of the Division. Its on-going oil palm breeding, selection and progeny testing programme enables it to improve planting materials to meet its present and future needs ensuring higher yields and other desired oil palm characteristics. Its seed production unit has the capacity to produce over 1.5 million DxP seeds per annum derived from Deli Dura and AVROS pedigrees. In addition, agronomic advisory services, integrated pest management and best practices continue to be pursued. The Division continued its research collaborations with the International Plant Nutrition Institute on best management practices including improved fertiliser stewardship, and with ACGT Sdn Bhd and Genting Green Tech Sdn Bhd on oil palm biotechnology involving high yield biomarkers. The Division's pragmatic replanting policy was adhered to in both times of low as well as high CPO prices in order to achieve the desired age profile. Replanting programmes continued to be carried out in accordance with environmentally friendly 'zero burning policy'. Old palm stands are felled, chipped and left to decompose at site as per the regulations set by the Department of Environment.

The Division and its employees work together in a 'shared destiny' towards higher productivity and sustainable growth. The Division pursued various incentive schemes to attract and retain skilled workers. Also imperative is the occupational safety and health aspects in creating safe workplace, providing training and retraining programmes covering technical competency, soft-skills and on the job training. Initiatives to upgrade living quarters complete with amenities including electricity and water, medical care, crèche, education centres, recreational and sports facilities, were carried out in phases. Employee engagements through town-hall and brainstorming meetings as well as employee wellness initiatives were carried out to drive a positive culture in the workplace. Joint consultative and gender committees are in place. The Division also supports employees in preserving and promoting local cultural heritage. Nevertheless, the availability of skilled workers especially for harvesting is expected to remain challenging for the Division and the industry-per-se.



Sg. Sabang Jetty and Bulking Facility

'Returning to Community' is another important aspect of the Division's sustainability blueprint. The Division continues its collaborations and partnerships with numerous NGOs and governmental bodies such as Borneo Child Aid (education of guest workers' children), Sabah Rugby Union and Education Department (youth sports development through rugby), Sandakan Pink Ribbon (grassroot breast health awareness), Borneo Bird Club (support of Borneo Bird Festival and endemic Borneo birds), The Forest Trust (smallholders outreach Rurality project) and many others. A social entrepreneurship project was initiated in 2018 to assist women under the Rurality project to sell their products.

To underscore its environmental commitment, the Division has set-aside parts of its land bank for conservation, rehabilitation, research and education, while actively engaging with external and relevant stakeholders through various activities. In the reporting year, the Division inked a conservation partnership MoU with the Sabah Forestry Department for its 'Secret Garden' located in Sugut, Sabah. The Division continued to implement a myriad of best management practices such as soil and water conservation, utilisation of by-products, integrated pest management as well as zero-burning practices which are environmental-friendly.

The Division had participated and contributed in many of the fraternity's meetings, dialogues and conferences including with the Malaysian Estate Owners' Association, MPOB, MOSTA (Malaysian Oil Scientists and Technologists' Association) and MPCIC (Malaysian Plantation Industries and Commodity Ministry).

Although post-EI Nino FFB recovery is expected to gain traction going into FY2019, the performance of the Division remains very much dependent on commodity prices. The supply and demand for palm based commodities will continue to be exposed to various factors. The announcement of the EU's plan to reduce the usage of palm based biodiesel, protectionism by consuming countries via import duties, fluctuating currencies, changes in weather patterns, crude petroleum prices and global inventories of vegetable oils will continue to impact global commodity prices. Going forward, input costs are expected to escalate coupled with shortage of labour, the trend of rising labour wages would continue and call for enhanced efforts in plantation mechanisation.

On a positive note, it is forecasted that there will not be any major weather disruptions in the oil palm growing areas in year 2018 which will lend support to boost FFB production. The Division continues to believe that the long term prospect for the palm oil industry remains attractive in view of well-supported fundamentals including global population growth and inherent high productivity of oil palm. The Division will continue to plough on with continuous improvements in productivity, harnessing fitting technologies and implementing best management practices together with employment of cost effective strategies and initiatives.

Looking ahead, FFB production is expected to recover in the Malaysian operations after lagged effects of the EI Nino phenomenon while higher crop production is also expected from the Division's Indonesian operations as more areas come into prime production age. The Division expects a satisfactory profitability level for the coming financial year.

Leveraging on new opportunities in the face of evolving business environments, IJM diversified into the construction of infrastructure to help generate new revenue streams. From Malaysia to China, India, Vietnam and Latin America, our expertise in building transportation systems, power plants and water treatment facilities has helped enrich communities in the cities and countries where we operate.



Malaysia's  
**2nd largest**  
Infrastructure  
company in tolled  
kilometres

#### HIGHWAYS

**4** in Malaysia (325.8 km)  
**4** in India (341.9 km)  
**1** in Argentina (56 km)



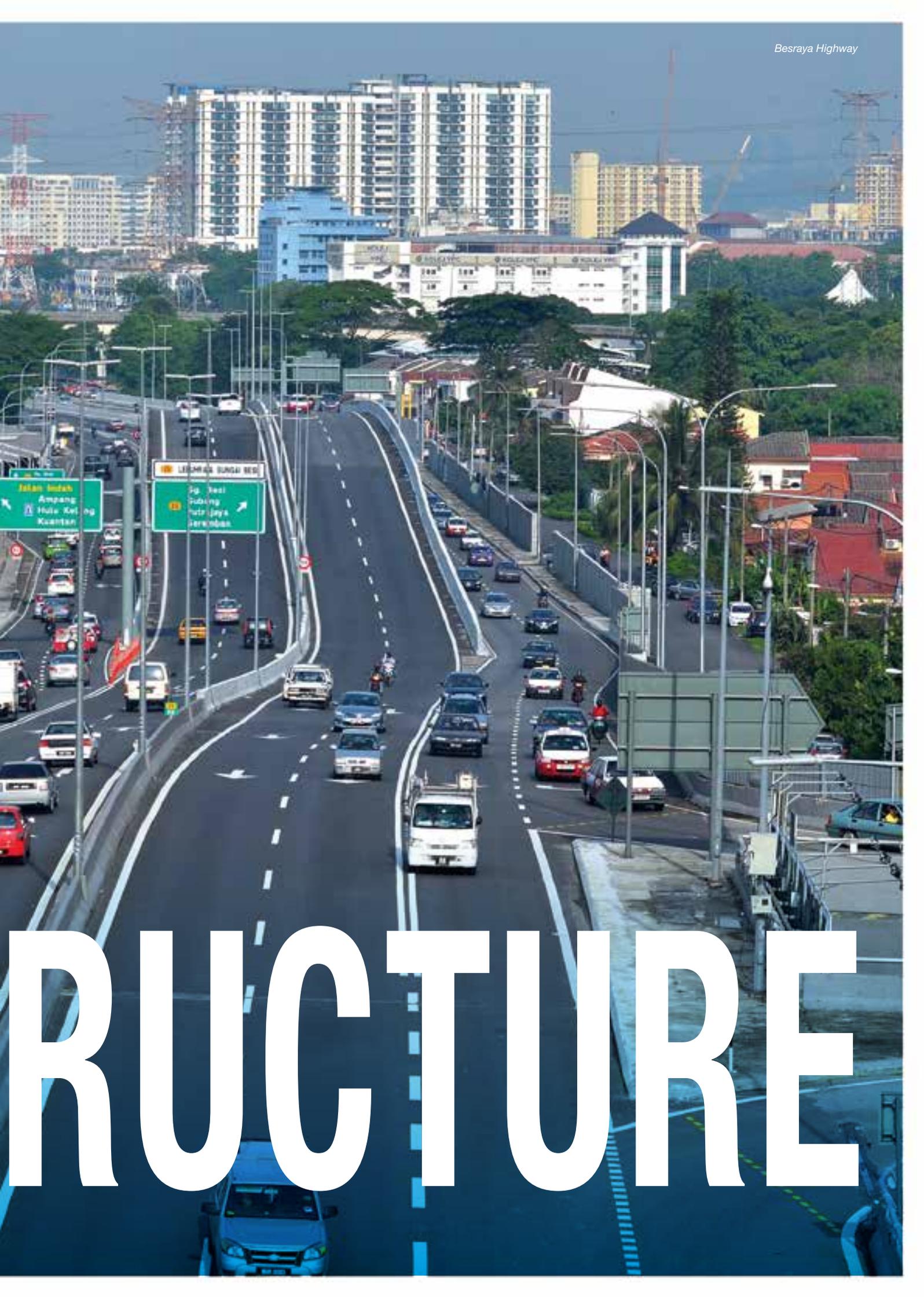
PORT<sup>ds</sup>  
**Kuantan Port**



# INFRAST



# STRUCTURE



## Toll Management Team:



Wan Salwani Binti  
Wan Yusoff

Cyrus Eruch Daruwalla

Yap Pak How

Ong See Chang

Md Zohir Harun

Chua Lay Hoon



Hwa Tee Hai



Ungku Zaki Ungku  
Hamzah



Azarulizam Bin Ismail



Nur Amani Bt Zakaria

## Port Management Team:



Wong Soon Fah

Mazlim Bin Husin

Dato' Azahari Bin  
Muhammad Yusof

Selvarajah Nallapan

Ahmad Kamil Bin  
Shaharudin

## KEY FINANCIAL INDICATORS FY2018:

Revenue (RM'million)

**1,001.87**

FY2017 ❖ 975.52

PBT (RM'million)

**120.12**

FY2017 ❖ 62.31

PBT margin (%)

**12.0%**

FY2017 ❖ 6.4%

The Infrastructure Division recorded an increased revenue by 3% to RM1,001.87 million (FY2017: RM975.52 million) mainly due to increased cargo throughput handled by the port concession.

Accordingly, pre-tax profit and margin doubled to RM120.12 million and 12.0% respectively (FY2017: RM62.31 million and 6.4%) mainly due to increased port cargo throughput, higher contribution from certain associates as well as net foreign exchange gain of RM1.7 million for the current year as compared to a net foreign exchange loss of RM57.6 million in the previous year.

The Division's total infrastructure assets comprised of nine toll road concessions (with four in Malaysia, four in India and one in Argentina), a port in Pahang, a power plant in India and a water treatment plant in Vietnam.

## TOLL ROADS

### MALAYSIA

The local toll road concessions contributed substantial results to the Infrastructure Division for FY2018. Presently, there are three (3) operating toll roads being two wholly-owned urban highways, 28.9 Km Besraya Highway ("Besraya") and 19.6 Km New Pantai Highway ("NPE"), and 50%-owned inter-urban highway, 44.3 Km Kajang Seremban Highway ("LEKAS"). These concessions hold concession periods of 44, 34 and 33 years respectively.

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The Government had deferred the scheduled toll rates hike for all tolled roads since the year 2016. In accordance with the concession agreement, LEKAS's toll rate increase was due on 1 January 2017, whereas Besraya's last toll rate revision was due on 1 January 2018. Toll rate increases for Class 1 vehicle of NPE's PJS 2 Toll Plaza and Class 5 vehicle (bus) were also deferred. All toll hike deferments had been compensated in accordance with the concession agreements in the past. The traffic performance for these highways had improved in FY2018 with the average traffic growth rate ranging from 4% to 7% demonstrating gradual recovery from the impact of toll hikes in October 2015.

Besraya contributed higher revenue of RM131.43 million for FY2018, representing an increase of 10% from the previous year. The increase was mainly due to scheduled toll rate hike on 1 January 2018 and also driven by robust traffic growth from Loke Yew Toll Plaza, which grew 12%. Correspondingly, pre-tax profit increased by 16% to RM33.36 million.

In FY2018, NPE charted an increased revenue of 4% to RM170.61 million while pre-tax profit stayed similar to FY2017 of about RM94 million. Traffic growth was underpinned by the alignment of NPE highway which straddled the densely populated areas such as Bangsar, KL Sentral, Petaling Jaya, Subang Jaya, Kelana Jaya and Kuchai Lama, supported by the migration of traffic from Federal Highway which was overcrowded during peak hours after the abolishment of Batu Tiga and Sungai Rasau Toll Plazas effective 1 January 2018.

LEKAS contributed a revenue of RM39.89 million in FY2018, which increased by 12% from RM35.78 million last year. The higher revenue was attributable to sturdy traffic growth of 7% and the scheduled toll rate hike on 1 January 2017. The improved connectivity to LEKAS and gradual maturing townships along the highway vicinity are contributing to the positive traffic growth. However, pre-tax losses increased by 20% to RM30.23 million in FY2018 on account of decrease in other income.

In the coming years, the toll operations will continue its commitment to provide quality highway services to the road users. Relieving traffic congestion during peak hours is the main concern for Toll Division. Besraya had initiated and funded a new upgrading work at Kuchai Lama's signalised junction, which include a new direction ramp linking NPE to Besraya along with upgrading and reconfiguration of the signalised interchange. Upon completion in year 2019, the project will increase the dispersal capacity at the interchange, which will result in a significant reduction in waiting time and queue length from all directions.

Another capacity improvement project is the new interchange connecting the Property Division's Pantai Sentral Park development to NPE's Pantai Dalam interchange, which is expected to be completed and open to traffic in 2018. The new interchange will serve as an alternative link between NPE and Kerinchi/Bangsar South, which will alleviate the congestion at Sri Pantai interchange especially during evening peak hours.



*New Pantai Expressway*



*Western Access Tollway, Argentina*

The construction of LEKAS's Ulu Temiang Interchange is completed and opened to traffic in April 2018 providing a direct link from the vicinity of Seremban and Temiang to LEKAS. This strategic connection is a viable alternative to shorten the travel time upon entering and leaving Seremban and is expected to increase traffic build-up at Setul and Ampangan Toll Plaza.

Traffic mitigation schemes are being undertaken and monitored from time to time to mitigate traffic congestions during peak hours. The contra flow traffic management scheme between Km 4 to Km 5 at south bound of Besraya had successfully dispersed traffic from Mines South Toll Plaza to Putrajaya during evening peak hours. NPE also deployed a traffic management scheme at the Jalan Templer junction and Old Klang Road during peak hours. Improvement plan is underway to undertake road widening from Taman Maju Jaya towards Templer Intersection at NPE which is projected to complete by 2018.

Following the successful implementation of 100% Electronic Toll Collection programme, Toll Division has started the implementation of Radio Frequency Identification (RFID) Toll Collection System starting from August 2017 to further improve throughput and traffic flow at toll plazas. RFID technology is the backbone for the eventual deployment of Multi Lane Free Flow (MLFF) in year 2022. A total of ten (10) RFID-SmartTag hybrid lanes have been installed in Besraya and NPE. These lanes are in operation for Government-exempted vehicles and controlled users. RFID toll lanes are slated for opening to the public in 2019.

The safety of road users is Toll Division's primary objective. The Division will strictly observe all maintenance and construction procedures, to ensure road safety and minimise disruption to the traffic flow. The Division will continuously monitor third party developments along the vicinities of its highways which may affect road safety and traffic flow. The Division also provides timely information through socio-media to road users in order to manage the traffic flow better especially on busy stretches to mitigate congestion.

Toll Division is mindful of the challenging operating environment facing the industry today such as opening of new highways, toll-free alternative routes, improvements in public transportation system and toll rate disparities among competing highways, all of which may impact its tollable traffic. Notwithstanding that, the Division is also mindful of the new Government reforms on toll concessions which are under discussions.

Given the Government's decision on deferment of toll hikes, the Division is confident that the Government will continue to observe the terms of the concession agreements. In the coming year, the Division expects minor cost savings following the rate adjustment of Goods and Services Tax from 6% to 0% effective 1 June 2018. Toll Division will continuously be proactive in its engagement and work with the Government to achieve a win-win outcome for the country and its stakeholders.

Moving forward, the ongoing developments of massive commercial and residential projects along the highways' corridors will increase its tollable traffic volume and contribute positive revenue streams to the Division.

IJM via its investments in WCE Holdings Berhad (formerly known as Kumpulan Europlus Berhad) and West Coast Expressway Sdn Bhd ("WCESB") has a 41% effective interest in the 233 Km West Coast Expressway project connecting Banting to Taiping. It has a 50-year concession and is currently under construction.

## INDIA

In India, the Division's operating toll roads comprised of 99.9%-owned Chikaluripet-Vijayawada Tollway (68 Km) and 30%-owned Swarna Tollway (145 Km). Its wholly-owned Dewas Bypass Tollway (19.8 Km) is under construction while its wholly-owned Rewa Tollway (387 Km)'s concession ended at end of 2017. The Indian tollways have concession periods ranging from 16 to 31 years.

The Division's latest addition is wholly-owned Vijayapura Tollway (109.08 Km) which was secured in December 2017 for the four-laning of Solapur-Bijapur section of National Highway, NH-13 (New HH-52) from km 0.00 to km 110.542 in the State of Maharashtra and Karnataka under NHDP Phase-III in Build-Operate-Transfer ("BOT") Toll Mode. It is the largest road BOT concession secured by IJM in India to-date valued at approximately RM1.5 billion as at FY2018 and construction work has just commenced.

During FY2018, the Indian tollways contributed higher revenues by 6% to RM129.34 million (FY2017: RM121.50 million) mainly due to contributions from Swarna Tollway. Consequently, the Indian tollways pre-tax profit increased to RM11.41 million (FY2017: RM10.57 million).

## ARGENTINA

In Argentina, the Group's 20%-owned Grupo Concesionario del Oeste S.A. ("GCO") which operates a 21-year concession of the 56 Km Western Access Tollway in Buenos Aires, contributed a significantly higher revenue by 30% to RM94.48 million while its share of profit increased sharply by 122% to RM23.45 million in FY2018, mainly due to increased toll rates in January, February and August of 2017, higher financial income and containment of rising costs. Since the tollway represents the most convenient route to the city for the 3 million inhabitants of the Western zone, the demand for using the tollway has proved relatively inelastic and resistant to price increases.

The outlook for 2018 is very positive. During the last quarter of FY2018, the company received another important toll increase of approximately 56% which will contribute to future revenue growth. An agreement was reached with the Highway Authority DNV and the Ministry of Transport to extend the concession period to 31 December 2030 and it has been approved by the presidential decree.



Vijayawada Tollway, India

## PORT

During the financial year, Kuantan Port recorded a revenue of RM250.79 million (FY2017: RM210.59 million). Its pre-tax profit increased by 28% to RM85.24 million (FY2017: RM66.43 million) mainly due to increased cargo throughput. Cargo throughput recorded was 17.03 million (FY2017: 15.00 million) freight weight tonnes, an increase of 14% from the previous year contributed by Alliance Steel's cargo and increase in steel pipes, coal and manganese ore throughput.

The Division also faced challenges to its business in the form of low throughput for palm oil due to the effect of El-Nino and palm oil exports were affected by competition from other vegetable oils, higher import tax in particular from India and low demand. However, the palm oil throughput is slowly recovering currently. The Division also recorded lower revenue from land rentals due to fewer cargo storage.

Kuantan Port has synergistic collaborations with Malaysia-China Kuantan Industrial Park ("MCKIP") and both have jointly participated in the CAEXPO, an annual trade exhibition in Nanning, China last year. Strategic meetings took place every month discussing the current progress and resolution of issues.

In the Division's existing port, it is leveraging on information technology to enhance the efficiency and effectiveness of port operations. The dashboard in CTOS system will enable real time container operation monitoring for immediate response. Besides

that, the Division is also using mobile applications for pilot booking in MTOS system which enables online booking and pilot allocation.

Kuantan Port has kicked off a rebranding project in February 2018 to introduce the New Deep Water Terminal ("NDWT") and increase its customer engagement. With the development of NDWT and the expected completion of Phase 1A in the third quarter of 2018 and Phase 1B in June 2019, Kuantan Port has already embarked on plans for smooth transition in operations. In terms of human capital, trainings for operators and maintenance staff are executed in stages. The conveyor belt system connecting the NDWT to Alliance Steel's mill in MCKIP is currently under construction and it is expected to be completed by the end of 2018.

Kuantan Port expects to receive the approval to operate as a Free Zone Port by third quarter of 2018 which will become an important instrument for the port to become a multi-cargo transshipment hub and the main gateway for China, the Far East and beyond.

## POWER PLANT

The Group's sole power plant concession in Andhra Pradesh, India, is its 20%-owned Gautami Power, a 469 MW natural gas based Combined Cycle Power Plant. The Group ceased equity accounting for its share of losses in Gautami Power which has been accounted up to its investment cost since last year. The plant continues to be short of gas supply. Once the gas supply is stabilised, the investment is expected to turnaround and contribute regular income streams to the Group until the year 2023.



Kuantan Port



Binh An Water Treatment Plant, Vietnam

## WATER TREATMENT PLANT

The Group's 36%-owned associate, Binh An Water Corporation Ltd in Vietnam contributed a consistent net profit of RM4.73 million (FY2017: RM4.76 million) to the Group during the financial year. The investment is expected to contribute stable income streams until the year 2019.

## OTHERS

Post the Scomi Group Berhad ("Scomi")'s shares consolidation exercise and issuance of new shares pursuant to its merger with Scomi Engineering Bhd in February 2018, the IJM Group's stake in Scomi had reduced from 24.59% to 21.43% as at 31 March 2018. During the financial year, Scomi had contributed a revenue of RM163.53 million to the Group (FY2017: RM230.16 million). Our share of losses amounted to RM56.01 million (FY2017: Loss of RM28.38 million) was attributable to operational and unrealised foreign exchange losses, losses on disposal of assets and asset impairments. Scomi is a global service provider mainly in the oil and gas industry specialising in high-performance drilling fluids solutions. It also provides transport solutions focused on the manufacturing and design of monorail systems, buses, special purpose vehicles, rail wagons and defense vehicles.

## OUTLOOK

In the forthcoming financial year, despite the uncertain outlook on the construction sector due to new Government reforms and several mega projects cancelled, our Construction Division however expects continuous growth backed by an outstanding order book of RM9.41 billion. The Group expects the Government to continue its fiscal reforms to spur economic growth while working towards lowering the Malaysian debt, ensuring a stable currency and promoting business-friendly policies for foreign and domestic investors. Our Industry Division is taking steps to improve its order book position and continuing their cost optimisation measures to stay competitive.

The continuing issues of affordable housing, oversupply of high-end homes, rising cost of living and tight mortgage lending regimes will remain the key challenges in the property market as consumers remain cautious given the weak sentiments coupled with in-coming supply of new launches and competing completed properties. In this regard, the Property Division remains committed to grow its business in view of the strategic locations of its properties and brand premium supported by total unbilled sales of about RM2.0 billion, the Division expects a satisfactory performance next year.

With the El Nino dissipated, the Plantation Division's FFB production is expected to recover in Malaysia boosted by higher crop production from its Indonesian operations as more areas come into prime production age. While the Division is optimistic about the future, it is mindful of the challenges ahead in terms of volatility in commodity prices and foreign exchange rates that may have an impact to its performance.

The new Government reforms on toll concessions are in discussions and the Toll Division will be proactive in the management of associated risks by engaging and working with the new Government to achieve a win-win outcome for both the country and our investors and stakeholders alike. The Group's port operations are expected to provide recurrent revenue streams to the Infrastructure Division as it matures.

## CONCLUSION

Overall, it has been a very tough year for the Group and this scenario is expected to continue into the next financial year. Malaysia's economy is expected to grow at a slower pace at 5.5%-6% in 2018 from an estimated 5.9% in 2017, although it remains robust supported by increased exports in the first half of 2018 and higher oil prices which will bode very well for the recovery of the economy. In these times, the Group will continue to work hard to increase its order book replenishment and sales in the domestic and international markets as well as remain vigilant whilst containing rising costs and improving its operational efficiency and productivity to stay competitive and enhance the returns to our shareholders and stakeholders.

**Dato' Soam Heng Choon**  
CEO & Managing Director

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) has always been proactive to promote good corporate governance and ensures that the principles and best practices of good governance are practiced throughout IJM Corporation Berhad (“IJM” or “the Company”) and its subsidiaries (collectively referred to as “the Group”). The Board believes that a strong corporate governance is essential in enhancing shareholders’ value and for long-term sustainability and growth.

The Board is pleased to present this overview statement which sets out a summary of the Group’s corporate governance practices during the financial year ended 31 March 2018 (“FY2018”) in accordance with the Malaysian Code on Corporate Governance (“the Code”). This statement is to be read together with the Corporate Governance Report 2018 (“CG Report”) of the Company as the application of each practice as set out in the Code is disclosed in the CG Report. The CG Report is available on the Company’s website [www.ijm.com](http://www.ijm.com) and Bursa Malaysia’s website.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### 1. Board Duties and Responsibilities

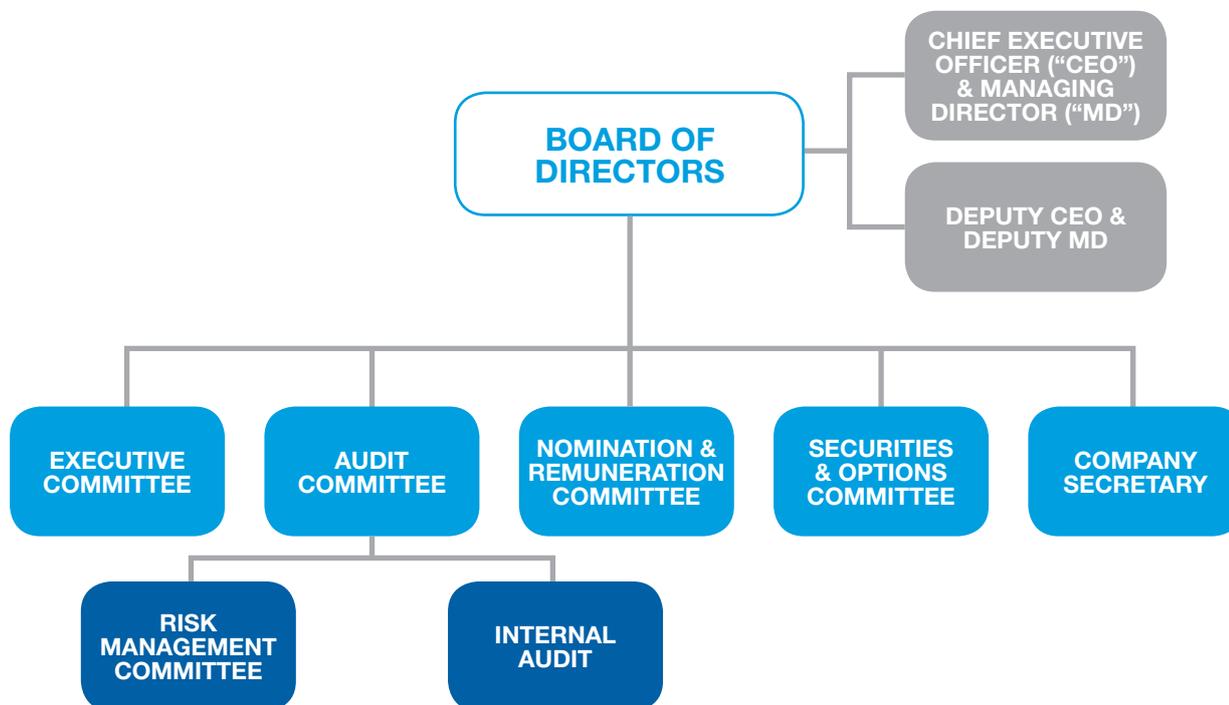
The Board is primarily responsible for the Group’s overall strategic plans for business performance, overseeing the proper conduct of business, succession planning of key management, risk management, shareholders’ communication, internal control, management information systems and statutory matters; whilst Management is accountable for the execution of the expressed policies and attainment of the Group’s corporate objectives. The demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties. The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management. The Board reviews the Board Charter from time to time and the last review was carried out in November 2017 following the release of the Code. The details of the Board Charter are available for reference at [www.ijm.com](http://www.ijm.com).

During FY2018, the Board had a Strategic Review and Planning Session (“Session”) whereby Management presented their short-term and long-term business strategy plans which covered economic, environmental and social aspects. The areas covered at the Session included the major investments of the Group, challenges and opportunities for the Group, strategies moving forward such as enhancing IJM’s value proposition to investors, growing core businesses, sustainability initiatives, digital strategy and governance and innovation culture. Constructive views were shared and valuable insights were provided at the Session.

At the scheduled Board meeting held in February of each year, the Board reviews the Budget of the Group which includes comparing the actual results against budgets, and considering the new budget and proposed capital expenditure. The Board and Management will deliberate on the proposed divisional budgets and debate the rationale and assumptions used for the Budget.

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairmen of the respective Committees report to the Board on the outcome of their Committee meetings and such reports are included in the Board papers.

The governance structure of the Board is as follows:-



## 2. Roles and Responsibilities of the Chairman and the Chief Executive Officer & Managing Director

The role of the Independent Non-Executive Chairman and the Chief Executive Officer & Managing Director ("CEO&MD") are distinct and separate, and the positions are held by different individuals, in order to ensure that there is a balance of power and authority. The responsibilities of the Independent Non-Executive Chairman and the CEO&MD are set out in the Board Charter.

## 3. Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The profile of the Company Secretary is provided on page 35. The Directors always have access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and Main Market Listing Requirements ("LR"). The Company Secretary undertakes continuous professional development and her details of attendance at trainings/seminars are available for reference at [www.ijm.com](http://www.ijm.com).

## 4. Board and Board Committees Meetings

All Directors are provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. The Company had moved towards electronic Board and Board Committee papers since 2011. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed electronically at least five (5) business days in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. The Company Secretary always ensures proper minutes of all deliberations and decisions of the Board and Board Committees are recorded.

Board meetings (including Board Committees' meetings) are scheduled in advance prior to the new calendar year, to enable the Directors to plan ahead and coordinate their respective schedules and/or events. The Board conducts at least four (4) scheduled meetings annually, with additional meetings convened as and when necessary. Directors are also invited to attend the Board Committees' meetings, where deemed necessary. During the FY2018, four (4) Board meetings were held.

The attendance record of each Director is as follows:

	NUMBER OF MEETINGS ATTENDED	PERCENTAGE
<b>Executive Directors</b>		
Dato' Soam Heng Choon	4/4	100%
Lee Chun Fai	4/4	100%
<b>Independent Non-Executive Directors</b>		
Tan Sri Abdul Halim bin Ali	4/4	100%
Datuk Lee Teck Yuen	4/4	100%
Pushpanathan A/L S A Kanagarayar	4/4	100%
Datuk Ir. Hamzah bin Hasan	4/4	100%
Goh Tian Sui	4/4	100%
Dato' David Frederick Wilson	4/4	100%
Tunku Alina Binti Raja Muhd Alias ( <i>Appointed on 1 November 2017</i> )	2/2	100%
Tan Ting Min ( <i>Appointed on 1 November 2017</i> )	2/2	100%
<b>Non-Executive Director</b>		
Tan Sri Dato' Tan Boon Seng @ Krishnan	4/4	100%

In order to further enhance Board governance, the Board had during FY2018 conducted sessions of Non-Executive Directors without the presence of Executive Directors, prior to each of the Board meetings to address any of their areas of concern. Where appropriate, the relevant comments and feedback by the Non-Executive Directors were then shared with the Executive Directors.

The Directors also attended tender adjudication meetings and investment briefings, where Directors deliberate on the Group's participation in major project bids in excess of RM500 million (or RM250 million for overseas contracts) or investments. Informal meetings and consultations are frequently and freely held to share expertise and experiences. Directors also attended the annual Senior Management Forum where operational strategies, performance progress and other issues are presented, discussed and communicated to the managers of the Group. In addition, Directors also attended the functions and/or activities organised by the Group, such as the IJM Games, annual dinners and festive celebrations. Details of their attendance are available at [www.ijm.com](http://www.ijm.com).

In fostering the commitment of the Board that the Directors devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorships and such notifications shall include an indication of time that will be spent on the new appointments. In addition, assurances are given by the Directors that their new appointments will not affect their commitments and responsibilities as Directors of the Company. In the event that the Chairman has any new directorship or significant commitments outside the Company, he will also notify the Board. All Directors shall hold not more than five (5) directorships each in public listed companies.

During the annual Board evaluation, each Director was assessed whether he/she was able to devote adequate time and attention for Board meetings, Board briefings, Committee meetings and activities of the Company. Overall, the Board was satisfied with the commitment of all members of the Board and the time contributed by each of them. The time commitment of the Directors was demonstrated by the full attendance and time spent at the Board and Board's Committee meetings during FY2018.

## 5. Code of Ethics & Conduct

The Board is committed to creating a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Board adheres to the principles and standards of business ethics and conduct as stipulated in the Code of Ethics and Conduct (“CEC”) of the Group, which is available for reference at [www.ijm.com](http://www.ijm.com).

## 6. Whistle-Blowing Policy

The Board encourages employees and associates to report incidences of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, wastage, and/or abuse involving the resources of the Group. The Whistle-Blowing Policy adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, wastage and/or abuse. The Whistle-Blowing Policy is posted on the Company’s website at [www.ijm.com](http://www.ijm.com) for ease of access for reporting by employees, associates and third parties of the Group.

## II. BOARD COMPOSITION

There are eleven (11) Board members, nine (9) of whom are Non-Executive Directors, and among the Non-Executive Directors, eight (8) are Independent Non-Executive Directors. The Board comprises a majority of Independent Directors and the Chairman is one (1) of the Independent Non-Executive Directors.

Datuk Lee Teck Yuen is the Senior Independent Non-Executive Director to whom queries or concerns relating to the Group may be conveyed by shareholders by way of writing to the Company’s registered address or electronic mail to [csa@ijm.com](mailto:csa@ijm.com) or contact via Tel: +603-79858131.

The balance between Independent Non-Executive, Non-Executive and Executive Directors, together with the support from Management, is to ensure that there is an effective and fair representation for the shareholders, including minority shareholders. It further ensures that issues of strategy, performance and resources are fully addressed and investigated to take into account the long-term interests of shareholders, other relevant stakeholders and the community in which the Group conducts its business.

The composition and size of the Board is reviewed from time to time to ensure its appropriateness and effectiveness. The profile of each Director is presented on pages 30 to 35.

### 1. Independence

The Independent Non-Executive Directors play a crucial role of bringing objectivity to the decisions made by the Board. They provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all stakeholders are taken into account and that the relevant issues are subjected to objective and impartial consideration by the Board.

The Company has adopted a policy to limit the tenure of independent directors to a maximum of 12 years. However, the retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders’ approval in line with the recommendation of the Code.

To-date, one (1) of the Independent Non-Executive Directors, namely Tan Sri Abdul Halim bin Ali, has served the Board for more than nine (9) years.

Tan Sri Abdul Halim had completed his 9-year tenure on 25 April 2016, and was retained as an Independent Non-Executive Chairman by the shareholders of the Company at the Annual General Meetings (“AGMs”) held on 24 August 2016 and 23 August 2017. Tan Sri Abdul Halim, who has served 11 years as an independent director, would be recommended by the Board to be retained as an independent director and the Chairman of the Company, subject to the approval of shareholders at the forthcoming AGM in August 2018.

## 2. Board Diversity

The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Directors are professionals in the fields of engineering, finance, accounting, property, real estate valuation, toll infrastructure, legal practice and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.

During the financial year 2018, Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min were appointed to the Board as the first two (2) women directors. The Board will endeavour to meet the 30% women Directors requirement as soon as practicable pursuant to the Board Diversity Policy of the Company which is available for reference at [www.ijm.com](http://www.ijm.com).

The current board composition in terms of each of the Director's industry and/or background experience, age and ethnic composition is as follows:

	INDUSTRY/ BACKGROUND EXPERIENCE						AGE COMPOSITION			ETHNIC COMPOSITION					
	Public Service	Accounting/Finance	Construction & Engineering	Property Development	Real Estate Valuation	Toll Infrastructure	Legal Practice	40 to 49 years	50 to 59 years	60 to 69 years	70 to 79 years	Bumiputera	Chinese	Indian	Others
<b>Directors</b>															
Tan Sri Abdul Halim bin Ali	✓									✓		✓			
Tan Sri Dato' Tan Boon Seng @ Krishnan		✓							✓				✓		
Dato' Soam Heng Choon			✓	✓				✓					✓		
Lee Chun Fai		✓				✓		✓					✓		
Datuk Lee Teck Yuen				✓					✓				✓		
Datuk Ir. Hamzah bin Hasan			✓						✓			✓			
Pushpanathan A/L S A Kanagarayar		✓							✓						✓
Dato' David Frederick Wilson			✓			✓				✓					✓
Goh Tian Sui				✓					✓				✓		
Tunku Alina Binti Raja Muhd Alias							✓		✓			✓			
Tan Ting Min		✓						✓					✓		

## 3. Nomination & Remuneration Committee

The Remuneration Committee was established on 2 December 1998 and was renamed as the Nomination & Remuneration Committee ("NRC") on 16 May 2001. The NRC comprises wholly of Independent Non-Executive Directors. Datuk Lee Teck Yuen, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Tan Sri Abdul Halim bin Ali and Datuk Ir. Hamzah bin Hasan. The terms of reference of the NRC are available for reference at [www.ijm.com](http://www.ijm.com).

The activities of the NRC during FY2018 included the following:

- (i) review of the IJM Scheme & Conditions of Service;
- (ii) review of the appointment of new Directors;

- (iii) review of the Balanced Scorecard of the Divisions and Group;
- (iv) review of the salaries, bonuses & incentives of senior management of the Group;
- (v) review of the service contract of an advisor;
- (vi) review of the retention of Independent Non-Executive Directors and re-appointment and re-election of Directors at the AGM;
- (vii) review of the basis of entitlement for the vesting of shares under the third award of the Employee Share Grant Plan (“ESGP”);
- (viii) review of the proposed Board Diversity Policy;
- (ix) review of the Directors’ fees and benefits payable to Non-Executive Directors;
- (x) review the proposed retirement gratuity of senior management staff;
- (xi) review of the evaluation form for assessment of Audit Committee members (self & peers);
- (xii) review of the revised evaluation form for Board assessment;
- (xiii) assessment and evaluation of the effectiveness of the Board and individual Directors through the annual Board evaluations (including the CEO&MD, Deputy CEO & Deputy MD and the independence of Independent Non-Executive Directors); and
- (xiv) assessment and evaluation of the effectiveness of the Audit Committee and individual Committee members through the annual Audit Committee evaluations.

All recommendations of the NRC are subject to the endorsement of the Board.

The NRC meets as required. Three (3) meetings were held during FY2018 and the attendance record of each member of the NRC is as follows:

	NUMBER OF MEETINGS ATTENDED	PERCENTAGE
Datuk Lee Teck Yuen	3/3	100%
Tan Sri Abdul Halim bin Ali	3/3	100%
Datuk Ir. Hamzah bin Hasan	3/3	100%

#### 4. Board and Board Committee Evaluation

The Board undertook a formal and rigorous annual evaluation of its own performance, that is the Board as a whole and that of the Individual Directors for FY2018 via an in-house e-Evaluation System. The Board evaluation comprises a Board Assessment by Individual Directors, Self & Peer Assessments and Assessments of Independence of Independent Directors (collectively referred to as “the Assessments”). Based on the results of the Assessments, the NRC was satisfied with the performance and effectiveness of the Board.

After taking into consideration of the Code’s emphasis on good corporate governance and making reference to the best practice questionnaires for Board evaluation, the Board, through the NRC, had revised the Board Evaluation Form during the FY2018.

The Board also undertook an evaluation on the Audit Committee via the e-Evaluation System to review its performance and determine whether the Audit Committee had carried out its duties in accordance with its terms of reference. The Board was satisfied with the performance and effectiveness of the Audit Committee.

In view of the appropriate level of knowledge, skills, experience and commitment of the Audit Committee members being critical to the Audit Committee’s ability to discharge its responsibilities effectively, an assessment of the Audit Committee members (self & peers) was also carried out during the financial year.

The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual Directors. The Board agreed that there was no necessity to engage an independent party to conduct the evaluation for FY2018. The engagement of an independent expert will be looked into at the appropriate time in the future as may be determined by the Board.

## 5. Directors' Training

During the financial year, all the Directors have attended various relevant in-house and external training programmes, workshops, seminars, briefings and/or conferences. The trainings attended by the Directors were related to corporate governance, finance, industry knowledge, sustainability and legislations. The Board has undertaken an assessment of the training needs of each Director through the Self & Peer Assessment during the financial year.

The details of training of each of the Directors of the Company are available for reference at [www.ijm.com](http://www.ijm.com).

Induction sessions were provided by the Company Secretary and the Assistant General Manager (Investor Relations) to the new Directors, namely Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min, appointed during FY2018 to assist them in the understanding of the roles of Directors, the Group's business strategies and operational matters.

Where possible and when the opportunity arises, Board visits will be organised to locations within the Group's operating businesses to enable the Directors to obtain a better perspective of the business and enhance their understanding of the Group's operations. Some of the Directors had visited the West Coast Expressway project site during the financial year.

## III. REMUNERATION

### 1. Remuneration Policy and Procedures

The Company supports levels of remuneration and compensation necessary to attract, retain and motivate quality people required to lead, manage and serve the Company in a competitive environment. The appropriate levels of remuneration and compensation are essential to enhance the long-term interests of the stakeholders and shareholders.

The Board has adopted a remuneration policy to provide clear and guiding principles for determining the remuneration of the Board and senior management and to align their interests with the interests of shareholders and with the business strategies of the Group. The remuneration policy of the Company is available for reference at [www.ijm.com](http://www.ijm.com).

The annual remuneration review takes place in April annually. The remuneration of the Group will be reviewed by the CEO&MD with the relevant internal and external inputs before presenting it to the NRC for approval. The NRC reviews the remuneration of Non-Executive Directors, Executive Directors and senior management in the month of May annually whereby the NRC will consider various factors including the performance of the Group, individual performance, duties, responsibilities and commitments of the Directors and senior management. Upon the review by the NRC, the appropriate recommendations will be made to the Board for approval. The Board will consider and, if deemed appropriate, approve the recommended remuneration for the Executive Directors and senior management. As for the remuneration of the Non-Executive Directors, upon the endorsement of the recommendation by the NRC, the Board will propose the remuneration for approval by the shareholders at the following AGM.

## 2. Directors' Remuneration

The details of the remuneration of Directors during the financial year are as follows:

### A. Aggregate remuneration of Directors categorised into appropriate components:

#### The Company

	SALARIES RM'000	FEES RM'000	BONUSES, INCENTIVES & OTHERS RM'000	EPF RM'000	BENEFITS -IN-KIND RM'000	TOTAL RM'000
Executive Directors	2,424	–	4,249	852	71	7,596
Non-Executive Directors	–	1,223	789 <sup>*^</sup>	–	59	2,071
<b>Total</b>	<b>2,424</b>	<b>1,223</b>	<b>5,038</b>	<b>852</b>	<b>130</b>	<b>9,667</b>

\* Includes an allowance of RM1,000 paid to the Non-Executive Directors for each of the Board and Board Committee meetings attended.

^ Includes the advisory service fees of RM600,000 paid to Tan Sri Dato' Tan Boon Seng @ Krishnan.

#### Other Related Companies

	SALARIES RM'000	FEES RM'000	BONUSES, INCENTIVES & OTHERS RM'000	EPF RM'000	BENEFITS -IN-KIND RM'000	TOTAL RM'000
Executive Directors	–	118	8	–	–	126
Non-Executive Directors	–	241	14	–	–	255
<b>Total</b>	<b>–</b>	<b>359</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>381</b>

### B. Aggregate remuneration of each Director:

	REMUNERATION RECEIVED FROM THE COMPANY RM'000	REMUNERATION RECEIVED FROM OTHER RELATED COMPANIES RM'000
<b>Executive Directors</b>		
Dato' Soam Heng Choon	4,894	126 <sup>#</sup>
Lee Chun Fai	2,702	–
<b>Non-Executive Directors</b>		
Tan Sri Dato' Tan Boon Seng @ Krishnan	753	95 <sup>#@</sup>
Tan Sri Abdul Halim bin Ali	366	–
Datuk Lee Teck Yuen	144	2 <sup>@</sup>
Datuk Ir. Hamzah bin Hasan	188	–
Pushpanathan A/L S A Kanagarayar	258	158 <sup>#</sup>
Dato' David Frederick Wilson	120	–
Goh Tian Sui	142	–
Tunku Alina Binti Raja Muhd Alias (Appointed on 1 November 2017)	50	–
Tan Ting Min (Appointed on 1 November 2017)	50	–
<b>Total</b>	<b>9,667</b>	<b>381</b>

# Fees and allowances received from IJM Plantations Berhad in their capacity as Non-Executive Directors.

@ Fees received from Kuantan Port Consortium Sdn Bhd in their capacity as Non-Executive Directors.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### 1. Composition of Audit Committee

The Audit Committee comprises entirely of Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr Pushpanathan A/L S A Kanagarayar is a member of the Institute of Chartered Accountants of Scotland (ICAS), the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). He is not the Chairman of the Board. The other members of the Audit Committee are Tan Sri Abdul Halim bin Ali and Datuk Ir. Hamzah bin Hasan.

#### 2. Relationship with the Auditors

Through the Audit Committee, the Board has a direct relationship with the external auditors. The role of the Audit Committee in relation to the external auditors is set out on pages 111 to 115. The external auditors were invited and had attended all the Audit Committee meetings and AGM of the Company during the financial year.

The Audit Committee (together with the Chief Financial Officer and Chief Audit Executive) had undertaken an assessment on the suitability of the external auditors for the financial year pursuant to the External Auditors Policy, which has outlined the guidelines and procedures for the assessment and monitoring of external auditors. There were no major concerns from the results of the assessment of the External Auditors. The Board was satisfied with the performance of the external auditors in terms of their quality of service provided as well as their exercise of audit independence.

The details of the External Auditors Policy are available for reference at [www.ijm.com](http://www.ijm.com). Pursuant to the policy, the engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years, and in the event of a former audit partner being appointed as a member of the Board and Audit Committee, he/she shall observe a cooling-off period of at least two (2) years before such appointment.

#### 3. Related Party Transactions

Significant related party transactions of the Group for FY2018 are disclosed in Note 51 to the Financial Statements. Except for those disclosed in the Financial Statements, there were no material contracts of the Group involving Directors' and major shareholders' interests during the period.

The Audit Committee had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair and reasonable, not detrimental to the minority shareholders and were in the best interests of the Company.

#### 4. Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 ("the Act") to cause Management to prepare the financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new standards would be stated in the notes to the financial statements, accordingly.

In the preparation of the financial statements, the Directors ensure that Management have:

- i) adopted appropriate accounting policies which were consistently applied;
- ii) made judgments and used estimates that are reasonable and prudent;
- iii) ensured that all applicable approved accounting standards have been followed; and
- iv) prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

01

02

03

04

Business Review  
& Reports

05

06

The Directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors have also taken such steps as are reasonably available to safeguard the assets of the Group and the Company, and to prevent fraud and other irregularities.

## II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for establishing and maintaining a sound risk management and internal control system to ensure that the shareholders' investments, other stakeholders' interests and assets of the Group are safeguarded. The Board through the Audit Committee evaluates the adequacy and effectiveness of the internal control system by reviewing the actions taken on lapses, recommendations of internal auditors and Management responses.

The Group's Statement on Risk Management and Internal Control which provides an overview of the risk management framework and state of internal control within the Group, is set out on pages 116 to 123.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS

The Company places great importance in ensuring the highest standards of transparency and accountability in its communication with investors, analysts and the public.

At least two (2) scheduled Company Briefings are held each year, usually coinciding with the release of the Group's second and final quarter's results, to explain the results achieved as well as immediate and long term strategies, along with their implications.

The Company also conducts regular dialogues with financial analysts. As at 31 March 2018, IJM was covered by 21 research houses, of which 13, 6 and 2 had "Buy", "Hold" and "Sell" calls respectively.

The Company also participates in several institutional investor forums both locally and outside Malaysia. The summary of the Group's investor relations activities during the financial year and additional corporate information and/or disclosures of the Group are available for reference at [www.ijm.com](http://www.ijm.com).

The Group has established a comprehensive website at [www.ijm.com](http://www.ijm.com), which includes a dedicated section on Investor Relations, to support its communication with the investment community.



*Dato' Soam presenting during the Analysts' Briefing*

To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements to the Group via email: [ijmir@ijm.com](mailto:ijmir@ijm.com). In addition, stakeholders who wish to reach the respective Divisions of the Group can do so through the 'Contact Us' or 'Feedback' page.

Investor queries pertaining to financial performance or company developments may be directed to the Assistant General Manager (Investor Relations) of IJM Corporation Berhad, Mr Shane Guha Thakurta (Tel : +603-79858041, Fax : +603-79529388, E-mail : [shanethakurta@ijm.com](mailto:shanethakurta@ijm.com)), whereas shareholder and company related queries may be referred to the Company Secretary, Ms Ng Yoke Kian (Tel : +603-79858131, Fax : +603-79521200, E-mail : [csa@ijm.com](mailto:csa@ijm.com)).

## II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue with shareholders. The notice of AGM and the annual report are sent out to the shareholders at least 28 days before the date of the AGM.

All Directors had attended the AGM held during the financial year. At the AGM, a presentation was given to shareholders by the CEO&MD to explain the Group's strategy, performance and major developments, including the responses to questions raised by the Minority Shareholder Watchdog Group ("MSWG") in relation to the strategy and financial performance of the Group, which were submitted by MSWG prior to the AGM. The Board encourages shareholders to actively participate in the question and answer session at all general meetings.

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings and appointment of proxies. The details of the shareholder's rights are available for reference at [www.ijm.com](http://www.ijm.com).



*IJM Corporation Berhad's 33rd Annual General Meeting*

At the last AGM, the Company adopted electronic voting for the conduct of poll on all resolutions. All shareholders were briefed on the voting procedures by the poll administrator prior to the poll voting and an independent scrutineer was appointed to validate the votes cast and announce the poll results.

The extract of minutes of general meetings (including the list of attendance of Directors, questions raised by shareholders and the respective responses, and outcome of the voting results) are made available to the shareholders and public for reference at [www.ijm.com](http://www.ijm.com).

A press conference is normally held after each AGM and/or General Meeting of the Company to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 17 July 2018.

# AUDIT COMMITTEE REPORT

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

## MEMBERSHIP AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### MEMBERSHIP

The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, Mr Pushpanathan A/L S A Kanagarayar is a member of the Institute of Chartered Accountants of Scotland (ICAS), the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The other members of the Audit Committee are Tan Sri Abdul Halim bin Ali and Datuk Ir Hamzah bin Hasan.



Members of the Audit Committee (left to right)

- Pushpanathan A/L S A Kanagarayar
- Tan Sri Abdul Halim bin Ali
- Datuk Ir Hamzah bin Hasan

### MEETINGS AND MINUTES

Four (4) meetings were held during the financial year with the attendance of the Chief Financial Officer, the Chief Audit Executive, the Engagement Partner and senior representatives of the external auditors and the Company Secretary.

A quorum consists of two (2) members present and both of whom must be Independent Directors. Other Board members and Senior Management may attend meetings upon the invitation of the Audit Committee. Both the internal and external auditors, too, may request a meeting if they consider that one is necessary.

During the financial year, the Chairman of the Audit Committee had engaged on a continuous basis with the relevant Senior Management, the Chief Audit Executive and the external auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of each meeting are distributed electronically to each Board member, and the Chairman of the Audit Committee reports on key issues discussed at each meeting of the Board.

Details of the Audit Committee members' attendance are tabled below:

	NO. OF MEETINGS ATTENDED
1 Pushpanathan A/L S A Kanagarayar <i>Independent Non-Executive Director (Chairman)</i>	4/4
2 Tan Sri Abdul Halim bin Ali <i>Independent Non-Executive Director</i>	4/4
3 Datuk Ir Hamzah bin Hasan <i>Independent Non-Executive Director</i>	4/4

### AUTHORITY AND DUTIES

The details of the terms of reference of the Audit Committee are available for reference at [www.ijm.com](http://www.ijm.com).

## REVIEW OF THE AUDIT COMMITTEE

An annual assessment and evaluation on the performance and effectiveness of the Audit Committee was undertaken by the Board of Directors for the financial year ended 31 March 2018. The Audit Committee was assessed based on four (4) key areas, namely effectiveness and quality, internal and external audit, risk management and internal control, and financial reporting, to determine whether the Audit Committee had carried out its duties in accordance with its terms of reference.

As the appropriate level of knowledge, skills, experience and commitment of its members being critical to the Audit Committee's ability to discharge its responsibilities effectively, an assessment of the Audit Committee members (self & peers) was also carried out for the financial year ended 31 March 2018.

The Board is satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's terms of reference, and supported the Board in ensuring the Group upholds appropriate standard of corporate governance.

## SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the year, the Audit Committee carried out the following activities:

### 1.0 Financial Reporting

- Reviewed the quarterly financial results and announcements as well as the year-end financial statements of the Group and Company, and recommended them for approval by the Board;
- In the review of the quarterly financial results and annual audited financial statements, the Audit Committee discussed with Management and the external auditors, amongst others, the accounting principles and standards that were applied and their exercise of judgement on the items that may affect the financial results and statements; and
- Confirmed with Management and the external auditors that the Company's and Group's annual audited financial statements have been prepared in compliance with applicable Financial Reporting Standards.

### 2.0 Internal Audit

- Reviewed and approved the annual audit plan as proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the effectiveness of the internal audit process, the Group Internal Audit Department's (IAD) organisation structure, resource requirements (adequacy and suitability) for the year and assessed the performance of the overall Internal Audit function;
- The Audit Committee met with the Chief Audit Executive twice during the year, without the presence of Management, to review key issues within their sphere of coverage and responsibility. During the private session with the Chief Audit Executive, it was noted that there were no major concerns from the Chief Audit Executive and he conveyed that internal audit had been receiving full cooperation from the Management and staff throughout the course of their work;
- Reviewed the audit reports presented by the internal auditors on their findings and recommendations with respect to system and control weaknesses. The Audit Committee then considered those recommendations including the Management's responses thereon, before proposing that those control weaknesses be rectified and recommendations for improvements be implemented;
- Reviewed the internal auditors' findings on significant whistle blowing cases, if any, and Management's responses and resolutions thereon; and
- Reviewed the report on the verification of allocation of options and shares conducted by the internal auditors in relation to the Employee Share Option Scheme and Employee Share Grant Plan under the Long Term Incentive Plan (LTIP) of the Company to ensure that it is in compliance with the criteria set out in the By-Laws of the LTIP that has been disclosed by the Company to eligible employees of the Group.

### 3.0 External Audit

- Reviewed and endorsed the external auditors' audit strategy, audit plan and scope of work for the year;
- Exercised oversight over the relationship with the external auditors to ensure that their coverage is focused and that suitable reliance is placed on the work of internal audit;
- Reviewed the level and scope of assistance given by the internal auditors to the external auditors;

- The Audit Committee deliberated on the external auditors' presentation of:
  - the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditors' engagement letter;
  - the overall work plan and fee proposal;
  - the major issues that arose during the course of the audit and their resolution;
  - key accounting and audit judgements;
  - the unadjusted differences identified during the audit; and
  - recommendations made by them in their management letters and the adequacy of Management's responses thereon;
- Reviewed and approved the provision of any non-audit services by the external auditors that should have been agreed prior to the commencement of such work and confirmed as permissible for the external auditors to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants.

The amount of the external audit fees and non-audit fees incurred for the financial year ended 31 March 2018 were as follows:

FEES INCURRED	AUDIT FEES RM'000	NON-AUDIT FEES RM'000
The Company	426	65
The Group	4,174	1,191

The non-audit services rendered relate mainly to tax compliance and advisory services.

- The Audit Committee met with the external auditors twice during the year, without the presence of Management, to review key issues within their sphere of coverage and responsibility. During the private session with the external auditors, it was noted that there were no major concerns from the external auditors and they conveyed that they had been receiving full cooperation from the Management and staff throughout the duration of their engagement;
- Reviewed the external auditors report to the Audit Committee;
- Reviewed, assessed and monitored the performance, suitability and independence of the external auditors pursuant to the External Auditors Policy ("the Policy"). The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, adequacy of resources, communication and interaction, as well as independence, objectivity and professional scepticism. The external auditors provide an annual confirmation of their independence in accordance with the terms of their professional and regulatory requirements.

Pursuant to the Policy, the engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years, and in the event of a former audit partner being appointed as a member of the Board and Audit Committee, he/she shall observe a cooling-off period of at least two (2) years before such appointment.

Following the review of the external auditors' effectiveness and independence, the Audit Committee concluded that there was nothing in the performance of the external auditors which required a change and that the relevant independence requirement continues to be met. Accordingly, the Board was recommended to re-appoint PricewaterhouseCoopers PLT as auditors of the Company. A resolution for their re-appointment will be tabled for approval at the forthcoming Annual General Meeting; and

- Recommended the proposed audit fee for the Board's approval.

#### 4.0 Risk Management Committee

- Reviewed the Risk Management Committee's reports, assessed the adequacy and effectiveness of the risk management framework and the appropriateness of Management's responses to the identified key risk areas as well as proposed recommendations for improvements to be implemented.

#### 5.0 Related Party Transactions

- Reviewed the related party transactions that arose within the Group to ensure that the transactions are fair and reasonable to the Group and Company, and are not to the detriment of, the minority shareholders.

## TRAINING

During the year, all the Audit Committee members attended various relevant seminars, training programmes and conferences. Details of these are available at [www.ijm.com](http://www.ijm.com).

## INTERNAL AUDIT FUNCTION

The IAD is headed by Mr Chan Weng Yew, a fellow of the Association of Chartered Certified Accountants (ACCA) and an associate member of the Institute of Internal Auditors (AIIA) and reports directly to the Audit Committee. The internal auditors have direct access to the Audit Committee and the Chief Executive Officer & Managing Director. The Audit Committee is satisfied that the internal auditors' independence have been maintained as adequate safeguards are in place. All internal auditors have signed the annual declaration that they were and had been independent, objective and in compliance with the Code of Ethics and Conduct of IJM Corporation Berhad ("IJM"), MIA, and The Institute of Internal Auditors in carrying out their duties for the financial year. The Audit Committee is satisfied that the Internal Audit function has sufficient resources and is able to access information to undertake its duties effectively.

The Internal Audit function provides to the Board (primarily via the Audit Committee) and to Management reasonable assurance on the effectiveness of the Group's systems of internal control and the adequacy of these systems to manage business risks and to safeguard the Group's assets and resources.

The Internal Audit Charter sets out the purpose, functions, scope and responsibilities of the Internal Audit function and how it maintains independence from the first and second lines of defence by Management of the Group. The four main functions of Internal Audit are to:

- Assess and report on the effectiveness of the design and operation of the framework of controls which enable risks to be assessed and managed;
- Assess and report on the effectiveness of management actions to address deficiencies in the framework of controls;
- Investigate and report on cases of suspected employee fraud and malpractice, if any; and
- Undertake designated consulting services for Management provided that they do not threaten the function's independence from Management.

The Internal Audit Plan for 2017-2018, which was approved by the Audit Committee in February 2017, reflected the Group's 2017-2018 Operational Plan that was prioritised in the following a risk-based assessment of the business and a review against the Group's risk policies. The reviews carried out covered an extensive sample of controls over all risk types, business units and entities. During the year, the Internal Audit Plan for 2018-2019 was reviewed and approved by the Audit Committee in February 2018.

The IAD adopts a risk based auditing approach, guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors, prioritising audit assignments based on the Group's business activity, risk management and past audit findings. They evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems, in terms of:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

All internal control deficiencies were reported to the appropriate levels of Management when identified. The Audit Committee received quarterly reports from the IAD on audit reviews carried out, Management's responses to the findings and progress in addressing identified issues. The Management members were made responsible for ensuring that corrective actions on reported control deficiencies were taken within the required timeframes. IAD conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, IAD has added value to enhancing the governance, risk management and control processes within the Group.

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04 Business Review & Reports

The Audit Committee reviewed and approved the IAD's financial budget and human resource requirements to ensure that the function is adequately resourced.

The total cost incurred in managing the IAD for the financial year under review was RM3.7 million (FY2017: RM4.2 million).

A summary of internal audit cost distribution is as follows:

COST CATEGORY	% OF TOTAL COST
Manpower	85.4%
Training	1.2%
Travelling (inclusive of accommodation)	6.4%
Overheads	7.0%

## INTERNAL AUDIT ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year, the IAD completed and reported on 79 audit assignments where periodic testings were conducted and while providing independent assessments covering the construction, property, industry, and infrastructure divisions, as well as the overseas operations of the Group and functional audits of the Group Support Services. These included ad-hoc audits conducted on the basis of special requests from the Board, Audit Committee, Senior Management or those arising from the Group's Whistle Blowing Programme.

The IAD, during the financial year, provided internal audit services to IJM Plantations Berhad ("IJMP"), and in an effort to provide value added services, it also plays an active advisory role in the review and improvement of existing internal controls within the IJMP Group. IAD had completed and reported on 27 audit assignments to the Audit Committee of IJMP which were in addition to the 79 assignments as mentioned above.

Currently, IAD comprises twenty-one (21) auditors with approximately 41,000 available man-hours per annum. All auditors have been trained during the year on the use of audit management and data analytics software (ACL) in efforts to increase the efficiency and effectiveness of the function's audit management process and data analytics capabilities.

The level of expertise and professionalism at the end of the financial year end of 2017-2018 is as follows:

EXPERTISE CATEGORY	PERCENTAGE OF TOTAL AUDITORS
Diploma Level	10%
Bachelor's Degree	42%
Post Graduate Degree (MBA, MA, etc.)	10%
Professional Qualification (CPA,CIA, ACCA, CIMA, etc.)	38%

IJM is a Corporate Member of The Institute of Internal Auditors Malaysia.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 17 July 2018.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to nurture and preserve throughout the Group a sound system of risk management and internal controls and good corporate governance practices as set out in the Board's Statement on Risk Management and Internal Control, made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD'S RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound risk management framework and internal control system to safeguard the shareholders' investments and the Group's assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with Principle B of the Malaysian Code on Corporate Governance.

The Board continually articulates, implements and reviews the adequacy and effectiveness of the Group's enterprise wide risk management and internal control system which has been embedded in all aspects of the Group's activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Group's risk appetite and tolerable ranges and to ensure that the system is viable and robust.

Notwithstanding, the Group's system is designed to manage rather than eliminate the risks of failure to achieve the Group's business objectives. Accordingly, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud, and that any adverse impact arising from a foreseeable future event or situation on the Group's objectives is mitigated and managed.

The Board has received assurance from the Chief Executive Officer & Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group.

During FY2018, the Risk Management Committee ("RMC") reviewed, appraised and assessed the controls and actions in place to mitigate and manage the overall Group's risk exposure, as well as raised issues of concerns and recommended mitigating actions. The RMC reports to the Audit Committee on a quarterly basis where key risks and mitigating actions are deliberated and implemented. The Audit Committee then presented a summary of their deliberations and decisions to the Board.

During the financial year, the adequacy and effectiveness of the internal controls were reviewed by the Audit Committee in relation to the internal audits conducted by the Internal Audit Department, as well as the control issues reported by the external auditors. The Audit Committee deliberated on the audit issues and actions taken by Management, and a summary of these deliberations have been presented to the Board.

Where there are internal control and risk-related matters warranting the attention of the Board, these matters are recommended by the Audit Committee to the Board for its deliberation and decision. With the recent change of government in Malaysia in May 2018, the Group will monitor and be proactive in the management of associated risks by engaging and working with the new government in office to improve business, consumer and market sentiments.

## KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has a well-defined organisational structure with clearly delineated lines of accountability, authority and responsibility to the Board, its committees and operating units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

### 1. AUTHORITY AND RESPONSIBILITY

The Executive Committee manages the Group's operating divisions in accordance with corporate objectives, strategies, policies, key performance indicators and annual budgets as approved by the Board. Further details are set out in the Corporate Governance Statement.

- The Audit Committee of the Group, with the assistance of the RMC, has oversight over the Group's risk management framework, policies and performs regular risk management assessments and through the Internal Audit Department, reviews the internal control procedure and processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external auditors of the Group, whenever required. Further details are set out in the Audit Committee Report.

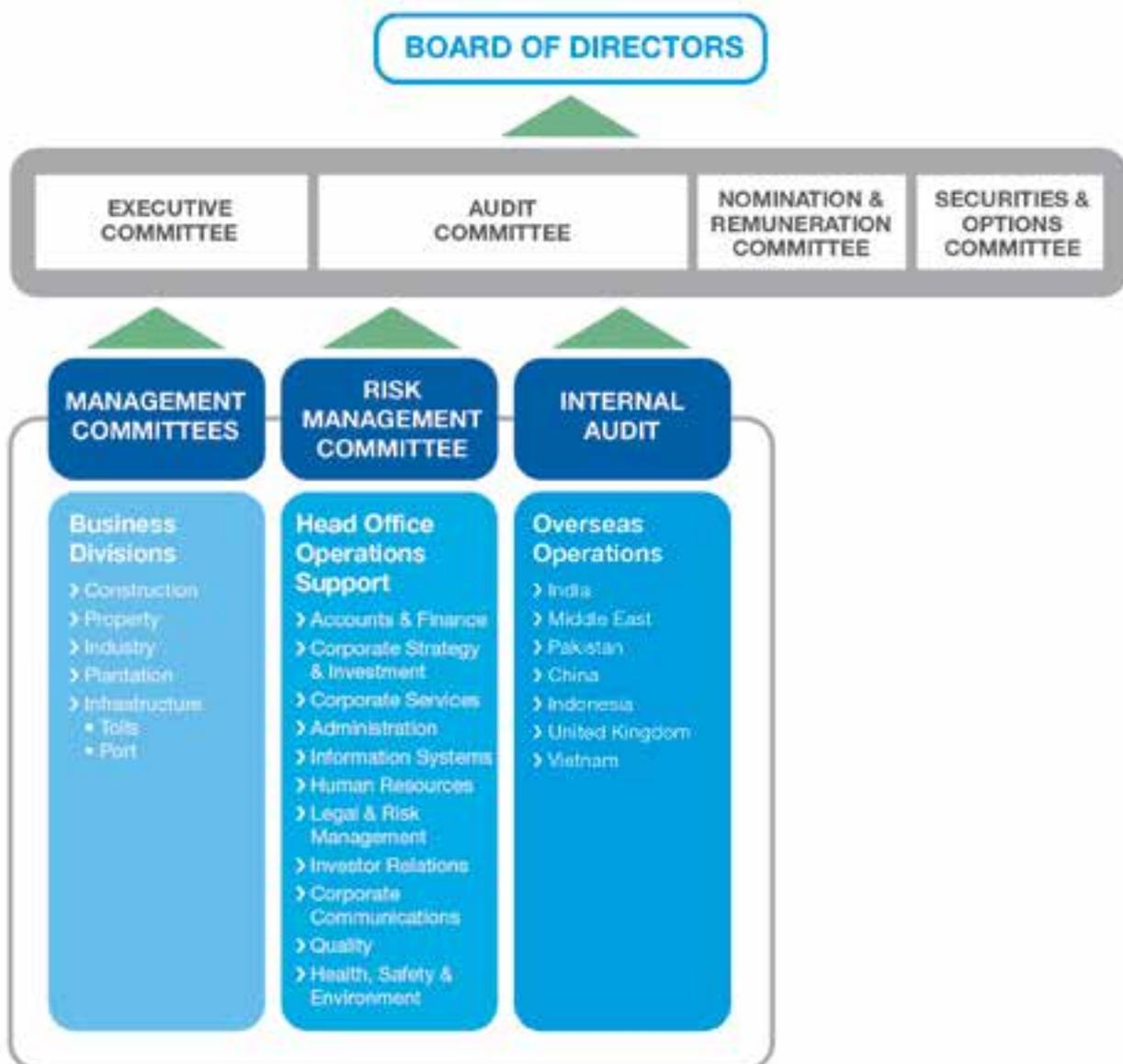
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04 Business Review & Reports

- The RMC oversees, performs regular reviews on risk management processes and ensures prudent risk management over the Group's business and operations. The RMC is chaired by the Group's Chief Financial Officer and includes representatives from all business divisions, both local and overseas, as well as from the relevant Head Office operations support departments. Each business division's risk management function is led by the respective head of the division.
- The Nomination & Remuneration Committee assists the Board to review and recommend appropriate remuneration policies for Directors and senior management, as well as reviews and recommends candidates to the Board, and

evaluates the performance of the Board as a whole and the contribution of each individual Director (including Board Committees) on an annual basis. The Securities and Options Committee administers options and/or shares under the employee share scheme and regulates the securities transactions in accordance with established regulations and by-laws. Further details are set out in the Corporate Governance Statement.

- Management committees are established by the respective Boards of major subsidiaries of the Group to assume the functions, of the Executive Committee as stated above, in those subsidiaries.



## 2. PLANNING, MONITORING AND REPORTING

- Regular, comprehensive and up-to-date information are conveyed to the Board, its committees and management committees of the Group including major subsidiaries covering finance, operations, key performance indicators and other business indicators such as economic and market conditions at their monthly or periodic meetings, facilitating the monitoring of performance against the corporate strategy and business plans.
- Annual budgets by divisions and Group for the forthcoming year are prepared and approved by the Board. These budgets are used to monitor actual versus budgeted and prior period's performance with major variances being reviewed and management actions taken as necessary.
- Half-yearly company briefings with analysts are conducted on the day of release of the financial results to apprise the shareholders, stakeholders and the general public of the Group's performance whilst promoting transparency and open discussions.
- Annual validation of the Group's sustainability materiality matrix identified in FY2017 was carried out at the division and Group levels to ensure that the identified factors remained relevant and material to their business and stakeholders. Adjustments are made in line with current circumstances facing the Group. The outcome is disclosed in the Sustainability Statement.

## 3. POLICIES, PROCEDURES AND VALUES

- Clearly documented and formalised standard operating policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations, which are subjected to regular reviews and improvement, have been communicated to all levels and are easily accessible on the Company's intranet platform.

- Established guidelines for recruitment and termination, human capital development and performance appraisal system based on the Group and divisional balanced scorecards, individual KPIs, core values and competencies, to enhance staff competency levels and measure employees' performance have been disseminated to all employees. Employee engagements and customer satisfaction surveys, where applicable, are conducted to gain feedbacks for continuous improvement.
- Clearly defined levels of authority for day-to-day business aspects of the Group covering procurement, payments, investments, acquisition and disposal of assets are reviewed periodically and have been disseminated to all employees.
- Adoption and consistent application of appropriate accounting policies in the annual financial statements of the Group, and prudent judgements and reasonable estimates have been made in accordance with the applicable accounting standards in Malaysia. Processes and controls are in place for effective and efficient financial reporting and disclosure in the annual and quarterly financial statements of the Group to give a true and fair view of the financial position of the Group.
- Top down communication is made to all levels, of the Company's values such as the IJM charter, our statements of vision, mission and core values, code of ethics and conduct, corporate disclosure policy, diversity and inclusion policy as well as avenues for whistle-blowing.

## 4. AUDITS

- The Internal Audit Department ("IAD") performs internal audits on various operating units within the Group on a risk-based approach based on the annual audit plan approved by the Audit Committee. The IAD checks for compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings of non-compliance in the quarterly Audit Committee meetings of the Company and major subsidiaries. Further details of the IAD's functions and activities are set out in the Audit Committee Report of the Annual Report.

- The external auditor’s annual audit strategy, audit plan and scope of works for the financial year in relation to the audit services on the Group’s financial statements as well as non-audit services are reviewed and approved by the Audit Committee. Further details on the oversight of the external auditors are set out in the Audit Committee Report.
- The Company and certain subsidiaries, which are accredited with various quality, health, safety and environment and other certifications, undergo scheduled on-site audits by auditors of relevant industry certification bodies. The results of these audits are reported to Management.

## 5. RISK MANAGEMENT

The RMC principally develops, executes and maintains the enterprise wide risk management system to ensure that the Group’s corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. The RMC designed and developed the Group’s risk management framework with the assistance of a professional organisation, PricewaterhouseCoopers in 2002. Its reviews cover responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines, changes to internal controls, risk management framework and management information systems, and outputs from monitoring processes as well as a continual review process of identified risks and effectiveness of mitigation strategies and controls.

**Risk Management Process**



A risk map addressing the risks to the achievement of strategic, financial, operational and other business objectives, using quantitative and qualitative aspects to assess their likelihood and impact matrices, and the controls for assuring the Board that processes put in place continue to operate adequately and effectively to manage those risks to acceptable levels, is prepared quarterly by each business unit.

As the business risk profile changes, new areas are introduced for risk assessment and the necessary updates are made to the existing risks.

The Group’s Head Office considers and incorporates the risks associated with the Group’s strategic objectives and overall risk appetite which are not addressed by the respective business units. The consolidated major risks and the mitigating actions are reported to the RMC before being presented to the Audit Committee on a quarterly basis.

## Risk Assessment Reviews

During the financial year ended 31 March 2018, all divisions conducted their risk management and internal control system reviews which were assessed by the RMC and reported to the Audit Committee at each quarter. The Group identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes. The management of the Group's significant risks identified for the financial year 2018 is outlined below:

### a) Market Risk Management

Market risks refer to the risks resulting from economic and regulatory conditions and the inherent cyclical nature of the Group's businesses.

#### Economic risks

In the current economic climate, the slowdown in the local and global economy may affect the Construction and Industry Division's order book replenishment and result in overcapacity situations in their factories. During the financial year, the Industry Division's performance was affected by softening demand for its piles and quarry products and lower selling prices, while the Property Division continued to face challenges of a subdued and saturated market as well as stiff competition from established competitors in Malaysia affecting its sales. All of these factors affect the Group's profitability and cash flows.



Construction contract signing ceremony between IJM Construction and HSBC

To mitigate such economic risks, the Group has various measures in place including the following:

- Securing long term Build-Operate-Transfer ("BOT") projects. During FY2018, the Group secured the Solapur-Bijapur Section of the National Highway, NH-13 (New NH-52) (109.08 KM) BOT project in India;

- Exploring various business and geographical diversifications including real estate investment with the acquisition of land and construction of Menara Prudential, a 27-storey office building within the Tun Razak Exchange, Kuala Lumpur;
- Regularly reviewing the business plans against performances to address any shortfalls;
- Maintaining good relationships with vendors and negotiating for more favourable terms;
- Maintaining existing customers and winning new customers;
- Seeking alternative uses of available capacity for its factories;
- Enhancing efficiency and productivity in its operations;
- Cost reduction initiatives to contain rising production costs such as sourcing cheaper alternative raw materials; and
- Adopting innovative marketing strategies with appropriate product differentiation and flexibility in product offerings to suit the market demand for its properties.

The Group has invested in emerging markets over the years such as in India, the Middle East, Indonesia and China. Whilst the Group is able to tap into these markets, foreign engagements entail added risks given their different operating, economic and regulatory environments as well as intensive local and international competition. Nevertheless, the Group continues to monitor these market risks associated with foreign ownership including currency, inflation, tax, political and expropriation risks, employ detailed feasibility assessments whilst continuously seeking out local as well as other international opportunities to replenish orders, diversify its business and grow earnings.

#### Political risks

Political risks refer to the change of government, government decisions, events or conditions that may affect the performance of the Group's businesses. With the recent change of government in Malaysia in May 2018 and their plans for institutional and political reforms, the Group will closely monitor and be proactive in the management of associated risks by engaging and working with the new government in office to improve business, consumer and market sentiments.

### Commodity and Currency risks

Commodity risk is prevalent in the Plantation Division as its prices for palm products are subject to market volatility which affects its profitability. The Plantation Division manages such commodity risk with the following measures:

- Constant monitoring of the commodity prices to determine the appropriate timing to transact sales;
- Selling using the Malaysian Palm Oil Board's average price mechanism;
- Hedging through forward sales contracts;
- Entering into crude palm oil pricing swap arrangements with financial institutions as an additional hedge; and
- Close monitoring of the pricing trends of major oils and fats for market intelligence.

The Group is also exposed to foreign currency fluctuations due to its investments in foreign countries such as India, China, Indonesia and the United Kingdom (UK) which may affect its profitability due to the negative fluctuation in the functional currencies of the foreign subsidiaries. These foreign currencies mainly comprised the US Dollar, Indian Rupee, Chinese Renminbi and Pound Sterling and the exchange exposures are managed by the Group with the following measures:

- Entering into forward foreign exchange contracts or cross currency swap contracts where applicable; and
- Keeping foreign currency denominated borrowings at an acceptable level.

### Regulatory risks

The Group's businesses are governed by relevant laws, regulations, standards, licenses and concession agreements. The Group constantly assesses the impact of new laws and regulations affecting its businesses to ensure that its processes and infrastructure settings are able to operate under the new requirements. New laws and regulations which have an impact to the Group during FY2018 includes the following:

- LR of Bursa Securities;
- New Malaysian Code on Corporate Governance 2017;
- Malaysian Budget 2018;
- Employment Insurance System Act 2017; and
- Real Estate (Regulation and Development) Act, India.

The Group manages these regulatory risks with the following measures:

- Being updated with the new laws and/or requirements by participating in seminars, conferences and trainings, both in-house and external, as presented by authorities, experts or specialists;
- Implementing appropriate policies, procedures, guidelines, self-audit processes and contracts management practices; and
- Maintaining regular communication with the authorities, industry, accounting, tax and legal experts to ensure compliance at all times.

The Group is also mindful of the new government's plans for various reforms and will take cognisance of the legal and regulatory changes being implemented in due course and will make the necessary adaptations and changes to comply with the new requirements.

In addition, the other policies which affect the Group's Property Division are the loan to value cap requirement and strict mortgage lending policies by banks resulting in lower loan approvals. Coupled with the slower project approvals from the authorities, all these factors affect the demand for the Division's properties, slow down the progress of its developments and reduce profitability levels. To mitigate such risks, the Property Division carries out the following measures:

- Liaising closely with government officials and external institutions;
- Maintaining close working relationships with financial institutions to counter the cooling policies;
- Developing innovative marketing strategies and negotiating for attractive interest rates for loans;
- Adopting the industrialised building system which is less dependent on labour, whilst improving the productivity and quality of construction work;
- Switching product focus to landed properties and/or affordable housing where demand is still resilient due to support by the younger demographics; and
- Delaying the launch of certain high-end high rise projects where appropriate.

In addition to the above, the Group's legal department provides legal input on compliance with applicable laws and regulations, including on business, contracts and operational matters.

## b) Credit And Liquidity Risk Management

These risks arise from the inability to recover debts in a timely manner which may affect the Group's profitability, cash flows and funding. Such risks are more widespread in the Construction and Industry Division's overseas operations.

The Group minimises such exposures with the following measures:

- Assessing the creditworthiness of potential customers before granting credit limits and periods;
- Employing strict debt repayment policies;
- Persistent and close monitoring of collections and overdue debts; and
- Ensuring effective credit utilisation to keep leverage at a comfortable level.

## c) Operational Risk Management

### Inadequate skilled workforce risk

Similar to many other companies in the same line of business, the Group faces a common challenge in the form of inadequate skilled workforce. This risk is more acute in the Plantation Division due to the difficulty in recruiting skilled workers which may slow down its harvesting operations. Various measures carried out by the Plantation Division to attract more skilled labour included the following:

- Working with the industry fraternity to improve the availability of labour;
- Upgrading the living quarters of guest workers complete with amenities including electricity and water, medical care, crèche, education centres, recreational and sports facilities, in phases;
- Entering into partnership with NGOs such as the Borneo Child Aid to provide education to the children of guest workers with the intention of retaining the workers;
- Encouraging local school leavers to participate in the plantation sector and to offer suitable internship programmes for undergraduates via joint ventures with universities and agricultural/labour authorities; and
- Reviewing the remuneration benefits of workers from time to time to stay competitive.

To mitigate the risk of inadequate skilled workforce within the Group, it implemented various remuneration and welfare schemes to attract and retain employees to meet existing and future needs. Some of these initiatives are as follows:

- The Long Term Incentive Plan ("LTIP"), which comprises an employee share option scheme and an employee share grant plan for qualified employees. For more details of the LTIP scheme, please refer to the Financial Statements section of the Annual Report;
- Enhancing work-life practices such as offering staggered hours, family care leave, car park space for expectant mothers and extended maternity leave; and
- Enhancing the Group's hospitalisation and surgical plans.

### Adverse weather risk

The Plantation Division's crop productivity may be affected by prolonged dry weather. To mitigate the dry weather condition and in anticipation of its recurrence in the future, the Plantation Division had carried out measures which included the following:

- Employing good agronomic and estate practices as per the Division's operating manual;
- Carrying out water conservation and irrigation measures to ensure its oil palms receive adequate water;
- Deepening reservoirs, where possible, to increase water storage capacity with the objective of irrigating the surrounding fields; and
- Ensuring appropriate agricultural training for its cadets and field staff.

## d) Cyber Security Management

Cyber security is one of the most important concerns of today. Cyber attacks can cause major damage to the bottom line, as well as loss of business reputation and stakeholder's trust. In order to secure the critical business systems from cyber attacks, the Group has built a team of certified security professionals to establish a set of IT security policies and procedures based on the relevant data security standards and industry best practices.

In addition, independent enterprise wide assessments are conducted on a regular basis to ensure that the systems are robust, effective and continuously improved to enhance the Group's cyber resilience. The Group is proactively monitoring and implementing layers of new controls to protect its critical business systems against the ever-evolving cyber threat landscape and challenges.

### e) Disaster Recovery Management

With the advent of cyber threats and other potential hazards such as fires, floods, earthquakes and major equipment failures, amongst others, the continuity of business operations is of a major concern to the Group. In line with that, the Group has established a crisis management plan to deal with major incidences and crisis situations affecting its businesses, financial position, cyber security and of public concern. The Group regularly reviews the crisis management plan to ensure its relevance and appropriateness.

Additionally, the Group has a production site for critical business systems at an external hosting centre in Cyberjaya, Selangor which was designed to be almost disaster free while the disaster recovery site has migrated to Cloud as a service acting as a warm site for systems recovery in the event of a disaster. Meanwhile, the other less critical business systems continue to be maintained in Cyberjaya.



*Fire Simulation & Training for employees at the plantation estate*

Regular incident management drills at our properties ranging from basic fire safety to mass evacuation drills are conducted to ensure that our employees are familiar with the emergency response and crisis management plans. During the financial year, the Group did not encounter any major business interruption or crisis situations. However, there were a few workplace accidents during the period which resulted in fatalities. For further information, please refer to the Sustainability Statement.

## 6. INSURANCE

As a global conglomerate with a diverse business portfolio, the Group faces exposure to numerous risks. Hence, the Group has in place adequate and regularly reviewed insurance coverage for its business operations, assets and employees where it is available on economically acceptable terms to minimise the related financial impacts.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.26(b) of the LR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (“RPG”) 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

### CONCLUSION

For the financial year under review and up to the date of issuance of this statement, the Board is pleased to state that the Group’s system of risk management and internal control was rated overall as satisfactory, adequate and effective for the Group’s purpose and safeguards the Group’s assets and shareholders’ investments, as well as the interests of customers, employees and other stakeholders. There have been no material losses, contingencies or uncertainties identified from the reviews.

**THE BOARD WILL CONTINUE TO MONITOR ALL MAJOR RISKS AFFECTING THE GROUP AND WILL TAKE THE NECESSARY MEASURES TO MITIGATE THEM AND ENHANCE THE ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM OF THE GROUP.**

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 17 July 2018.

# ACHIEVING A SUSTAINABLE BALANCE





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# SUSTAINABILITY STATEMENT FY2018

# FY2018 SUSTAINABILITY HIGHLIGHTS

## MARKETPLACE

### Induction into the MSWG-ASEAN Corporate Governance Recognition 2017 list

of Top 100 Companies with Good Disclosures and Top 100 Companies for Overall Corporate Governance and Performance



Received the Industry Excellence Award in the category of Construction and Infrastructure at the **National Annual Corporate Report Awards ("NACRA") 2017**



IJM Land **ranked among the Top 10 – Property Developers in Malaysia** at both The Edge Malaysia Property Excellence Awards 2017 and Property Insight Prestigious Developers Awards 2017



In FY2018, the Property Division established a robust customer engagement measurement system – recorded a **Net Promoter Score of +10.2**



Received the **Gold award for Besraya Highway**

on sustainable practices at the Malaysia Green Highway Index ("MyGHI") in 2017



## ENVIRONMENT

### 22%



of our total waste footprint was **recycled** in FY2018 as compared to 19% in FY2017

### Reduced 10% of water consumption



from 3 million m<sup>3</sup> in FY2017 to 2.7 million m<sup>3</sup> in FY2018

### Reduced 224,200 tonnes of CO<sub>2</sub>



in Pre-tensioned Spun Concrete ("PSC") piles production in the last 10 years

Our Plantation Division upholds **Zero Burning Policy** for all its operations



There were **no significant spills** at our Port operations in FY2018



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## COMMUNITY

Contributed over

**RM1.9 million**

to the community



Based on the London Benchmarking Group ("LBG") Framework,

**90%** of our efforts are **strategic community investments**

with the remaining 10% as charitable gifts



Flagship programme,



**Give Day Out**

in its 8th year since its launch in 2011

15 scholarships totaling

**RM664,500**

given out via the IJM Scholarship Programme



The IJM Land Half Marathon and 'Run with Me' at the Bandar Rimbayu township attracted

**9,500 participants**



## WORKPLACE

Employs **4,611** people  
across all business Divisions



Malaysian workforce consists of

**64% Bumiputra, 27% Chinese  
and 7% Indians**



Women make up 1/3 of our total labour force

**38% executive role**

**and 31% non-executive role**

**RM2.4 million**

invested on **3,420 employees**

over 1,200 training sessions spread out  
over 90,752 hours



**73 participants**

of our first **Leadership Accelerated  
Development Programme ("LEAD")**

graduated in August 2017

# STATEMENT OVERVIEW

The Sustainability Statement is an on-going account of our efforts as a responsible company. We are accountable for our actions as we recognise it as fundamental to meet the high aspirations that we and our stakeholders have set for the Company.

This Sustainability Statement has been prepared in accordance to international reporting frameworks including the Global Reporting Initiative (“GRI”) Standards, in addition to meeting the requirements laid down by Bursa Malaysia Securities Berhad. The Community section adopts the LBG Framework, a recognised global standard used in GRI to measure, manage and benchmark corporate community investment.

The United Nations Sustainable Development Goals (“SDGs”) define global priorities and aspirations towards resolving economic, social and environmental challenges. We look to the SDGs as a guide to how our business can support the advancement of sustainable development, both by minimising negative impacts and maximising positive impacts on the people and the environment. The SDGs cover a wide spectrum of sustainable development topics such as poverty, health, education, climate change and environmental degradation.

This Sustainability Statement describes our governance, environment and social performance for the period 1 April 2017 to 31 March 2018. Our performance in these areas are reported throughout the four sections of this Statement: **Marketplace**, **Environment**, **Community** and **Workplace**. Data contained in this Sustainability Statement has not been verified by an independent third party.

The scope of this Statement covers only IJM Group’s business operations in Malaysia and IJM Plantations’ operations in Indonesia, which accounted for 90% and 6% of the Group’s total operating revenue in FY2018 respectively. The Statement includes data from IJM subsidiaries, but not from associates or joint ventures.



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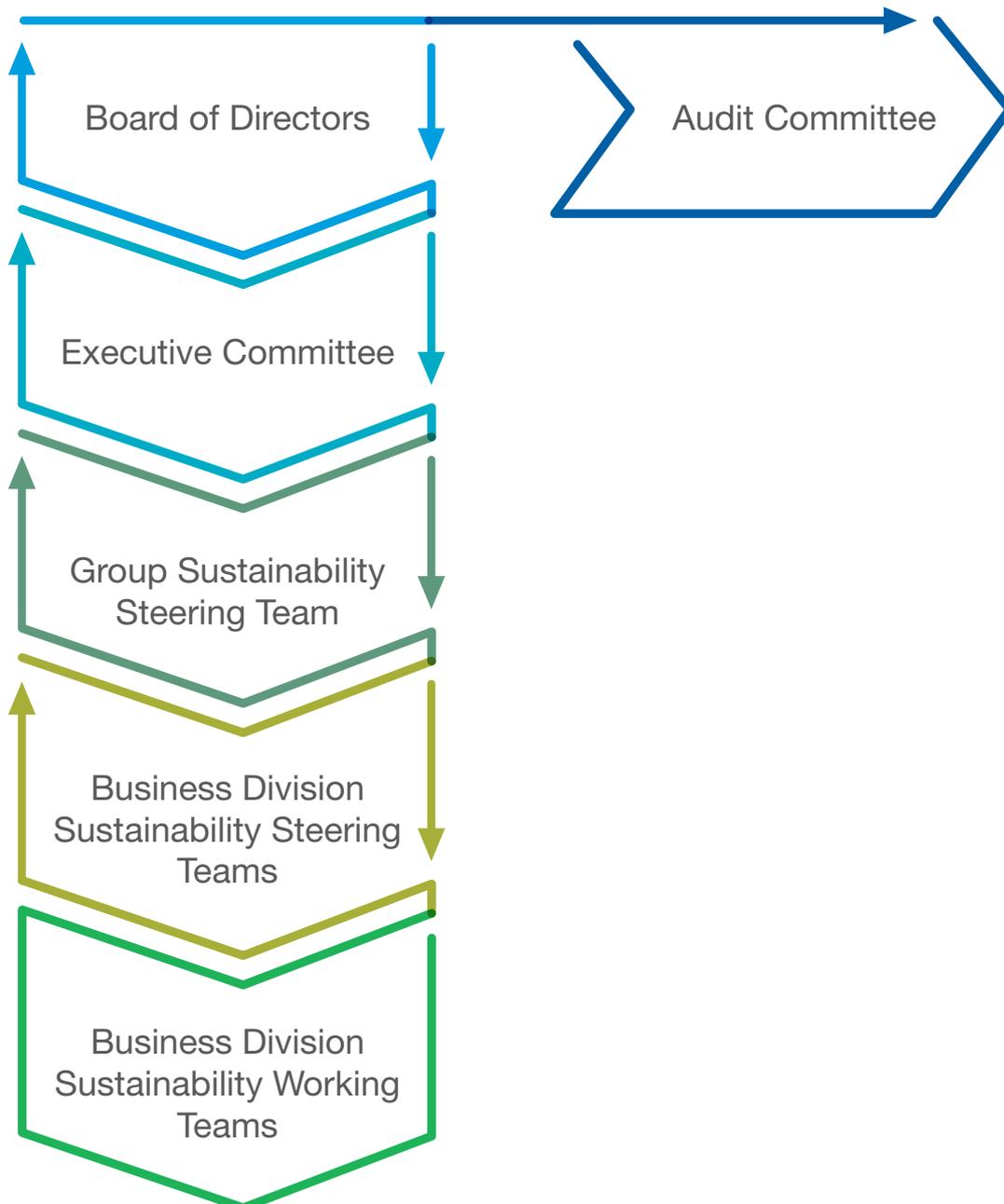
## SUSTAINABILITY GOVERNANCE

Since FY2017, a Group-wide governance framework for sustainability was put in place. Our sustainability governance defines and guides us towards impact-focused targets that will drive and measure tangible impact to our business operations.

The sustainability framework is led by IJM’s Board of Directors. The Board oversees the overall sustainability framework and sets policies to drive sustainable practices within the Group. The Executive Committee reviews quarterly progress to ensure that best practices are embedded across the Group and is responsible for approving investments or directions on major sustainability initiatives.

The Group Sustainability Steering Team oversees the delivery of the Group’s sustainability strategy and the production of the Group’s sustainability reports. The Group Sustainability Steering Team is in constant communication with the Divisional Steering Teams and Working Teams who drive and implement sustainability initiatives in line with the Group’s sustainability strategy.

As an added measure, the Audit Committee is tasked with overseeing any periodic and ad-hoc audit or assurance activities with respect to sustainability management and reporting processes.

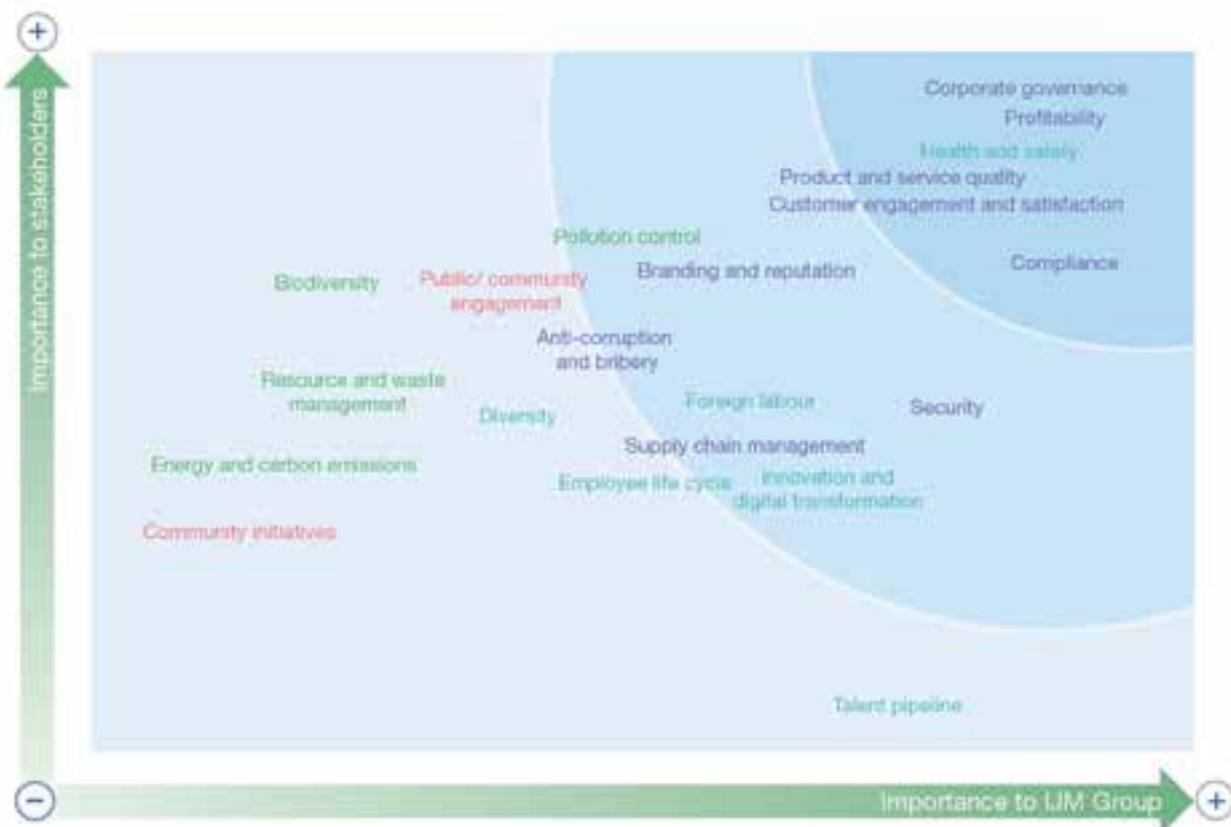


## GROUP MATERIALITY MATRIX

The IJM Group matrix addresses key material topics that have been identified as important to our business and stakeholders. We considered and prioritised significant economic, environmental and social topics. These topics were positioned on the materiality matrix based on two axes – importance to IJM Group and stakeholders.

A workshop to determine the materiality matrix for FY2018 was conducted with 37 representatives from all six businesses and functional roles from Group Services. This included a review of the FY2017 Divisional matrices and incorporation of additional inputs from Group Services.

### IJM CORPORATION BERHAD'S FY2018 MATERIALITY MATRIX



A Group matrix of 21 priority issues were consolidated and presented to the Executive Committee for review and discussion. The top right section of the matrix outlines topics most material for IJM Group and our

stakeholders. All topics contained in the matrix are discussed in the four sections of this Statement – Marketplace, Environment, Community and Workplace.

## TOP 5 MATERIAL TOPICS AND SUPPORTING SDGs

IJM welcomes the adoption of the SDGs, as they provide a universal call to action for tackling economic, social and environmental challenges in the coming years. IJM's focus on construction, property, industry, plantation and infrastructure corresponds to several of the priorities identified in the SDGs.

TOP 5 MATERIAL TOPICS	STATEMENT SECTION	SUPPORTING SDGs
Corporate governance	Contributing to a vibrant marketplace	  
Profitability	Business performance is covered throughout the Annual Report	
Health and safety	Ensuring a fair, inclusive and safe workplace	   
Product and service quality	Contributing to a vibrant marketplace	   
Customer engagement and satisfaction	Contributing to a vibrant marketplace	

## PROGRESS AGAINST OUR TARGETS

We indicate below as to how we performed against our key targets for FY2018.

TARGET	FINANCIAL YEAR	PROGRESS UPDATE
<b>Corporate</b>		
Establish a Group sustainability roadmap	2018	• <b>In progress.</b> This target is extended to FY2020 to comprehensively address our diverse business activities
<b>Marketplace</b>		
Establish a robust customer engagement measurement system	2018	• <b>Achieved.</b> Established Net Promoter Score and Customer Satisfaction Score. Please refer to page 142
<b>Environment</b>		
Perform carbon footprint assessment	2018	• <b>Achieved</b> for Plantation and Industry factories. Please refer to IJM Plantation Annual Report 2018 and refer to pages 150 to 152 for more information on the Industry Division
Perform water footprint assessment	2018	• <b>In progress.</b> We will report on the assessment for the Industry Division in FY2019
Adopting new technologies to manage waste	2018	• <b>Achieved.</b> Concrete reclaimers have been installed to reduce concrete waste. Please refer to page 145
<b>Community</b>		
Develop a Group Community Investment Policy	2018	• <b>Achieved.</b> We have developed a Community Investment Policy. Please refer to page 156
<b>Workplace</b>		
Zero fatalities at the workplace for all business Divisions	On-going	• <b>Not achieved.</b> There were 4 fatalities in FY2018. Please refer to page 173
5% overall reduction in accidents	2018	• <b>Achieved.</b> Please refer to page 172
Review leadership competencies to enable business growth	2018	• <b>Achieved.</b> Leadership competencies have been identified. Please refer to page 169
Improvement measures following the feedback from the Employee Engagement Survey	2018 to 2020	• <b>In progress.</b> Implementation of action plans detailed on page 167

LEGEND:

• **Not achieved**    • **In progress**    • **Achieved**

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## UPCOMING SUSTAINABILITY TARGETS

TARGET	FINANCIAL YEAR
<b>Corporate</b> Develop a Group sustainability roadmap	2020
<b>Marketplace</b> Develop a Group Supply Chain Policy	2019
<b>Environment</b> Perform a water footprint assessment on the Industry Division	2019
<b>Community</b> Redesigning the volunteerism experience at IJM	2019
<b>Workplace</b> Zero fatalities at the workplace for all business Divisions	On-going
Develop a Group Human Rights Policy	2019
Improvement measures following the feedback from the Employee Engagement Survey	2018 to 2020

# CONTRIBUTING TO A VIBRANT MARKETPLACE

As an organisation with diverse business operations, IJM's drive for sustainable growth is achieved not only through shared values and synergies across the Group, but also by creating and enhancing shareholder value. We recognise that in order to succeed in today's global marketplace, embedding sustainability into our business is key to our Company's reputation and long-term success. In this section, we review IJM's approach and contribution as a responsible business Group and outline key marketplace relationships for FY2018.

## OUR CODE OF ETHICS AND CONDUCT

We are committed to creating a Group corporate culture to operate our businesses in an ethical manner while upholding the highest standards of professionalism. Our business principles commit us to comply with all laws, rules and regulations of each country in which we operate. Our Code of Ethics and Conduct provides the principles and standards of business ethics and conduct of the Group. Beyond strict adherence to local laws and regulations, the code spells out the expectations of employee behaviour and conduct at work. The Code of Ethics and Conduct is made available to all employees and can be accessed from our Company website.

## ANTI-CORRUPTION AND BRIBERY

At IJM, the Code of Ethics and Conduct affirms expectations on employees to understand and comply with laws, rules and regulations applicable to their position and/or work including the relevant provisions of the Malaysian Anti-Corruption Commission Act 2009 and Anti-Money Laundering and Anti-Terrorism Financing Act 2001. The Code of Ethics and Conduct states, among other things, that employees will not accept nor provide personal gifts, favours, entertainment or services, in cash or in-kind, that will or will appear to influence objective and fair business decisions.

Our Whistle Blowing Policy spells out the policy and procedure for reporting corruption and other wrongdoings. IJM Group ensures the anonymity of employees, associates or any third party who report their concerns on suspected and/or known instances of misconduct, wrongdoing, corruption, fraud, wastage and/or abuse. Whistle blowers will also be protected against reprisals and/or retaliations in response to their disclosures. IJM Group treats all disclosures as sensitive and will only reveal information on a 'need to know' basis or if required by law, court or authority. The Whistle Blowing Policy can be accessed from our Company website.

## CORPORATE GOVERNANCE AND COMPLIANCE

We are guided by the Malaysian Code on Corporate Governance 2017 in ensuring the principles and best practices of good corporate governance is applied throughout the Group. IJM has been accorded awards recognising our good corporate governance practices including induction into the MSWG-ASEAN Corporate Governance Recognition 2017 list of Top 100 Companies with Good Disclosures and Top 100 Companies for Overall Corporate Governance and Performance. The Top 100 Malaysian public-listed companies listing is based on disclosures from 900 companies assessed using the ASEAN Corporate Governance Scorecard.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on pages 100 to 110 of the Annual Report.

Our commitment to advocate higher standards in business and financial reporting by promoting transparency and accountability was again recognised at the National Annual Corporate Report Awards ("NACRA") 2017. IJM received the Industry Excellence Award in the category of Construction and Infrastructure.

IJM Group has established effective standard operating policies and procedures, defined levels of authority and guidelines for recruitment and human capital development in our effort to ensure compliance with internal controls, laws and regulations. These policies, procedures and guidelines are subjected to regular reviews and improvements; and have been communicated to all employees.



### INTEGRITY

We act with professionalism in everything we do and with everyone we deal with, always delivering on our promise.

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## VALUING NON-FINANCIAL PERFORMANCE

Mainstream investors increasingly use Environment, Social and Governance (“ESG”) factors to help them determine the long-term value of a company. On 1 March 2018, Bursa Malaysia visited our corporate

office and gave an overview of the FTSE4Good Bursa Malaysia Index framework to the Sustainability Steering Teams of IJM Group and our business Divisions. The briefing provided us a detailed understanding of the FTSE methodology and assessment on IJM as well as investors’ expectations of companies on sustainability issues.

## ENGAGING STAKEHOLDERS

Proactive stakeholder engagement ensures our business activities are viable, strategic and relevant. We engage with a diverse group of stakeholders as shown in the following table.

STAKEHOLDERS	WHY WE ENGAGE	METHOD AND FREQUENCY OF ENGAGEMENT	KEY TOPICS RAISED
Shareholders, investors and lenders	Investors and lenders provide us with the financial capacity to sustain our growth. We work to ensure our investors and lenders have a strong understanding of our strategy, performance and business fundamentals.	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Bi-annual analyst briefings</li> <li>• Investor conferences and regular meetings</li> <li>• Company website</li> <li>• Annual reports</li> <li>• Site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategy and impacts</li> <li>• Financial and operational performance</li> <li>• Socio-environmental practices and commitments</li> </ul>
Clients/customers	Focusing on customers’ needs is part and parcel of our core value. We engage with our customers to understand their needs and identify opportunities to improve.	<ul style="list-style-type: none"> <li>• Customer service platforms e.g. phone calls, email, social media</li> <li>• Customer satisfaction surveys</li> <li>• Events and site visits</li> <li>• Health, Safety and Environment (“HSE”) surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Timely delivery of projects/products</li> <li>• Sustainability management i.e. certification, best management practices</li> </ul>
Subcontractors and suppliers	Our broad range of subcontractors and suppliers support many aspects of our business. We encourage them to adhere to high standards of professionalism and collaborate with us to ensure we can continually improve our operations and deliver mutual benefits.	<ul style="list-style-type: none"> <li>• Tender sessions</li> <li>• Subcontractor/supplier HSE performance evaluations</li> <li>• Site visits</li> <li>• Events, briefings and trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service delivery</li> <li>• Payment terms and timeliness</li> <li>• Subcontractors/suppliers’ compliance, capabilities and commitment</li> <li>• Legal and HSE compliance</li> <li>• Human rights</li> <li>• Product innovation</li> </ul>

## CONTRIBUTING TO A VIBRANT MARKETPLACE

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STAKEHOLDERS	WHY WE ENGAGE	METHOD AND FREQUENCY OF ENGAGEMENT	KEY TOPICS RAISED
Regulators and Government authorities	Regulators and the Government set the legal framework where we operate. We engage with them to ensure we comply with existing legislations.	<ul style="list-style-type: none"> <li>• Compliance and certification exercises</li> <li>• Periodic site visits and audits</li> <li>• Company representation at initiative/technical working groups</li> <li>• Briefings and trainings</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Certifications/awards</li> <li>• Industry best practices and updates</li> </ul>
Media	The Media is our primary channel of communication across a wide variety of key stakeholders. They disseminate information such as our Company's financial performance and provide us with valuable feedback and insights about the sectors where we operate.	<ul style="list-style-type: none"> <li>• Press releases and interviews</li> <li>• Annual reports</li> <li>• Company website</li> <li>• Events e.g. media appreciation events, project launches</li> </ul>	<ul style="list-style-type: none"> <li>• Business performance and direction</li> <li>• Industry outlook</li> <li>• Company events and activities</li> </ul>
Employees	We work to create a diverse and inclusive workplace where we support every employee to reach their full potential. Employee satisfaction is important and we continuously strive to ensure we are delivering to their expectations and supporting their wellbeing. This enables us to retain and develop the best talents.	<ul style="list-style-type: none"> <li>• Workplace by Facebook</li> <li>• Intranet</li> <li>• Annual performance appraisals</li> <li>• Triennial MyVoice employee engagement surveys</li> <li>• Annual townhall meetings</li> <li>• Forums, trainings and workshops</li> <li>• Sports club i.e. Kelab Sukan IJM</li> <li>• Employee events e.g. festive celebrations, annual dinners, IJM Games</li> </ul>	<ul style="list-style-type: none"> <li>• Business performance and direction</li> <li>• Career development</li> <li>• Learning and development</li> <li>• Employee welfare and benefits</li> <li>• Employee wellness</li> <li>• Health and safety</li> </ul>
Local community, industry associations, academia and Non-Governmental Organisations ("NGOs")	We work in partnership with the local community, industry associations, academia and NGOs to build positive relationships and ensure that we can deliver mutual benefits.	<ul style="list-style-type: none"> <li>• Community outreach and development programmes e.g. Give Day Out, sports programmes</li> <li>• Events e.g. product launches, festive celebrations</li> <li>• Company website and advertisements</li> <li>• Annual reports and social media</li> <li>• Educational site visits</li> <li>• Briefings and trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Company reputation and branding</li> <li>• Good corporate citizenship</li> <li>• Project development plans</li> <li>• Best management practices and industry-related research</li> <li>• Partnerships</li> </ul>

## CONTRIBUTING TO THE INDUSTRY

We actively participate in industrial association activities to learn, develop and contribute to a collective voice towards best practices for the industries where we are involved in. Below is a list of associations where our Group and Divisions are members and active partners:

GROUP/DIVISIONS	LIST OF ASSOCIATIONS
<b>Group</b>	Minority Shareholder Watchdog Group (“MSWG”) Malaysian Indian Business Council (“MIBC”) Malaysia South-South Association (“MASSA”) Malaysia-Japan Economic Association (“MAJECA”)
<b>Construction</b>	Construction Industry Development Board (“CIDB”) Master Builders Association Malaysia (“MBAM”) National Institute of Occupational Safety and Health (“NIOSH”) Royal Institution of Surveyors Malaysia (“RISM”)
<b>Property</b>	FIABCI Malaysia Real Estate and Housing Developers’ Association Malaysia (“REHDA”) REHDA Penang REHDA Negeri Sembilan REHDA Selangor REHDA Wilayah Persekutuan REHDA Johor Sarawak Housing and Real Estate Developer Association (“SHEDA”) Sabah Housing and Real Estate Developers Association (“SHAREDA”)
<b>Industry</b>	Federation of Malaysian Manufacturers (“FMM”) Malaysian Employers Federation (“MEF”) Malaysian Institute of Human Resource Management (“MIHRM”) Malaysian Institute of Management (“MIM”)
<b>Plantation</b>	Malaysian Estate Owners’ Association (“MEOA”)
<b>Port</b>	ASEAN Ports Association Malaysia (“MAPA”) Malaysian Employers Federation (“MEF”) Gebeng Emergency Mutual Aid (“GEMA”) Federation of Malaysian Manufacturers (“FMM”) Malaysian Oil and Gas Services Council (“MOGSC”)
<b>Toll</b>	Persatuan Syarikat-Syarikat Konsesi Lebuhraya Malaysia (“PSKLM”)

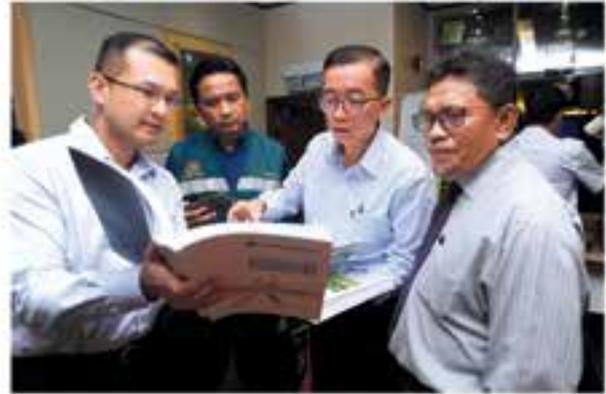
### ADVANCING CONSTRUCTION AND PROPERTY DEVELOPMENT THROUGH COLLABORATIONS AND SITE VISITS

We work closely with the Construction Industry Development Board (“CIDB”) and Master Builders Association Malaysia (“MBAM”) to drive the transformation of the construction industry in Malaysia.

Representatives from IJM are part of working groups to advance sustainability rating tools in areas of environmental management and green technology. We participate in CIDB’s Malaysian Carbon Reduction and Environmental Sustainability Tool (“MyCREST”), in partnership with the Real Estate and Housing Developers’ Association Malaysia (“REHDA”), to promote low-carbon and sustainable practices among developers and construction industry players in Malaysia. IJM also shares knowledge by collaborating with these associations on key issues such as affordable housing and the adoption of the Industrialised Building System (“IBS”).

Our Construction Division has regular engagements with the Department of Occupational Safety and Health (“DOSH”) to understand and comply with national and industry benchmarks. In conjunction with IJM HSE Day on 27 July 2017, DOSH Putrajaya visited our corporate office to brief us on the Guidelines of Occupational Safety and Health in the Construction Industry (Management) 2017. The session provided details on the latest operational compliance requirements by the authority and management of safety, health and welfare.

We hosted DOSH Putrajaya and State DOSH (Perak and Selangor) on a site visit to the West Coast Expressway Project. During this visit, we showcased HSE management and mitigation measures implemented at the site. We also collaborated with DOSH in the Third Country HSE Training Programme, where IJM hosted 28 delegates from Cambodia, Laos and Myanmar at Menara Prudential, our on-going construction project in Kuala Lumpur, on 26 September 2017.



Our Construction Division regularly engage with the Department of Occupational Safety and Health (“DOSH”) to understand and comply with national and industry benchmarks



Our Industry Division was invited by CIDB Negeri Sembilan to conduct introductory training on the Spun Pile process on 2 October 2017

### PROMOTING AND PROTECTING PALM OIL INTERESTS THROUGH FORUMS

Our Plantation Division is an active member of the Malaysian Estate Owners’ Association (“MEOA”). We contribute operational knowledge and expertise to the industry fraternity consisting of other small and medium plantation companies, independent estate owners, researchers and investment analysts. One such platform is via an annual oil palm seminar which addresses topics ranging from best management practices to oil palm nutritional requirements, physiology and yield components.

We also have exchanges at various national forums on topics such as industry trends and competitiveness, plantation inputs and sustainable initiatives. These efforts are aimed at raising the industry standard and managing challenges and opportunities impacting the plantation industry.



Dato’ Soam Heng Choon, in his capacity as REHDA Deputy President at the World Urban Forum on 8 February 2018

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## INCREASE HIGHWAY PROFESSIONALISM THROUGH STAKEHOLDER COORDINATION

Our toll highways entities are members of the Association of Highway Concessionaires Malaysia (“PSKLM”), a mediating platform between concessionaires, authorities and the public to address issues on highway operations in Malaysia. This platform provides a conducive environment to discuss about increasing the professionalism amongst highway operators as well as promoting standardisation of facilities and services at the highways. Feedback from road users obtained through the Highway Customer Satisfaction Index were shared with PSKLM and the Malaysian Highway Authority (“MHA”) to help them strategise policies and organise community engagement activities, plan and coordinate future projects.



PSKLM Annual General Meeting on 28 March 2018

## COMMITMENT TO QUALITY

Our business strategy addresses the quality of our products and services, including our processes and people.

Our Construction, Property and Industry Divisions have transitioned to the latest ISO 9001:2015 whilst our Port and Toll operations are in the midst of securing compliance. The latest ISO 9001:2015 combines the process approach with a new core concept of risk-based thinking to prioritise processes, employs the Plan-Do-Check-Act (“PDCA”) cycle in the organisation to manage the processes and system as a whole, and drive improvements.

As the quality of construction work and materials used are amongst the main concerns of property buyers, CIDB established a system called Quality Assessment System in Construction (“QLASSIC”) in 2001. It measures and evaluates the workmanship quality of a building construction based on the Construction Industry Standard, through a scoring system. This financial year, the Property Division attained a QLASSIC score of over 80% for a number of its developments, namely, The Light Collection III, Seri Riana Residence, De’Bunga Residensi, Saujana Duta and the Fairway Golf Villas at Seban Cove. The De’Bunga Residensi was awarded the highest accolade achievable for quality in the form of Best QLASSIC Achievement Awards 2017 for the small (less than RM20 million) residential category.



Dato' Hoo Kim See receiving the Best QLASSIC Achievement Awards on 21 August 2017

Our Plantation Division’s focus on quality and sustainability is substantiated by national and international certification standards such as International Sustainability and Carbon Certification (“ISCC”), Malaysian Sustainable Palm Oil (“MSPO”) and Indonesia Sustainable Palm Oil (“ISPO”).

## ENSURING CUSTOMER SATISFACTION

At IJM, ‘Customer Focus’ is one of our core values and is reflected in how we do business with the overarching goals of fulfilling and improving customer experience. This year, customer engagement and satisfaction remained a material topic across all our Divisions. We are focused on understanding and responding to the different and constantly evolving needs of our customers via customer satisfaction surveys, market surveys and brand audits.

In our efforts to connect with customers, we are mindful of our responsibility to protect individual privacy and personal data. IJM Group has a formal Privacy Policy, in English and Bahasa Malaysia, and is compliant with the requirements of the Personal Data Protection Act 2010. The policy can be accessed from the Company’s website.



### Enhancing IJM Land's Customer Experience at all touch points

As part of our continuous efforts to enhance customer experience, IJM Land launched the VIP Principles in May 2016, thereby establishing a guide for all IJM Land employees across functions to treat all our stakeholders with warmth, respect, dedication and care.



We recognise that each stakeholder has different needs; it is our duty to offer knowledgeable opinions and solutions. In doing so, we keep to our promises and are timely in our responses, actions and deliverables. These principles are aimed at delivering a consistent customer experience across various touch points – our sales galleries, sales administration, property management and maintenance.

In FY2018, robust measurement systems were introduced throughout our Malaysian operations, namely Net Promoter Score (“NPS”) and Customer Satisfaction Score. Measurement benchmarks were set during the year from the results of surveys conducted with our recent purchasers. The Division recorded an NPS of +10.2, indicating that IJM Land retains a positive level of customer loyalty that generates word-of-mouth referrals. This was corroborated through our Customer Satisfaction Score where the average satisfaction level among all homebuyers was at 80%, with 95% of them likely to recommend our properties to their family and friends.

Our Property Division launched the Mystery Shopper Programme in November 2017 to gauge our service standards. The results were satisfactory and the programme also enabled us to identify areas for improvement to maintain high service standards at various customer touchpoints.

The Division's sales galleries, amenities and facilities are designed to provide homebuyers with an authentic experience of their prospective purchases. Some of our galleries are equipped with cutting edge technologies such as guided virtual tours. Online interactive tours are available to potential homebuyers to experience a Google Street view of the actual property development, surrounding areas, access roads and environmental features.

### Client survey conducted by Construction and Industry

Our Construction Division conducts annual customer satisfaction surveys with an aim to achieve an overall rating of at least 75% for all projects. The surveys focus on the Division demonstrating our ability for on time delivery, project management, technical competency, effective problem solving and risk mitigation. In this reporting period, the Division was rated with an average score of 78%.

In FY2018, Industrial Concrete Products Sdn Bhd (“ICP”) achieved an average customer satisfaction score of 94.5% as compared to 95.9% achieved in FY2017, still exceeding their target of 80%. The annual customer feedback exercise focuses on product quality and performance, communication, product delivery and after sales service.

### Improving highway user experience

Our Toll operations received 205 complaints in FY2018 (FY2017: 111 complaints), all of which have since been resolved. The most common complaints were regarding collisions with the Automatic Lane Barriers (“ALB”) at toll booths which damaged the road users' cars. As a preventive measure, we are looking into installing safety sensors and optical barriers at the tolls.

In the Highway Users Satisfaction Survey, our highways continued to exceed the service rating of 82% set by the Malaysian Highway Authority. The survey evaluates performances on various criteria including highway and toll plaza management, patrol services as well as rest and service areas.

## BRANDING AND REPUTATION

At IJM, we are committed to building a positive reputation with stakeholders across our footprint. Our tagline ‘We Deliver’ is an integral part of the IJM brand, representing our commitment towards delivery, performance, efficiency and quality.

Our stakeholders recognise IJM's track record of consistently creating value over the long-term. We are known for our deep industry knowledge, excellence in product and service delivery, integrity and professionalism across the industries we operate in. The IJM brand and reputation are important aspects that our business partners and new talents consider.

We are enhancing our brand equity through the implementation of a comprehensive branding programme which is supported by positioning our brand strategy, messaging and identity across all communication channels. Initiated in September 2017, this branding programme aims to drive a unified and consistent identity across all operations, while strengthening the awareness and perception of the IJM brand.

## RECOGNITION FOR BEST PRACTICES IN CONSTRUCTION

Our Construction Division was recognised at the launch of the International Construction Week 2018 for achieving the 5-star CIDB Competitive Rating for Enhancement Programme (“SCORE”). The SCORE assessment is based on business and financial performance, technical capabilities, project and procurement management as well as best practices.

We also received the National Council for Occupational Safety and Health (“NCOSH”) award 2017 for the Puteri Cove Residences construction project in Johor. The award is the highest level of recognition for Occupational Safety and Health (“OSH”) excellence at the workplace in Malaysia, giving national acclaim to employers, media and organisations from various industries for their commitment towards OSH at workplaces. This marks the third time our Construction Division has received this prestigious accolade.

## EXCELLENCE IN PROPERTY DEVELOPMENT

In FY2018, IJM Land was again ranked among the Top 10 – Property Developers in Malaysia at both The Edge Malaysia Property Excellence Awards and Property Insight Prestigious Developers Awards. At the Starproperty.my Awards 2018, we were awarded the All-Star Award for Top Ranked Developer of the Year. The Excellence Winner for the Poseidon Award (Best Waterfront Development) was accorded to The Light Waterfront Penang.

Our Bandar Rimbau township won ‘World Gold’ in the Master Plan category at the FIABCI Prix d’Excellence Awards 2017. The international competition for real estate developers showcases excellence in all aspects of development. IJM Land was also voted as one of Malaysia’s well-loved brands in the ‘Property Development’ category of the Putra Brand Awards 2017.



The Edge Malaysia Property Excellence Awards 2017



Awarded the All-Star Award for Top Ranked Developer of the Year at the Starproperty.my Awards 2018

## PROMOTING GREEN HIGHWAY

Apart from implementing the Environmental Management System for proper management of disposed items, the installation of nature-friendly LED lamps at our highways have shown durability, increased energy efficiency and cost savings. In recognition of this, our Besraya Highway was awarded the Gold Award at the Malaysia Green Highway Index (“MyGHI”) Awards. The award was given upon assessing five core areas; sustainable design and construction activities, energy efficiency, environmental and water management, material and technology as well as social and safety.



Besraya received the Gold Award at the MyGreen Highway Index Awards on 24 October 2017

## SUPPLY CHAIN MANAGEMENT

We are committed to supporting business opportunities and capacity building in relation to the local and diverse suppliers in our operations and supply chain. Our commitment to our core values of ‘Integrity, Teamwork, Innovation and Customer Focus’ extends beyond our own activities. It is essential that our suppliers are aligned to these values to ensure operational excellence. To achieve this, we are currently working on a Group Supply Chain Policy that we aim to communicate to our suppliers and subcontractors in FY2019. The policy intends to supplement our contracts with suppliers and subcontractors by communicating our expectations in these areas: compliance with laws; integrity; labour and human rights; workplace health, safety and environment; as well as quality assurance and management.

# REDUCING ENVIRONMENTAL IMPACT

Climate change, environmental pollution, resource scarcity and increased urbanisation can contribute to significant and indelible changes to the communities and environment. In all of our business operations, we strive to lower the amount of pollution and waste we generate, conserve and protect water supplies, protect biodiversity, curb unnecessary energy usage and reduce carbon emissions. In this section, we report on our environmental performance and actions taken in this reporting period.

Our Construction and Industry Divisions comply with the latest environmental management system ISO 14001:2015. The Property Division is also in the midst of obtaining ISO 14001:2015. The new format for ISO 14001:2015 addresses the importance of senior leadership commitment to business management and risk-based thinking.

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## PREVENTING POLLUTION

We are committed to controlling and preventing environmental pollution in our operations to preserve a healthy ecosystem. All Divisions adhere to the Environmental Pollution Control Guidelines on air and noise pollution control in line with the objectives of our HSE Policy.

Our Construction Division regularly monitors air and noise quality to comply with the Environmental Quality Act 1974. Controls put in place include periodic monitoring of air quality, noise and vibration levels at project sites; dampening sites and access routes with water to contain dust; using press-in piling methods during foundation works and noise curtains to prevent noise pollution; as well as prohibiting open burning to prevent emission of smoke, particles and toxic gases.



The road sweeper and road water jetter during a routine road cleaning activity at the Port



Ambient air monitoring

The Plantation Division upholds the Zero Burning Policy for all operations. In view of possible fire occurrences in spite of the strict policy implementation, the Division has in place fire emergency response teams at each operating unit.

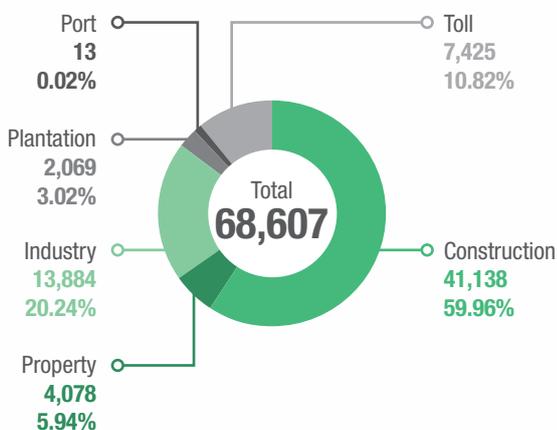
The Industry Division monitors air, water and noise quality issues. At our quarries, apart from the sprinkler system applied at our production areas, dust pollution is minimised by using road spraying exercises with collected rainwater. Fugitive dust are also controlled by limiting vehicle speeds at 15km per hour at operating areas. Similarly, power sweepers, water jets and road spraying exercises are used to ensure the cleanliness of Kuantan Port's operations area. Nine-metre high airborne mitigation panels are erected in the port area to prevent dust from polluting the surrounding areas.

## REDUCING AND MANAGING WASTE

In FY2018, resource and waste management was identified as an important matter for all of our business Divisions and stakeholders. As a Group, we generated over 68,600 tonnes of waste during the reporting period. The highest volume of waste generated in FY2018 were from the Construction Division (41,138 tonnes), Industry Division (13,884 tonnes) and Toll operations (7,425 tonnes) which mainly comprised of waste concrete, cement, timber, rebar as well as highway pavement waste and milling waste. These operations are continuing their recycling efforts to divert more wastes from landfills. Around 22% of our total waste footprint was recycled in FY2018.

Our Construction Division is committed to protecting the environment and incorporates a more sustainable approach by applying a lifecycle perspective in their projects from the design and planning stage to the end product and disposal stage to reduce waste generation. This approach helps us identify the gaps and gives rise to opportunities to maximise positive environmental impacts where we operate.

### Total scheduled and non-scheduled waste generated (MT)



The Division has adopted the principle of waste hierarchy in our operations to minimise waste in landfills. To achieve this, we adopted methods of work that produce less waste such as the Industrialised Building System (“IBS”) for building projects and the use of steel moulds and formwork systems instead of conventional construction methods. Efforts have been made to reduce waste generation by recycling the residue from concrete pumps to make concrete blocks as vehicle barriers at project sites.

## CONCRETE RECLAMATION

Our Industry Division continues to reclaim concrete waste generated from operations since January 2016. The concrete reclaimer is used to segregate sand, aggregates and slurry effluent from unused concrete resulting in cost savings and effective waste management. A new concrete reclaimer was installed at the ready mix concrete batching plant in Nusajaya in this reporting period.

In FY2018, the system reclaimed 858 tonnes of sand and 841 tonnes of aggregates for production use instead of landfilling. The recovered sand and aggregates are mixed into the stockpile and reused in production. Slurry effluent from the concrete reclaimer flows into the tank and allows suspended particles to settle out of water as it flows slowly through the tank, thereby providing recycled water. Water separated by this method, totaling 3,919 m<sup>3</sup>, is reused for concrete batching, truck washing, sprinkler system and cleaning purposes.



The recovered aggregates and sand are mixed into the stockpile and reused in production

## MONITORING OUR WATER FOOTPRINT

Water availability is crucial for the continuity of our business operations. Our use, diversion and discharge of water into the environment impacts people and natural ecosystems. Understanding the way we use our water in our business operations is a step to determining potential issues not only for our operational use, but also the community and natural ecosystem who rely on surface water such as rivers, lakes, reservoirs and groundwater resources.

As a Group, we reduced our water consumption by 10% from 3 million m<sup>3</sup> in FY2017 to 2.7 million m<sup>3</sup> in FY2018. Our Plantation Division and Port operations were the largest consumers, accounting for 69% of our total water footprint.

## REDUCING ENVIRONMENTAL IMPACT

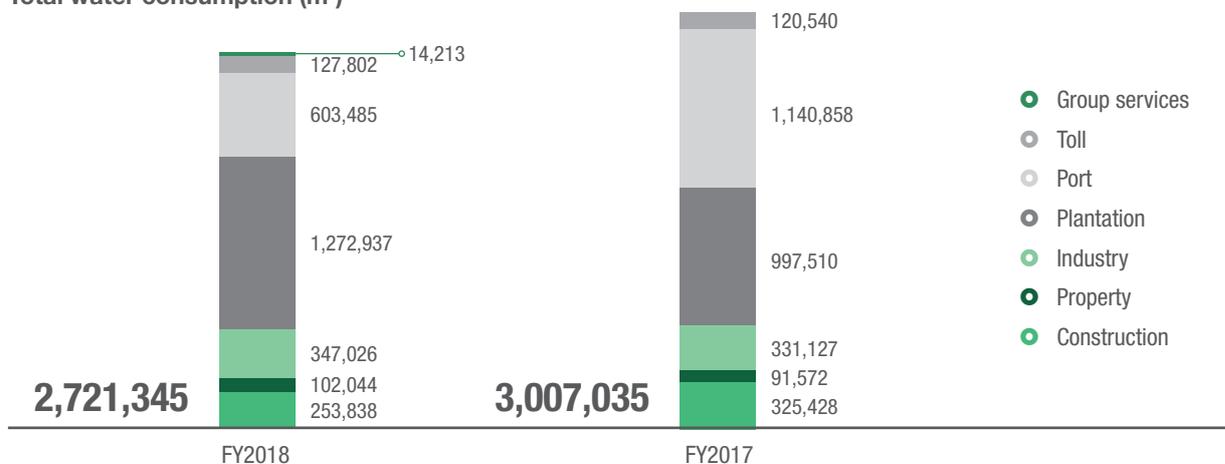
Our Plantation Division used over 1.2 million m<sup>3</sup> in this reporting period, with 725,684 m<sup>3</sup> and 547,253 m<sup>3</sup> from the Malaysian and Indonesian operations respectively. The processed water sourced from catchment ponds is largely used for the processing of fresh fruit bunches (“FFB”) in our mills.

Our Port operations halved its amount of water consumption in FY2018 as compared to the last reporting period with total water consumption of

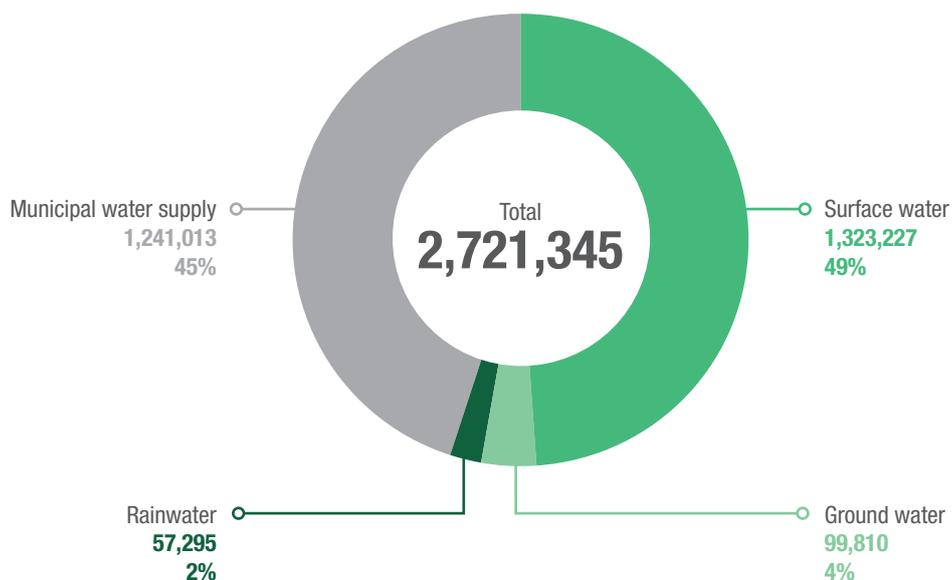
603,485 m<sup>3</sup>. This included 50,290 m<sup>3</sup> of surface water, 50,290 m<sup>3</sup> of rainwater and 502,905 m<sup>3</sup> of water from municipal sources that was largely used for domestic purposes and cleaning exercises at the operation areas.

Our Industry Division consumed 13% of the IJM Group’s total water consumption, with 259,441 m<sup>3</sup> from municipal sources, 80,585 m<sup>3</sup> of ground water and 7,000 m<sup>3</sup> of rainwater.

**Total water consumption (m<sup>3</sup>)**



**Total water consumption by source (m<sup>3</sup>)**



Note: Water consumption data for FY2018 does not include that of external subcontractors for Construction Division

## WATER MANAGEMENT, RECYCLING AND REUSING

In line with SDG Goal 6 to ensure the availability and sustainable management of water, we are making efforts to increase water-use efficiency across our businesses. Through the Environment Quality Monitoring Programme (“EQMP”), we also assess the quality of the environment surrounding our operations and ensure water sources are not affected by our business activities.



Wastewater treatment system implemented at the construction site to ensure water quality complies with the stipulated limits

### Monitoring of water quality

Our Plantation Division has in place a water management plan at all its sites, including stringent periodic audits to ensure the adherence of the environmental management plans and policies. The Division continues to monitor the Palm Oil Mill Effluent (“POME”), wastewater generated from palm oil milling activities, and agrochemical use. POME requires

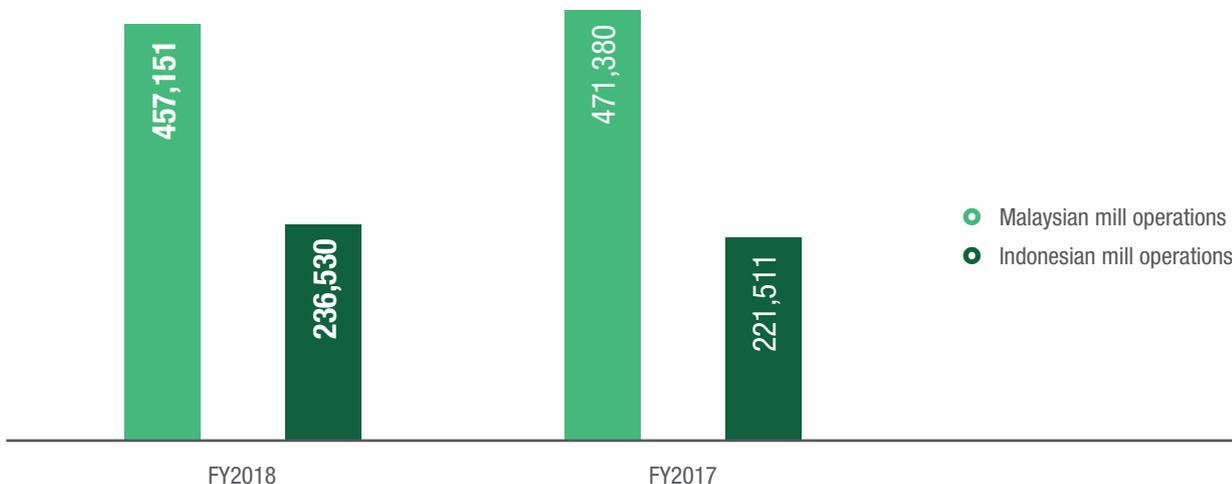
effective wastewater treatment via ponding systems and tertiary treatments to achieve the discharge quality as stipulated by local regulators. In FY2018, total POME generated from our Plantation Division’s Indonesian mill operations increased by 7% due to an additional mill operation and an increase in production. Rich in nutrients, treated POME is discharged to the fields for irrigation. A zero waste discharge policy is adopted at the mills.

Our Port operations abides to all local and international regulations, including the Marine Oil Pollution Convention (MARPOL 73/78 Convention) and the International Safety Guide for Oil Tankers and Terminals (“ISGOTT”). All oil tankers docking at our Port must adhere to the ship-shore safety checklist. Our Port conducts oil spill drills and the Oil Spill Emergency Response Team is always on standby for emergencies. No significant spills were reported in this reporting period.



Environmental monitoring

### Total POME generated from Plantation’s mill operations (m<sup>3</sup>)



# REDUCING ENVIRONMENTAL IMPACT

## Rainwater harvesting

Several Divisions have implemented rainwater harvesting systems to reduce our consumption of water.

DIVISION	EXAMPLES OF HARVESTED WATER USAGE
Property	Landscaping at The Light Waterfront, Penang and The Arc at Bandar Rimbayu, Selangor
Industry	Road cleaning at all quarries and factories
Plantation	Mill processing, nursery irrigation and domestic use
Port	Washing bays
Toll	Landscaping and road cleaning at Loke Yew and Eco Majestic Toll Plaza

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## PROTECTING LAND AND BIODIVERSITY

Our business operations can affect local natural habitats and the communities that depend on them. Where our operations have affected biodiversity and the communities who rely on biodiversity for their livelihoods, we apply stringent standards and take measures to protect habitats or ecosystems.

Our Construction Division, through its Erosion and Sedimentation Control Plan, enhances project aesthetics and eliminates damage to natural resources. Best management practices, include usage of sand bunds for land reclamation works along the seaside to prevent sea pollution, control of surface water run-off by constructing temporary drainage systems to prevent flooding and use of temporary measures such as groundcover, turfing, vegetation and hydroseeding to prevent slope erosions.

We have found ways to incorporate biodiversity into our property projects. A prominent feature of The Light Collection project in Penang is the waterways teeming with marine life. As opposed to having courtyards, the 1.5 acres salt-water waterways weaving around the clusters of residential buildings conserves corals and fish species such as baby sharks, blue tang, angelfish, clownfish, pomfret, stingray and threadfin. Marine aquatic experts are engaged to ensure that the water flowing in from the sea is suitable for the marine life. We have recently handed over the development and surrounding waterways to The Light Joint Management Body (“JMB”) who will collaborate with the relevant authorities to maintain the marine ecosystem.

Our Plantation Division is committed to no deforestation of High Conservation Value (“HCV”) areas. HCV areas have critical and outstanding importance due to their high ecological and social value. About 4,255 hectares

or 7% of the total planted land bank in our Malaysian and Indonesian operations have been set aside for conservation, biodiversity enhancement, research and education. When rare and endangered species are found through biodiversity surveying means, the habitats are conserved as HCV areas. To prevent illegal poaching, measures such as putting up appropriate signages on prohibiting wildlife hunting and patrolling are carried out in areas bordering forest reserves.

We have been working with smallholders through the Rurality programme, an initiative of The Forest Trust (“TFT”), an NGO aimed at driving innovation at the small farmer level. Previously, smallholders in Ulu Muanad village in Beluran, Sabah who supply to the Plantation Division’s Desa Talisai Palm Oil Mill faced elephant encroachment issues at their oil palm estates. Through the Division’s facilitation of human-elephant conflict dialogues, the stakeholders in the vicinities have grouped together and formed a patrolling team in handling the human-elephant conflict issues. As a result of this constant smallholder engagement, trust is established and efforts are collaboratively put in by the Division and TFT to support and develop these smallholders in raising their working knowledge, productivity and living conditions.



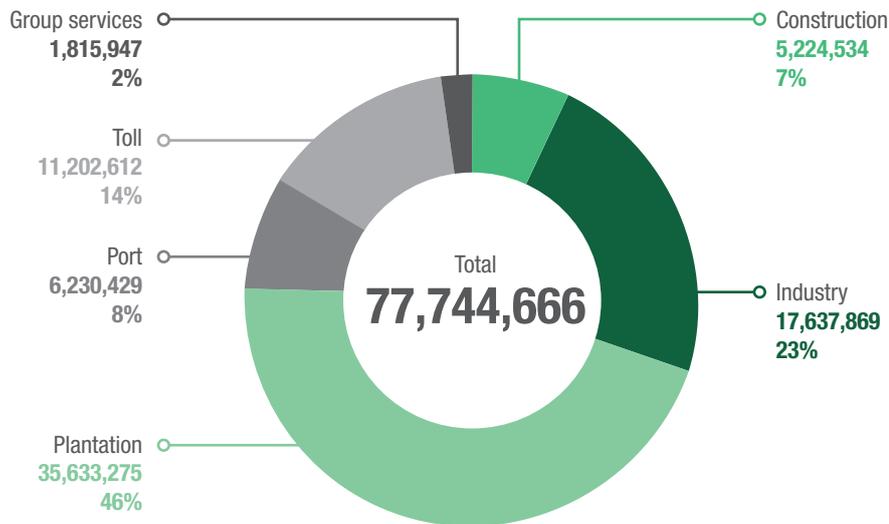
Waterways at The Light Waterfront, Penang

## ENERGY AND CLIMATE CHANGE

We consume a significant amount of energy in our business operations. The use of energy can create negative environmental impact in the form of greenhouse gas emissions, whether direct or indirect, which contributes to global warming and air quality deterioration.

As a Group, we used over 77.7 million kWh of electricity in the reporting period. The biggest consumption of electricity was by our Plantation Division (35.6 million kWh), Industry Division (17.6 million kWh) and Toll operations (11.2 million kWh). Each Division has its own specific guidelines on strategic initiatives, performance standards and specific requirements relating to energy efficiency and climate change mitigation measures.

### Total energy consumption by business (kWh)

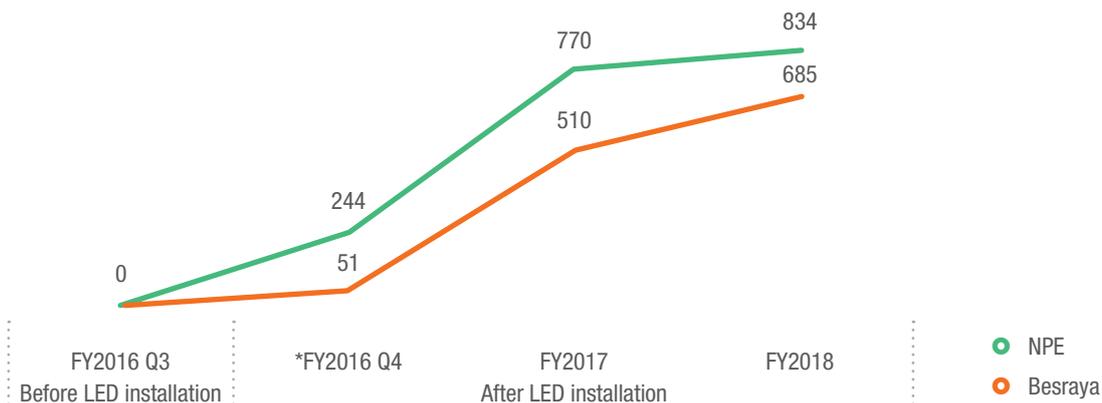


### Lighting up our Tollways for a greener future

Our Toll operations began implementing energy saving efforts since 2015 by installing light emitting diode (“LED”) lamps to replace high-pressure sodium vapour (“HPSV”) lamps at the toll highways. Typically, LEDs are energy efficient, last longer and contain no mercury. Since installation, we have seen consistent

financial and energy savings. In FY2018, we saw 51% and 39% cost savings for Besraya and New Pantai Expressway (“NPE”) respectively as compared to when HPSV lamps were used. This resulted in a cumulative reduction of 1,247 tonnes of CO<sub>2</sub> and 1,848 tonnes of CO<sub>2</sub> for Besraya and NPE respectively since installation of LEDs.

### Annual CO<sub>2</sub> emission reduction following installation of LED lighting



Note: \*Besraya and NPE LED savings were for two and three months in FY2016 respectively.

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## CASE STUDY: REDUCING CARBON EMISSIONS IN PRE-TENSIONED SPUN CONCRETE (“PSC”) PILES PRODUCTION

Since FY2009, our Industry Division has been making conscious efforts to reduce carbon emissions in our 10 factories in Peninsular Malaysia. In this reporting period, the factories produced 1.8 million tonnes of piles.

We report our greenhouse gas (“GHG”) emissions of these manufacturing plants in line with the recommendations of the Intergovernmental Panel On Climate Change (“IPCC”). In the last 10 years, our Industry Division has shown a cumulative reduction of 224,200 tonnes of GHG emissions collectively from Scope 1, 2 and 3 by using additives to cure concrete in replacement of autoclaves and installing rooftop solar photovoltaic (“PV”) systems at our factories.

Based on the GHG Protocol, our GHG emissions are categorised into:

- Scope 1 – Direct CO<sub>2</sub> emissions that are emitted from sources owned or controlled by our organisation such as from stationary combustion of light fuel oil, diesel and natural gas to produce steam
- Scope 2 – Indirect CO<sub>2</sub> emissions that are consumed by our organisation such as purchased electricity for factory use, that may be offset by using renewable energy such as solar PV systems

- Scope 3 – Other CO<sub>2</sub> emissions related activities not owned or controlled by our organisation such as cement purchased for our consumption

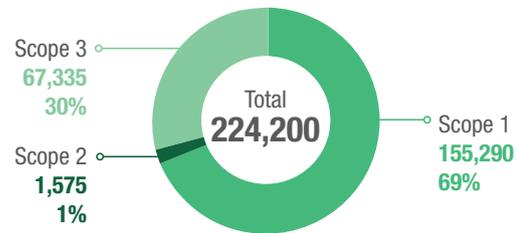
We have determined FY2008 as the base year of comparison since the introduction of additives in replacement of autoclaves began in FY2009.

In 2008, we discovered the use of Polycarboxylic Ether (“PCE”) additives in the manufacturing process of piles, thereby eliminating the need for autoclaves that consume large amount of fuel.

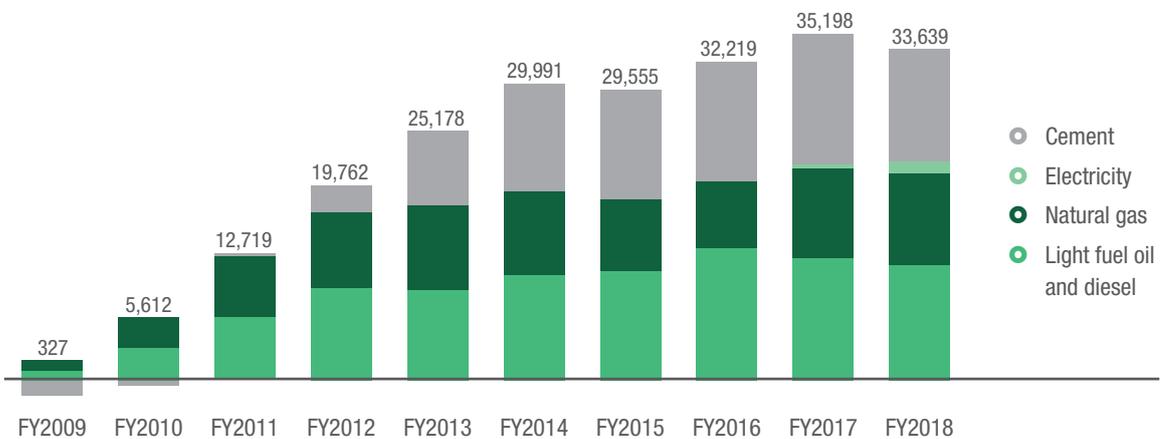
The Jawi, Klang and Kapar factories started using PCE additives in FY2009. By September 2012, all our factories utilise PCE additives in the concrete mix, contributing to a reduction in fuel consumption and an increase in productivity due to the faster curing time.

Since FY2009, our biggest reduction was seen in Scope 1 at 69% and Scope 3 at 30%.

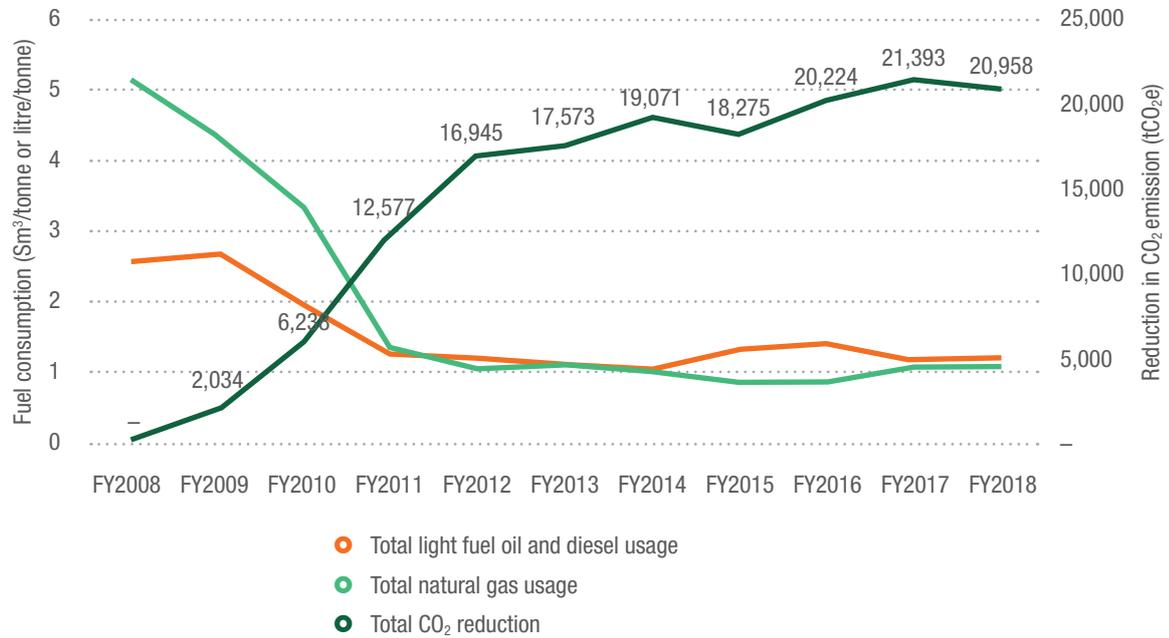
### Total CO<sub>2</sub> reduction from FY2009 to FY2018 (tCO<sub>2</sub>e)



### Total CO<sub>2</sub> reduction by source and year (tCO<sub>2</sub>e)



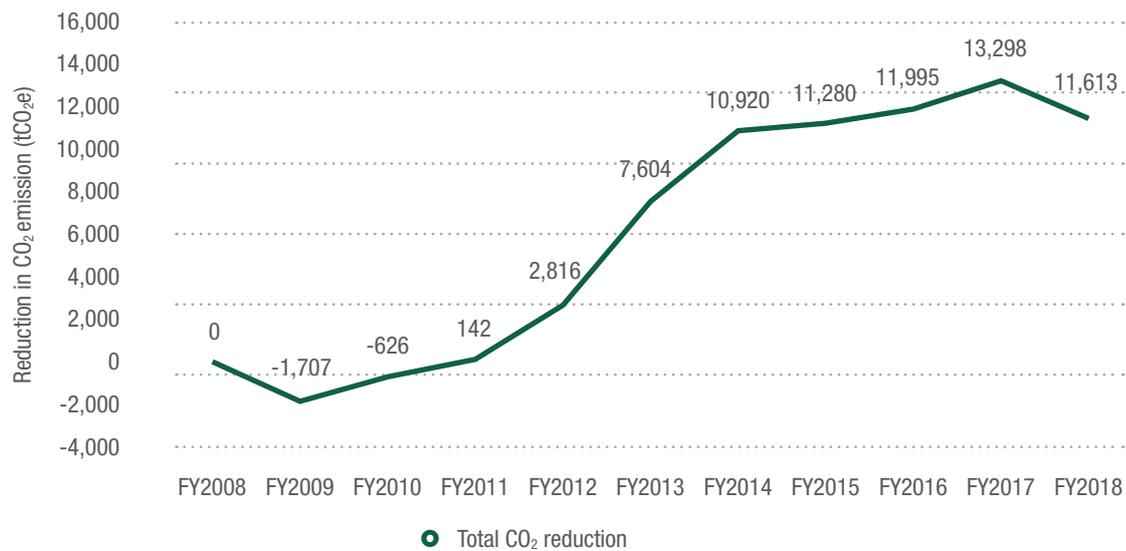
### Fuel consumption vs CO<sub>2</sub> reduction



There was a slight increase in light fuel oil usage in FY2014 due to an additional manufacturing plant at Ulu Choh, Johor.

The use of PCE additives also resulted in a reduction of cement consumption, which is a major raw material.

### CO<sub>2</sub> reduction from lower cement content per m<sup>3</sup> of concrete



## REDUCING ENVIRONMENTAL IMPACT

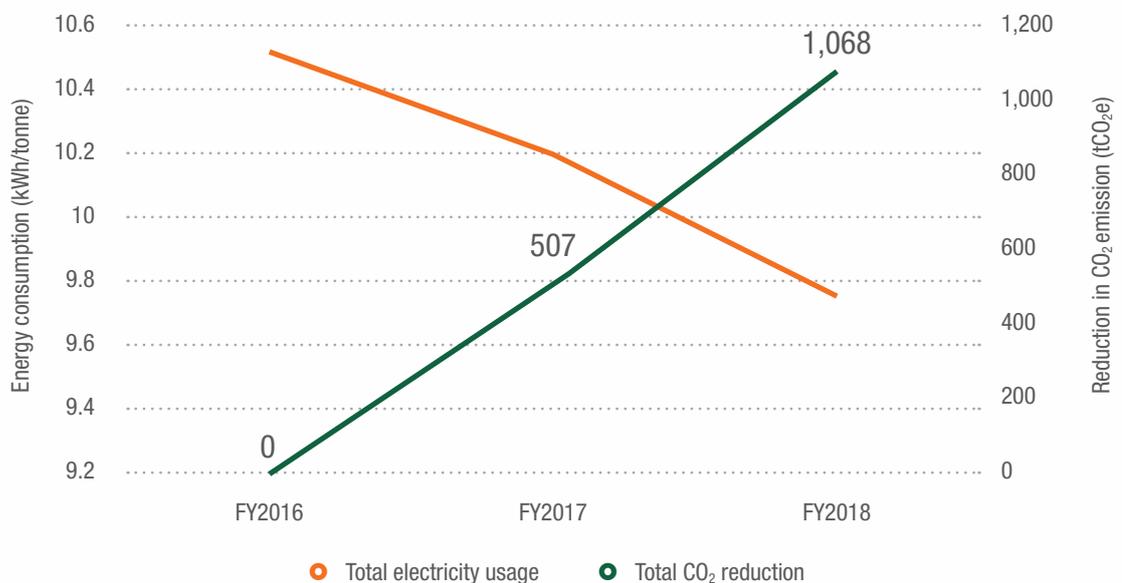
We installed rooftop solar PV systems at our Kapar factory in July 2016 and Jawi factory in October 2016. Having seen a reduction in CO<sub>2</sub> emissions by 506.7 tonnes, we expanded this effort to another three manufacturing plants – Senai,

Ulu Choh and Lumut factories in October 2017, January 2018 and February 2018 respectively. About 1,575 tonnes of CO<sub>2</sub> emission was avoided in the last two years due to the usage of renewable energy.

ICP factories	Kapar	Jawi	Senai	Ulu Choh	Lumut
Solar capacity (kWp)	445	700	666	900	776
Total solar energy generated (kWh)	476,397	780,611	299,731	172,833	112,354

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### Energy consumption vs CO<sub>2</sub> reduction



Rooftop solar PV system at Lumut factory

## PROMOTING GREEN BUILDINGS

In support of SDG's Goal 9 on building resilient infrastructure, promoting sustainable industrialisation and fostering innovation; we are working to meet the demands of the changing global climate and customers.

Our clients are demanding for green buildings, a label that recognises the best in class buildings and practices that are environmentally responsible and resource efficient. Green building certifications give recognition to buildings that reduce negative impacts and create positive impacts on our climate and natural environment.

Our project portfolios with green building certifications are:

PROJECT	LOCATION	TYPE	GROSS TOTAL DEVELOPMENT AREA	CERTIFICATION TARGET	CERTIFICATION STATUS
The Light Linear	Penang	Residential	44,927 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
The Light Point	Penang	Residential	18,895 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
The Light Collection I	Penang	Residential	27,275 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
The Light Collection II	Penang	Residential	34,376 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
The Light Collection III	Penang	Residential	53,870 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
The Light Collection IV	Penang	Residential	39,507 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
The Address	Penang	Residential	21,867 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
Bandar Rimbayu	Selangor	Township	1,879 acres	Green Building Index ("GBI")	Obtained
Kondominium Altitude 236	Kuala Lumpur	Residential	28,773 m <sup>2</sup>	Green Building Index ("GBI")	Obtained
Pantai Sentral Park (Parcel 2)	Kuala Lumpur	Residential	14,050 m <sup>2</sup>	Green RE – Gold	In progress
Menara Prudential	Kuala Lumpur	Commercial	52,038 m <sup>2</sup>	LEED Core and Shell	In progress



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## CASE STUDY: BRIDGING ENVIRONMENT AND THE COMMUNITY AT THE ARC, BANDAR RIMBAYU

At the heart of our Property Division's 1,879-acre township of Bandar Rimbayu is an award winning building, The ARC, which was named after its curved shape. The ARC functions as a focal point for the community and the township. Designed with green open spaces, the self-sustaining building incorporates many features such as a giant canopy, elevated green roof deck, rainwater harvesting systems and photovoltaic ("PV") cells.

### Green aesthetics and energy-saving features

The green canopy is designed to respond to the environment, in particular, the way it addresses and diffuses the effects of sunlight, heat, humidity and rain in our tropical climate. The canopy acts as a covered walkway to shelter intended community activities. The green roof keeps itself and the space below cool by sustainable means using soil and greenery as insulation. In doing so, the roof effectively replaces the original greenery on ground level with a new ecosystem on an elevated deck that not only provides an open space for recreation but offers higher vantage points for visitors and the community to enjoy the views of Bandar Rimbayu.

The orientation of the building was also optimised for energy saving. The ARC faces north-south with the western and eastern façade of the pavilion shaded by a green feature wall. This wall filters the sunlight and cuts down the heat transmission into the building. PV solar panels have also been installed on the metal deck roof of the current sales gallery building. The metal deck roof faces west to harness the energy of the sun and converts it into electricity. The energy generated is harvested for the maintenance and management of the building.



Elevated green roof with shade-providing curtain creepers

### Sole reliance on groundwater and rainwater for landscaping

The ARC is water neutral as it relies solely on groundwater and rainwater. The elevated green roof deck insulates and filters collected rainwater before discharging it into the canal waterways. It is channeled by means of dripping through columns covered with shade-providing curtain creepers such as the *Vernonia Elaeagnifolia* before ending up in the perimeter creeks and retention waterways. Here, water evaporates and acts as a cooling system. The creek system functions as a rainwater collection vessel, utilising gravity to induce a perpetual flow, reducing the need for pumps or other forms that requires energy. The water quality, flow rate and retention volume collectively function as a rainwater harvesting system, where water is harvested for landscape irrigation purposes.

Much thought was also given when constructing the man-made lake. The entire 20,000 m<sup>2</sup> lake was constructed with Ethylene Propylene Diene Monomer ("EDPM") membranes as pond liners that can be maneuvered easily to the shape of the designed creek and lake. The EDPM is easy and flexible to install allowing for faster construction of the lake without engaging too much equipment and heavy machineries, thus reducing the impact on the environment.

### Recycling and reusing waste materials

The inside of the sales gallery building is decorated with furniture and light fittings made from materials like recycled paper tubes, crushed aluminum cans and recycled Tetra Paks. Burned stained brick flooring, a vertical landscape and wall decorations made from recycled materials are part of the interior design. Excavated oil palms during the construction phase has been replanted to line the streets of the township.



PV solar panels installed on the sales gallery building roof



*The ARC, Bandar Rimbayu*

### Engaging with the neighbouring communities

Besides running environmental impact studies on prospective project locations, our Property Division also engages with local authorities and the communities. The Orang Asli community, squatters and farmers living in this area including the local authorities were engaged in dialogues to understand concerns they might otherwise have. As a result, the community of about 200 families willingly relocated to a permanent housing of 159 bungalow units and 34 terrace houses provided by the Property Division.

### Crime prevention through environmental design at Bandar Rimbayu

Understanding that safety and security are essential to our communities, Bandar Rimbayu incorporates elements of crime prevention through environmental design in the development of the area. The pedestrian walkways are separated from motorised lanes by a buffer to deter snatch thieves. To ensure quieter and safer neighbourhoods, we introduced cul-de-sac layouts, bright street lighting, speed bumps and other traffic calming devices to discourage speeding and pass through traffic.

## INCIDENTS OF NON-COMPLIANCE

Our Construction Division received a fine of RM12,000 in FY2018 due to a mosquito breeding site that was found at one of the projects. This fine was issued for non-compliance with the Destruction of Disease-

Bearing Insects Act 1975 under the purview of the Environmental Health Law and Regulations. To prevent future occurrences of such incidences, we have reviewed our processes and standard operating procedures to ensure compliance at all of our construction sites.

# NURTURING AND EMPOWERING COMMUNITIES

IJM Group and many of our colleagues voluntarily contribute to help communities address their development priorities. These engagements positively impact both the society and our business. In this section, we review the highlights for FY2018.

In early 2018, 23 representatives from all 6 businesses, including functional roles from Group Services, attended an internal community investment workshop. The workshop showcased analysis on previous community efforts based on the LBG Framework, the global standard for measuring corporate community investment and philanthropy. Besides learning about the LBG Framework, we discussed and worked towards a Group Community Investment Policy that would be relevant to all businesses and their communities.

The newly drafted Community Investment Policy helps direct our efforts toward a more focused and impactful contribution with measurable targets in the community. We focus our contributions across three pillars – Community Development, Sports and Education. The policy defines how we will contribute to the community, in partnership with our stakeholders and employees, to achieve the following objectives:

- Promote positive and sustainable impact in the communities where we operate
- Address community priorities that align with our business objectives to create mutually beneficial partnerships
- Create partnerships with external stakeholders and engage in dialogues with communities in order to address local social needs. IJM integrates community investment considerations into our decision-making and business practices

- Attract and retain like-minded employees who are motivated to make a difference in the community. We encourage our employees to support our community programmes as volunteers

Focusing on the three pillars with measurable targets will enable us to support the Sustainable Development Goals.

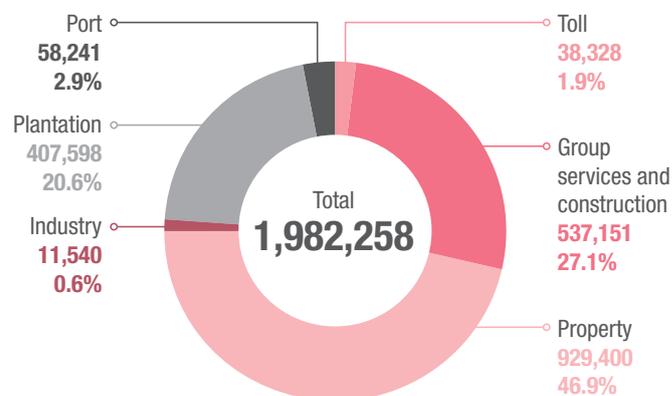
## COMMUNITY INVESTMENT HIGHLIGHTS FOR FY2018

We regard community investment efforts as our voluntary engagement with charitable notions that extends beyond our core business activities. During the reporting period, IJM Group contributed over RM1.9 million to the community, amounting to 0.3% of our pre-tax profits.

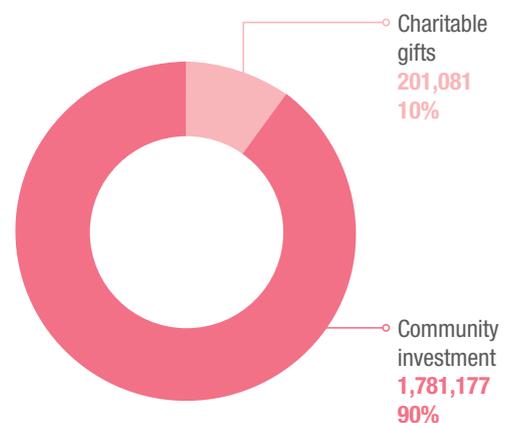
Our motivations matter too – 90% of our efforts are strategic community investments where we consciously invest resources to bring about social and environmental change where we operate; with the remaining 10% invested as charitable gifts which is often regarded as a response to short-term events.

Our biggest contributions are in developing communities and non-mainstream sports. We hope to develop our efforts on community investment, mapping out and measuring the consequent output and impacts from our initiatives.

Expenditure by division (RM)



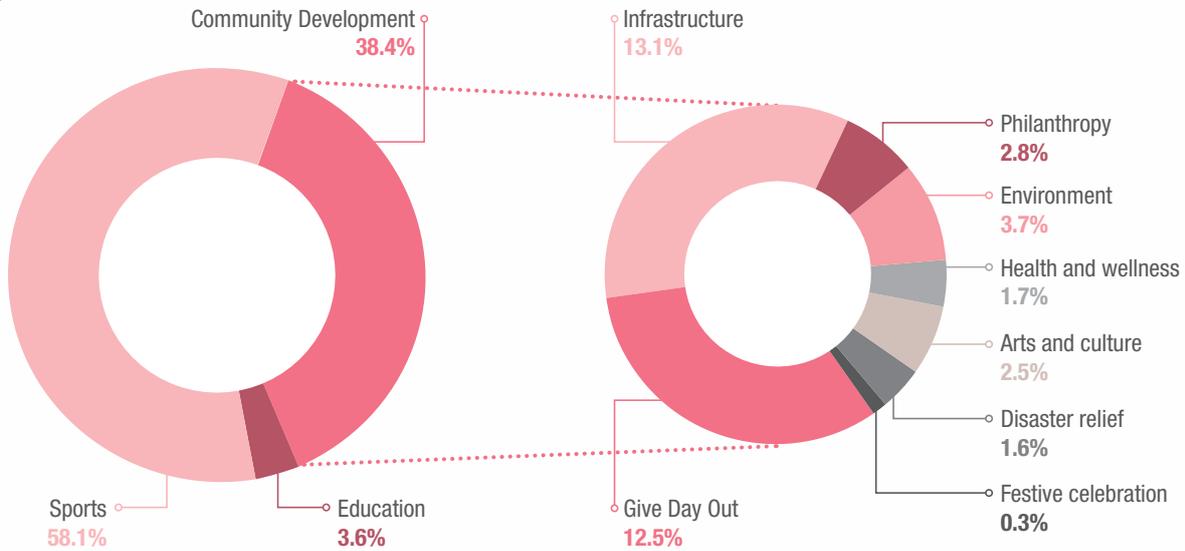
Motive for contribution (RM)



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**Supported causes**



**SUPPORTING COMMUNITY GROWTH AND WELLNESS**

**GIVE DAY OUT**

Our flagship programme, Give Day Out (“GDO”), is now in its eighth year since it was launched on 3 December 2011. The programme was aimed at building relationships with the community and promoting a healthier environment, making good business sense as well as motivating and bringing our employees together.

In FY2018, the programme themed ‘Fun with Nature’ brought together close to 2,000 employees to improve the nature trails across the country. Some of these trails were at Bukit Kerinchi Recreational Forest in Kuala Lumpur, Kota Damansara Community Forest in Selangor, Seremban 2 Trail in Negeri Seremban, Bukit Pelindung Eco Recreational Forest in Pahang, Elopura Forest Reserves in Sabah and Kuching Wetlands National Park in Sarawak.

The GDO has taken different forms over the years and is now being reviewed for group alignment, effectiveness and impact against our Community Investment Policy.



Give Day Out ‘Fun with Nature’ programme at Taman Bukit Kerinchi in May 2017

# NURTURING AND EMPOWERING COMMUNITIES

## HOME REHABILITATION PROGRAMME

Now in its seventh year, our Property Division continues to enhance the lives of the underprivileged by restoring and rehabilitating homes for families around Malaysia, thus far in Penang, Johor, Negeri Sembilan and Sabah. With the help and support of our contractors and suppliers, the programme entails essential repair works and improvements, cleaning of the surrounding areas

and fresh coats of paint along with sponsorship of household items and products.

In the reporting period, the Division adopted and revamped two homes in Seremban, Negeri Sembilan and Padang Besar, Perlis. This programme is undertaken in close collaboration with the State Social Welfare Department to identify old, unsafe and dilapidated homes belonging to the less fortunate members of the community.



House condition before the Home Rehabilitation Programme



House condition after the Home Rehabilitation Programme

## CARING FOR OUR COMMUNITIES AND IMPROVING LOCAL INFRASTRUCTURE

Our Plantation Division has long adopted a practice of helping develop neighbouring communities. In this reporting period, we invested around RM140,000 in road repairs to improve the accessibility for the locals in the Indonesian villages of Binai, Antutan and Susuk.

The Plantation Division, in collaboration with The Forest Trust (“TFT”), have identified potential income diversification opportunities for the villagers. We initiated the Social Entrepreneurship Project with the Women’s Group in Kampung Ulu Muanad, Sabah under the Rurality Programme and assisted in the marketing of the products made by these women.



Initiated Social Entrepreneurship Project with the Kampung Ulu Muanad Women’s Group



Road maintenance for better accessibility for neighbouring communities in Lampung estate, Indonesia

Our Property Division collaborated with the Nilai municipality to organise a gotong-royong session. The event saw the participation of Seremban 2 Heights residents’ association cleaning up the surrounding environment.

During the year, we provided disaster relief to affected communities near our project sites. Our Construction Division responded to the aid of the residents of Taman Rashna, Selangor when they were affected by floods following a heavy downpour in November 2017. Our employees distributed food and drinks to approximately 1,000 residents from 150 flood-affected homes over the course of 3 days.

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A massive flood also occurred in Penang in November 2017. Volunteers from our Industry Division based in Penang responded immediately to assist with the arduous clean-up work in affected areas. We sent

machineries and lorries including backhoes, mobile cranes and trucks to remove fallen trees, and to ferry debris and waste while our employees helped residents with the general clean-up efforts.



*Flood relief by our employees in Penang in November 2017*

## CONTRIBUTING TO ARTS AND CULTURE

On 4 March 2018, our Property Division launched the Women's Mosaic Wall in conjunction with the International Women's Day 2018. The first-of-its-kind mosaic wall is located at Karpal Singh Drive in

Penang, displaying 74 distinctive pieces of special art in this public space. This event engaged more than 200 people, raising awareness of women's contribution to society. In a separate event, the Division supported the Butterworth Fringe Festival featuring arts, culture and heritage activities in our bid to support local talents.



*Women's Mosaic Wall located at Karpal Singh Drive, Penang*

## PROMOTING HEALTH AWARENESS

Our Plantation Division works at grassroots level to elevate breast health awareness in rural schools in Sabah. In collaboration with the Sandakan Pink Ribbon, a support association for breast cancer prevention and treatment, the Division organised a breast health awareness outreach programme in Sekolah Menengah Kebangsaan Elopura 2. The Division also supported the Sandakan Pink Ribbon through their fundraising dinner and employee-led Zumba charity movement.

Our Toll operations contributed RM10,000 to the Malaysia Lysosomal Diseases Association and provided a platform to create awareness on lysosomal storage diseases, a rare genetic disorder that results from defects in the lysosomal function, during the Division's sporting event. Funds raised at the event provide life-prolonging treatment to patients suffering from this condition.



Breast health awareness grassroots outreach programme at SMK Elopura 2, Sabah



Move2Give fundraising Zumba charity event

## BUILDING EDUCATIONAL CAPACITY

IJM recognises that access to education is one of the key enablers in eradicating poverty. The Education pillar aims to provide access to basic education and support the education needs of deserving individuals across our business operations.

## PROVIDING GREATER ACCESS TO EDUCATION

The IJM Scholarship Programme was launched in 1994 and has empowered and nurtured deserving students; many of whom have since joined the Company as project and contract managers, accountants and engineers. In FY2018, a total of 15 scholarships totaling RM664,500 were granted.

We also give recognition to the children of our employees for achieving outstanding results in their SPM, STPM and A-Level examinations. A total of 50 students received the IJM Academic Excellence Awards in this reporting period. Apart from encouraging and rewarding students for their outstanding efforts, the award also recognises the role of parental involvement in children's education.

With the inclusion of one new learning centre this year, IJM Plantations, in collaboration with Humana Child Aid Society Sabah ("HCASS") has set up four Humana Learning Centres in Sabah that provide basic education for guest workers' children between the ages of 5 to 12 years. In addition, the Community Learning Centre ("CLC") conducts educational programmes for Indonesian guest workers' children aged between 13 to 15 years. The Division also provides transportation for the children to travel to local schools and learning centres.



IJM employees interacting with scholarship holders



*IJM Scholarship Programme and Academic Excellence Awards held on 18 August 2017*

### HOSTING SITE VISITS FOR STUDENTS AND INDUSTRY ASSOCIATIONS

The Industry Division organises educational visits for civil engineering students, sharing real life experiences such as managing project sites, manufacturing spun piles and the day-to-day factory activities. In April 2017, a visit to ICP Ulu Choh factory in Johor was organised for Universiti Teknologi Malaysia students, introducing the technologies and innovations practiced along with best practices on health, safety and environment, and thus inspiring the younger generation through practical exposure and knowledge.



*Industry Division hosted local university students at their Ulu Choh factory*

### SUPPORTING CREATIVE TALENTS

IJM seeks to inspire and share our core value of 'Innovation' amongst the younger generation. In our fourth year of partnership with Nippon Paint Malaysia on the Asia Young Designer Award ("AYDA"), the competition sets out to develop and nurture young creative talents in architecture and interior designing in Malaysia and bridge the links between design education and the industry. This year's theme on 'You for Tomorrow: Future Living as Envisioned Today', attracted 1,109 entries from 44 participating design institutions in Malaysia. All AYDA gold and silver winners in the architecture and interior design categories were offered internships by our Property Division.

### SPORTS FOR DEVELOPMENT

Our contribution to non-mainstream sports and sports development at the grassroots level constituted the largest portion of our community investment expenditure in this reporting period. Our involvement in sports is with the knowledge that it contributes to a range of positive outcomes on psychological, physical and social health; on top of creating a culture of respect, tolerance, togetherness and a sense of belonging.

### CHAMPIONING NON-MAINSTREAM SPORTS

In our continued support to promote and develop rugby in Malaysia, IJM contributed to the 47th COBRA 10s 2017 Rugby Tournament that saw the participation of 10 teams with 220 participants, including 3,000 student spectators from all over Malaysia who were invited to witness these top-level competitions first hand at the stadium. IJM Plantations also supported the Eagles Rugby Club, Sandakan in their Rugby Development Programme for local schools as well as the Borneo 7s 2018 Rugby Tournament.



*IJM Men's Club Volleyball Championship 2017*



*Rugby 10s Sabah school level competition that attracted the participation of 43 teams of different age groups*

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Supporting softball development at Sekolah Kebangsaan Tok Muda, Kapar



Contributing to the development of rugby

Besides rugby, IJM also supports volleyball as a long-term grassroots initiative. In addition to collaborating with the Malaysia Volleyball Association (“MAVA”) and Majlis Bandaraya Shah Alam (“MBSA”), IJM also sponsored the IJM Men’s Club Volleyball Championship 2017 that provided the opportunity for participants to enhance their skill and gain tournament exposure to prepare them for the 29th South East Asia (“SEA”) Games 2017.

In support of non-mainstream sports, the Industry Division contributed to the Sekolah Kebangsaan Tok Muda, Kapar Softball Team Development Programme. The school won second place in the district-level Klang Softball competition in 2017. The Division has been supporting the school since 2016 in the development of youth sports activities, encouraging their participation and discovering talents.



IJM was invited to draw lots for the 29th SEA Games Kuala Lumpur 2017

## COMMUNITY-BASED SPORTS

In FY2018, we invested in community-based sports events encouraging healthy urban lifestyles that took place at the Group’s townships and toll highways.

Our Property Division organised the IJM Land Half Marathon held at the Seremban 2 township on 13 August 2017 and a fun ‘Run with Me’ at the Bandar Rimbau township on 9 July 2017, attracting close to 9,500 participants collectively. IJM Land Half Marathon provides an additional platform for the community to contribute to charity, raising RM20,000 each for Pertubuhan Hospice Seremban and the Malaysia Lysosomal Diseases Association.

In separate events, IJM sponsored and organised the IJM-Allianz Duo Highway Challenge, connecting potential customers, community and employees through a shared passion for running. The event attracted more than 15,000 runners, with 5,700 runners at the Besraya Highway Challenge on 30 July 2017 and 9,400 runners at the NPE Highway Challenge on 10 September 2017. On 15 April 2017, our LEKAS highway hosted the RHB-Shimano Highway Ride and attracted more than 4,000 cyclists. These events were organised with the aim of promoting healthy urban lifestyles through running and cycling, as well as providing a safe and well-organised venue for sports enthusiasts.



IJM Allianz Duo Highway Challenge at Besraya on 30 July 2017



The press conference launching Malaysia’s first Duo Highway Challenge run

# ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

Our business success depends on our employees, who are our catalysts for excellence and innovation. We strive to provide our employees a safe, inclusive and conducive work environment that allows for personal and professional growth. In this section we review the progress we have made in our workplace in FY2018.

## DRIVING A DIVERSE AND BALANCED WORKFORCE

IJM Group employed 4,611 people across our business divisions as at 31 March 2018. Our biggest employers are the Construction, Plantation and Industry Divisions that collectively employ 57% of our total workforce. Permanent full-time employees make up about 86% of the workforce. We believe that our reputation as a responsible employer and our emphasis on the wellbeing of our employees are enablers to a conducive and productive workplace environment.

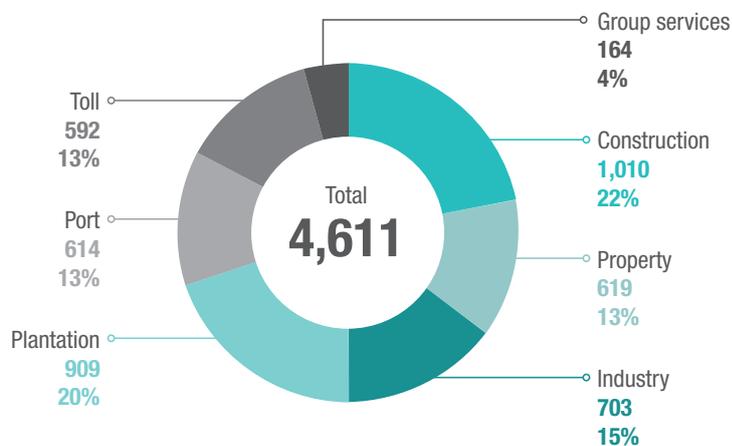
At IJM, we embrace a philosophy of openness in acknowledging differences of opinions, cultures and contributions among all team members, treating all with respect. Our Diversity and Inclusion Policy acknowledges the benefits of a diverse workforce in generating creative solutions and ensuring IJM Group maintains competitiveness in the ever-challenging and global business environment. Our hiring decisions

are made without regard to gender, marital status, nationality, ethnicity or age. At all times, we treat our employees with mutual trust and respect, including our direct and indirect employees.

As at 31 March 2018, 64% of our total Malaysian workforce were Bumiputra (Malays and indigenous populations), 27% Chinese and 7% Indian. Non-Malaysian nationals constitute less than 1% of the workforce in all Divisions except for IJM Plantations. Our Plantation Division employs 48% of non-Malaysians in Sabah, East Malaysia and its Indonesian operations.

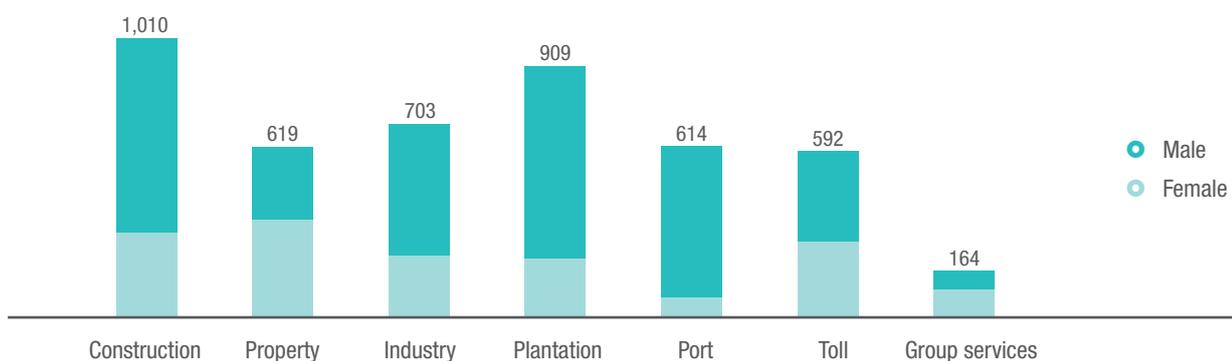
More than half of our workforce have been with IJM for more than five years. IJM's employee turnover rate remains lower than the market average of 12%, except for our Toll operations which has a higher turnover rate of contract workers.

### Employees by business



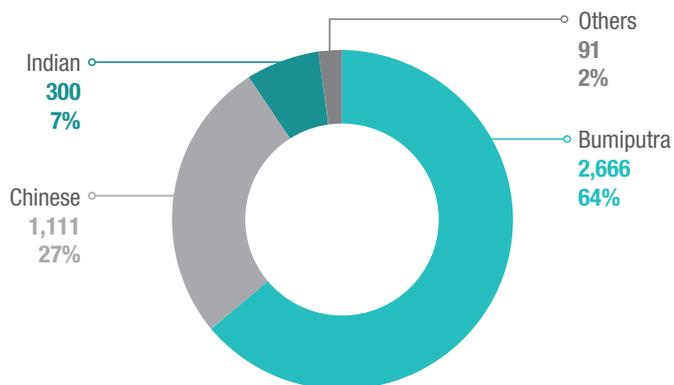
Note: Figures for IJM employees by business do not include workers employed by subcontractors and plantation workers

### Employees by gender

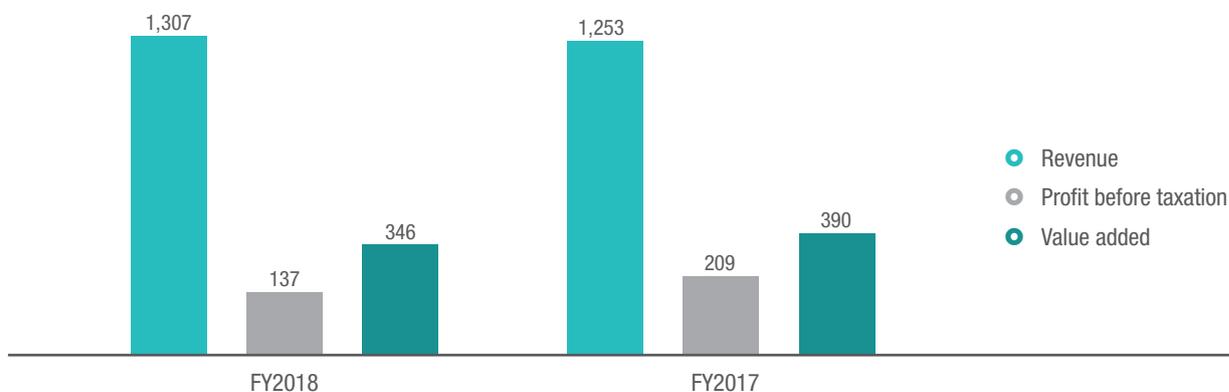


# ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

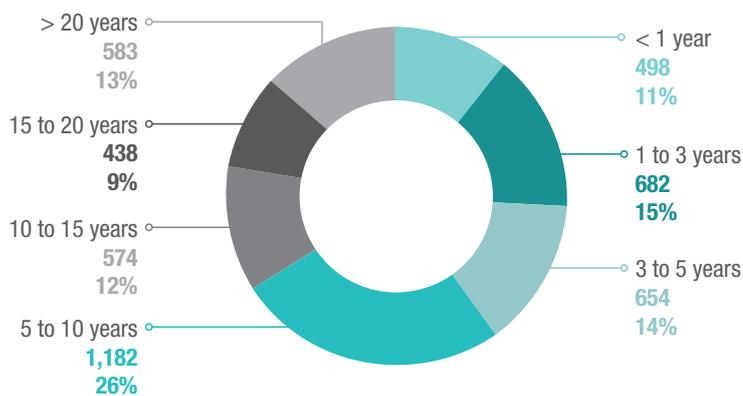
## Malaysian employees by race



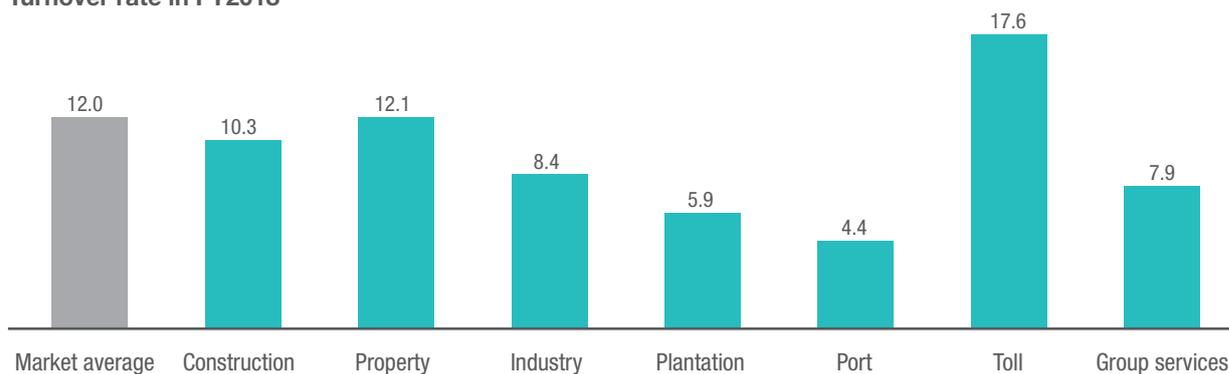
## Productivity per employee (RM)



## Workforce by length of service



## Turnover rate in FY2018





**TEAMWORK**

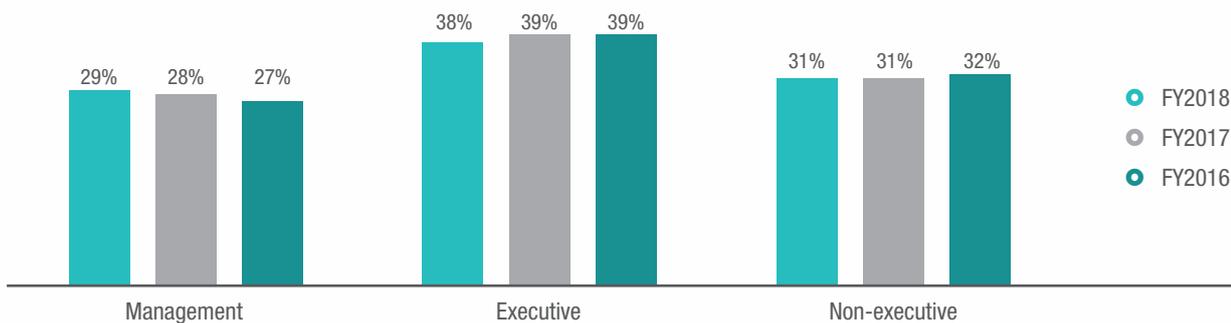
We work, collaborate and succeed in unity, believing and trusting each other in pursuing our shared goals. We embrace a philosophy of openness in acknowledging differences of opinions, cultures and contributions among all team members, treating all with respect.

**WOMEN ON BOARD**

We believe in an inclusive workplace, and this includes promoting and improving gender equality in our workplace. Women make up one third of our total labour force. As at 31 March 2018, 38% of our executive roles and 31% of our non-executive roles are held by women.

Women in management roles make up just under one third of this category although we are seeing a consistent increase in the past three years. The Board will endeavour to meet the 30% women Directors as soon as practicable pursuant to the Board Diversity Policy, which can be accessed from our Company’s website. In November 2017, we welcomed two women Directors, Tunku Alina Binti Raja Muhd Alias and Ms Tan Ting Min to our Board. Appointments of women directors have also been undertaken in some of the subsidiaries of the Group, including the listed subsidiary, namely IJM Plantations Berhad.

**Women representation by employment category**



**ACHIEVING EMPLOYEE WELLBEING**

The ability to live a healthy life that includes work-life balance is an important part of our commitment to our employees. We organise programmes covering total

wellness quadrants comprising physical, emotional, environmental and financial wellbeing. We believe these programmes will give our employees incentives, tools, social support and strategies to adopt and maintain healthy lifestyles.



*Pink October – creating awareness on breast cancer on 13 October 2017*

## ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

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Encouraging workplace wellness programmes on 22 November 2017

IJM provides fitness facilities at our corporate headquarters, Wisma IJM, including a gym and various fitness programmes. Our Plantation Division encourages our employees to participate in various sports activities by organising friendly matches throughout the year and providing sports facilities such as indoor sports amenities and football fields in our estates.

Employees from our corporate headquarters and Toll operations participated in a 3-month long wellness programme that integrated work-life balance, facilitating a change in lifestyle to attain better wellbeing and improve productivity. Part of the wellness programme, the Biggest Loser Challenge, drew 64 employee participants who underwent fitness classes, pre- and post-wellness measurements, health and dietary talks and diet behavioral change.

Other wellness programmes include weekly mindfulness workshops, yoga and Zumba classes, health awareness talks as well as family and financial wellness consultations. In addition, programmes on educating employees in the area of environment was done through movie screenings and recycling campaigns.

Kelab Sukan IJM (“KSIJM”), whose members consist of employees across the Divisions, allow for workplace camaraderie. Aside from organising sports and health-related activities, the sports club hosts recreational gatherings as well.



Celebrating Family Wellness Day on 19 August 2017



Celebrating Deepavali at Wisma IJM



Hari Raya celebration at Kuantan Port on 22 July 2017



Kelab Sukan IJM Bowling Championship 2018 on 25 February 2018



Ping Pong Championship on 9 January 2018

## RESPECT FOR HUMAN RIGHTS

IJM recently established a Human Rights Policy that is available on the IJM website. IJM is committed to protecting the rights of our employees and treating them with dignity and respect. The Group also endeavours to operate in an ethical and responsible manner, and to prevent human rights violations in our business operations. This Human Rights Policy provides guiding principles to ensure that the Group adheres to basic human and labour rights and values with a view to achieving organisational goals and maintaining a sustainable growth through healthy, harmonious and professional work ethics.

IJM ensures our employees are earning a fair living wage. In line with the Minimum Wages Order 2016 in Malaysia, we increased the minimum employment wage from RM900 to RM1,000 in Peninsular Malaysia and RM800 to RM920 in Sabah and Sarawak. In our Indonesian operations, the Plantation Division adheres to the minimum wage agreements fixed by each provincial government and observes all related guidelines or revisions made to the agreements.

We respect the rights of our employees to associate and to collectively bargain in accordance to national laws. We recognise union representation, which amounts to about 3% of the Group's workforce, all from our Port operations. The communication of the collective bargaining agreement is performed in English and Bahasa Malaysia.

We are involved in businesses that rely highly on foreign workers. We are committed to protecting these workers' rights and treating them with dignity and respect as enshrined in our Diversity and Inclusion Policy. We comply with all applicable labour laws, rules and regulations in the countries where we operate.

The Group engages with a broad range of subcontractors and suppliers who support many aspects of our business. We expect our suppliers and subcontractors to extend the same rights and respect, as will be communicated via our Supply Chain Policy that is being drafted and shall be published in the next reporting period.

We implement HSE best practices at our workplaces to ensure the basic safety of our workforce and minimise the risks of accidents, injuries and exposures to health risks. Welfare facilities such as clean eating facilities, sanitary facilities, washbasins and prayer rooms are made available and accessible to all workers.

We do not tolerate child labour and forced labour in our direct operations and in our supply chains. IJM Group does not and will not employ any person below the age of 18 in Malaysia and 17 in Indonesia.



*Plantation workers provided with passport lockers*

## HIGHLY ENGAGED EMPLOYEES

IJM's triennial Employee Engagement Survey ("EES") allows us to gather, analyse and respond to our employees' views and suggestions to improve employee experiences. The MyVoice Survey 2017 conducted by an independent third-party resulted in an 81% response rate. The survey results have been reviewed by the management and converted into implemented action plans in areas of performance management, career development, organisation image, operational efficiency and quality, organisational competitive position, leadership, as well as workplace conditions.

Some of the key highlights from the MyVoice Survey 2017 and actions taken:

- Desire for more face time with management. As a result, various business divisions conducted regular communication sessions with staff for clarity of business direction, progress and open dialogues. These engagements with senior management are done in various forms such as regional meetings, townhall meetings, forums and breakfast meetings
- Effective and timely review and feedback for better performance, productivity and accountability. As a result, IJM Group is reviewing the performance management framework and processes, as well as remuneration framework to raise reward differentiation
- Provide clarity of career paths and facilitate internal career opportunities. As a result, IJM Group launched a job mobility portal that promotes and facilitates career opportunities across our businesses
- Promote learning and development opportunities and build leadership capabilities. As a result, various businesses are identifying and rolling out relevant training opportunities for our employees. IJM Group has embarked on the second cohort of Leadership Accelerated Development Programme ("LEAD")

The next MyVoice Survey will take place in January 2020.

# ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

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Port's townhall meeting on 31 January 2018

## LEARNING AND DEVELOPMENT

We strive to develop a diverse pipeline of talents and give our employees opportunities to learn and grow, overcome challenges, take on new roles and adopt greater responsibilities. We know our current and prospective employees expect pathways to new opportunities that reward them for their performance and value contributions. Offering our employees a challenging working environment that tests and builds their capabilities not only sets them up for success, it also makes our businesses stronger and more innovative.

By investing in our employees, we not only build careers, we drive progress. As a result of this commitment,

IJM Group invested around RM2.4 million in 3,420 employees over 1,200 training sessions spread out over 90,752 hours.

We felt the need to provide employees a conducive platform to grow by learning new and valuable skills and encourage the creation of innovative ideas. On 1 February 2018, we launched a new vibrant learning environment for our employees. The new learning and development rooms are designed based on construction elements of wood, water and earth and were named after the revised elements of leadership competencies initiative launched on the same day – Resilience, Agility and Curiosity.

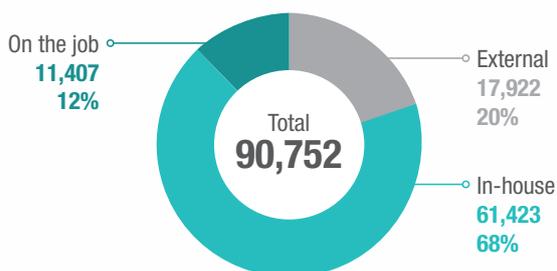


A training session held in the new Curiosity Room

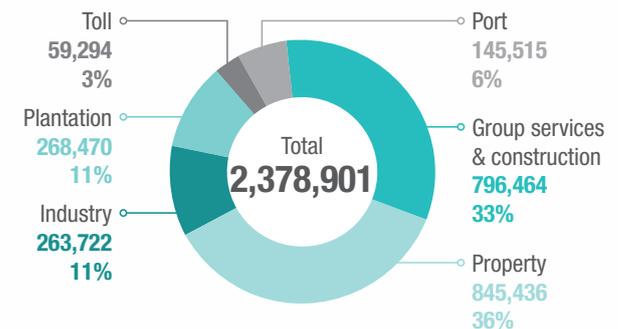


Hands-on training on basic occupational first aid, CPR and AED

### Training hours by type



### Learning and development spending by business (RM)



## NURTURING FUTURE-READY LEADERS

In today’s business environment, it is crucial for employees to adapt to constant changes. We make considerable efforts to future-ready our employees, unlocking their potentials to be forward thinkers and flexible to tackle unexpected future challenges.

We invest in development programmes to enhance our employees’ leadership competencies. We do this via a two-year Leadership Accelerated Development Programme (“LEAD”), designed for our employees who have the ability to take on more challenges and responsibilities and aspire to rise to a senior role. Our

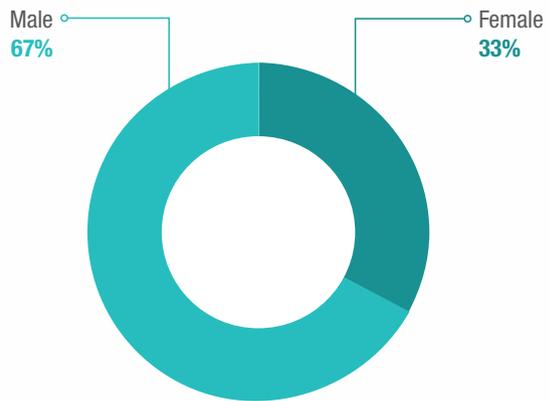
employees go through a robust assessment of their leadership potential before being accepted into the programme.

Our first LEAD cohort of 73 participants graduated in August 2017. In this programme, participants were exposed to a variety of leadership competency modules such as strategic thinking, intrapreneurial orientation and ownership, driving results and building effective teams. Half of the first cohort has been promoted since graduation. New modules on global mindset, resilience, learning agility and digital proficiency have been included in the programme for the second LEAD cohort.



The new learning and development rooms launched at Wisma IJM are named after elements of leadership competencies - Resilience, Agility and Curiosity

First cohort of LEAD by gender



LEAD’s first cohort of graduates

## ATTRACTING TALENT

We acknowledge the need to look outside our Company to make sure we find the best people for each role. We aim to balance our internal promotions and external hires to achieve the most conducive mix of diverse talents, functions, subject-matter experts and organisational fit.

We are dedicated to attracting talented employees and giving them opportunities to achieve their work and life goals at IJM. We actively recruit the best talents via our Company's website, media advertisements, recruitment agencies, career fairs at schools and universities or via internal employee recommendations.

## INNOVATE FOR TOMORROW

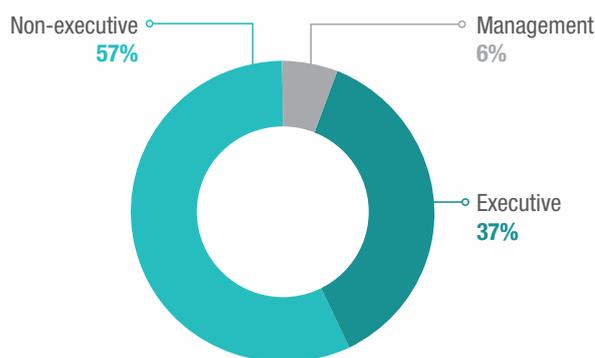
We are constantly connecting with students in our effort to identify tomorrow's leaders. Apart from organising leadership camps in schools, we embarked on a real-world case study, providing students an opportunity to gain real and hands-on work experience while studying.

'*Innovate for Tomorrow*' is an all-encompassing and integrated engineering challenge, allowing students to work and apply their knowledge on an actual business case for a period of six months. The challenge, opened to students from four local universities, focused on designing concepts for an actual 20.85-acres of land located at our Bandar Rimbayu township. The challenge enabled students to showcase and pitch ideas for a future township that millennials would find appealing.

Throughout the six months, participants attended a series of training workshops on mindset, skillset and toolset to help them prepare for the challenge. A total of 64 students from the fields of civil engineering, architecture and quantity surveying prepared and presented their mock up models of the actual township plans showing buildings, road circulation and public spaces to IJM's senior management and gained feedback on the feasibility of their plans.

This challenge enabled these university students to learn key employability skills such as communication, collaboration, creativity and critical thinking. The students gained an exposure to real-world corporate considerations that would benefit them upon graduation.

### New employee hires by employment category



Leadership Camp at SMK Datuk Lokman on 15-16 July 2017 involving 152 student leaders and 20 IJM employees



IJM Land employees giving the 'Innovate for Tomorrow' participants an overview of the Bandar Rimbayu township

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## ENSURING SAFER WORKING ENVIRONMENT

Health and safety is a top priority. We strive to have zero fatalities by improving how we reinforce safe behaviour amongst our employees and contractors, strengthening the accountability of management for ensuring safe working environment, implementing workplace improvements on a regular basis and promoting a safety culture in our everyday activities.

IJM Group is guided by the motto, *'Health, safety and environment is everyone's responsibility'* and work towards:

- Complying with all applicable HSE legislation and other requirements
- Familiarise all employees and stakeholders with training, information and facilities available
- Increase awareness and accountability at all levels of the organisation
- Monitor and regularly review our set objectives

## MANAGING AND MONITORING OUR HSE PERFORMANCE

Our HSE management system guides our conduct throughout our business operations in our commitment to protect both the people and the environment. We embrace self-regulation and ensure that compliance levels toward HSE regulations are met through internal audits at all our construction sites.

We are certified with internationally and locally recognised Occupational Safety and Health Management Standards known as OHSAS 18001:2007, MS 1722:2011 and ISO 14001:2015. These systems are adopted at all IJM construction sites, which enable us to systematically manage the HSE risks and opportunities and continually improve HSE performances. A total of 53 HSE surprise inspections and 18 HSE internal audits were carried out in FY2018.

During the period under review, we assessed potential risks associated with construction activities. The identified work hazards and risks were then eliminated or mitigated by implementing necessary control measures at the project sites.

## HSE POLICY STATEMENT

Our Health, Safety and Environment ("HSE") Policy statement governs how we live up to our commitment to continuously improve on HSE practices. The HSE Policy, available in English and Bahasa Malaysia, has three objectives:

### Prevent accidents

Prevention of accidents that may affect the Company's employees as well as the general public by implementing the best standards of HSE practices as well as effective management of risks in all our operations.

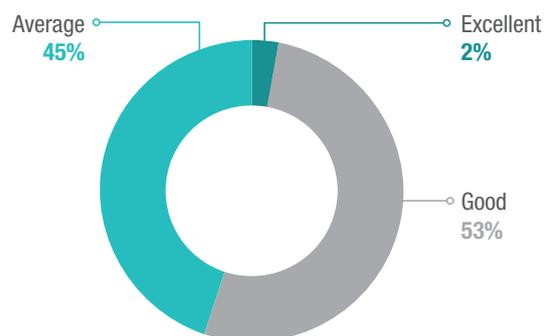
### Prevent occupational illnesses

Promote the essence of healthy lifestyle among the Company's employees to ensure their health and wellness are well safeguarded from any occupational related diseases or illnesses.

### Prevent environmental pollution

Protection of the environment from significant potential impacts resulting from the Company's operations via provision for pollution control measures and implementation of best environmental practices.

## HSE surprise inspections



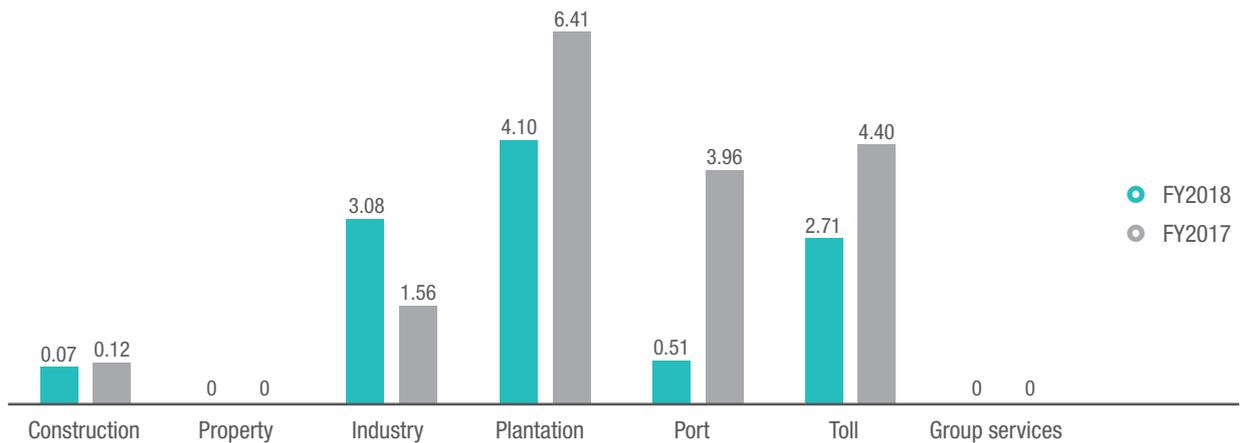
# ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

## WORKPLACE ACCIDENTS

We achieved a reduction of 38% in the Group Lost Time Injury (“LTI”) frequency rate, thereby meeting our FY2018 target of a 5% reduction in accidents.

IJM documented a total of 124 LTIs across all Divisions during the reporting period. Our Plantation Division recorded the highest frequency rate in this reporting period due to the manual and physical nature of the working environment.

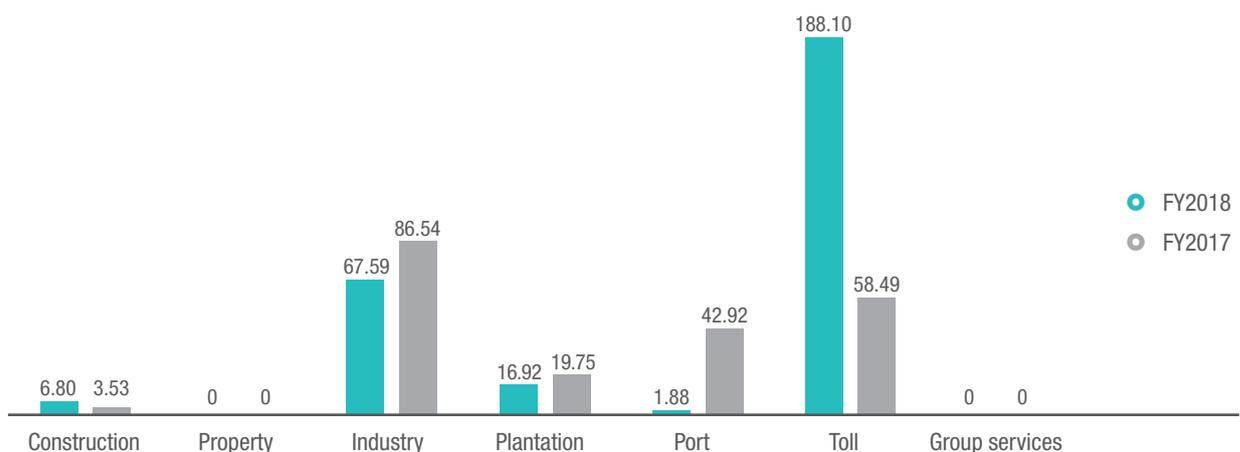
LTI frequency rate (per 1,000,000 man-hours worked)



Our Industry Division and Toll operations recorded the highest accident severity rates across the Group, with a total of 68 and 188 lost work days per number of lost time injuries respectively. In our Industry Division, hand and finger injuries sustained during manual handling activities were the most common type of accidents.

At our Toll highways, traffic accidents occurred while employees were commuting between toll plazas and patrolling on highways. On a number of occasions, employees also suffered finger and leg injuries at the workplace while providing on-site help to highway users.

LTI severity rate (per 1,000,000 man-hours worked)



There were 4 fatalities during the reporting period – two employees and two subcontractors lost their lives in workplace incidents.

We suffered a fatality at the warehouse on the Port grounds. On 12 October 2017, a lorry driver died after sustaining injuries from falling to the ground and hitting his head, when the adjacent stack of timber collapsed and hit his leg. We have since reviewed the standard operating procedures in the warehouse, identified and assessed possible hazards in the sawn timber activities.

On 4 December 2017, an Industry Division worker fell and got stuck in between the conveyor belt and bunker in one of the spun piles factories. We have since implemented corrective actions to prevent reoccurrence, installed barricades at the storage bunker areas and improved communication among workers.

On 4 March 2018, a launching gantry partially fell to the ground level at our Construction's MRT Package V203 project. One of our staff died on the spot. We have since implemented control measures which include additional self-locking devices for the launcher to enhance the capacity of the braking system, improve the method of inspection and relevant checklists as well as introduced comprehensive and periodic on-the-job training for the team.

On 9 March 2018, a tow truck driver lost control of his vehicle and hit our toll patrolman while he was controlling traffic at the Besraya highway. Our staff died on the spot. Following the accident, Besraya carried out mitigation actions such as installation of anti-skid speed breakers and improved sight distance by trimming road side landscape and trees.

Full investigations and follow-up actions are taken following each fatality. Consolations were provided to the grieving families as well as Company assistance in terms of bereavement, application for insurance claims and checks on the immediate welfare of the family.

We regret all incidences at the workplace and continue to pursue our goal of zero fatalities. The Board and management are committed to ensuring that the strategy and underpinning programmes are embedded in the Company to prevent future incidents.

## HSE AWARENESS, TRAININGS AND INITIATIVES

### PROVIDING COMPREHENSIVE COMPETENCY TRAINING

We enhance our employees' capabilities by providing a wide range of soft skills and technical trainings, including HSE. These trainings are also applicable

to our sub-contractors, who are given adequate awareness on HSE and On-Job-Training. In FY2018, 1,018 On-Job-Trainings were conducted at project sites on topics such as emergency response, scheduled waste management, sediment and erosion control, plant and machinery handling as well as environmental management systems.

We prepare employees to be constantly alert and to respond quickly in the event of an emergency. Possible types of emergency situations such as fire and explosion, chemical spillage and slope failure have been identified for project sites and series of drills were conducted to test the effectiveness of the site-specific Emergency Preparedness and Response Plan.

### PROMOTING INTERNAL HSE AWARENESS

On 11 July 2017, we celebrated the IJM HSE Day and showcased Divisional activities on safety, health and green practices to boost awareness and educate our employees on the importance of HSE.

HSE Campaigns were also carried out in various Divisions. Construction Division rolled out the campaign with the theme *'Zero fatality – be persistent! Make it happen'* and included engagement sessions with senior management and project teams. Property Division engaged its regional offices with safety talks by authority bodies, fire equipment demonstrations, physical site visits and inspections. The Port operations introduced monthly management safety walkabouts, emphasising management's leadership in the areas of HSE awareness and accountability.

On 3 August 2017, we launched IJM's new official HSE icon, C.A.R.E., at our annual Senior Management Forum. The icon is represented in the shape of an exclamation mark that serves as a symbol of constant vigilance and alertness against potential hazards and environmental risks.



## C.A.R.E.

- Complying with legislation
- Aware and accountable for HSE
- Regular review of performance
- Efficiency in managing HSE

IJM's new official HSE icon, C.A.R.E.

# ENSURING A FAIR, INCLUSIVE AND SAFE WORKPLACE

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HSE Icon Launch Ceremony during the Senior Management Forum 2017



Port operation's demonstration of bauxite handling methods during the IJM HSE Day on 11 July 2017

## DIVISION-SPECIFIC HSE INITIATIVES

### Construction: Routine machinery inspection by third party

Our operations involve machineries. It is essential for us to ensure that all equipment and machineries are safe for operations on site with thorough and regular inspections. In addition to our internal inspections, we also appoint third party inspectors to inspect the condition of the machines and verify that they are safe for use on site.



Controlled site access and egress with turnstile and biometric system

### Construction: Provide safe access and egress

We control our access and egress to the sites by separating the gate for employees and construction vehicles. Installation of biometric systems at the site allows us to have better access and egress control. The system also monitors the time and attendance of site personnel which enable immediate head count checks in case of any emergencies at site.

### Construction and Property: Pollution mitigation measures

Provisions for environmental pollution measures are identified and provided at each project site. Mitigation measures for reducing air and water pollution as well as controlling noise and vibration levels are frequently inspected to ensure effectiveness at all times.

### Property: Setting up HSE committees at offices and sales galleries

HSE committees have been established at all regional offices and sales galleries. The committees identify, evaluate and control potential hazards at the workplace. Regional management lead these periodic meetings and workplace inspections. Committee members who are also part of the Emergency Response Team are equipped with emergency management and business recovery procedures through periodic drills and trainings.

### Industry: Raising HSE standards through friendly competition

Industry Division builds on their teams' competitive spirits to raise awareness and improve safety practices. All factories and quarries are subject to biannual surprise visits, where they are assessed for compliance to HSE best practices and new HSE initiatives, and penalised for infractions. The top-performing facilities are acknowledged at the culmination of the competition, while low achievers receive the 'wooden spoon'.



HSE Campaign 2017 launched at the Lumut factory on 26 October 2017

**Plantation and Port: HSE trainings for drivers and emergency simulation**

HSE departments at our Plantation and Port operations conduct HSE awareness for their mechanical machine and prime mover container drivers respectively. The trainings highlight the do's and don'ts while driving, pre-inspection prior to operation as well as maintenance of vehicles. Both operations ran fire drills and emergency simulations to equip employees for emergency situations.



Drivers' maintenance training at Plantation Division's operations in Indonesia



Briefing before a fire simulation at our Plantation Division's operations in Indonesia



Through the Port's Load Out Campaign, the Norwegian Statoil Johan Sverdrup export pipeline project successfully achieved 26,000 man-hours with zero lost time injury

**Port: Reporting on unsafe act and condition**

During the launch of the new HSE C.A.R.E. icon, the Port operations launched new initiatives on HSE compliance. Through the 'If You See It, You Own It' initiative, employees are encouraged to report any unsafe acts and conditions for immediate action. Penalties are imposed for HSE non-compliances through the newly introduced system.

**Toll: Road safety campaign**

As part of the Emergency Response Plan, our Toll operations organised trainings on fire-fighting, first aid, as well as responding to tool and chemical spills. In FY2018, the Toll operations also ran campaigns targeted at road users focusing on the importance of road safety especially during festive seasons.



Rescue drill at Berth 1 at the Port was successfully conducted within the designated response time



Road safety campaign



Port's traffic department holding the HSE awareness training

## EMBRACING A CULTURE OF INNOVATION AND DIGITAL TRANSFORMATION

Companies need to constantly innovate if they want to survive in this fast-paced environment. When IJM embarked on a Blue Ocean Strategy (“BOS”) co-creation process in 2016, 100 initiatives were formulated. Two years later, the 5-year strategic blueprint has seen the launch of 76 initiatives across all Divisions in the areas of business growth, operational excellence, technology, innovation, branding and human capital.

On 11 August 2017, we launched the Innovation Lab at our headquarters. This lab has been set up to create a space aimed at nurturing a culture of innovation among our employees and to develop and execute value-driven ideas for the Company. Among the varied topics covered were workplace productivity and modernisation, customer experience, sales and marketing, process digitisation, sustainability, brand positioning, virtual reality and augmented reality.



Sharing sessions held at the launch of the Innovation Lab on 11 August 2017



Experiencing Augmented Reality (AR) at the Innovation Lab



Our Construction Division embarked on the journey towards digital transformation through the setup of the Building Information Modelling (“BIM”) Department. This department drives the digitalisation of construction information on site, aiming to create a process that maintains information integrity throughout pre-construction to post-construction stage. The team has launched 3 pilot projects in 2016 and has since expanded its BIM implementation to 8 projects, including infrastructure projects such as MRT2.

Concurrent with the launch of the Innovation Lab, we announced our partnership with Malaysia Digital Economy Corporation (“MDEC”) to tap into the innovations of start-up companies. Our Property Division collaborated with selected start-up companies to provide smart home solutions to our customers. In early 2018, we launched the inaugural Rimbun Ara Cyberhomes project in Seremban 2 Heights, which incorporates smart technology in these homes. This effort towards smart home is to keep abreast with the technological advancement as well as customer wants and needs. These homes are equipped with high-speed broadband infrastructure which allows customers to manage home energy usage, home security systems and artificial intelligence smart assistants.

In line with IJM Group’s Digital Transformation Agenda, the Industry Division embarked on the journey to digitalise piles production inventory and improve on the piles delivery system. Since November 2017, the old method of manual piles inventory recording has been replaced with a QR Code system, enhancing the efficiency of our inventory control and delivery system.

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*Adopting the QR Code system for piles inventory and delivery system*



*The launch of the inaugural Rimbun Ara Cyberhomes project in Seremban 2 Heights in early 2018*



*Demonstration on graphite harvesting pole*



*Drone training*

Our Plantation Division explored change management approaches to improve work productivity, as this requires changes in work methodologies, behaviour and embracing fitting innovations. One such initiative is the use of graphite harvesting poles to replace the existing aluminium poles. The lightweight material, often used in aeroplanes, is ergonomic-friendly and customisable in length. Another initiative is the use of drones and satellite systems to gain direct and instant access to information for effective estate management.

Port operations participated in MDEC's Value Innovation Programme to identify opportunities in the digital space and collaborate with start-up companies to pilot innovation projects. The Division is also collaborating with the East Coast Economic Region Development Council and the Technology University of Munich International to drive Industry 4.0 in the East Coast region of Peninsular Malaysia. This is in line with IJM's significant footprint as the largest port operator in the East Coast and primary developer of the Malaysia-China Kuantan Industry Park.

IJM Group is currently undertaking an initiative to strengthen our information technology backbone for digital transformation to enhance our digital capability in the key areas of enterprise architecture, cyber security, governance, network and cloud infrastructure.



# FINANCIAL STATEMENTS & OTHERS



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# DIRECTORS' REPORT AND STATEMENT

The Directors have pleasure in submitting their report and statement together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in construction and investment holding activities. The Group's principal activities are in construction, property development, manufacturing and quarrying, hotel operations, port operations, tollway operations, plantations and investment holding.

There have been no significant changes in these principal activities during the financial year.

## FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit for the financial year	390,689	385,246
Attributable to:		
Owners of the Company	349,809	385,246
Non-controlling interests	40,880	–
	390,689	385,246

## DIVIDENDS

Dividends paid since the end of the previous financial year are as follows:

	RM'000
In respect of the financial year ended 31 March 2017:	
A single tier second interim dividend of 4.5 sen per share, paid on 21 July 2017	163,195
In respect of the financial year ended 31 March 2018:	
A single tier first interim dividend of 3 sen per share, paid on 28 December 2017	108,848
	272,043

On 30 May 2018, the Directors have declared a single tier second interim dividend in respect of the financial year ended 31 March 2018 of 3.0 sen per share to be paid on 20 July 2018 to every member who is entitled to receive the dividend as at 5:00 pm on 29 June 2018.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2018.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

## ISSUE OF SHARES

During the financial year, the number of issued and paid-up ordinary shares of the Company was increased from 3,613,386,720 to 3,628,678,020 by way of the issuance of:-

- (i) 7,166,300 new ordinary shares arising from the vesting of shares under the Employee Share Grant Plan (“ESGP”);
- (ii) 5,325,000 new ordinary shares arising from the exercise of options under the Employee Share Option Scheme (“ESOS”) at the following issue prices; and

<u>Number of shares issued units</u>	<u>ESOS exercise price RM/share</u>	<u>Award of options under ESOS  (“ESOS Award”)</u>
1,358,700	2.16	First ESOS Award
2,842,400	2.54	Second ESOS Award
747,300	2.91	Third ESOS Award
376,600	3.03	Fourth ESOS Award
<b>5,325,000</b>		

- (iii) 2,800,000 new ordinary shares arising from the subscription of new shares under the shares held under trust at the following issue prices:

<u>Number of shares issued units</u>	<u>ESOS exercise price RM/share</u>	<u>Award of options under ESOS  (“ESOS Award”)</u>
300,000	2.16	First ESOS Award
1,600,000	2.54	Second ESOS Award
500,000	2.91	Third ESOS Award
300,000	3.03	Fourth ESOS Award
100,000	2.93	Fifth ESOS Award
<b>2,800,000</b>		

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## TREASURY SHARES

During the financial year, the Company repurchased 794,700 of its ordinary shares from the open market on Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for RM2,094,011. The average price paid for the shares repurchased was approximately RM2.63 per share.

Details of the treasury shares are set out in Note 14(C) to the financial statements.

## LONG TERM INCENTIVE PLAN

At an Extraordinary General Meeting held on 19 October 2012, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan (“LTIP”), which comprises an ESOS and an ESGP. The Directors have appointed a committee (“Committee”) to administer the LTIP. The Directors and/or the Committee have also established trusts which are administered by a trustee in accordance with the trust deeds dated 20 December 2012 for the LTIP.

## LONG TERM INCENTIVE PLAN (cont'd)

The main features of the ESOS are as follows:

- 01 (a) The ESOS was implemented on 24 December 2012, to be in force for a period of five years until 23 December  
02 2017. On 24 November 2015, the Board of Directors had extended the scheme period of the ESOS for another  
03 five years effective from 24 December 2017 to 23 December 2022 pursuant to the By-Laws of the LTIP.  
04  
05 (b) Eligible employees are determined at the absolute discretion of the Committee subject to the employee,  
Executive Director (holding office in a full time executive capacity) and a Person Connected to an Executive  
Director, collectively known as "Group Employee", having been confirmed in the employment or appointment  
of the Company and its subsidiaries (save for any subsidiaries which are dormant or incorporated outside  
Malaysia) on or up to the date of the ESOS award ("ESOS Award") and has attained the age of eighteen  
(18) years. An Executive Director shall only be eligible if he is on the payroll and involved in the day-to-day  
management of the Company and his participation in the Scheme is specifically approved by the shareholders  
of the Company in a general meeting.
- (c) In respect of a Group Employee, the employee who is a Malaysian citizen, has been in employment with the  
Company and its subsidiaries for a period of at least 3 consecutive years prior to and up to the date of the  
ESOS Award; the employee who is a non-Malaysian citizen, has been in employment with the Company and  
its subsidiaries on a full-time contract for a period of at least 4 consecutive years prior to and up to the date of  
the ESOS Award.
- (d) The option price shall be the volume-weighted average market price of the Company's shares as shown in  
the Daily Official List of Bursa Malaysia for the five market days immediately preceding the date of the ESOS  
Award with an allowance for a discount of not more than ten per centum (10%) therefrom.
- (e) Vesting dates for the First, Second, Third, Fourth, Fifth and Sixth ESOS Awards and percentage for each  
vesting date are as follows:

<u>Vesting Dates</u>						
<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fifth</u>	<u>Sixth</u>	<u>Percentage</u>
<u>ESOS Award</u>	<u>ESOS Award</u>	<u>ESOS Award</u>	<u>ESOS Award</u>	<u>ESOS Award</u>	<u>ESOS Award</u>	<u>(%)</u>
24/12/13	24/12/14	24/12/15	24/12/16	24/12/17	30/03/19	40
24/12/14	24/12/15	24/12/16	24/12/17	24/12/18	30/03/20	30
24/12/15	24/12/16	24/12/17	24/12/18	24/12/19	30/03/21	30

On 24 December 2012, the first award of options under the ESOS of 29,640,600 options ("First ESOS Award") was awarded to the Group Employee at an option price of RM4.44 per ordinary share. The vesting of the options was contingent upon the acceptance of the First ESOS Award by the eligible Group Employee and fulfilment of the relevant vesting conditions as at the relevant vesting dates. The vesting conditions include the tenure and performance of the eligible Group Employee who had accepted the First ESOS Award. The ESOS exercise price had been adjusted to RM4.37 on 13 June 2014, following the declaration of a single tier special dividend of 10 sen per share for the financial year ended 31 March 2014 on 27 May 2014. The ESOS exercise price was adjusted to RM2.18 on 11 September 2015, following the 1:1 Bonus Issue. The ESOS exercise price was further adjusted to RM2.16 on 25 June 2016, following the declaration of a single tier special dividend of 3 sen per share for the financial year ended 31 March 2016 on 26 May 2016.

On 24 December 2013, the second award of options under the ESOS of 31,729,600 options ("Second ESOS Award") was awarded to the Group Employee at an option price of RM5.22 per ordinary share. The vesting of the options was contingent upon the acceptance of the Second ESOS Award by the eligible Group Employee and fulfilment of the relevant vesting conditions as at the relevant vesting dates. The vesting conditions include the tenure and performance of the eligible Group Employee who had accepted the Second ESOS Award. The ESOS exercise price had been adjusted to RM5.14 on 13 June 2014, following the declaration of a single tier special dividend of 10 sen per share for the financial year ended 31 March 2014 on 27 May 2014. The ESOS exercise price was adjusted to RM2.57 on 11 September 2015, following the 1:1 Bonus Issue. The ESOS exercise price was further adjusted to RM2.54 on 25 June 2016, following the declaration of a single tier special dividend of 3 sen per share for the financial year ended 31 March 2016 on 26 May 2016.

## LONG TERM INCENTIVE PLAN (cont'd)

On 24 December 2014, the third award of options under the ESOS of 10,651,000 options ("Third ESOS Award") was awarded to the Group Employee at an option price of RM5.88 per ordinary share. The vesting of the options will be contingent upon the acceptance of the Third ESOS Award by the eligible Group Employee and fulfilment of the relevant vesting conditions as at the relevant vesting dates. The vesting conditions include the tenure and performance of the eligible Group Employee who have accepted the Third ESOS Award. The ESOS exercise price was adjusted to RM2.94 on 11 September 2015, following the 1:1 Bonus Issue. The ESOS exercise price was further adjusted to RM2.91 on 25 June 2016, following the declaration of a single tier special dividend of 3 sen per share for the financial year ended 31 March 2016 on 26 May 2016.

On 24 December 2015, the fourth award of options under the ESOS of 19,605,100 options ("Fourth ESOS Award") was awarded to the Group Employee at an option price of RM3.06 per ordinary share. The vesting of the options will be contingent upon the acceptance of the Fourth ESOS Award by the eligible Group Employee and fulfilment of the relevant vesting conditions as at the relevant vesting dates. The vesting conditions include the tenure and performance of the eligible Group Employee who have accepted the Fourth ESOS Award from the date of the Fourth ESOS Award. The ESOS exercise price had been adjusted to RM3.03 on 25 June 2016, following the declaration of a single tier special dividend of 3 sen per share for the financial year ended 31 March 2016 on 26 May 2016.

On 24 December 2016, the fifth award of options under the ESOS of 16,034,000 options ("Fifth ESOS Award") was awarded to the Group Employee at an option price of RM2.93 per ordinary share. The vesting of the options will be contingent upon the acceptance of the Fifth ESOS Award by the eligible Group Employee and fulfilment of the relevant vesting conditions as at the relevant vesting dates. The vesting conditions include the tenure and performance of the eligible Group Employee who have accepted the Fifth ESOS Award from the date of the Fifth ESOS Award.

On 30 March 2018, the sixth award of options under the ESOS of 79,522,700 options ("Sixth ESOS Award") was awarded to the Group Employee at an option price of RM2.70 per ordinary share. The vesting of the options will be contingent upon the acceptance of the Sixth ESOS Award by the eligible Group Employee and fulfilment of the relevant vesting conditions as at the relevant vesting dates. The vesting conditions include the tenure and performance of the eligible Group Employee who have accepted the Sixth ESOS Award from the date of the Sixth ESOS Award.

The number of outstanding options is set out in Note 14(D) to the financial statements.

The main features of the ESGP are as follows:

- (a) The ESGP was implemented on 24 December 2012, and shall be in force for a period of ten years and expires on 23 December 2022.
- (b) ESGP comprises a retention share plan ("RSP") and a performance share plan ("PSP").
  - (i) The RSP is a share plan for selected middle to senior management employees of the Group who are holding job grades 1 to 8 or such rank or position as may be designated by the Committee from time to time.
  - (ii) The PSP is a performance share plan for selected senior management employees of the Group who are holding job grades 1 to 3 or such rank or position as may be designated by the Committee from time to time.
- (c) On 15 April 2013, the first award of shares under the ESGP ("First ESGP Award") was made to the eligible Group Employee and once accepted was vested to the eligible Group Employee at no consideration over a period of up to three (3) years, subject to the fulfilment of vesting conditions.
- (d) On 15 April 2014, the second award of shares under the ESGP ("Second ESGP Award") was made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three (3) years, subject to the fulfilment of vesting conditions.
- (e) On 15 April 2015, the third award of shares under the ESGP ("Third ESGP Award") was made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three (3) years, subject to the fulfilment of vesting conditions.

## LONG TERM INCENTIVE PLAN (cont'd)

The main features of the ESGP are as follows: (cont'd)

- (f) On 15 April 2016, the fourth award of shares under the ESGP ("Fourth ESGP Award") was made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three (3) years, subject to the fulfilment of vesting conditions.
- (g) On 15 April 2017, the fifth award of shares under the ESGP ("Fifth ESGP Award") was made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three (3) years, subject to the fulfilment of vesting conditions.
- (h) On 15 April 2018, the sixth award of shares under the ESGP ("Sixth ESGP Award") was made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three (3) years, subject to the fulfilment of vesting conditions.

The provisional number of shares awarded under the First, Second, Third, Fourth, Fifth and Sixth ESGP Awards are as follows:-

ESGP	Provisional Number of Shares Awarded					
	First ESGP Award	Second ESGP Award	Third ESGP Award	Fourth ESGP Award	Fifth ESGP Award	Sixth ESGP Award
PSP	1,516,100 <sup>*1</sup>	1,357,100 <sup>*1</sup>	1,429,000 <sup>*1</sup>	3,701,400 <sup>*1</sup>	3,379,200 <sup>*1</sup>	3,169,000 <sup>*1</sup>
RSP	4,559,300 <sup>*2</sup>	5,034,400 <sup>*2</sup>	5,321,900 <sup>*2</sup>	11,552,800 <sup>*2</sup>	11,605,800 <sup>*2</sup>	11,600,600 <sup>*2</sup>

<sup>\*1</sup> The quantum of shares to be vested may vary from 0% to 200% of the provisional number of shares awarded.

<sup>\*2</sup> The quantum of shares to be vested may vary from 0% to 150% of the provisional number of shares awarded.

The total number of new Company's shares which may be made available under the LTIP shall not exceed ten per centum (10%) of the total issued and paid-up share capital (excluding treasury shares) comprising ordinary shares of the Company at any time during the duration of the LTIP.

The aggregate maximum allocation of the options and shares to the Directors and senior management of the Group shall not be more than 50% of the Company's shares available under the LTIP. As at 31 March 2018, the total number of options (ESOS) and shares (ESGP) allocated to the Directors and senior management of the Group is 16.32% of the shares available under the LTIP. Whereas, the total number of options (ESOS) and shares (ESGP) allocated to the Directors and senior management of the Group during the financial year is 5.21% of the shares available under the LTIP.

## DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report and statement are:

Tan Sri Abdul Halim bin Ali #\*®, *Independent Non-Executive Chairman*  
 Tan Sri Dato' Tan Boon Seng @ Krishnan, *Deputy Non-Executive Chairman*  
 Dato' Soam Heng Choon @, *Chief Executive Officer ("CEO") & Managing Director ("MD")*  
 Mr Lee Chun Fai, *Deputy CEO & Deputy MD*  
 Datuk Lee Teck Yuen \*, *Senior Independent Non-Executive Director*  
 Datuk Ir. Hamzah bin Hasan #\*, *Independent Non-Executive Director*  
 Mr Pushpanathan a/l S A Kanagarayar #, *Independent Non-Executive Director*  
 Mr Goh Tian Sui, *Independent Non-Executive Director*  
 Dato' David Frederick Wilson @, *Independent Non-Executive Director*  
 Tunku Alina Binti Raja Muhd Alias, *Independent Non-Executive Director (appointed on 1 November 2017)*  
 Ms Tan Ting Min, *Independent Non-Executive Director (appointed on 1 November 2017)*

# members of the Audit Committee

\* members of the Nomination and Remuneration Committee

@ members of the Securities and Options Committee

## DIRECTORS' SHAREHOLDING

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, particulars of interests of Directors who held office at the end of the financial year in shares and options over ordinary shares of the Company and its related corporations during the financial year are as follows:

### IJM Corporation Berhad

Name of Directors	Number of ordinary shares			Balance at 31.3.2018
	Balance at 1.4.2017	Acquired	Disposed	
Tan Sri Abdul Halim bin Ali				
Direct interest	30,000	–	–	30,000
Tan Sri Dato' Tan Boon Seng @ Krishnan				
Direct interest	6,043,066	–	–	6,043,066
Indirect interest	321,972 <sup>(1)</sup>	50,000	–	371,972 <sup>(1)</sup>
Dato' Soam Heng Choon				
Direct interest	1,261,200	300,600	–	1,561,800
Lee Chun Fai				
Direct interest	359,800	164,500	100,000	424,300
Indirect interest	250,000 <sup>(1)</sup>	–	–	250,000 <sup>(1)</sup>
Datuk Lee Teck Yuen				
Direct interest	11,764,692	–	–	11,764,692
Goh Tian Sui				
Indirect interest	10,000 <sup>(1)</sup>	–	–	10,000 <sup>(1)</sup>

### Options over ordinary shares ("Options") under Employee Share Option Scheme ("ESOS")

Name of Directors	Provisional Number of Options <sup>+</sup>		Number of Options			At 31.3.2018
	At 1.4.2017	At 31.3.2018	At 1.4.2017	Vested	Exercised	
<b>First ESOS Award on 24.12.2012</b>						
Lee Chun Fai	–	–	376,400	–	–	376,400
<b>Second ESOS Award on 24.12.2013</b>						
Lee Chun Fai	–	–	378,500	–	–	378,500
<b>Third ESOS Award on 24.12.2014</b>						
Dato' Soam Heng Choon	280,500	–	654,500	280,500	–	935,000
Lee Chun Fai	49,500	–	113,300	49,500	–	162,800
<b>Fourth ESOS Award on 24.12.2015</b>						
Dato' Soam Heng Choon	792,000	396,000	528,000	396,000	–	924,000
Lee Chun Fai	231,000	115,500	154,000	115,500	–	269,500
<b>Sixth ESOS Award on 30.03.2018</b>						
Dato' Soam Heng Choon	–	1,320,000	–	–	–	–
Lee Chun Fai	–	660,000	–	–	–	–

## DIRECTORS' SHAREHOLDING (cont'd)

### IJM Corporation Berhad (cont'd)

Name of Directors	Number of ordinary shares ("Shares") under Employee Share Grant Plan ("ESGP")					
	Performance Share Plan <sup>++</sup>			Retention Share Plan <sup>+++</sup>		
	<sup>+</sup> Provisional Number at 1.4.2017	<sup>+</sup> Provisional Number at 31.3.2018	Vested	<sup>+</sup> Provisional Number at 1.4.2017	<sup>+</sup> Provisional Number at 31.3.2018	Vested
<b>Second ESGP Award on 15.4.2014</b>						
Lee Chun Fai	48,500	-	48,500	19,400	-	29,100
<b>Third ESGP Award on 15.4.2015</b>						
Dato' Soam Heng Choon	393,000	<b>196,500</b>	98,300	101,200	<b>50,600</b>	75,900
<b>Fourth ESGP Award on 15.4.2016</b>						
Dato' Soam Heng Choon	550,600	<b>471,600</b>	79,000	153,000	<b>121,400</b>	47,400
Lee Chun Fai	347,600	<b>268,600</b>	39,500	139,000	<b>107,400</b>	47,400
<b>Fifth ESGP Award on 15.4.2017</b>						
Dato' Soam Heng Choon	-	<b>471,600</b>	-	-	<b>121,400</b>	-
Lee Chun Fai	-	<b>189,600</b>	-	-	<b>75,800</b>	-

### IJM Plantations Berhad (a subsidiary)

Name of Directors	Number of ordinary shares			
	Balance at 1.4.2017	Acquired	Disposed	Balance at 31.3.2018
Tan Sri Abdul Halim bin Ali				
Direct interest	20,000	-	-	<b>20,000</b>
Tan Sri Dato' Tan Boon Seng @ Krishnan				
Direct interest	716,060	-	-	<b>716,060</b>
Indirect interest	481,033 <sup>(1)</sup>	-	-	<b>481,033<sup>(1)</sup></b>

#### Notes:-

(1) Through a family member

<sup>+</sup> The vesting of the Options and/or Shares to the eligible Director is subject to the fulfilment of the relevant vesting conditions as at the relevant vesting dates.

<sup>++</sup> The quantum of shares to be vested may vary from 0% to 200% of the number of shares provisionally awarded

<sup>+++</sup> The quantum of shares to be vested may vary from 0% to 150% of the number of shares provisionally awarded

Except as disclosed above, the Directors in office at the end of the financial year do not have any direct or indirect interests in the shares or Options of the Company and its related corporations during the financial year.

## **DIRECTORS' BENEFITS AND REMUNERATION**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown under Directors' Remuneration in the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Details of the Directors' Remuneration are set out in Note 7 to the financial statements.

Except as disclosed above, neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the shares or Options of the Company.

## **INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

The Company maintains a liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid for the financial year 2018 was RM278,985.

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report and statement, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts of the Group and of the Company inadequate to any substantial extent and the values attributed to current assets of the Group and of the Company misleading; or
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (c) not otherwise dealt with in this report and statement or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report and statement, neither any charge on the assets of the Group and the Company has arisen since the end of the financial year which secures the liability of any other person nor any contingent liability of the Group and the Company.

In the interval between the end of the financial year and the date of this report and statement, no item, transaction or other events of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

## OTHER STATUTORY INFORMATION (cont'd)

In the opinion of the Directors:

- 01 (a) other than as disclosed in the financial statements, the results of the operations of the Group and of the  
02 Company during the financial year have not been substantially affected by any item, transaction or event of a  
03 material and unusual nature; and  
04
- (b) the financial statements of the Group and of the Company set out on pages 190 to 358 are drawn up so as  
05 to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2018 and  
of the results and cash flows of the Group and of the Company for the financial year ended on that date in  
accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016.

## LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report and statement is as follows:

Dato' Sri Haji Abd Rahim bin Abdul Tuan Haji Adam bin Abdul Hamid Tengku Ahmad Rithauddeen bin Tengku Ismail A.V. Sunil Kumar Aw Soon Lee Dato' Azahari bin Muhammad Yusof Aziz Bin Bahaman B Rajagopala Rao Bendi Chai Kian Soon Chan Kai Leong Chan Kok Keong Chang Cheen Ying Chen Silu Choo Lai Fong Datuk Dr Choo Yuen May Chow Man Fui Chua Lay Hoon Cyrus Eruch Daruwalla Dato' David Frederick Wilson Deepak Das Gupta Devananda Naraidoo Edward Chong Sin Kiat Fatimah Binti Merican Fong Wah Sin Gan Chin Giap Goh Chee Huat Harjeet Singh Daya Singh Dato' Hoo Kim See Hu Hai Shan James Ponniah a/l Joseph Jenny Pascaline Anna John Patrick Griffin John Lee Yow Meng Joseph Tek Choon Yee	Dato' Josphine Juliana A/P S Arulanandam Dato' Haji Khasbullah bin A Kadir Khor Kar Buan Dato' Khor Kiem Teoh Khoo Choom Kwong K. Ravi Kumar Lau Liang See Lee Chun Fai Lee Hong Chai Datuk Lee Teck Yuen Leong Yew Kuen Liew Hau Seng Liew Kiam Woon Low Hong Imm Lu, Yong Marie Cindhia Veronique Magny-Antoine Mark Andrew Lahiff Ma, Zhengguo Dato' Md Naim bin Nasir Dato' Mohamed Feisal bin Ibrahim M. Ramachandran a/l V. D. Nair Muhammed Rafiq Haji Abdul Rahim Muhammad Umair Najeeb Amin Natarajan Thulasidas Nicholas James Terry Ong Teng Cheng Ong Wah Cheong Pang Chwee Hoon Tan Sri Datuk Wira Pang Tee Chew P.K. Venugopal a/l Krishna Poduval Pook Fong Fee	Purushothaman a/l Kumaran Pushpanathan a/l S A Kanagarayar Ramakrishnan Karikal Valaven Ravi Kumar Kandala Rodziah binti Morshidi Sachidananda Payandee Govinda Sandra Segran a/l Kenganathan Datuk Seri Hj. Saripuddin Bin Hj. Kasim Dato' Soam Heng Choon S S Chakraborty Syed Sarfaraz Haider Rizvi Tan Boon Leng Tan Sri Dato' Tan Boon Seng @ Krishnan Tan Khee Leng Tan Khuan Beng Tan Kiam Choon Tang King Hua Tang Kwong Hieng Tharamangalam Sundaramurthy Subramanyam Dato' Toh Chin Leong T. Vijay Kumar Tong Wai Yong Venkata Sunil Kumar Aripirala Venkatesen Saminada Chetty Wan Salwani binti Wan Yusoff Tan Sri Dato' Wong See Wah Wong Soon Fah Yong Juen Wah Zabidin bin Abu Samah
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## SUBSIDIARIES

Details of subsidiaries are set out in Note 54 to the financial statements.

## AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

## AUDITORS

The Auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

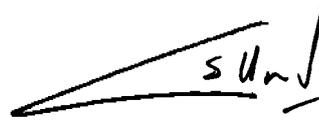
PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF1146), a conventional partnership was converted to a limited liability partnership.

This report and statement was approved by the Board of Directors on 30 May 2018.

Signed on behalf of the Board of the Directors:



**TAN SRI ABDUL HALIM BIN ALI**  
DIRECTOR



**DATO' SOAM HENG CHOON**  
DIRECTOR

Petaling Jaya

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating revenue	4,13	<b>6,026,948</b>	6,065,335	<b>486,561</b>	298,059
Cost of sales		<b>(4,788,194)</b>	(4,638,326)	<b>(404)</b>	(1,962)
Gross profit		<b>1,238,754</b>	1,427,009	<b>486,157</b>	296,097
Other operating income		<b>208,503</b>	259,779	<b>104,777</b>	99,882
Tendering, selling and distribution expenses		<b>(182,875)</b>	(200,149)	<b>-</b>	-
Administrative expenses		<b>(365,614)</b>	(339,015)	<b>(44,329)</b>	(38,177)
Other operating expenses		<b>(79,073)</b>	(66,015)	<b>(63,702)</b>	(13,531)
Operating profit before finance cost	5	<b>819,695</b>	1,081,609	<b>482,903</b>	344,271
Finance cost	9	<b>(185,674)</b>	(144,670)	<b>(81,277)</b>	(70,170)
Operating profit after finance cost		<b>634,021</b>	936,939	<b>401,626</b>	274,101
Share of profits of associates		<b>5,540</b>	56,403	<b>-</b>	-
Share of (losses)/profits of joint ventures		<b>(10,002)</b>	16,668	<b>-</b>	-
Profit before taxation	13	<b>629,559</b>	1,010,010	<b>401,626</b>	274,101
Income tax expense	10	<b>(238,870)</b>	(243,206)	<b>(16,380)</b>	(14,630)
Net profit for the financial year		<b>390,689</b>	766,804	<b>385,246</b>	259,471
Other comprehensive income (net of tax):					
<i>Items that will not be reclassified to profit or loss:</i>					
Actuarial gain on defined benefit plan		<b>1,643</b>	-	<b>-</b>	-
Share of other comprehensive losses of associates		<b>(3,449)</b>	-	<b>-</b>	-
Revaluation gains on property, plant and equipment		<b>-</b>	20,562	<b>-</b>	-
Others		<b>(38)</b>	-	<b>-</b>	-
		<b>(1,844)</b>	20,562	<b>-</b>	-
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences of foreign operations		<b>(180,359)</b>	138,237	<b>4,129</b>	(4,201)
Share of other comprehensive (losses)/income of associates		<b>(19,029)</b>	4,095	<b>-</b>	-
Realisation of other comprehensive income arising from disposal of a foreign associate		<b>-</b>	(4,890)	<b>-</b>	-
Realisation of other comprehensive loss arising from dilution of interests in an associate		<b>1,873</b>	-	<b>-</b>	-
		<b>(197,515)</b>	137,442	<b>4,129</b>	(4,201)
		<b>(199,359)</b>	158,004	<b>4,129</b>	(4,201)
Total comprehensive income for the financial year		<b>191,330</b>	924,808	<b>389,375</b>	255,270

06 Financial Statements & others

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net profit attributable to:					
Owners of the Company		<b>349,809</b>	653,773	<b>385,246</b>	259,471
Non-controlling interests		<b>40,880</b>	113,031	-	-
Net profit for the financial year		<b>390,689</b>	766,804	<b>385,246</b>	259,471
Total comprehensive income attributable to:					
Owners of the Company		<b>206,509</b>	770,202	<b>389,375</b>	255,270
Non-controlling interests		<b>(15,179)</b>	154,606	-	-
Total comprehensive income for the financial year		<b>191,330</b>	924,808	<b>389,375</b>	255,270
Earnings per share for net profit attributable to owners of the Company:					
- Basic	11(a)	<b>9.65 Sen</b>	18.16 Sen		
- Fully diluted	11(b)	<b>9.62 Sen</b>	17.94 Sen		

# CONSOLIDATED BALANCE SHEET

as at 31 March 2018

	Note	2018 RM'000	2017 RM'000
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
01	Share capital	14(A) <b>6,074,349</b>	6,022,651
	Treasury shares	14(C) <b>(2,104)</b>	(10)
02	Shares held under trust	14(E) <b>(1,521)</b>	(4,016)
	Revaluation reserve	<b>91,721</b>	91,759
03	Exchange translation reserve	<b>(186,254)</b>	(44,550)
	Share-based payment reserve	<b>85,048</b>	80,138
04	Other reserves	15 <b>51,092</b>	48,399
	Retained profits	<b>3,376,581</b>	3,302,903
05		<b>9,488,912</b>	9,497,274
	<b>NON-CONTROLLING INTERESTS</b>	<b>1,276,411</b>	1,319,406
	<b>TOTAL EQUITY</b>	<b>10,765,323</b>	10,816,680
<b>NON-CURRENT LIABILITIES</b>			
	Bonds	16 <b>1,910,000</b>	1,950,000
	Term loans	17 <b>940,150</b>	2,121,809
	Government support loans	18 <b>125,715</b>	154,474
	Hire purchase and lease payables	19 <b>290</b>	802
	Deferred tax liabilities	22 <b>682,177</b>	669,456
	Trade and other payables	23 <b>696,690</b>	701,402
	Retirement benefits	24 <b>19,410</b>	10,511
	Provisions	25 <b>117,087</b>	109,705
		<b>4,491,519</b>	5,718,159
	Deferred income	26 <b>70,355</b>	73,063
		<b>15,327,197</b>	16,607,902
<b>NON-CURRENT ASSETS</b>			
	Property, plant and equipment	27 <b>1,990,135</b>	1,989,646
	Land use rights	28 <b>150,668</b>	165,831
	Investment properties	29 <b>498,601</b>	68,867
	Concession assets	30 <b>3,342,386</b>	3,097,066
	Associates	32 <b>829,134</b>	901,392
	Joint ventures	33 <b>708,425</b>	754,783
	Available-for-sale financial assets	34 <b>2,155</b>	2,155
	Long term receivables	35 <b>251,352</b>	176,699
	Intangible assets	36 <b>101,596</b>	102,618
	Deferred tax assets	22 <b>304,147</b>	297,762
	Land held for property development	37(a) <b>663,465</b>	514,788
	Plantation development expenditure	38 <b>1,107,848</b>	1,201,570
		<b>9,949,912</b>	9,273,177

06 Financial Statements & others

	Note	2018 RM'000	2017 RM'000
<b>CURRENT ASSETS</b>			
Property development costs	37(b)	6,128,340	5,587,380
Inventories	39	1,334,243	1,421,961
Trade and other receivables	40	1,952,313	2,031,003
Financial assets at fair value through profit or loss	41	311,079	299,164
Derivative financial instruments	21	1,055	2,909
Tax recoverable		150,041	129,329
Deposits, cash and bank balances	42	1,467,653	2,147,777
Assets held for sale	43	124	–
		<b>11,344,848</b>	11,619,523
Less:			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	44	3,020,359	2,518,205
Current tax liabilities		34,465	12,979
Derivative financial instruments	21	5,858	–
Provisions	25	2,764	10,718
Borrowings			
- Bank overdrafts	45	32,309	44,514
- Others	45	2,871,808	1,698,382
		<b>5,967,563</b>	4,284,798
<b>NET CURRENT ASSETS</b>		<b>5,377,285</b>	7,334,725
		<b>15,327,197</b>	16,607,902

# COMPANY BALANCE SHEET

as at 31 March 2018

	Note	2018 RM'000	2017 RM'000
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
01	Share capital	14(A) 6,074,349	6,022,651
	Treasury shares	14(C) (2,104)	(10)
02	Shares held under trust	14(E) (1,521)	(4,016)
	Exchange translation reserve	1,920	(2,209)
03	Share-based payment reserve	85,048	80,138
	Retained profits	298,160	184,957
04	<b>TOTAL EQUITY</b>	<b>6,455,852</b>	<b>6,281,511</b>
<b>NON-CURRENT LIABILITIES</b>			
	Bonds	16 1,300,000	1,300,000
	Term loans	17 –	176,940
	Trade and other payables	44 852,537	948,028
		<b>2,152,537</b>	<b>2,424,968</b>
		<b>8,608,389</b>	<b>8,706,479</b>
<b>NON-CURRENT ASSETS</b>			
	Property, plant and equipment	27 1,840	2,430
	Investment properties	29 7,440	7,312
	Subsidiaries	31 7,107,756	7,038,258
	Associates	32 332,800	371,800
	Joint ventures	33 232,819	225,700
	Available-for-sale financial assets	34 2,050	2,050
	Deferred tax assets	22 1,941	2,132
		<b>7,686,646</b>	<b>7,649,682</b>
<b>CURRENT ASSETS</b>			
	Trade and other receivables	40 1,999,562	1,357,059
	Financial assets at fair value through profit or loss	41 18,740	20,807
	Deposits, cash and bank balances	42 85,316	230,397
	Tax recoverable	–	2,196
	Assets held for sale	43 124	–
		<b>2,103,742</b>	<b>1,610,459</b>
Less:			
<b>CURRENT LIABILITIES</b>			
	Trade and other payables	44 331,882	342,564
	Current tax liabilities	778	–
	Derivative financial instruments	21 5,858	–
	Borrowings		
	- Bank overdraft	45 –	1,098
	- Others	45 843,481	210,000
		<b>1,181,999</b>	<b>553,662</b>
	<b>NET CURRENT ASSETS</b>	<b>921,743</b>	<b>1,056,797</b>
		<b>8,608,389</b>	<b>8,706,479</b>

06 Financial Statements & others

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

Attributable to owners of the Company												
	Share capital	Share premium	Treasury shares	Shares held under trust	Revaluation reserve	Exchange translation reserve	Share-based payment reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>												
<b>At 1 April 2017</b>	6,022,651	-	(10)	(4,016)	91,759	(44,550)	80,138	48,399	3,302,903	9,497,274	1,319,406	10,816,680
<b>Comprehensive income:</b>												
Net profit for the financial year	-	-	-	-	-	-	-	-	349,809	349,809	40,880	390,689
<b>Other comprehensive income</b>												
Currency translation differences arising from translation of net investment in foreign operations	-	-	-	-	-	(123,507)	-	-	-	(123,507)	(56,852)	(180,359)
Realisation of other comprehensive income arising from dilution of interest in an associate	-	-	-	-	-	2,192	-	(319)	-	1,873	-	1,873
Share of other comprehensive (losses)/income of associates	-	-	-	-	-	(20,389)	-	1,360	(3,449)	(22,478)	-	(22,478)
Actuarial gain on defined benefit plan	-	-	-	-	-	-	-	-	850	850	793	1,643
Others	-	-	-	-	(38)	-	-	-	-	(38)	-	(38)
	-	-	-	-	(38)	(141,704)	-	1,041	(2,599)	(143,300)	(56,059)	(199,359)
<b>Total comprehensive (losses)/income for the financial year</b>	-	-	-	-	(38)	(141,704)	-	1,041	347,210	206,509	(15,179)	191,330
Share of reserves in an associate	-	-	-	-	-	-	-	1,652	2,766	4,418	-	4,418
Dilution of interest in an associate	-	-	-	-	-	-	-	-	(1,843)	(1,843)	-	(1,843)
Issuance of ESOS and ESGP	-	-	-	-	-	-	35,769	-	-	35,769	-	35,769

# STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the financial year ended 31 March 2018

01  
02  
03  
04  
05

06 Financial Statements & others

		Attributable to owners of the Company										
Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Share-based payment reserve RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>The Group (cont'd)</b>												
<b>Transactions with owners:</b>												
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	-	(2,412)	(2,412)	1,608	(804)
Single tier second interim dividend: - Year ended 31 March 2017	-	-	-	-	-	-	-	-	(163,195)	(163,195)	-	(163,195)
Single tier first interim dividend: - Year ended 31 March 2018	-	-	-	-	-	-	-	-	(108,848)	(108,848)	-	(108,848)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(29,844)	(29,844)
Issuance of shares by a subsidiary to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	420	420
Issuance of shares: - Vesting of shares under ESGP	14(A)	24,346	-	-	-	-	(24,346)	-	-	-	-	-
- Exercise of ESOS	14(A),(E)	19,983	-	-	-	-	(6,513)	-	-	23,334	-	23,334
- Shares held under trust	14(A),(E)	7,369	-	(7,369)	-	-	-	-	-	-	-	-
Shares buy back	14(C)	-	-	(2,094)	-	-	-	-	-	(2,094)	-	(2,094)
Total transactions with owners		51,698	(2,094)	2,495	-	-	(30,859)	-	(274,455)	(253,215)	(27,816)	(281,031)
<b>At 31 March 2018</b>		<b>6,074,349</b>	<b>(2,104)</b>	<b>(1,521)</b>	<b>91,721</b>	<b>(186,254)</b>	<b>85,048</b>	<b>51,092</b>	<b>3,376,581</b>	<b>9,488,912</b>	<b>1,276,411</b>	<b>10,765,323</b>

Attributable to owners of the Company

Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Share-based payment reserve RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>The Group (cont'd)</b>												
<b>At 1 April 2016</b>	3,584,805	2,349,079	(3)	(3,812)	71,197	(138,432)	77,949	45,494	3,042,082	9,028,359	1,208,045	10,236,404
<b>Comprehensive income:</b>												
Net profit for the financial year	-	-	-	-	-	-	-	-	653,773	653,773	113,031	766,804
<b>Other comprehensive income</b>												
Currency translation differences arising from translation of net investment in foreign operations	-	-	-	-	-	96,662	-	-	-	96,662	41,575	138,237
Realisation of other comprehensive income arising from disposal of a foreign associate	-	-	-	-	-	(4,890)	-	-	-	(4,890)	-	(4,890)
Share of other comprehensive income/(losses) of associates	-	-	-	-	-	1,708	-	3,726	(1,339)	4,095	-	4,095
Revaluation gains on property, plant and equipment	-	-	-	-	20,562	-	-	-	-	20,562	-	20,562
<b>Total comprehensive income for the financial year</b>	-	-	-	-	20,562	93,480	-	3,726	(1,339)	116,429	41,575	158,004
Share of reserves in an associate	-	-	-	-	-	-	-	(821)	722	(99)	-	(99)
Accretion of interest in an associate	-	-	-	-	-	-	-	-	(1,229)	(1,229)	-	(1,229)
Issuance of ESOS and ESGP	-	-	-	-	-	-	39,560	-	-	39,560	-	39,560

# STATEMENTS OF CHANGES IN EQUITY (cont'd)

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## Attributable to owners of the Company

Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Share-based payment reserve RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>The Group (cont'd)</b>												
<b>Transactions with owners:</b>												
Acquisition of additional interests in subsidiaries	-	-	-	-	-	402	-	-	(31,077)	(30,675)	(13,770)	(44,445)
Single tier second interim dividend: - Year ended 31 March 2016	-	-	-	-	-	-	-	-	(143,967)	(143,967)	-	(143,967)
Single tier special dividend: - Year ended 31 March 2016	-	-	-	-	-	-	-	-	(107,975)	(107,975)	-	(107,975)
Single tier first interim dividend: - Year ended 31 March 2017	-	-	-	-	-	-	-	-	(108,087)	(108,087)	-	(108,087)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(35,375)	(35,375)
Issuance of shares by a subsidiary to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	5,900	5,900

Attributable to owners of the Company

The Group (cont'd)	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Shares held		Revaluation reserve RM'000	Exchange translation reserve RM'000	Share-based payment reserve RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
					under trust RM'000	held RM'000								
<b>Transactions with owners: (cont'd)</b>														
Issuance of shares:														
- Vesting of shares under ESOP	14(A),(B)	8,289	16,198	-	-	-	-	(24,487)	-	-	-	-	-	-
- Exercise of ESOS	14(A),(B),(E)	15,311	17,841	-	30,924	-	-	(12,884)	-	-	-	51,192	-	51,192
- Shares held under trust	14(A),(B),(E)	18,735	12,393	-	(31,128)	-	-	-	-	-	-	-	-	-
Shares buy back	14(C)	-	-	(7)	-	-	-	-	-	-	-	(7)	-	(7)
Transition to no-par value regime on 31 January 2017	14(A),(B)	2,395,511	(2,395,511)	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>2,437,846</b>	<b>(2,349,079)</b>	<b>(7)</b>	<b>(204)</b>	<b>-</b>	<b>402</b>	<b>(37,371)</b>	<b>-</b>	<b>(391,106)</b>	<b>(339,519)</b>	<b>(43,245)</b>	<b>(882,764)</b>	
<b>At 31 March 2017</b>		<b>6,022,651</b>	<b>-</b>	<b>(10)</b>	<b>(4,016)</b>	<b>91,759</b>	<b>(44,550)</b>	<b>80,138</b>	<b>48,399</b>	<b>3,302,903</b>	<b>9,497,274</b>	<b>1,319,406</b>	<b>10,816,680</b>	

# STATEMENTS OF CHANGES IN EQUITY (cont'd)

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The Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Shares held under trust RM'000	Exchange translation reserve RM'000	Non-distributable			Total RM'000
							Share-based payment reserve RM'000	Other reserves RM'000	Distributable	
<b>At 1 April 2017</b>		6,022,651	-	(10)	(4,016)	(2,209)	80,138	-	184,957	6,281,511
<b>Comprehensive income:</b>										
Net profit for the financial year		-	-	-	-	-	-	-	385,246	385,246
<b>Other comprehensive income:</b>										
Currency translation differences arising from translation of foreign projects		-	-	-	-	4,129	-	-	-	4,129
Total comprehensive income for the financial year		-	-	-	-	4,129	-	-	385,246	389,375
Issuance of ESOS and ESGP		-	-	-	-	-	35,769	-	-	35,769
<b>Transactions with owners:</b>										
Single tier second interim dividend:										
- Year ended 31 March 2017	12	-	-	-	-	-	-	-	(163,195)	(163,195)
Single tier first interim dividend:										
- Year ended 31 March 2018	12	-	-	-	-	-	-	-	(108,848)	(108,848)
Issuance of shares:										
- Vesting of shares under ESGP	14(A)	24,346	-	-	-	-	(24,346)	-	-	-
- Exercise of ESOS	14(A),(E)	19,983	-	-	9,864	-	(6,513)	-	-	23,334
- Shares held under trust	14(A),(E)	7,369	-	-	(7,369)	-	-	-	-	-
Shares buy back	14(C)	-	-	(2,094)	-	-	-	-	-	(2,094)
<b>At 31 March 2018</b>		<b>6,074,349</b>	<b>-</b>	<b>(2,104)</b>	<b>(1,521)</b>	<b>1,920</b>	<b>85,048</b>	<b>-</b>	<b>298,160</b>	<b>6,455,852</b>

The Company (cont'd)	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Shares held under trust RM'000	Exchange translation reserve RM'000	Share-based payment reserve RM'000	Non-distributable			Total RM'000
								Other reserves RM'000	Retained profits RM'000	Distributable	
<b>At 1 April 2016</b>		3,584,805	2,349,079	(3)	(3,812)	1,992	77,949	-	285,515	-	6,295,525
<b>Comprehensive income:</b>											
Net profit for the financial year		-	-	-	-	-	-	-	259,471	-	259,471
<b>Other comprehensive income:</b>											
Currency translation differences arising from translation of foreign projects		-	-	-	-	(4,201)	-	-	-	-	(4,201)
Total comprehensive income for the financial year		-	-	-	-	(4,201)	-	-	259,471	-	255,270
Issuance of ESOS and ESGP		-	-	-	-	-	39,560	-	-	-	39,560
<b>Transactions with owners:</b>											
Single tier second interim dividend:											
- Year ended 31 March 2016		-	-	-	-	-	-	-	(143,967)	-	(143,967)
Single tier special dividend:											
- Year ended 31 March 2016		-	-	-	-	-	-	-	(107,975)	-	(107,975)
Single tier first interim dividend:											
- Year ended 31 March 2017	12	-	-	-	-	-	-	-	(108,087)	-	(108,087)
Issuance of shares:											
- Vesting of shares under ESGP	14(A),(B)	8,289	16,198	-	-	-	(24,487)	-	-	-	-
- Exercise of ESOS	14(A),(B),(E)	15,311	17,841	-	30,924	-	(12,884)	-	-	-	51,192
- Shares held under trust	14(A),(B),(E)	18,735	12,393	-	(31,128)	-	-	-	-	-	-
Shares buy back	14(C)	-	-	(7)	-	-	-	-	-	-	(7)
Transition to no-par value regime on 31 January 2017	14(A),(B)	2,395,511	(2,395,511)	-	-	-	-	-	-	-	-
<b>At 31 March 2017</b>		6,022,651	-	(10)	(4,016)	(2,209)	80,138	-	184,957	-	6,281,511

# CONSOLIDATED CASH FLOW STATEMENTS

for the financial year ended 31 March 2018

	Note	2018 RM'000	2017 RM'000
<b>OPERATING ACTIVITIES</b>			
01		6,185,035	6,559,858
		(5,084,466)	(4,806,887)
02		(226,422)	(261,807)
<b>Net cash flow from operating activities</b>		<b>874,147</b>	1,491,164
<b>INVESTING ACTIVITIES</b>			
04		–	(361)
		(51)	(3,402)
05		–	(500)
06		(787,392)	(377,317)
		(27,100)	(16,200)
		(159,725)	(69,540)
		(541,863)	(235,303)
		(43,899)	(47,161)
		(21,164)	(22,451)
		(425,579)	(233,645)
	36	(2,710)	(4,488)
		8,176	17,666
		–	79,678
		–	60
		777,788	498,497
		1,020	1,628
		–	62
		35,107	27,412
		683	510
		58,000	–
		452	483
		87,450	80,828
		(68,986)	–
		17	359
		(63,971)	(96,165)
		7,490	40,831
<b>Net cash flow used in investing activities</b>		<b>(1,166,257)</b>	(358,519)

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	Note	2018 RM'000	2017 RM'000
<b>FINANCING ACTIVITIES</b>			
Issuance of shares by the Company:			
- Exercise of share options		23,334	51,192
Issuance of shares by subsidiaries to non-controlling shareholders		420	5,900
Drawdown of bonds		-	100,000
Repayment of bonds		(30,000)	(140,000)
Proceeds from bank borrowings		880,340	523,168
Repayments of bank borrowings		(604,349)	(359,737)
Repayment of government support loans		(34,000)	(36,202)
Repayments to hire purchase and lease creditors		(709)	(152)
Interest paid		(248,635)	(249,976)
Dividends paid by subsidiaries to non-controlling shareholders		(29,844)	(35,375)
Dividends paid by the Company		(272,043)	(360,029)
Re-purchase of treasury shares	14(C)	(2,094)	(7)
(Placement)/uplifting of restricted deposits		(5,125)	45,326
Acquisition of additional interests in a subsidiary		(804)	(44,445)
<b>Net cash flow used in financing activities</b>		<b>(323,509)</b>	<b>(500,337)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>		<b>(615,619)</b>	<b>632,308</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>2,077,331</b>	<b>1,423,749</b>
<b>FOREIGN EXCHANGE DIFFERENCES ON OPENING BALANCES</b>		<b>(54,711)</b>	<b>21,274</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	49	<b>1,407,001</b>	<b>2,077,331</b>

**Reconciliation of liabilities arising from financing activities:**

A reconciliation between the opening and closing balances in the balance sheets for liabilities arising from financing activities is as follows:

	* Borrowings RM'000
<b>The Group:</b>	
<b>At 1 April 2017</b>	5,992,436
<b>Cash flow:</b>	
Net drawdown of borrowings	211,282
<b>Non-cash changes:</b>	
Foreign exchange movement	(298,250)
Others	9,378
<b>At 31 March 2018</b>	<b>5,914,846</b>

\* Borrowings of the Group include bonds, term loans, government support loans, hire purchase and lease payables, other short term borrowings and advances from the State Government.

# COMPANY CASH FLOW STATEMENTS

for the financial year ended 31 March 2018

	Note	2018 RM'000	2017 RM'000
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		73,950	16,058
Payments to contractors, suppliers and employees		(72,602)	(27,874)
Income tax paid		(13,215)	(11,858)
<b>Net cash flow used in operating activities</b>		<b>(11,867)</b>	(23,674)
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(635)	(850)
Disposal of property, plant and equipment		2	133
Acquisition of financial assets at fair value through profit or loss		(4,313)	(51)
Acquisition of shares in subsidiaries		(44,269)	(30,932)
Acquisition of shares in an associate		-	(3,321)
Proceeds from liquidation of an associate		-	62
Disposal of financial assets at fair value through profit or loss		170	20,370
Dividends received from subsidiaries		439,527	249,128
Dividends received from associates		16,336	17,300
Dividends received from other investments		536	363
Interest received		8,330	7,493
Repayments from subsidiaries		479,835	455,496
Repayments from associates		2	352
Repayments from joint ventures		144	158
Advances to subsidiaries		(1,088,138)	(488,919)
Advances to associates		(3)	(5)
Advances to joint ventures		(75)	(154)
<b>Net cash flow (used in)/from investing activities</b>		<b>(192,551)</b>	226,623
<b>FINANCING ACTIVITIES</b>			
Issuance of shares by the Company:			
- Exercise of share options		23,334	51,192
Drawdown of bonds		-	100,000
Proceeds from bank borrowings		574,994	310,000
Repayments of bank borrowings		(75,000)	(190,000)
Repayment to a subsidiary		(95,491)	-
Interest paid		(81,277)	(70,170)
Dividends paid by the Company		(272,043)	(360,029)
Re-purchase of treasury shares	14(C)	(2,094)	(7)
<b>Net cash flow from/(used in) financing activities</b>		<b>72,423</b>	(159,014)

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	Note	2018 RM'000	2017 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(131,995)	43,935
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		229,299	173,043
FOREIGN EXCHANGE DIFFERENCES ON OPENING BALANCES		(11,988)	12,321
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	49	85,316	229,299

**Reconciliation of liabilities arising from financing activities:**

A reconciliation between the opening and closing balances in the balance sheets for liabilities arising from financing activities is as follows:

	* Borrowings RM'000	Amount owing to a subsidiary RM'000
<b>The Company:</b>		
At 1 April 2017	1,686,940	948,028
<b>Cash flow:</b>		
Net drawdown of borrowings	499,994	–
Net repayment of balances	–	(95,491)
<b>Non-cash changes:</b>		
Foreign exchange movement	(43,453)	–
<b>At 31 March 2018</b>	<b>2,143,481</b>	<b>852,537</b>

\* Borrowings of the Company include bonds, term loans and other short term borrowings.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 March 2018

The following accounting policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

## 1 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Financial Reporting Standards (“FRS”) and the requirements of the Companies Act 2016 in Malaysia.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”) for annual period beginning on 1 April 2018. In adopting the new framework, the Group will be applying MFRS 1 “First-time adoption of MFRS”. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Adjustments required on transition, if any, will be made retrospectively against opening retained earnings in accordance with MFRS 1 “First-time adoption of MFRS”.

Based on the assessment performed, transitional adjustments required in accordance with MFRS 1 upon transitioning to the MFRS Framework will not have any material impact on the Group’s and the Company’s financial position, financial performance and cash flows, except for the optional exemption for fair value or previous revaluation as deemed cost. The Group as first time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to MFRSs as deemed cost. Any revaluation reserve arising from the revaluation at the date of transition is transferred to retained profits.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Management to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgements are based on the Management’s best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 to the financial statements.

The Group and the Company adopted the following Standards, Amendments and Annual interpretation to Standards.

### (a) Amendments to published standards that are effective

The amendments to published standards that are effective for the Group’s and the Company’s financial year beginning on 1 April 2017 and applicable to the Group and the Company are as follows:

- Amendments to FRS 107 “Statement of Cash Flows” – “Disclosure Initiative” introduce an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to FRS 112 “Income Taxes” – “Recognition of Deferred Tax Assets for Unrealised Losses” clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary differences on assets carried at fair value. In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that exclude tax deductions resulting from the reversal of those temporary differences.

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## 1 BASIS OF PREPARATION (cont'd)

### (a) Amendments to published standards that are effective (cont'd)

The amendments to published standards that are effective for the Group's and the Company's financial year beginning on 1 April 2017 and applicable to the Group and the Company are as follows: (cont'd)

- Annual improvements to FRSs 2014 – 2016 Cycle, which include Amendments to FRS 12 “Disclosure of Interests in Other Entities”

The adoption of the Amendments to FRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current financial year or any prior financial year and is not likely to affect future financial years.

### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but are not yet effective and have not been early adopted

(i) The new standards, amendments to published standards and interpretation that are mandatory for the Group's and the Company's financial year beginning on 1 April 2018 and the Group and the Company have not early adopted are as follows\*:

- Amendments to MFRS 140 “Classification on ‘Change in Use’ – Assets transferred to, or from, Investment Properties” clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property. The amendments clarify the same principle that applies to assets under construction.
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the “date of the transaction” to record foreign currency transactions. It provides guidance on how to determine “the date of transaction” when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

The Group will apply IC Interpretation 22 prospectively.

- MFRS 9 “Financial Instruments”

MFRS 9 “Financial Instruments” will replace MFRS 139 “Financial Instruments: Recognition and Measurement”. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 1 BASIS OF PREPARATION (cont'd)

### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but are not yet effective and have not been early adopted (cont'd)

- (i) The new standards, amendments to published standards and interpretation that are mandatory for the Group's and the Company's financial year beginning on 1 April 2018 and the Group and the Company have not early adopted are as follows\*:

- MFRS 9 "Financial Instruments" (cont'd)

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income and; when a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group has reviewed the classification and measurement of its financial assets and liabilities and is expecting the following impact from the adoption of the new standard from 1 April 2018.

#### Classification and measurement

- (a) Unquoted investments currently classified as available-for sale ("AFS") financial assets

The Group's financial instruments currently classified as AFS will satisfy the conditions for classification as financial assets at fair value through OCI as these investments are held for long term purposes and are not held for trading. The Group will elect to present these financial instruments as financial assets at fair value through OCI.

These investments of which their fair values cannot be measured reliably are currently measured at cost less impairment.

- (b) The other financial assets held by the Group as below will continue to be measured on the same basis under MFRS 9:

- Quoted investments and derivative financial instruments currently measured as financial assets at FVTPL
- Financial assets currently classified as loans and receivables at amortised cost.

- (c) There will be no impact on the Group's accounting for financial liabilities, as the new requirement only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from FRS 139 "Financial Instruments: Recognition and Measurement" and have not been changed.

Accordingly, the Group does not expect the new standard to affect the classification and measurement of these financial assets. However, gains or losses arising from the disposal of financial assets at fair value through OCI will no longer be transferred to profit or loss, but instead be reclassified below the line from the fair value through OCI reserve to retained profits.

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## 1 BASIS OF PREPARATION (cont'd)

### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but are not yet effective and have not been early adopted (cont'd)

(i) The new standards, amendments to published standards and interpretation that are mandatory for the Group's and the Company's financial year beginning on 1 April 2018 and the Group and the Company have not early adopted are as follows\*: (cont'd)

- MFRS 9 "Financial Instruments" (cont'd)

#### Impairment

The new impairment model requires the recognition of impairment provisions based on an expected credit loss model ("ECL") rather than only incurred credit losses as is the case under FRS 139. It applies to financial assets classified at amortised cost, trade receivables and lease receivables. Based on our group's preliminary assessment undertaken to date, the Group does not expect any significant impact arising from adopting the ECL model under MFRS 9.

MFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of adoption of the new standard.

The Group will apply the new rules retrospectively from 1 April 2018, with the short term exemptions permitted under MFRS 1 and that comparatives for 2018 will not be restated.

- 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. It deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards as currently considered for revenue recognition. A company would recognise revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts. Significant management judgments and changes in those judgments that management made to determine revenue are also required to be disclosed.

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:

#### 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 obligation is separated if the performance obligation is capable of being distinct and if they are distinct within the context of the contract. Among the performance obligations to be identified separately are goods, common facilities, free maintenance fees, legal and stamp duties 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.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 1 BASIS OF PREPARATION (cont'd)

### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but are not yet effective and have not been early adopted (cont'd)

(i) The new standards, amendments to published standards and interpretation that are mandatory for the Group's and the Company's financial year beginning on 1 April 2018 and the Group and the Company have not early adopted are as follows\*:

- MFRS 15 "Revenue from Contracts with Customers" (cont'd)

#### Determining the transaction price

In determining the transaction price, the Group assesses the estimated transaction price based on the most likely amount, constrained up to the amount that is highly probable that would not reverse in the future.

#### 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. Sale of properties that is 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.

#### Accounting for the obligation to develop affordable housing on involuntary basis

FRSIC Consensus 17 "Development of Affordable Housing" requires upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis when a developer meets certain conditions. However, MFRS 15 requires accounting to be done on a contract basis and hence, the principles used in FRSIC Consensus 17 is no longer relevant.

#### Accounting for incremental costs of obtaining a contract

The Group's existing accounting policy is to expense off costs in obtaining a contract, which mainly include legal fees and sales commissions, to obtain the contracts. Under MFRS 15, these costs are recognised as an asset as the Group expects to recover those costs.

#### 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 will be reclassified as inventories as these assets are in the process of production for sale. These inventories will be carried at the lower of cost or net realisable value.

#### 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 will result in some reclassifications as of 1 April 2018, as they are currently included in other balance sheet 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 asset is the excess of cumulative revenue earned over cumulative billings to-date and contract liability is the obligation to transfer goods or services to the customers for which the Group or the Company has received the consideration or has billed the customers.

## 1 BASIS OF PREPARATION (cont'd)

### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but are not yet effective and have not been early adopted (cont'd)

- (i) The new standards, amendments to published standards and interpretation that are mandatory for the Group's and the Company's financial year beginning on 1 April 2018 and the Group and the Company have not early adopted are as follows\*: (cont'd)

- MFRS 15 "Revenue from Contracts with Customers" (cont'd)

The Group has conducted a preliminary assessment on the different types of existing contracts with customers and the impact is still being assessed. The Group anticipates more extensive disclosures will be required from the year of adoption in view of the requirements of MFRS 15 to provide information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group will adopt the standard retrospectively and will restate the comparatives for the financial year ended 31 March 2018.

- 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 continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

Currently, all new planting expenditure incurred from land clearing, planting, field upkeep and maintenance to the point of maturity is capitalised under plantation development expenditure and is not amortised. Replanting expenditure which represents cost incurred in replanting old planted areas, is charged to profit or loss when incurred. Agricultural produce, which form part of the bearer plants are not recognised and identified separately.

With the adoption of the Amendments to MFRS 116 and MFRS 141, bearer plants are classified as property, plant and equipment. New planting expenditure and replanting expenditure are also accounted for as property, plant and equipment in accordance with MFRS 116 and measured at cost and depreciated on a straight line basis over its useful life from the date of maturity.

The adoption of the amendments to MFRS 116 and MFRS 141 will result in additional depreciation charge on property, plant and equipment and replanting expenditure that is currently charged to profit or loss which will be reversed and capitalised under property, plant and equipment. The agriculture produce which is measured at fair value will be recognised on the Balance Sheet upon the adoption of the amendments. Subsequent changes on fair value less costs to sell of the agriculture produce will be recognised in profit or loss.

The Group will adopt the standard retrospectively and will restate the comparatives for the financial year ended 31 March 2018.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 1 BASIS OF PREPARATION (cont'd)

### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but are not yet effective and have not been early adopted (cont'd)

(ii) The new standard and interpretation that are mandatory for the Group's and the Company's financial year beginning on 1 April 2019 and the Group and the Company have not early adopted are as follows\*:

- MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases, and account for them differently.

MFRS 16 is likely to have a significant impact on lessees that have significant number of off balance sheet operating leases under MFRS 117.

- Amendments to MFRS 128 "Long term interests in Associates and Joint Ventures" clarify that an entity should apply MFRS 9 "Financial Instruments" (including the impairment requirements) to long term interests in an associate or joint venture, which in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long term interests are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

- Amendments to MFRS 123 "Borrowing Costs" clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- IC Interpretation 23 "Uncertainty over income tax treatments" provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

- \* These new standards, amendments to published standards and interpretation will be adopted on the respective effective dates upon the adoption of the MFRS framework. The Group and the Company have started a preliminary assessment on the effects of the above new standards, amendments to published standards and interpretation and the impact is still being assessed.

## 2 ECONOMIC ENTITIES IN THE GROUP

### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The existence and effect of potential voting rights are considered when assessing whether the Group controls another entity. In assessing whether potential voting rights contribute to control, the Group examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting, except for business combinations involving entities or businesses under common control, which are accounted for using the predecessor basis of accounting.

Under the acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill – See accounting policy 3 on goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the subsequent acquisition dates, any gains or losses arising from such remeasurement are recognised in profit or loss.

Under the predecessor basis of accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts in the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised. The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and the acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The comparative information is restated to reflect the combined results of both entities.

Non-controlling interest represents that portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. It is measured on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the date of acquisition and the non-controlling interests' share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiary are attributed to the owners of the Company and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the total equity.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 2 ECONOMIC ENTITIES IN THE GROUP (cont'd)

### (a) Subsidiaries (cont'd)

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated except for contracted finished goods which are stated at net realisable value. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

### (c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

### (d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The existence and the effect of potential voting rights are considered when assessing whether the group exercises significant influence over another entity. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the investor's share of the profit or loss of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount and recognises the amount as a separate line item in profit or loss.

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## 2 ECONOMIC ENTITIES IN THE GROUP (cont'd)

### (d) Associates (cont'd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

For incremental interest in an associate when significant influence is retained, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. The previously held interest is not re-measured.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### (e) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

#### (i) Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount and recognises the amount as a separate line item in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 2 ECONOMIC ENTITIES IN THE GROUP (cont'd)

### (e) Joint arrangements (cont'd)

#### (i) Joint ventures (cont'd)

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

#### (ii) Joint operations

In relation to the Group's interest in the joint operations, the Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

## 3 GOODWILL

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill on acquisition of subsidiaries is included in the balance sheet as intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates. See accounting policy 25 on impairment of non-financial assets.

Goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates respectively. Such goodwill is tested for impairment as part of the total carrying value.

## 4 INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 25 on impairment of non-financial assets. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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## 4 INVESTMENTS (cont'd)

Long term investments are classified as available-for-sale financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value except for investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost and are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Changes in fair values of available-for-sale equity securities are recognised in other comprehensive income. A significant or prolonged decline in the fair value of the investment below its cost is considered as an indicator that the asset is impaired. See accounting policy 22(d)(ii) on impairment of available-for-sale financial assets.

Short term investments in marketable securities are classified as financial assets at fair value through profit or loss and measured at fair value on the date a transaction is entered into and are subsequently re-measured at fair value with changes in fair value recognised in profit or loss. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. On disposal of an investment, the difference between net disposal proceeds and its fair value is recognised in profit or loss.

## 5 FOREIGN CURRENCIES

### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except that exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are classified as borrowing costs.

Exchange differences are deferred in other comprehensive income when they are attributable to items that form part of the net investment in a foreign operation.

### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rates at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate at the date of the balance sheet. Exchange differences arising are recognised in other comprehensive income.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 5 FOREIGN CURRENCIES (cont'd)

### (c) Group companies (cont'd)

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are recognised in other comprehensive income. On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

## 6 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment except for freehold land and capital work-in-progress which are not depreciated. Freehold land is not depreciated as it has an infinite life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The cost is net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as expenses in profit or loss during the financial year in which they are incurred.

Hotel properties comprise leasehold land, hotel buildings and related fixed plant and equipment. Hotel properties are initially stated at cost and are subsequently revalued periodically by independent professional valuers at an interval not exceeding 5 years with additional revaluations in the intervening years where market conditions indicate that the carrying values of the revalued properties materially differ from the market values.

The Group amortises plantation infrastructure in equal annual instalments over the period of the respective leases ranging from 21 to 81 years. Leasehold lands classified as finance leases are amortised in equal instalments over the period of the respective leases that range from 60 to 883 years. Other property, plant and equipment are depreciated on a straight-line basis to write-off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives. The annual rates of depreciation are:

Buildings, including hotel properties	2 to 10.0%
Plant, machinery, equipment and vehicles	4 to 33.3%
Office equipment, furniture and fittings and renovations	5 to 33.3%

Other than hotel properties, the Directors have applied the transitional provisions of International Accounting Standard ("IAS") 16 "Property, Plant and Equipment", which have been adopted by the Malaysian Accounting Standards Board ("MASB"), which allows for the assets to be stated at their last revalued amounts less accumulated depreciation and accumulated impairment. Accordingly, these valuations have not been updated.

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## 6 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (cont'd)

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset; all other decreases are recognised in profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 25 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

Where applicable, the fair values of property, plant and equipment at the date of acquisition of subsidiaries is carried forward in place of cost.

## 7 INVESTMENT PROPERTIES

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset. After initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment.

Freehold land is not depreciated as it has an infinite life. Leasehold land is amortised on a straight line basis over the respective lease periods between 15 and 99 years. Depreciation on buildings is calculated so as to write off the cost of the assets less residual values on a straight-line basis over the expected useful lives. The annual depreciation rate for buildings is 2%.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 25 on impairment of non-financial assets.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 8 CONCESSION ASSETS

Items classified as concession assets comprise expressway development expenditure and port infrastructure.

### (a) Expressway development expenditure

Expressway Development Expenditure (“EDE”) comprises the costs of construction (inclusive of the cost of reconstruction, widening and rehabilitation) of the concession assets. EDE is measured at cost less accumulated amortisation and accumulated impairment.

Where the Group provides construction services in exchange for the concession assets, the revenue and profits relating to the construction services are recognised in accordance with accounting policy 9(a) on revenue and profit recognition for construction contracts.

Upon completion of the construction works and commencement of road tolling operations, the EDE are amortised over the concession periods based on the following formula:

$$\frac{\text{Cumulative traffic volume to-date}}{\text{Projected total traffic volume for the entire concession period}} \times \text{EDE}$$

The projected total traffic volume for the entire concession period is determined by a traffic survey carried out by a firm of independent traffic consultants and Directors’ annual re-assessment of the projected total traffic volume.

All interest and fees incurred during the period of construction are capitalised in the EDE which in turn are amortised in profit or loss in accordance with the formula above. Interest and fees incurred after the completion of construction are charged to profit or loss.

Compensation received relating to variations in terms of concession agreements are recognised as deferred income and are credited to profit or loss over the expected lives of the related assets, on bases consistent with amortisation of the related assets.

### (b) Port infrastructure

Port infrastructure consists of buildings, berths, storage facilities and inner harbour basins. It is stated at cost less accumulated amortisation and accumulated impairment. The cost of port infrastructure is amortised on a straight-line basis over the concession period.

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 25 on impairment of non-financial assets.

## 9 REVENUE AND PROFIT RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of goods and services tax and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity as well as specific criteria have been met for each of the Group’s activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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## 9 REVENUE AND PROFIT RECOGNITION (cont'd)

### (a) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to-date when determining the stage of completion of a contract. Such costs are shown as amounts due from/(to) customers on construction contracts within trade and other receivables on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case such costs are recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

### (b) Property development activities

When the outcome of the development activity can be estimated reliably and the sale of the development unit is effected, property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs will exceed total property development revenue, the expected loss is recognised as an expense in the period in which the loss is identified.

### (c) Sale of goods

Sales are recognised upon delivery of products and customer acceptance, and performance of after-sales services, if any, net of goods and services tax ("GST") or sales tax and discounts and after eliminating sales within the Group.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

### 9 REVENUE AND PROFIT RECOGNITION (cont'd)

#### (d) Concession revenue

Concession revenue from the operation of toll roads and port operations is recognised as and when the services are performed.

Pursuant to the relevant Concession Agreements, the Government of Malaysia reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate for any reduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation is recognised in profit or loss over the period in which the compensation relates to based on the arrangements as disclosed in Note 30 to the financial statements.

#### (e) Hotel and club operations revenue

Hotel revenue represents income derived from room rentals, sales of food and beverage and other hotel related income. Room rental income is accrued on a daily basis on customer-occupied rooms. Sales of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of GST and discounts.

Revenue from clubhouse operations represents income derived from membership subscription fees and sales of services. Membership subscription fees are recognised on an accrual basis as and when they are due. Revenue from sales of services is recognised upon performance of services.

#### (f) Other revenue

Dividend income is recognised when the Group's right to receive payment is established.

Interest income is recognised using the effective interest method, taking into account the principal outstanding and the effective rate over the period to maturity, unless collectibility is in doubt, in which case it is recognised on a cash receipt basis.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

Rental income is recognised on an accrual basis unless collectibility is in doubt, in which case the recognition of such income is suspended.

Revenue from management services is recognised upon performance of services.

### 10 BORROWINGS AND BORROWING COSTS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the acquisition, construction or production of any qualifying assets.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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## 10 BORROWINGS AND BORROWING COSTS (cont'd)

General and specific borrowing costs, including exchange differences to the extent that they are regarded as an adjustment to interest costs, directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs incurred on borrowings directly associated with property development activities and construction contracts up to completion are capitalised and included as part of property development costs and construction contract costs.

Borrowing costs incurred on borrowings to finance the plantation expenditure, construction of concession assets and property, plant and equipment during the period that is required to complete and prepare the asset for its intended use are capitalised as part of the cost of the asset.

All other borrowing costs are charged to profit or loss in the period in which they are incurred.

## 11 LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

Land held for property development consists of land held for future development where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost or at valuation less accumulated impairment. Land held for property development is transferred to property development costs (under current assets) when development activities, including activities associated with obtaining approvals prior to commencement of physical development, have commenced and the development is expected to be completed within the normal operating cycle.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its deemed cost as allowed by FRS 2012004 on "Property Development Activities". Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 25 on impairment of non-financial assets.

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of active development.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under trade and other payables (within current liabilities).

Where applicable, the fair value of land at the date of acquisition of subsidiaries is carried forward in place of cost.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

### 12 INVENTORIES

#### (a) Completed buildings, vacant industrial and bungalow lots

Units of completed development properties, vacant industrial and bungalow lots held for sale are stated at the lower of cost and net realisable value. The cost comprises proportionate cost of land and related development and construction expenditure.

Where applicable, the fair value of completed buildings at the date of acquisition of subsidiaries is carried forward in place of cost.

#### (b) Finished goods, quarry and manufactured products, raw materials, construction materials, crude palm oil, crude palm kernel oil, palm kernel expellers, stores and spares

Inventories are stated at the lower of cost and net realisable value, other than contracted crude palm oil, crude palm kernel oil and palm kernel expellers which are stated at net realisable value. Cost is determined on a weighted average basis. The costs of raw materials, oil palm nurseries, stores and spares comprise the original cost of purchase plus the cost of bringing the inventories to their present location and for finished goods and quarry products, it consists of direct materials, direct labour, direct charges and production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

### 13 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

Where the amounts of construction contract costs incurred plus recognised profits (less recognised losses) exceed progress billings, the net balance is shown as amounts due from customers on construction contracts under trade and other receivables. Where the progress billings exceed the sum of construction contract costs incurred and recognised profits (less recognised losses), the net balance is shown as amounts due to customers on construction contracts under trade and other payables.

### 14 TRADE AND OTHER RECEIVABLES

(a) Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and include retention monies withheld by principals. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value. After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment (see accounting policy 22(d) on impairment of financial assets).

(b) Advances for plasma schemes represent accumulated plantation development cost including borrowing costs and indirect overheads less repayments to date and provisions for impairment, which are recoverable from plasma farmers (see accounting policy 22(d) on impairment of financial assets).

In the event the Group provides a corporate guarantee to the plasma scheme for obtaining loans from financial institutions, it will be accounted for as a financial guarantee contract (see accounting policy 30 on financial guarantee contracts).

## 15 LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

### (a) Accounting by lessee

#### Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the lease principal outstanding. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the assets and the lease terms if there is no reasonable certainty that the Group will obtain ownership at the end of the lease terms.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

#### Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight line basis over the lease periods.

### (b) Accounting by lessor

#### Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return on the balance outstanding.

#### Operating leases

When assets are leased out under an operating lease, the asset is included in property, plant and equipment in the balance sheet. Lease income (net of any incentives given to lessees) is recognised over the term of the lease on a straight-line basis.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

### 16 QUARRY DEVELOPMENT

Expenses incurred on the development of quarry faces are capitalised and amortised based on actual production volume over the estimated reserves available from the quarry faces developed, which is based on the higher of the existing or new quarry development phases.

The criteria that the Group uses to determine the recognition of overburden removal costs in the development of a quarry face as deferred expenditure is if all the following conditions are met:

- It is probable that the future economic benefit (improved access to the quarry face) associated with the overburden removal activity will flow to the entity;
- The entity can identify the component of the quarry face for which access has been improved; and
- The costs relating to the overburden removal activity associated with that component can be measured reliably.

Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 25 on impairment of non-financial assets.

### 17 LAND USE RIGHTS

Land use rights where a significant portion of the risks and rewards of ownership is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Land use rights are carried at cost or surrogate carrying amount and are amortised on a straight line basis over the lease terms.

Land use rights are amortised over the land use rights periods ranging from 15 to 99 years.

### 18 INCOME TAXES

The income tax expense for the period comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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## 18 INCOME TAXES (cont'd)

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is adjusted against goodwill on acquisition.

Deferred tax and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 19 EMPLOYEE BENEFITS

### (a) Short term employee benefits

Wages, salaries, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the owners of the Company after certain adjustments. The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

### (b) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age, years of service and compensation.

#### (i) Defined contribution plan

The Group's contributions to a defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"), which is a defined contribution plan.

#### (ii) Defined benefit plan

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, together with adjustments for its actuarial gains/losses and past service costs.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the balance sheet date on government bonds which have tenure and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent periods.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

### 19 EMPLOYEE BENEFITS (cont'd)

#### (b) Post-employment benefits (cont'd)

##### (ii) Defined benefit plan (cont'd)

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in the profit or loss in employee benefit expense, except where included in the cost of an asset.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

#### (c) Share-based compensation

The Group operates a number of equity-settled share-based compensation plans under which the entity receives services from employees as consideration for equity instruments of the Group. The fair values of the share options and share grants granted in exchange for the employee services received are recognised as employee benefit expense in profit or loss over the vesting period of the grant, with a corresponding increase in share-based payment reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and share grants granted, excluding the impact of any non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and grants that are expected to vest. At each balance sheet date, the Group reviews, and adjusts as appropriate, its estimates of the number of share options and share grants that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to share-based payment reserves in equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the share options and share grants are exercised. When share options and share grants are not exercised and lapsed, the share-based payment reserves are transferred to retained earnings.

If the terms of equity-settled share-based compensation plans are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

In the separate financial statements of the Company, the grant by the Company of share options and share grants over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution to the subsidiary. The fair value of share options and share grants granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company. When the Company subsequently charges the subsidiaries for the costs of share options and share grants, the Company recognises a return of the capital contribution by the subsidiaries as a decrease in investment in subsidiaries.

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## 20 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statements, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash in hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, less bank overdrafts.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

## 21 SHARE CAPITAL

### (i) Classification

Ordinary shares are classified as equity.

### (ii) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against the share capital account. In other cases, they are charged to the profit or loss when incurred.

### (iii) Dividends

Liability is recognised for the amount of any dividends declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument are recognised directly in equity.

### (iv) Purchase of own shares

Where the Company purchases its equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on disposal or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve account.

Where such shares are subsequently cancelled, the cost of treasury shares is deducted against the retained profits of the Company.

### (v) Shares held under trust

Shares issued by the Company under the ESOS Trust Funding Mechanism ("ETF mechanism") are recorded as shares held under trust in the balance sheet. The subscription amounts of the shares are included in equity attributable to owners of the Company as shares held under trust and are reduced upon the exercise of options under the ETF mechanism.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

### 22 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

#### Financial Assets:

##### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be sold within 12 months; otherwise, they are classified as non-current assets.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. The Group's loans and receivables comprise 'long term receivables', 'trade and other receivables' (other than amounts due from customers on construction contracts, accrued billings in respect of property development, prepayments and GST receivables) and 'deposits, cash and bank balances' in the balance sheet.

##### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the management intends to dispose of the assets within 12 months after the balance sheet date.

Investment in unquoted equity instruments which are classified as available-for-sale and whose fair value cannot be reliably measured are measured at cost. These investments are assessed for impairment at each reporting date.

##### (b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are expensed in profit or loss.

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## 22 FINANCIAL INSTRUMENTS (cont'd)

### Financial Assets: (cont'd)

#### (c) Subsequent measurement – gains and losses

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income, are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment (see accounting policy Note 22(d)(ii) on impairment of available-for-sale financial assets) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

#### (d) Subsequent measurement – impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. A financial asset or a group of financial assets is impaired and impairment is incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If any such evidence exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial assets is reduced by the impairment directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account.

##### (i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

When a receivable is uncollectible, it is written off against the related allowance account. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If 'loans and receivables' have a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

## 22 FINANCIAL INSTRUMENTS (cont'd)

### Financial Assets: (cont'd)

#### (d) Subsequent measurement – impairment of financial assets (cont'd)

##### (ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 22(d)(i) above, a significant or prolonged decline in the fair value of the equity investment below its cost is also considered as an indicator that the asset is impaired. If any such evidence exists, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment of that financial asset previously recognised in profit or loss. Impairment recognised in profit or loss on equity instruments classified as available-for-sale is not reversed through profit or loss in subsequent periods.

#### (e) Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

#### (f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

#### (g) Fair value estimation

The fair value of publicly traded derivatives and securities is based on quoted market prices at the balance sheet date.

The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows. The fair value of crude palm oil (“CPO”) pricing swap contracts is based on quoted market prices at the balance sheet date.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques and bases, such as discounted value of future cash flows and the underlying net asset base of the instrument, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying values of financial assets and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

#### (h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

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## 22 FINANCIAL INSTRUMENTS (cont'd)

### Financial Liabilities:

#### (a) Classification

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss and other financial liabilities. The classification depends on the nature of the liabilities and the purpose for which the financial liabilities were incurred. Management determines the classification at initial recognition.

##### (i) Financial liabilities at fair value through profit or loss

The Group classifies financial liabilities at fair value through profit or loss if they are held for trading. They are presented as current liabilities if they are expected to be settled within 12 months after the end of the reporting period; otherwise they are presented as non-current liabilities. Derivatives are also categorised as held for trading unless they are designated as hedges.

##### (ii) Other financial liabilities

Other financial liabilities of the Group comprise 'bonds', 'term loans', 'government support loans', 'trade and other payables' (other than amounts due to customers on construction contracts, progress billings in respect of property development, retirement benefits payable and GST payables) and 'borrowings' in the balance sheet.

#### (b) Recognition, initial measurement and subsequent measurement

When other financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the other financial liabilities are derecognised, and through the amortisation process.

#### (c) Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

## 23 TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year, or in the normal operating cycle of the business if longer. Otherwise, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 24 GOVERNMENT GRANTS

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the acquisition of assets and operational maintenance of the concession assets are classified as non-current and are credited to the statement of comprehensive income over the expected lives of the related assets, on bases consistent with the depreciation of the related assets.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

for the financial year ended 31 March 2018

### 24 GOVERNMENT GRANTS (cont'd)

The Group also treats the benefit of a government loan at a below market rate of interest as a government grant. In accordance with the transitional provision of the amendments to FRS 120 "Accounting for Government Grants and Disclosure of Government Assistance", loans received on or after 1 April 2010 are recognised and measured initially at their fair value. The benefit of the government loan at below market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received, and is recognised as a government grant, which will be credited to the statement of comprehensive income over the expected lives of the related assets on bases consistent with the depreciation of the related assets for which the loan was granted to the Group.

Government support loans obtained prior to 1 April 2010 are recognised and measured initially based on proceeds received, and hence do not give rise to a government grant.

### 25 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets (including goodwill or intangible assets not ready for use) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other non-financial assets (including those which are subject to amortisation) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. An impairment is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment is charged to profit or loss unless it reverses a previous revaluation, in which case it is charged to the revaluation surplus. Impairment of goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment of a revalued asset, in which case it is taken to revaluation surplus reserve.

### 26 PROVISIONS

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

### 27 SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The Executive Committee ("EXCO"), which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM.

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## 27 SEGMENTAL INFORMATION (cont'd)

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

## 28 CONTINGENT LIABILITIES

The Group does not recognise contingent liabilities other than those arising from business combinations, but discloses their existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. Contingent liabilities do not include financial guarantee contracts.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the notes to the financial statements.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118 "Revenue".

## 29 PLANTATION DEVELOPMENT EXPENDITURE

Plantation development expenditure comprises new planting expenditure, estate administration, finance cost relating to qualifying expenditure, depreciation of property, plant and equipment, amortisation of land use rights and upkeep of plantation up to its maturity and are stated at cost or valuation. All expenditure incurred subsequent to maturity, replanting expenditure and upkeep and maintenance expenditure including fertilising costs are charged to profit or loss when incurred.

Certain plantation expenditure of the subsidiaries of the Company had been revalued in 1997. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded.

## 30 FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of a financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

## 1 GENERAL INFORMATION

The Company is principally engaged in construction and investment holding activities. The Group's principal activities consist of construction, property development, manufacturing and quarrying, hotel operations, tollway operations, port operations, plantations and investment holding. The principal activities of the subsidiaries and associates are described in Note 54 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of the registered office of the Company is 2nd Floor, Wisma IJM, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 30 May 2018.

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### (a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Due to the complexity of transactions entered into by the Group, significant judgement is required in determining capital allowances, deductibility of certain expenses and the chargeability of certain income during the estimation of the provision for income taxes. In determining the tax treatment, the Directors have relied upon industry practice and experts opinions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

### (b) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

### (c) Construction contracts

The Group recognises contract profits based on the stage of completion method. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

Significant judgement is required in the estimation of total contract costs. Where the actual total contract costs is different from the estimated total contract costs, such difference will impact the contract profits/(losses) recognised.

The Group has estimated total contract revenue based on the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably based on the latest available information, and in the absence of such, the Directors' best estimates derived from reasonable assumptions, experience and judgement.

Where the actual approved variations and claims differ from the estimates, such difference will impact the contract profits/(losses) recognised.

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### (d) Property development

The Group recognises property development profits by reference to the stage of completion of the development activity at the balance sheet date. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in determining the completeness and accuracy of the total property development costs as estimates of future property development costs are inherently uncertain, which involve management's estimation of future cost to completion of the development. Substantial changes in cost estimates in future periods may affect the profitability of the respective property development projects.

Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

There is no estimation required in determining the transaction prices as revenue from property development are based on fixed contracted selling prices.

### (e) Plantation expenditure

There are certain parcels of land use rights where the remaining periods are less than 25 years. The assumption of further extension of the land use rights periods to be granted on those lands involve judgement on the future decision by the local authority and the explicit terms and conditions imposed on the land titles. Based on their assessment of the assumed extension of the land use rights, management is of the view that there is no impairment indicator of the plantation expenditure.

### (f) Amortisation of expressway development expenditure

The expressway development expenditure of the Group are amortised over the concession period based on the following formula:

$$\frac{\text{Cumulative traffic volume to-date}}{\text{Projected total traffic volume for the entire concession period}} \times \text{Expressway development expenditure}$$

In order to determine the projected total traffic volume for the entire concession period, the Group relies on the traffic survey carried out by a firm of independent traffic consultants and Directors' annual re-assessment of the current and future years' projected total traffic volume. Any changes in the projected total traffic volume for the entire concession period will impact the amortisation charge for the year.

### (g) Allowance for impairment of receivables

The Group recognises an allowance for impairment of receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant judgement is required in the assessment of the recoverability of receivables. If there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), significant judgement is required to estimate the amount and timing of future cash flows to determine the impairment amount required.

To the extent that actual recoveries deviate from management's estimates, such variances may have a material impact on the profit or loss. Based on their assessment, management believes that the current level of allowance for impairment of receivables is adequate. In addition, management is also rigorously monitoring the recoverability of these receivables.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### (h) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its cost. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods are used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of assets.

## 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to market (including foreign currency exchange, interest rate and price risks), credit and liquidity risks. The Group's overall financial risk management objective is to minimise any potential adverse effects from the unpredictability of financial markets on the Group's financial performance in order to ensure the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

The Group uses derivative financial instruments such as forward foreign exchange contracts and CPO pricing swap contracts to hedge certain financial risk exposures.

### (a) Market risk

#### (i) Currency risk

Entities within the Group primarily transact in their respective functional currencies except for certain transactions and borrowings which were denominated in currencies other than their respective functional currencies.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are managed by entering into forward foreign exchange contracts, cross currency swap contracts and the borrowing amounts are kept to an acceptable level.

Currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency of the entity. The currency exposure profile of the Group's and the Company's financial assets and financial liabilities is disclosed in the respective notes to the financial statements.

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### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (a) Market risk (cont'd)

##### (i) Currency risk (cont'd)

As at the balance sheet date, the Group's and Company's Ringgit Malaysia ("RM") functional currency entities had United States Dollar ("USD"), Argentine Peso ("AP"), Singapore Dollar ("SGD") and Chinese Yuan Renminbi ("CNY") denominated net monetary (liabilities)/assets. The effects to the Group's and the Company's profit after tax if the USD and AP; SGD and CNY had strengthened/weakened by 5% and 1% respectively against RM are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net monetary liabilities denominated in USD	<b>(809,390)</b>	(475,305)	<b>(559,632)</b>	(102,265)
Effects to profit after tax if the USD had strengthened/weakened by 5% against RM:				
- strengthened	<b>(30,351)</b>	(18,062)	<b>(21,266)</b>	(3,886)
- weakened	<b>30,351</b>	18,062	<b>21,266</b>	3,886
Net monetary assets denominated in AP	<b>13,158</b>	13,825	<b>13,158</b>	13,825
Effects to profit after tax if the AP had strengthened/weakened by 5% against RM:				
- strengthened	<b>500</b>	525	<b>500</b>	525
- weakened	<b>(500)</b>	(525)	<b>(500)</b>	(525)
			The Group	
			2018 RM'000	2017 RM'000
Net monetary assets denominated in SGD			<b>14,554</b>	26,633
Effects to profit after tax if the SGD had strengthened/weakened by 1% against RM:				
- strengthened			<b>111</b>	202
- weakened			<b>(111)</b>	(202)
Net monetary liabilities denominated in CNY			<b>(8,408)</b>	(35,547)
Effects to profit after tax if the CNY had strengthened/weakened by 1% against RM:				
- strengthened			<b>(64)</b>	(270)
- weakened			<b>64</b>	270

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

As at the balance sheet date, the Group's Indian Rupee ("INR") functional currency entities had United States Dollar ("USD") denominated net monetary liabilities. The effects to the Group's profit after tax if the USD had strengthened/weakened by 5% against INR are as follows:

	The Group	
	2018	2017
	RM'000	RM'000
Net monetary liabilities denominated in USD	<b>(176,761)</b>	(234,808)
Effects to profit after tax if the USD had strengthened/weakened by 5% against INR:		
- strengthened	<b>(7,019)</b>	(9,323)
- weakened	<b>7,019</b>	9,323
Net monetary liabilities denominated in USD	<b>(685,681)</b>	(705,761)
Effects to profit after tax if the USD had strengthened/weakened by 5% against IDR:		
- strengthened	<b>(25,713)</b>	(26,466)
- weakened	<b>25,713</b>	26,466

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date.

As at balance sheet date, there are no other significant monetary balances held by the Group and the Company that are denominated in non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

#### (ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest bearing assets are primarily short-term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on deposits to be unlikely.

Interest rate exposure arises mainly from the Group's borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

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### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (a) Market risk (cont'd)

##### (ii) Cash flow interest rate risk (cont'd)

If the Group's borrowings at variable rates on which effective hedges have not been entered into changes by the following basis points, with all other variables being held constant, the effects on profit after tax would be as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings based on cost of funds ("COF"):				
- increase by 25 basis points	<b>(1,415)</b>	(1,721)	-	-
- decrease by 25 basis points	<b>1,415</b>	1,721	-	-
Borrowings based on London interbank offered rate ("LIBOR"):				
- increase by 50 basis points	<b>(5,494)</b>	(5,291)	<b>(1,836)</b>	(673)
- decrease by 50 basis points	<b>5,494</b>	5,291	<b>1,836</b>	673
Borrowings based on Marginal cost of lending rate ("MCLR"):				
- increase by 25 basis points	-	(419)	-	-
- decrease by 25 basis points	-	419	-	-
- increase by 50 basis points	<b>(750)</b>	-	-	-
- decrease by 50 basis points	<b>750</b>	-	-	-

##### (iii) Price risk

The Group is exposed to quoted securities price risk arising from investments held which are classified on the balance sheet as fair value through profit or loss and price volatility risk due to fluctuation in the palm products commodity market. Investments in quoted securities comprise mainly quoted unit trusts as an alternative to bank deposits. The Group considers the impact of changes in prices of equity securities on profit after tax to be insignificant. To manage and mitigate the risk on price volatility, the Group monitors the fluctuation of crude palm oil price daily and enters into physical forward selling commodity contracts or crude palm oil ("CPO") pricing swap arrangements in accordance with the guidelines set by the Board of Directors. The CPO swap contracts are offered by certain reputable banks in Malaysia, which can be net settled during the period of the contracts.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Market risk (cont'd)

#### (iii) Price risk (cont'd)

If average prices of crude palm oil change by 10% with all other variables being held constant, the effects on profit after tax would have been:

	The Group	
	2018	2017
	RM'000	RM'000
<hr/>		
<u>Physical Forward Selling Commodity Contracts</u>		
Effects to profit after tax if crude palm oil price:		
- increase by 10%	17,562	18,391
- decrease by 10%	(17,562)	(18,422)
<hr/>		
<u>CPO Swap Contracts</u>		
Effects to profit after tax if crude palm oil price:		
- increase by 10%	(687)	(2,221)
- decrease by 10%	687	2,221
<hr/>		

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures to customers, including outstanding receivables, as well as deposits, cash and bank balances and derivative financial instruments with financial institutions.

For trade and other receivables, the Group controls these risks by the application of credit approvals, limits and monitoring procedures. The Group also minimises its exposure through analysing the counterparties' financial condition prior to entering into any agreements/contracts and obtaining sufficient collaterals where appropriate to mitigate credit risk. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. For other financial assets (deposits, cash and bank balances with financial institutions, quoted unit trusts and derivative financial instruments), the Group adopts the policy of dealing only with counterparties of high credibility (i.e. banks and financial institutions).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance and the financial guarantee contracts as disclosed in Note 3(c) to the financial statements.

See Notes 33 and 40 for further disclosure on credit risk.

### (c) Liquidity risk

The Group treasury actively monitors and manages its debt maturity profile, operating cash flows and the availability of funding (comprising undrawn borrowing facilities and cash and cash equivalents) so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments (Note 49) to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (c) Liquidity risk (cont'd)

The tables below analyse the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining periods from the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000
<b>The Group</b>			
<b>At 31 March 2018</b>			
Bonds	132,876	1,312,385	970,610
Term loans	1,734,933	938,171	47,107
Government support loans	34,000	90,714	50,798
Trade and other payables	2,576,310	399,868	401,986
Short term borrowings*	1,233,079	-	-
Hire purchase and lease payables	637	297	-
Financial guarantee contracts**	1,418	8,179	18,611
Provisions	2,764	-	-
Derivative financial instruments	5,858	-	-
	<b>5,721,875</b>	<b>2,749,614</b>	<b>1,489,112</b>
<b>At 31 March 2017</b>			
Bonds	124,559	1,034,182	1,381,689
Term loans	832,919	2,070,614	85,947
Government support loans	34,000	114,715	60,798
Trade and other payables	2,035,579	383,972	419,539
Short term borrowings*	1,055,309	-	-
Hire purchase and lease payables	760	837	-
Financial guarantee contracts**	1,055	8,980	17,026
Provisions	10,718	-	-
	4,094,899	3,613,300	1,964,999

\* As at 31 March 2018, short term borrowings of the Group include bankers' acceptances, revolving credits, revolving loans, letters of credit and bank overdrafts.

\*\* A subsidiary of the Group provided corporate guarantees for a bank loan facility amounting to RM40.0 million (2017: RM47.3 million) to a cooperative in Indonesia in respect of plasma development. As at 31 March 2018, RM28.2 million (2017: RM27.0 million) has been drawn down.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (c) Liquidity risk (cont'd)

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000
<b>The Company</b>			
<b>At 31 March 2018</b>			
Bonds	61,713	978,856	538,277
Term loans	494,569	-	-
Short term borrowings (revolving credits and revolving loans)	372,396	-	-
Trade and other payables	330,943	852,537	-
Derivative financial instruments	5,858	-	-
	<b>1,265,479</b>	<b>1,831,393</b>	<b>538,277</b>
<b>At 31 March 2017</b>			
Bonds	61,729	709,821	869,025
Term loans	4,042	177,457	-
Short term borrowings (revolving credits and bank overdrafts)	212,200	-	-
Trade and other payables	341,714	948,028	-
	619,685	1,835,306	869,025

The exposure of the borrowings of the Group and the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are disclosed in Notes 16, 17, 44 and 45 to the financial statements.

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new financing facilities or dispose assets to reduce borrowings.

Management monitors capital based on the Group's and the Company's gearing ratio. The Group and the Company are also required by the banks to maintain certain gearing ratios. The Group's and the Company's strategies are to maintain a gearing ratio of not greater than 1 time. The gearing ratio is calculated as net debt divided by equity capital. Net debt is calculated as total borrowings (excluding trade and other payables) less cash and cash equivalents. Equity capital is equivalent to capital and reserves attributable to owners of the Company.

The Group is subject to certain externally imposed capital requirements in the form of loan covenants. The Group and the Company monitor compliance with loan covenants based on the terms of the respective loan agreements.

As at 31 March 2018, the Group has not complied with a financial covenant on certain of its borrowings amounting to RM1.2 billion. Subsequent to the reporting date of 31 March 2018, the Group has successfully obtained waivers/indulgence from the relevant financial institutions. In accordance with FRS 101, the portion of the non-current liabilities of the borrowings of RM259.4 million have been reclassified as current liabilities as at 31 March 2018.

### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by levels of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2018</b>				
<b>The Group</b>				
<u>Assets:</u>				
Financial assets at fair value through profit or loss	311,079	–	–	311,079
Available-for-sale financial assets	–	–	2,155	2,155
Derivative financial instruments	–	1,055	–	1,055
<b>Total assets</b>	<b>311,079</b>	<b>1,055</b>	<b>2,155</b>	<b>314,289</b>
<u>Liabilities:</u>				
Derivative financial instruments	–	5,858	–	5,858
<b>Total liabilities</b>	<b>–</b>	<b>5,858</b>	<b>–</b>	<b>5,858</b>
<b>The Company</b>				
<u>Assets:</u>				
Financial assets at fair value through profit or loss	18,740	–	–	18,740
Available-for-sale financial assets	–	–	2,050	2,050
<b>Total assets</b>	<b>18,740</b>	<b>–</b>	<b>2,050</b>	<b>20,790</b>
<u>Liabilities:</u>				
Derivative financial instruments	–	5,858	–	5,858
<b>Total liabilities</b>	<b>–</b>	<b>5,858</b>	<b>–</b>	<b>5,858</b>
<b>2017</b>				
<b>The Group</b>				
<u>Assets:</u>				
Financial assets at fair value through profit or loss	299,164	–	–	299,164
Available-for-sale financial assets	–	–	2,155	2,155
Derivative financial instruments	–	2,909	–	2,909
<b>Total assets</b>	<b>299,164</b>	<b>2,909</b>	<b>2,155</b>	<b>304,228</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (e) Fair value measurements (cont'd)

#### The Company

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets:</b>				
Financial assets at fair value through profit or loss	20,807	–	–	20,807
Available-for-sale financial assets	–	–	2,050	2,050
<b>Total assets</b>	<b>20,807</b>	<b>–</b>	<b>2,050</b>	<b>22,857</b>

The fair values of financial instruments traded in active markets (such as trading securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group and the Company are the closing prices. These instruments are included in Level 1.

The fair values of financial instruments that are not traded in an active market (for example, CPO swap contracts) are determined by using a valuation technique. The fair value of CPO swap contracts is calculated based on the differences between fixed CPO prices as per the swap contracts and the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange for the specific contracted periods. These instruments are classified as Level 2.

If a valuation technique for the instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

## 4 OPERATING REVENUE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction contract revenue	<b>2,286,502</b>	2,104,740	–	973
Property development revenue	<b>1,208,154</b>	1,396,938	–	–
Sale of quarry and manufactured products	<b>1,054,016</b>	1,133,423	–	–
Sale of goods	<b>31,556</b>	28,670	–	–
Toll concession revenue	<b>401,305</b>	379,598	–	–
Port revenue	<b>250,794</b>	208,797	–	–
Sale of crude palm oil and plantations related products	<b>747,217</b>	753,711	–	–
Management services	<b>15,187</b>	22,652	<b>29,825</b>	29,932
Dividend income	<b>536</b>	362	<b>456,399</b>	266,791
Rental of properties	<b>217</b>	243	<b>337</b>	363
Rendering of other services	<b>31,464</b>	36,201	–	–
	<b>6,026,948</b>	6,065,335	<b>486,561</b>	298,059

Supplementary information on operating revenue of the Group inclusive of the Group's share of revenue of associates and joint ventures are as follows:

	2018 RM'000	2017 RM'000
Operating revenue of the Group	<b>6,026,948</b>	6,065,335
Share of operating revenue of:		
Associates	<b>563,572</b>	641,572
Joint ventures	<b>216,393</b>	210,832
	<b>6,806,913</b>	6,917,739

## 5 OPERATING PROFIT BEFORE FINANCE COST

- (a) The following expenses (excluding finance cost and income tax expense) by nature have been debited in arriving at operating profit before finance cost:

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction contract costs		<b>2,130,100</b>	1,989,764	<b>404</b>	1,962
Property development costs*		<b>858,947</b>	918,472	–	–
Cost of quarry and manufactured products sold		<b>918,126</b>	932,564	–	–
Cost of plantation products sold		<b>519,274</b>	458,572	–	–
Toll operation costs		<b>226,903</b>	221,606	–	–
Port operation costs		<b>134,844</b>	117,348	–	–
Property, plant and equipment:					
- depreciation	27	<b>149,624</b>	136,345	<b>481</b>	504
- written off	27	<b>1,792</b>	1,170	–	–
- loss on disposal		<b>1,471</b>	2,142	–	–
Land use rights:					
- amortisation	28	<b>5,649</b>	5,380	–	–
Investment properties:					
- depreciation	29	<b>672</b>	672	<b>173</b>	165
Rental of land and buildings		<b>8,916</b>	8,756	<b>2,177</b>	2,067
Hire of plant and equipment		<b>8,796</b>	8,502	–	–
Auditors' remuneration:					
- statutory audit	8				
Current year		<b>4,032</b>	3,864	<b>426</b>	426
Under accrual in respect of prior years		<b>142</b>	217	–	–
Foreign exchange losses/(gains) (net)		<b>3,721</b>	(30,117)	<b>(6,591)</b>	(13,870)
Fair value loss:					
- financial assets held for trading		<b>7,139</b>	556	<b>6,210</b>	–
- derivative financial instruments		<b>5,858</b>	–	<b>5,858</b>	–
Concession assets:					
- amortisation	30	<b>162,900</b>	163,042	–	–
- written off	30	<b>81</b>	284	–	–
Amortisation of quarry development expenditure	36	<b>3,732</b>	3,776	–	–
Allowance for impairment of receivables	40	<b>5,152</b>	8,329	–	–
Bad debts written off		<b>1,160</b>	1,751	–	–
Impairment of investment in an associate		–	–	<b>39,000</b>	–

\* During the financial year impairment of property development costs of RM21,869,000 (2017: Nil) (Note 37(b)) has been included in costs of sales.

Direct operating expenses from investment properties that generated rental income for the Group and the Company during the financial year amounted to RM215,000 (2017: RM220,000) and RM188,000 (2017: RM169,000) respectively.

Direct operating expenses from investment properties that did not generate rental income for the Group and the Company during the financial year amounted to RM283,000 (2017: RM98,000) and RM41,000 (2017: RM97,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 5 OPERATING PROFIT BEFORE FINANCE COST

(b) The following amounts have been credited in arriving at operating profit before finance cost:

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gross dividends received from:					
– subsidiaries					
(quoted)		–	–	<b>34,581</b>	24,301
(unquoted)		–	–	<b>404,946</b>	224,827
– associates					
(quoted)		–	–	<b>11,809</b>	8,114
(unquoted)		–	–	<b>4,527</b>	9,186
– other investments					
(quoted)		<b>683</b>	510	<b>536</b>	363
Interest income:					
– bank deposits		<b>42,212</b>	43,038	<b>3,227</b>	2,965
– loans and receivables from related parties		<b>31,406</b>	26,614	<b>85,249</b>	72,596
– loans and receivables from non-related parties		<b>19,123</b>	14,848	–	2,530
– amortised costs on trade and other receivables and amounts due from joint ventures		<b>6,477</b>	15,058	–	–
– others		<b>20,355</b>	15,046	<b>5,103</b>	1,998
Profits from Islamic placements		<b>2,644</b>	1,462	–	–
Profits from Redeemable Unsecured Murabahah Stocks		<b>2,432</b>	313	–	–
Gain on disposal of property, plant and equipment		<b>4,692</b>	12,285	<b>1</b>	28
Reversal of impairment of:					
– Property development costs	37(b)	–	34	–	–
Rental income		<b>10,415</b>	9,741	<b>337</b>	363
Bad debts recovered		<b>2,529</b>	–	–	–
Write back of allowance for impairment of receivables	40	<b>4,938</b>	3,650	–	–
Write back of allowance for impairment of amounts owing by joint ventures	33	<b>193</b>	–	–	–
Write back of building stocks		–	33	–	–
Write back of impairment of property, plant and equipment	27	–	5,312	–	–
Amortisation of government grants	26	<b>2,553</b>	6,172	–	–
Income from quoted unit trusts		<b>9,446</b>	12,227	–	191
Fair value gains:					
– financial assets held for trading		<b>456</b>	1,955	–	1,780
– derivative financial instruments		<b>972</b>	5,237	–	–
Gain on disposal of an associate		–	4,553	–	–

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## 6 EMPLOYEE BENEFITS COST

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonus		<b>437,622</b>	422,970	<b>25,546</b>	23,570
Defined contribution retirement plan		<b>50,122</b>	45,094	<b>3,739</b>	3,373
Defined benefit retirement plan	24	<b>12,989</b>	2,029	–	–
Other employee benefits		<b>31,106</b>	30,905	<b>2,716</b>	2,670
Share-based payments		<b>35,711</b>	39,426	<b>8,012</b>	4,754
		<b>567,550</b>	540,424	<b>40,013</b>	34,367
Less expenses capitalised into:					
– Concession assets	30	<b>(594)</b>	–	–	–
– Property development costs	37(b)	<b>(132)</b>	(131)	–	–
– Plantation development expenditure	38(b)	<b>(16,734)</b>	(17,773)	–	–
– Construction contract work in progress	46	<b>(92,898)</b>	(98,528)	–	–
		<b>457,192</b>	423,992	<b>40,013</b>	34,367

## 7 DIRECTORS' REMUNERATION

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company:				
Fees	<b>1,582</b>	1,524	<b>1,223</b>	1,109
Defined contribution retirement plan	<b>852</b>	723	<b>852</b>	723
Other emoluments	<b>5,861</b>	5,024	<b>5,839</b>	5,000
Share-based payments	<b>2,923</b>	3,324	<b>2,923</b>	3,324
	<b>11,218</b>	10,595	<b>10,837</b>	10,156

The estimated monetary value of benefits-in-kind provided to the Directors of the Group and of the Company by way of usage of the Group's and the Company's assets and the provision of other benefits during the financial year amounted to RM130,000 (2017: RM181,000) and RM130,000 (2017: RM181,000) respectively.

## 8 AUDITORS' REMUNERATION – STATUTORY AUDIT

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
PricewaterhouseCoopers Malaysia *	<b>2,605</b>	2,635	<b>426</b>	426
Other member firms of PricewaterhouseCoopers International Limited *	<b>854</b>	423	–	–
Other auditors of subsidiaries	<b>715</b>	1,023	–	–
	<b>4,174</b>	4,081	<b>426</b>	426

\* PricewaterhouseCoopers PLT Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 9 FINANCE COST

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expenses arising from:					
- Bank borrowings		<b>153,850</b>	146,195	<b>19,537</b>	10,951
- Hire purchase and leasing		<b>112</b>	27	-	-
- Bonds		<b>94,585</b>	88,160	<b>61,740</b>	59,219
- Amortisation of government support loan		<b>5,241</b>	6,195	-	-
- Amortised costs on financial liabilities		<b>10,324</b>	16,998	-	-
- Accretion of liabilities		<b>5,761</b>	5,751	-	-
- Discounting of long term receivables		-	5,865	-	-
- Others		<b>2,494</b>	2,202	-	-
		<b>272,367</b>	271,393	<b>81,277</b>	70,170
Less interest capitalised into:					
- Investment properties	29	<b>(670)</b>	-	-	-
- Concession assets	30	<b>(40)</b>	-	-	-
- Land held for property development	37(a)	<b>(697)</b>	(4,113)	-	-
- Property development costs	37(b)	<b>(106,846)</b>	(120,711)	-	-
- Plantation development expenditure	38(b)	<b>(1,900)</b>	(3,263)	-	-
		<b>(110,153)</b>	(128,087)	-	-
		<b>162,214</b>	143,306	<b>81,277</b>	70,170
Foreign exchange losses		<b>26,211</b>	1,548	-	-
Less foreign exchange losses capitalised into:					
- Plantation development expenditure	38(b)	<b>(2,751)</b>	(184)	-	-
		<b>23,460</b>	1,364	-	-
		<b>185,674</b>	144,670	<b>81,277</b>	70,170

## 10 INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
- Malaysian income tax	<b>216,711</b>	292,892	<b>16,189</b>	14,242
- Overseas taxation	<b>13,235</b>	(11,920)	-	-
	<b>229,946</b>	280,972	<b>16,189</b>	14,242
Deferred taxation (Note 22)	<b>8,924</b>	(37,766)	<b>191</b>	388
	<b>238,870</b>	243,206	<b>16,380</b>	14,630

## 10 INCOME TAX EXPENSE (cont'd)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Current tax:</u>				
- Current year	<b>232,203</b>	282,073	<b>16,081</b>	14,487
- Benefits from previously unrecognised temporary differences	<b>(822)</b>	(1,075)	-	-
- (Over)/under accrual in prior years (net)	<b>(1,435)</b>	(26)	<b>108</b>	(245)
	<b>229,946</b>	280,972	<b>16,189</b>	14,242
<u>Deferred taxation:</u>				
- Origination and reversal of temporary differences	<b>8,924</b>	(37,766)	<b>191</b>	388
	<b>238,870</b>	243,206	<b>16,380</b>	14,630

The explanation of the relationship between income tax expense and profit before taxation is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before taxation	<b>629,559</b>	1,010,010	<b>401,626</b>	274,101
Tax calculated at the Malaysian tax rate of 24% (2017: 24%)	<b>151,094</b>	242,402	<b>96,390</b>	65,784
Tax effects of:				
- Different tax rates in other countries	<b>(3,757)</b>	8,894	-	-
- Expenses not deductible for tax purposes	<b>134,765</b>	63,186	<b>38,924</b>	18,639
- Income not subject to tax	<b>(39,712)</b>	(43,492)	<b>(119,042)</b>	(69,548)
- Utilisation of tax incentives	<b>(1,095)</b>	(3,658)	-	-
- Current year's deferred tax assets derecognised or not recognised on unused tax losses and unutilised deductible temporary differences	<b>35,429</b>	5,752	-	-
- Recognition of deferred tax assets on unused tax losses which was previously not recognised	<b>(37,208)</b>	-	-	-
- Utilisation of previously unrecognised tax losses	<b>(32)</b>	(809)	-	-
- Utilisation of previously unrecognised deductible temporary differences	<b>(790)</b>	(266)	-	-
- Share of results of associates and joint ventures	<b>4,089</b>	(18,485)	-	-
- Reduction in tax rate due to increase in chargeable income	<b>(2,257)</b>	(10,248)	-	-
- Others	<b>(221)</b>	(44)	-	-
(Over)/under accrual in prior years (net)	<b>(1,435)</b>	(26)	<b>108</b>	(245)
Income tax expense	<b>238,870</b>	243,206	<b>16,380</b>	14,630

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 10 INCOME TAX EXPENSE (cont'd)

The tax (charge)/credit in relation to the components of other comprehensive income are as follows:

	The Group					
	Before tax RM'000	2018 Tax (charge)/ credit RM'000	After tax RM'000	Before tax RM'000	2017 Tax (charge)/ credit RM'000	After tax RM'000
Revaluation gains on property, plant and equipment	-	-	-	27,056	(6,494)	20,562
	-	-	-	27,056	(6,494)	20,562
Current tax		-			-	
Deferred taxation (Note 22)		-			6,494	
		-			6,494	

There is no tax charge/credit in relation to the components of other comprehensive income of the Company.

### 11 EARNINGS PER SHARE

#### (a) Basic

The basic earnings per share for the financial year has been calculated based on the Group's net profit attributable to owners of the Company for the financial year and the weighted average number of ordinary shares in issue during the financial year excluding ordinary shares purchased by the Company and held as treasury shares (Note 14(C)). The weighted average number of ordinary shares in issue is derived after taking into account the issuance of shares pursuant to the exercise of ESOS and vesting of ESGP (2017: issuance of shares pursuant to the exercise of ESOS and vesting of ESGP).

	The Group	
	2018 RM'000	2017 RM'000
Net profit attributable to owners of the Company	<b>349,809</b>	653,773
	'000	'000
Weighted average number of ordinary shares in issue	<b>3,625,719</b>	3,600,319
Basic earnings per share (sen)	<b>9.65</b>	18.16

## 11 EARNINGS PER SHARE (cont'd)

### (b) Fully diluted

The fully diluted earnings per share of the Group is calculated by dividing the Group's net profit attributable to owners of the Company for the financial year of RM349,809,000 (2017: RM653,773,000) by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. the ESOS and ESGP (2017: the ESOS and ESGP). A calculation is done to determine the number of shares that could have been acquired at market price (determined as the weighted average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding ESOS and ESGP (2017: outstanding ESOS and ESGP).

	The Group	
	2018 RM'000	2017 RM'000
Net profit attributable to owners of the Company	<b>349,809</b>	653,773
	'000	'000
Weighted average number of ordinary shares in issue	<b>3,625,719</b>	3,600,319
Adjustments for ESOS	<b>7,651</b>	12,529
Adjustments for ESGP	<b>3,433</b>	31,464
Weighted average number of ordinary shares for diluted earnings per share	<b>3,636,803</b>	3,644,312
Diluted earnings per share (sen)	<b>9.62</b>	17.94

## 12 DIVIDENDS

Dividends declared and paid in respect of the current financial year are as follows:

	The Company			
	2018		2017	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Single tier first interim dividend	<b>3.00</b>	<b>108,848</b>	3.00	108,087
Single tier second interim dividend	<b>3.00</b>	*	4.50	163,195
	<b>6.00</b>	<b>108,848</b>	7.50	271,282

\* The amount of dividend will be determined based on the number of shareholders entitled to receive the dividend as at 5:00pm on 29 June 2018.

On 30 May 2018, the Directors have declared a single tier second interim dividend in respect of the financial year ended 31 March 2018 of 3.0 sen per share to be paid on 20 July 2018 to every member who is entitled to receive the dividend as at 5:00pm on 29 June 2018. The second interim dividend has not been recognised in the Statement of Changes in Equity as it was declared subsequent to the financial year end.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2018 (2017: Nil).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 13 SEGMENTAL REPORTING

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("EXCO") that are used for allocating resources and assessing performance. The EXCO considers the business from the business segment perspective and assesses the performance of the operating segments based on a measure of profit before taxation and earnings before interest, tax, depreciation and amortisation.

The Group has the following principal business segments:

- (a) Construction - Construction activities
- (b) Property development - Development of land into vacant lots, residential, commercial and/or industrial buildings
- (c) Manufacturing and quarrying - Production and sale of concrete products, and quarrying activities
- (d) Plantation - Cultivation of oil palms, milling of fresh fruit bunches and trading of crude palm oil
- (e) Infrastructure - Tollway and port operations

Other operations of the Group comprise mainly investment holding.

The segment information provided to the EXCO for the reportable segments for the financial year ended 31 March 2018 is as follows:

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
<b>REVENUE:</b>							
Total revenue	3,310,372	1,323,504	1,076,247	747,217	1,001,873	488,637	7,947,850
Less: Inter-segment revenue	(635,980)	-	(19,150)	-	-	(485,807)	(1,140,937)
	2,674,392	1,323,504	1,057,097	747,217	1,001,873	2,830	6,806,913
Less: Share of operating revenue of associates and joint ventures	(348,505)	(78,605)	(3,081)	-	(349,774)	-	(779,965)
Revenue from external customers	2,325,887	1,244,899	1,054,016	747,217	652,099	2,830	6,026,948
<b>RESULTS:</b>							
Profit before taxation	226,014	110,559	82,479	77,304	120,115	13,088	629,559
Depreciation and amortisation (A) *	10,721	11,815	48,234	79,937	169,317	-	320,024
Finance cost (B)	57,717	14,126	6,256	46,556	61,019	-	185,674
Earnings before interest, tax, depreciation and amortisation	294,452	136,500	136,969	203,797	350,451	13,088	1,135,257

\* It comprises depreciation and amortisation of property, plant and equipment, land use rights, investment properties, concession assets, intangible assets and government grants.

### 13 SEGMENTAL REPORTING (cont'd)

The segment information provided to the EXCO for the reportable segments for the financial year ended 31 March 2018 is as follows: (cont'd)

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
Other than (A) and (B), profit before taxation also includes:							
- Interest income	66,897	41,574	1,245	5,722	6,585	2,626	124,649
- Impairment of property development costs	-	(21,869)	-	-	-	-	(21,869)
- Share of profits/(losses) of associates	28,661	2,884	(310)	-	(24,478)	(1,217)	5,540
- Share of profits/(losses) of joint ventures	26,344	(6,119)	-	-	(30,227)	-	(10,002)

Inter-segment revenue comprises rendering of construction services to the property development and infrastructure segments and the sale of manufacturing and quarrying products to the construction segment. These transactions are transacted on agreed terms between the segments.

The revenue from external customers reported to the EXCO is measured in a manner consistent with that in the statement of comprehensive income.

Revenue by product and services is disclosed in Note 4 to the financial statements.

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
<b>ASSETS:</b>							
Segment assets	1,714,001	10,277,492	1,461,472	2,603,587	4,633,362	150,658	20,840,572
Unallocated assets:							
- Deferred tax assets							304,147
- Tax recoverable							150,041
Consolidated total assets							21,294,760
Segment assets include:							
- Investment in associates	244,217	22,114	1,817	-	517,954	43,032	829,134
- Investment in joint ventures	173,250	397,739	-	-	137,214	222	708,425
- Additions to non-current assets* (other than financial instruments and deferred tax assets)	6,392	563,621	62,663	117,603	584,139	-	1,334,418

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 13 SEGMENTAL REPORTING (cont'd)

The segment information provided to the EXCO for the reportable segments for the financial year ended 31 March 2018 is as follows: (cont'd)

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
<b>LIABILITIES:</b>							
Segment liabilities	<b>3,418,193</b>	<b>3,818,833</b>	<b>280,734</b>	<b>836,609</b>	<b>1,447,500</b>	<b>10,926</b>	<b>9,812,795</b>
Unallocated liabilities:							
- Deferred tax liabilities							<b>682,177</b>
- Current tax liabilities							<b>34,465</b>
Consolidated total liabilities							<b>10,529,437</b>

\* Non-current assets comprise property, plant and equipment, land use rights, investment properties, concession assets, intangible assets, land held for property development and plantation development expenditure.

The amounts provided to the EXCO with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

The segment information provided to the EXCO for the reportable segments for the financial year ended 31 March 2017 is as follows:

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
<b>REVENUE:</b>							
Total revenue	3,034,697	1,516,225	1,164,398	753,711	975,515	300,007	7,744,553
Less: Inter-segment revenue	(502,551)	-	(27,784)	-	-	(296,479)	(826,814)
	2,532,146	1,516,225	1,136,614	753,711	975,515	3,528	6,917,739
Less: Share of operating revenue of associates and joint ventures	(380,690)	(78,481)	(3,191)	-	(387,120)	(2,922)	(852,404)
Revenue from external customers	2,151,456	1,437,744	1,133,423	753,711	588,395	606	6,065,335
<b>RESULTS:</b>							
Profit before taxation	216,715	303,277	142,417	168,514	62,313	116,774	1,010,010
Depreciation and amortisation <sup>(A)</sup> *	11,869	11,508	46,943	66,031	166,692	-	303,043
Finance cost <sup>(B)</sup>	53,401	6,927	4,750	23,821	55,771	-	144,670
Earnings before interest, tax, depreciation and amortisation	281,985	321,712	194,110	258,366	284,776	116,774	1,457,723

### 13 SEGMENTAL REPORTING (cont'd)

The segment information provided to the EXCO for the reportable segments for the financial year ended 31 March 2017 is as follows: (cont'd)

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
Other than (A) and (B), profit before taxation also includes:							
- Interest income	62,515	35,374	687	6,975	10,358	470	116,379
- Share of profits/(losses) of associates	36,254	(2,043)	54	-	(7,388)	29,526	56,403
- Share of profits/(losses) of joint ventures	27,095	14,688	-	-	(25,115)	-	16,668

\* It comprises depreciation and amortisation of property, plant and equipment, land use rights, investment properties, concession assets, intangible assets and government grants.

Inter-segment revenue comprises rendering of construction services to the property development and infrastructure segments and the sale of manufacturing and quarrying products to the construction segment. These transactions are transacted on agreed terms between the segments.

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
<b>ASSETS:</b>							
Segment assets	2,212,505	9,315,317	1,450,689	2,950,654	4,449,784	86,660	20,465,609
Unallocated assets:							
- Deferred tax assets							297,762
- Tax recoverable							129,329
Consolidated total assets							20,892,700
Segment assets include:							
- Investment in associates	232,359	18,321	2,202	-	585,160	63,350	901,392
- Investment in joint ventures	170,934	422,862	-	-	160,734	253	754,783
- Additions to non-current assets* (other than financial instruments and deferred tax assets)	20,928	88,552	73,329	146,678	299,981	-	629,468

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 13 SEGMENTAL REPORTING (cont'd)

The segment information provided to the EXCO for the reportable segments for the financial year ended 31 March 2017 is as follows: (cont'd)

	Construc- tion RM'000	Property develop- ment RM'000	Manu- facturing & quarrying RM'000	Planta- tion RM'000	Infra- structure RM'000	Invest- ment & others RM'000	Group RM'000
<b>LIABILITIES:</b>							
Segment liabilities	2,941,973	3,429,409	290,585	1,025,789	1,703,701	2,128	9,393,585
Unallocated liabilities:							
- Deferred tax liabilities							669,456
- Current tax liabilities							12,979
Consolidated total liabilities							<u>10,076,020</u>

\* Non-current assets comprise property, plant and equipment, land use rights, investment properties, concession assets, intangible assets, land held for property development and plantation development expenditure.

The amounts provided to the EXCO with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Geographical information:

	Revenue from external customers RM'000	Non-current* assets RM'000
<b>2018</b>		
Malaysia	5,426,734	5,890,521
India	205,691	583,766
Indonesia	328,854	1,331,515
Other countries	65,669	48,897
	<u>6,026,948</u>	<u>7,854,699</u>
<b>2017</b>		
Malaysia	5,513,365	5,036,465
India	214,938	540,364
Indonesia	286,362	1,509,165
Other countries	50,670	54,392
	<u>6,065,335</u>	<u>7,140,386</u>

\* Non-current assets comprise property, plant and equipment, land use rights, investment properties, concession assets, intangible assets, land held for property development and plantation development expenditure.

Revenue is based on the country in which the customers are located. Non-current assets are determined according to the country where these assets are located.

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST

### (A) SHARE CAPITAL

	The Group and the Company 2017	
	Number of shares '000	Amount RM'000
Authorised:		
At 1 April 2016	5,000,000	5,000,000
Abolishment of the concept of authorised share capital on 31 January 2017 *	(5,000,000)	(5,000,000)
At 31 March	–	–

	The Group and the Company 2018		The Group and the Company 2017	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid:				
At 1 April 2017/2016 (ordinary shares of RM1.00 each)	<b>3,613,386</b>	<b>6,022,651</b>	3,584,805	3,584,805
Issuance of shares arising from:				
- Vesting of shares under ESGP	<b>7,167</b>	<b>24,346</b>	8,289	8,289
- Exercise of share options	<b>5,325</b>	<b>19,983</b>	8,197	15,311
- Shares held under trust (Note 14(E))	<b>2,800</b>	<b>7,369</b>	12,095	18,735
Transition to no-par value regime on 31 January 2017 (Note 14(B))	–	–	–	2,395,511
At 31 March – ordinary shares with no par value	<b>3,628,678</b>	<b>6,074,349</b>	3,613,386	6,022,651

\* The new Companies Act 2016 (the “Act”), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM2,395,511,000 became part of the Company’s share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There was no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (A) SHARE CAPITAL (cont'd)

During the financial year, the number of issued and paid-up ordinary shares of the Company was increased from 3,613,386,720 to 3,628,678,020 by way of the issuance of:-

- (i) 7,166,300 new ordinary shares arising from the vesting of shares under the Employee Share Grant Plan ("ESGP");
- (ii) 5,325,000 new ordinary shares arising from the exercise of options under the Employee Share Option Scheme ("ESOS") at the following issue prices; and

Number of shares <u>issued</u> units	ESOS <u>exercise price</u> RM/share	Award of options under ESOS ("ESOS Award")
1,358,700	2.16	First ESOS Award
2,842,400	2.54	Second ESOS Award
747,300	2.91	Third ESOS Award
376,600	3.03	Fourth ESOS Award
<hr/> 5,325,000		

- (iii) 2,800,000 new ordinary shares arising from the subscription of new shares under the shares held under trust at the following issue prices:

Number of shares <u>issued</u> units	ESOS <u>exercise price</u> RM/share	Award of options under ESOS ("ESOS Award")
300,000	2.16	First ESOS Award
1,600,000	2.54	Second ESOS Award
500,000	2.91	Third ESOS Award
300,000	3.03	Fourth ESOS Award
100,000	2.93	Fifth ESOS Award
<hr/> 2,800,000		

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (B) SHARE PREMIUM

	The Group and the Company 2017 RM'000
At 1 April 2016	2,349,079
Arising from:	
- Vesting of shares under ESGP	16,198
- Exercise of share options	17,841
- Shares held under trust (Note 14(E))	12,393
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016 * (Note 14(A))	(2,395,511)
At 31 March	-

\* Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account had become part of the Company's share capital (Note 14(A)). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM2,395,511,000 for purposes as set out in Section 618(3) of the Act.

### (C) TREASURY SHARES

	The Group and the Company 2018		2017	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 April 2017/2016	3	10	1	3
Shares buy back	795	2,094	2	7
At 31 March	798	2,104	3	10

The shareholders of the Company had approved an ordinary resolution at the Annual General Meeting held on 23 August 2017 for the Company to repurchase its own shares up to a maximum of 10% of the issued and paid-up capital of the Company. The Directors of the Company were committed to enhancing the value of the Company and believed that the repurchase plan was being applied in the best interest of the Company and its shareholders.

On 12 December 2017, the Company repurchased 219,700 of its ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for RM604,473. The average price paid for the shares repurchased was approximately RM2.75 per share. On 7 March 2018, the Company repurchased another 275,000 of its ordinary shares from the open market on Bursa Malaysia for RM714,800. The average price paid for the shares repurchased was approximately RM2.60 per share. On 9 March 2018, the Company repurchased another 300,000 of its ordinary shares from the open market on Bursa Malaysia for RM774,738. The average price paid for the shares repurchased was approximately RM2.58 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed for under Section 127 of the Companies Act 2016. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS

At an Extraordinary General Meeting held on 19 October 2012, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan ("LTIP"), which comprises an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Plan ("ESGP"). The Directors have appointed a committee ("Committee") to administer the LTIP. The Directors and/or the Committee have also established trusts which are administered by a trustee in accordance with the trust deeds dated 20 December 2012 for the LTIP.

#### (i) Share options

Share options were granted to executive directors and employees (collectively known as "Group Employee"), which is subject to eligibility criteria, under the Company's Employee Share Option Scheme ("ESOS"), which became operative on 24 December 2012.

The exercise price of the options is determined based on volume-weighted average market price of the Company's ordinary shares as shown in the Daily Official List of Bursa Malaysia Securities Berhad for the five market days immediately preceding the Offer Date with an allowance for a discount of not more than ten per centum (10%) therefrom.

The vesting of the options is conditional upon acceptance of the offer and fulfilment of the relevant vesting conditions as at the relevant vesting dates as follows:

First ESOS Award	Second ESOS Award	Third ESOS Award	Fourth ESOS Award	Fifth ESOS Award	Sixth ESOS Award	Percentage (%)
24 December 2013	24 December 2014	24 December 2015	24 December 2016	24 December 2017	30 March 2019	40
24 December 2014	24 December 2015	24 December 2016	24 December 2017	24 December 2018	30 March 2020	30
24 December 2015	24 December 2016	24 December 2017	24 December 2018	24 December 2019	30 March 2021	30

The vesting conditions include the tenure and performance of the eligible Group Employee who have accepted the Offer from the date of the Offer. Once the options are vested, the options are exercisable up to the expiry date of the ESOS, which was initially on 23 December 2017. On 24 November 2015, the Board of Directors had extended the scheme period of the ESOS for another five years effective from 24 December 2017 to 23 December 2022 pursuant to the By-Laws of the LTIP.

- (a) On 24 December 2012, the first award of options under the ESOS of 29,640,600 options ("First ESOS Award") was awarded to the Group Employee at an exercise price of RM4.44 per ordinary share. The exercise price of the First ESOS Award had been adjusted to RM4.37 (\*) on 13 June 2014 and to RM2.18 (\*\*) on 11 September 2015. On 25 June 2016, the exercise price of the First ESOS Award had been further adjusted to RM2.16 (\*\*\*) .

The first tranche of ESOS under the First ESOS Award amounting to 10,525,800 options had been vested and were exercisable as at 24 December 2013. The second tranche of ESOS under the First ESOS Award amounting to 7,215,700 options had been vested and were exercisable as at 24 December 2014. The third tranche of ESOS under the First ESOS Award amounting to 13,641,100 options had been vested and were exercisable as at 24 December 2015.

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS (cont'd)

#### (i) Share options (cont'd)

- (a) Movements in the number of share options outstanding for the First ESOS Award are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of share options over ordinary shares				
			Balance at 1.4.2017		Forfeited '000	Exercised '000	Balance at 31.3.2018
			'000	'000			'000
24 December 2012	23 December 2022	4.44/4.37*/ 2.18**/2.16***	7,318	–	(1,904)	<b>5,414</b>	

As at 31 March 2018, out of the 5,413,800 (2017: 7,318,000) outstanding options from the First ESOS Award, 5,413,800 (2017: 7,318,000) options are exercisable. The weighted average quoted price of shares of the Company at the time when the options were exercised was RM3.46 (2017: RM3.46).

- (b) On 24 December 2013, the second award of options under the ESOS of 31,729,600 options (“Second ESOS Award”) was awarded to the Group Employee at an exercise price of RM5.22 per ordinary share. The exercise price of the Second ESOS Award had been adjusted to RM5.14 (\*) on 13 June 2014 and to RM2.57 (\*\*) on 11 September 2015. On 25 June 2016, the exercise price of the Second ESOS Award had been further adjusted to RM2.54 (\*\*\*).

The first tranche of ESOS under the Second ESOS Award amounting to 11,279,900 options had been vested and were exercisable as at 24 December 2014. The second tranche of ESOS under the Second ESOS Award amounting to 16,300,500 options had been vested and were exercisable as at 24 December 2015. The third tranche of ESOS under the Second ESOS Award amounting to 15,110,100 options had been vested and were exercisable as at 24 December 2016.

Movements in the number of share options outstanding for the Second ESOS Award are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of share options over ordinary shares				
			Balance at 1.4.2017		Forfeited '000	Exercised '000	Balance at 31.3.2018
			'000	'000			'000
24 December 2013	23 December 2022	5.22/5.14*/ 2.57**/2.54***	25,249	–	(4,696)	<b>20,553</b>	

As at 31 March 2018, out of the 20,553,400 (2017: 25,248,700) outstanding options from the Second ESOS Award, 20,553,400 (2017: 25,248,700) options are exercisable. The weighted average quoted price of shares of the Company at the time when the options were exercised was RM3.45 (2017: RM3.42).

- (c) On 24 December 2014, the third award of options under the ESOS of 10,651,000 options (“Third ESOS Award”) was awarded to the Group Employee at an exercise price of RM5.88 per ordinary share. The exercise price of the Third ESOS Award had been adjusted to RM2.94 (\*) on 11 September 2015. On 25 June 2016, the exercise price of the Third ESOS Award had been further adjusted to RM2.91 (\*\*).

The first tranche of ESOS under the Third ESOS Award amounting to 7,869,700 options had been vested and were exercisable as at 24 December 2015. The second tranche of ESOS under the Third ESOS Award amounting to 5,418,700 options had been vested and were exercisable as at 24 December 2016. The third tranche of ESOS under the Third ESOS Award amounting to 4,948,300 options have been vested and were exercisable as at 24 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS (cont'd)

#### (i) Share options (cont'd)

- (c) Movements in the number of share options outstanding for the Third ESOS Award are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of share options over ordinary shares			Balance at 31.3.2018 '000
			Balance at 1.4.2017 '000	Forfeited '000	Exercised '000	
24 December 2014	23 December 2022	5.88/2.94*	14,568	(1,242)	(1,444)	<b>11,882</b>

As at 31 March 2018, out of the 11,881,600 (2017: 14,568,365) outstanding options from the Third ESOS Award, 11,881,600 (2017: 8,377,700) options are exercisable. The weighted average quoted price of shares of the Company at the time when the options were exercised was RM3.45 (2017: RM3.43).

- (d) On 24 December 2015, the fourth award of options under the ESOS of 19,605,100 options ("Fourth ESOS Award") was awarded to the Group Employee at an exercise price of RM3.06 per ordinary share. The exercise price of the Fourth ESOS Award had been adjusted to RM3.03 (\*) on 25 June 2016.

The first tranche of ESOS under the Fourth ESOS Award amounting to 7,012,100 options had been vested and were exercisable as at 24 December 2016. The second tranche of ESOS under the Fourth ESOS Award amounting to 4,768,800 options have been vested and were exercisable as at 24 December 2017.

Movements in the number of share options outstanding for the Fourth ESOS Award are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of share options over ordinary shares			Balance at 31.3.2018 '000
			Balance at 1.4.2017 '000	Forfeited '000	Exercised '000	
24 December 2015	23 December 2022	3.06/3.03*	16,947	(896)	(975)	<b>15,076</b>

As at 31 March 2018, out of the 15,075,820 (2017:RM16,947,440) outstanding options from the Fourth ESOS Award, 9,410,200 (2017: 5,616,200) options are exercisable. The weighted average quoted price of shares of the Company at the time when the options were exercised was RM3.45 (2017: RM3.40).

- (e) On 24 December 2016, the fifth award of options under the ESOS of 16,034,000 options ("Fifth ESOS Award") has been awarded to the Group Employee at an exercise price of RM2.93 per ordinary share.

The first tranche of ESOS under the Fifth ESOS Award amounting to 5,338,900 options have been vested and were exercisable as at 24 December 2017.

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS (cont'd)

#### (i) Share options (cont'd)

- (e) Movements in the number of share options outstanding for the Fifth ESOS Award are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of share options over ordinary shares			Balance at 31.3.2018 '000
			Balance at 1.4.2017 '000	Forfeited '000	Exercised '000	
24 December 2016	23 December 2022	2.93	16,034	(1,107)	(47)	<b>14,880</b>

As at 31 March 2018, out of the 14,880,280 outstanding options from the Fifth ESOS Award, 5,291,800 options are exercisable. The weighted average quoted price of shares of the Company at the time when the options were exercised was RM3.11.

- (f) On 30 March 2018, the sixth award of options under the ESOS of 79,352,700 options ("Sixth ESOS Award") has been awarded to the Group Employee at an exercise price of RM2.70 per ordinary share.

Movements in the number of share options outstanding for the Sixth ESOS Award are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of share options over ordinary shares			Balance at 31.3.2018 '000
			Balance at 1.4.2017 '000	Granted '000	Exercised '000	
30 March 2018	23 December 2022	2.70	–	79,353	–	<b>79,353</b>

As at 31 March 2018, none of the options are vested under the Sixth ESOS Award.

Note 6 to the financial statements which discloses the total expenses recognised in profit or loss arising from transactions accounted for as equity-settled share-based payment transactions include the expense arising from the offer of ESOS.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS (cont'd)

#### (i) Share options (cont'd)

The fair value of share options offered was estimated using the Trinomial Valuation Model, taking into account the terms and conditions upon which the options were offered. The assumptions used for the valuation were as follows:

	First ESOS Award	Second ESOS Award	Third ESOS Award	Fourth ESOS Award	Fifth ESOS Award	Sixth ESOS Award
Fair value at the date of offer (RM)	1.08/ 0.54**	1.02/ 0.51**	1.08/ 0.54**	0.73	0.73	0.47
Share price at the date of offer (RM)	4.98	5.80	6.60	3.40	3.25	2.68
Exercise price (RM)	4.44/4.37*/ 2.18**/ 2.16***	5.22/5.14*/ 2.57**/ 2.54***	5.88/ 2.94**/ 2.91***	3.06/ 3.03***	2.93	2.70
Expected volatility (%)	25.9	18.4	16.5	19.0	21.2	24.6
Expected life (years)	5	4	3	7	6	4

\* The ESOS exercise price had been adjusted to RM4.37 and RM5.14 on 13 June 2014, following the declaration of a single tier special dividend of 10 sen per share for the financial year ended 31 March 2014 on 27 May 2014.

\*\* The ESOS fair value and exercise price had been adjusted on 11 September 2015 following the 1:1 Bonus Issue.

\*\*\* The ESOS exercise price had been adjusted on 25 June 2016, following the declaration of a single tier special dividend of 3 sen per share for the financial year ended 31 March 2016 on 26 May 2016.

The expected life of the options was based on historical data, therefore it is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options offered were incorporated into the measurement of fair value.

The fair value of the ESOS had been further adjusted on 3 December 2015 (refer to the table below), following the approval of the extension of ESOS scheme period on 24 November 2015 for another five years to 23 December 2022, pursuant to the By-Laws of the LTIP.

	First ESOS Award	Second ESOS Award	Third ESOS Award
Incremental fair value as a result of modification (RM)	0.04	0.10	0.16
Share price at the date of modification (RM)	3.40	3.40	3.40
Exercise price (RM)	2.18	2.57	2.94
Expected volatility (%)	18.7	18.7	18.7
Expected life (years)	2.5 - 3.5	3 - 4	3.5 - 4.5

There was no change to Fourth, Fifth and Sixth ESOS Award because these were awarded to the Group Employee on the respective dates, which were after the modification date.

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS (cont'd)

#### (ii) Share grants

The ESGP has been implemented on 24 December 2012 and shall be in force for a period of ten years and expires on 23 December 2022.

On 15 April 2013, the first award of shares under the ESGP ("First ESGP Award") had been made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three years, subject to the fulfilment of vesting conditions.

As at 31 March 2018 and 31 March 2017, there are no outstanding share grants under the First ESGP Award.

On 15 April 2014, the second award of shares under the ESGP ("Second ESGP Award") had been made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three years, subject to the fulfilment of vesting conditions.

Movements in the number of share grants outstanding are as follows:

Grant Date	Number of share grants			Balance at 31.3.2018 '000
	Balance at 1.4.2017 '000	Forfeited '000	Issued '000	
15 April 2014	3,656	(136)	(3,520)	–

On 15 April 2015, the third award of shares under the ESGP ("Third ESGP Award") had been made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three years, subject to the fulfilment of vesting conditions.

Movements in the number of share grants outstanding are as follows:

Grant Date	Number of share grants			Balance at 31.3.2018 '000
	Balance at 1.4.2017 '000	Forfeited '000	Issued '000	
15 April 2015	13,372	(6,508)	(3,433)	<b>3,431</b>

On 15 April 2016, the fourth award of shares under the ESGP ("Fourth ESGP Award") had been made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three years, subject to the fulfilment of vesting conditions.

Movements in the number of share grants outstanding are as follows:

Grant Date	Number of share grants			Balance at 31.3.2018 '000
	Balance at 1.4.2017 '000	Forfeited '000	Issued '000	
15 April 2016	15,011	–	(213)	<b>14,798</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 14 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES, SHARE-BASED PAYMENTS AND SHARES HELD UNDER TRUST (cont'd)

### (D) SHARE-BASED PAYMENTS (cont'd)

#### (ii) Share grants (cont'd)

On 15 April 2017, the fifth award of shares under the ESGP ("Fifth ESGP Award") has been made to the eligible Group Employee and once accepted will be vested to the eligible Group Employee at no consideration over a period of up to three years, subject to the fulfilment of vesting conditions.

Movements in the number of share grants outstanding are as follows:

Grant Date	Number of share grants			Balance at 31.3.2018 '000
	Balance at 1.4.2017 '000	Granted '000	Issued '000	
15 April 2017	–	14,717	–	14,717

The fair value of ESGP offered was based on the closing market price of the shares that was quoted on Bursa Malaysia at the date of the offer.

Note 6 to the financial statements which discloses the total expenses recognised in profit or loss arising from transactions accounted for as equity-settled share-based payment transactions include the expense arising from the offer of ESGP.

### (E) SHARES HELD UNDER TRUST

The Group Employee can elect to fund the exercise of the options themselves or through an ESOS Trust Funding Mechanism ("ETF mechanism"). To facilitate the ETF mechanism, the Company provides funding to the trustee to subscribe for new shares of the Company which are held under a trust and managed by a trustee. Shares issued by the Company under the ETF mechanism are recorded as shares held under trust in the financial statements. The shares issued under the ETF mechanism rank pari passu in all respects with the existing ordinary shares of the Company.

The movement of shares held under trust during the financial year is as follows:

	The Group and the Company	
	2018 RM'000	2017 RM'000
At 1 April 2017/2016	4,016	3,812
Subscription of new shares (Notes 14(A),(B))	7,369	31,128
Exercise of share options via ETF mechanism	(9,864)	(30,924)
At 31 March	1,521	4,016

## 15 OTHER RESERVES

	The Group	
	2018 RM'000	2017 RM'000
<b>(a) Capital reserve</b>		
At 1 April 2017/2016	32,940	33,761
Share of capital reserve in an associate	1,652	(821)
At 31 March	34,592	32,940
<b>(b) Fair value reserve</b>		
At 1 April 2017/2016	2,786	786
Share of fair value reserve in an associate	3,514	2,000
At 31 March	6,300	2,786
<b>(c) Redemption reserve</b>		
At 1 April 2017/2016 / At 31 March	10,200*	10,200*
<b>(d) Hedge reserve</b>		
At 1 April 2017/2016	2,473	747
Realisation of other comprehensive income arising from dilution of interest in an associate	(319)	–
Share of hedge reserve in an associate	(2,154)	1,726
At 31 March	–	2,473
At 31 March	51,092	48,399

\* This represents consolidation adjustment on the capitalisation of retained earnings equivalent to the nominal value of the redeemable cumulative preference shares redeemed by a subsidiary of the Company.

## 16 BONDS

	Unsecured		Secured		Total RM'000
	Sukuk Murabahah Notes (a) RM'000	Sukuk Mudharabah Notes (b) RM'000	Junior Bai Bithaman Ajil Notes (c) RM'000		
<b>The Group</b>					
<b>2018</b>					
At 1 April 2017	1,300,000	680,000	–		1,980,000
Redeemed during the year	–	(30,000)	–		(30,000)
At 31 March	1,300,000	650,000	–		1,950,000
Less:					
Amount redeemable within 12 months (Note 45)	–	(40,000)	–		(40,000)
	1,300,000	610,000	–		1,910,000

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 16 BONDS (cont'd)

	Unsecured	Secured		
	Sukuk Murabahah Notes (a) RM'000	Sukuk Mudharabah Notes (b) RM'000	Junior Bai Bithaman Ajil Notes (c) RM'000	Total RM'000
<b>The Group (cont'd)</b>				
<b>2017</b>				
At 1 April 2016	1,200,000	700,000	137,774	2,037,774
Drawdown during the year	100,000	–	–	100,000
Redeemed during the year	–	(20,000)	(120,000)	(140,000)
Reversal	–	–	(17,774)	(17,774)
At 31 March	1,300,000	680,000	–	1,980,000
Less:				
Amortisation of fair value	–	–	(17,774)	(17,774)
Reversal	–	–	17,774	17,774
	1,300,000	680,000	–	1,980,000
Less:				
Amount redeemable within 12 months (Note 45)	–	(30,000)	–	(30,000)
	1,300,000	650,000	–	1,950,000
			<b>Unsecured</b>	
			<b>Sukuk Murabahah Notes (a) RM'000</b>	<b>Total RM'000</b>
<b>The Company</b>				
<b>2018</b>				
<u>Non-current:</u>				
At 1 April 2017/At 31 March			<b>1,300,000</b>	<b>1,300,000</b>
<b>2017</b>				
<u>Non-current:</u>				
At 1 April 2016			1,200,000	1,200,000
Drawdown during the year			100,000	100,000
At 31 March			1,300,000	1,300,000

## 16 BONDS (cont'd)

### A. Maturity profile of Bonds

		The Group						
Note	Carrying amount RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000	
<b>2018</b>								
<u>Unsecured</u>								
Sukuk								
Murabahah Notes	(a) 1,300,000	–	200,000	150,000	150,000	300,000	500,000	
<u>Secured</u>								
Sukuk								
Mudharabah Notes	(b) 650,000	40,000	55,000	60,000	60,000	60,000	375,000	
	<b>1,950,000</b>	<b>40,000</b>	<b>255,000</b>	<b>210,000</b>	<b>210,000</b>	<b>360,000</b>	<b>875,000</b>	

### 2017

<u>Unsecured</u>							
Sukuk							
Murabahah Notes	(a) 1,300,000	–	–	200,000	150,000	150,000	800,000
<u>Secured</u>							
Sukuk							
Mudharabah Notes	(b) 680,000	30,000	40,000	55,000	60,000	60,000	435,000
	<b>1,980,000</b>	<b>30,000</b>	<b>40,000</b>	<b>255,000</b>	<b>210,000</b>	<b>210,000</b>	<b>1,235,000</b>

### The Company

Note	Carrying amount RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000
<b>2018</b>							
<u>Unsecured</u>							
Sukuk							
Murabahah Notes	(a) 1,300,000	–	200,000	150,000	150,000	300,000	500,000
<b>2017</b>							
<u>Unsecured</u>							
Sukuk							
Murabahah Notes	(a) 1,300,000	–	–	200,000	150,000	150,000	800,000

## 16 BONDS (cont'd)

### B. Principal features of Bonds

#### (a) Sukuk Murabahah Notes

On 10 March 2014, the Company established an unsecured Sukuk Murabahah Programme ("Programme") of up to RM3.0 billion in nominal value with a tenure of up to 20 years from the first issuance date.

The Programme contains covenants which require the Group to maintain its net debt to equity ratio of not more than 1.25 times.

On 10 April 2014, the Company made its first issuance pursuant to the Programme for the amount of RM500,000,000 at nominal value and carrying a profit rate ranging from 4.60% to 4.85% per annum. It is repayable in 3 annual instalments, commencing 5 years after the issue date.

On 12 June 2014, the Company issued a second tranche of RM300,000,000 pursuant to the Programme at its nominal value that carries a profit rate of 4.83% per annum. It is repayable in full 8 years after the issue date.

On 21 April 2015, the Company issued a third tranche of RM200,000,000 pursuant to the Programme at its nominal value that carries a profit rate of 4.90% per annum. It is repayable in full 10 years after the issue date.

On 4 June 2015, the Company issued a fourth tranche of RM200,000,000 pursuant to the Programme at its nominal value that carries a profit rate of 4.64% per annum. It is repayable in full 8 years after the issue date.

On 17 October 2016, the Company issued a fifth tranche of RM100,000,000 pursuant to the Programme at its nominal value that carries a profit rate of 4.60% per annum. It is repayable in full 8 years after the issue date.

#### (b) Sukuk Mudharabah Notes

(i) A subsidiary, Besraya (M) Sdn Bhd ("Besraya"), issued RM700,000,000 secured Sukuk Mudharabah ("Sukuk"), an Islamic Securities Programme on 28 July 2011.

The RM700,000,000 Sukuk was issued at its nominal value. It is repayable in 13 annual instalments, commencing 5 years after the issue date.

As at 31 March 2018, the profit rate of the Sukuk is 4.96% (2017: 4.96%) per annum.

(ii) The Sukuk is secured by the following:

- a debenture creating a first ranking fixed and floating charge over all present and future assets, rights and interests of the issuer;
- a first ranking assignment of all of the issuer's rights, interests, titles and benefits under the Project Agreements, including without limitation the right to demand, collect and retain toll, liquidated damages and all proceeds arising therefrom;
- an assignment of all rights, interests, titles and benefits in all performance and/or maintenance bonds issued to and/or in favour of the issuer, save for those assigned or to be assigned to the Government of Malaysia pursuant to the Concession Agreement;
- a first ranking assignment of all rights, interests, titles and benefits in all relevant insurance/ takaful policies of the issuer and/or in respect of the Besraya Extension Expressway Project, subject to the insurance provisions under the Concession Agreement and the Supplemental Concession Agreement; and
- a first ranking charge and assignment of all rights, interests, titles and benefits in all Designated Accounts and the credit balances.

(iii) The Sukuk contains covenants which require Besraya to maintain a financial service cover ratio of at least 1.25 times and debt equity ratio of not greater than 80:20.

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## 16 BONDS (cont'd)

### B. Principal features of Bonds (cont'd)

#### (c) Junior Bai Bithaman Ajil ("BBA") Notes

The principal features of the Junior BBA Notes were as follows:

- (i) A subsidiary, New Pantai Expressway Sdn Bhd ("NPE"), issued RM250,000,000 secured Junior BBA Notes on 27 October 2003.

The RM250,000,000 Junior BBA Notes were issued at its nominal value and carried a profit rate ranging from 7.45% to 7.75% per annum. It was repayable in 4 semi-annual instalments, commencing 11 1/2 years after the issue date.

The RM250,000,000 Junior BBA Notes were fully repaid in the preceding financial year.

- (ii) The Junior BBA Notes were secured by the following:
- a debenture creating a fixed and floating charge over all assets, rights and interests, both present and future of the issuer;
  - assignment of all contractual rights of the issuer, being its rights arising under the Project Agreements (as defined in the Junior BBA Notes Trust Deeds);
  - a charge and an assignment over the Designated Accounts (as defined in the Junior BBA Notes Trust Deeds); and
  - an assignment of all the issuer's interests in all relevant insurances required to be undertaken in respect of the New Pantai Highway Project.
- (iii) The Junior BBA Notes contained covenants which required NPE to maintain a financial service cover ratio of at least 1.25 times and debt equity ratio of not greater than 75:25.

## 17 TERM LOANS

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:					
Secured	45	232,856	232,985	–	–
Unsecured	45	1,441,918	455,717	483,188	–
		<b>1,674,774</b>	688,702	<b>483,188</b>	–
Non-current:					
Secured		460,903	613,651	–	–
Unsecured		479,247	1,508,158	–	176,940
		<b>940,150</b>	2,121,809	–	176,940
		<b>2,614,924</b>	2,810,511	<b>483,188</b>	176,940

### A. Currency profile of term loans

The currency exposure profile of term loans is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar	1,470,339	1,424,555	483,188	176,940
Chinese Yuan Renminbi	8,408	35,547	–	–
	<b>1,478,747</b>	1,460,102	<b>483,188</b>	176,940

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## 17 TERM LOANS (cont'd)

### B. Effective interest rate and maturity profile of term loans

The net exposure of term loans to interest rate cash flow risk and the periods in which the borrowings mature or reprice are as follows:

At 31 March 2018

The Group	Effective interest rate as at year end % p.a	Total carrying amount RM'000	Currency	Note	Floating interest rate						Fixed interest rate																				
					< 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	> 5 years RM'000	< 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000																
<b>2018</b>																															
<u>Secured</u>																															
Term loan 1	5.3	41,000	RM	(a)	-	-	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Term loan 2	4.9	100,000	RM	(b)	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 3	5.1	193,590	RM	(c)	55,520	55,520	55,520	27,030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 4	3.1	143,064	GBP	(d)	-	-	143,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 5	4.6	16,218	RM	(e)	9,280	6,938	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 6	4.6	30,444	RM	(f)	18,800	11,644	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 7	4.9	6,735	RM	(g)	4,490	2,245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 8	5.0	16,875	RM	(h)	16,875	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 9	5.1	31,963	RM	(i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 10	5.0	27,891	RM	(j)	27,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 11	5.0	26,109	RM	(k)	-	20,551	5,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 12	5.0	51,851	RM	(l)	-	38,200	13,651	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 13	9.3	8,019	INR	(m)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		<b>693,759</b>			<b>232,856</b>	<b>135,098</b>	<b>258,793</b>	<b>27,030</b>																							

## 17 TERM LOANS (cont'd)

### B. Effective interest rate and maturity profile of term loans (cont'd)

The net exposure of term loans to interest rate cash flow risk and the periods in which the borrowings mature or reprice are as follows: (cont'd)

**At 31 March 2018** (cont'd)

The Group	Effective interest rate as at year end % p.a	Total carrying amount RM'000	Currency	Floating interest rate										Fixed interest rate				
				< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years				
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2018</b>																		
<u>Unsecured</u>																		
Term loan 15	7.5	8,408	CNY	3,058	3,058	2,292	-	-	-	-	-	-	-	-	-	-		
Term loan 16	5.3	160,000	RM	-	-	-	-	-	-	-	-	-	-	-	160,000	-		
Term loan 17	5.2	50,000	RM	50,000	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 18	2.8	67,645	USD	18,554	18,554	11,983	-	-	-	-	-	-	-	-	-	-		
Term loan 19	3.1	154,618	USD	57,982	57,982	38,654	-	-	-	-	-	-	-	-	-	-		
Term loan 20	3.1	154,618	USD	57,982	57,982	38,654	-	-	-	-	-	-	-	-	-	-		
Term loan 21	3.2	95,283	USD	24,739	24,739	21,066	-	-	-	-	-	-	-	-	-	-		
Term loan 22	2.8	67,645	USD	18,554	18,554	11,983	-	-	-	-	-	-	-	-	-	-		
Term loan 23	3.2	115,962	USD	17,393	23,193	23,193	23,193	5,797	-	-	-	-	-	-	-	-		
Term loan 24	2.9	154,620	USD	154,620	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 25	2.7	173,948	USD	173,948	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 26	3.6	154,620	USD	154,620	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 27	5.1	830	RM	-	-	-	830	-	-	-	-	-	-	-	-	-		
Term loan 28	3.3	154,620	USD	154,620	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 29	8.5	158,598	INR	158,598	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 30	8.5	50,490	INR	50,490	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 31	3.9	176,760	USD	176,760	-	-	-	-	-	-	-	-	-	-	-	-		
Term loan 32	4.9	22,500	RM	-	-	-	-	-	-	-	-	-	10,000	12,500	-	-		
		<b>1,921,165</b>		<b>1,271,918</b>	<b>204,062</b>	<b>164,640</b>	<b>69,055</b>	<b>23,193</b>	<b>5,797</b>	<b>170,000</b>	<b>12,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Total term loans		<b>2,614,924</b>		<b>1,504,774</b>	<b>339,160</b>	<b>423,433</b>	<b>96,085</b>	<b>23,193</b>	<b>45,779</b>	<b>170,000</b>	<b>12,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		





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## 17 TERM LOANS (cont'd)

### B. Effective interest rate and maturity profile of term loans (cont'd)

The net exposure of term loans to interest rate cash flow risk and the periods in which the borrowings mature or reprice are as follows: (cont'd)

#### At 31 March 2018

The Company	Effective interest rate as at year end % p.a	Total carrying amount RM'000	Currency	Floating interest rate						Fixed interest rate								
				< 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	> 5 years RM'000	< 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000				
<b>2018</b>																		
<u>Unsecured</u>																		
Term loan 24	2.9	154,620	USD	154,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term loan 25	2.7	173,948	USD	173,948	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term loan 26	3.6	154,620	USD	154,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>483,188</b>		<b>483,188</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### At 31 March 2017

### 2017

<u>Unsecured</u>																		
Term loan 26	3.0	176,940	USD	-	176,940	-	-	-	-	-	-	-	-	-	-	-	-	-

## 17 TERM LOANS (cont'd)

### C. Principal features of secured term loans

- (a) Term loan 1 of RM41,000,000 (2017: RM7,799,000) and revolving credit of RM11,607,000 (2017: Nil) (Note 45(A)(e)) is secured by way of:
- (i) a facility agreement for the sum of RM300,000,000;
  - (ii) a debenture incorporating a fixed and floating charge over all present and future assets of a subsidiary of IJM Land Berhad ("IJML"), a subsidiary of the Company;
  - (iii) an assignment over the current and future proceeds of a subsidiary of IJML;
  - (iv) a legal charge over the Designated Accounts of a subsidiary of IJML; and
  - (v) a corporate guarantee by IJML.
- (b) Term loan 2 of RM100,000,000 (2017: RM200,000,000) is secured by way of:
- (i) facility agreements for the sum of RM250,000,000;
  - (ii) a first legal charge created under the National Land Code, 1965 over certain properties and parcels of land of the subsidiaries of IJML (Notes 27 and 37); and
  - (iii) letter of awareness or comfort from the Company.
- (c) Term loan 3 of RM193,590,000 (2017: RM221,132,000) is secured by way of:
- (i) a facility agreement for the sum of RM222,089,000;
  - (ii) a registered first party first legal charge over 67 parcels of adjoining land of a subsidiary of IJML (Note 37); and
  - (iii) a proportionate corporate guarantee by IJML and a corporate shareholder of a subsidiary of IJML.
- (d) Term loan 4 of RM143,064,000 (2017: RM17,896,000) is secured by way of:
- (i) a first ranking debenture by way of a fixed and floating charge over all present and future assets of a subsidiary of IJML;
  - (ii) a first party legal charge over one (1) parcel of land of a subsidiary of IJML (Note 37);
  - (iii) a legal charge over the entire equity interest in a subsidiary of IJML;
  - (iv) a first party charge over the Designated Accounts of a subsidiary of IJML;
  - (v) a third party Deed of Assignment by a subsidiary of IJML over all its rights, title and interest over the land;
  - (vi) a first party Deed of Assignment by a subsidiary of IJML over all contracts awarded by the subsidiary and over all insurance proceeds relating to the project;
  - (vii) an irrevocable letter of undertaking by the subsidiary of IJML to deposit proceeds of sales of the development into the Designated Accounts; and
  - (viii) a corporate guarantee by IJML.
- (e) Term loan 5 of RM16,218,000 (2017: RM25,461,000) is secured by way of:
- (i) a facility agreement for the sum of RM27,880,000;
  - (ii) a first party first legal charge over two parcels of freehold land of a subsidiary of IJML (Note 37); and
  - (iii) a corporate guarantee by IJML.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 17 TERM LOANS (cont'd)

### C. Principal features of secured term loans (cont'd)

- 01 (f) Term loan 6 of RM30,444,000 (2017: RM51,475,000) is secured by way of:
- 02 (i) a facility agreement for the sum of RM56,360,000;
- 03 (ii) a first party first legal charge over one parcel of freehold land of a subsidiary of IJML (Note 37);  
and
- 04 (iii) a corporate guarantee by IJML.
- 05 (g) Term loan 7 of RM6,735,000 (2017: RM11,225,000) is secured by way of:
- (i) a facility agreement for the sum of RM13,470,000;
- (ii) a first party first legal charge over two parcels of freehold land of a subsidiary of IJML (Note 37);  
and
- (iii) a corporate guarantee by IJML.
- (h) Term loan 8 of RM16,875,000 (2017: RM39,375,000) is secured by way of:
- (i) a facility agreement for the sum of RM45,000,000;
- (ii) a first party first legal charge over one parcel of freehold land of a subsidiary of IJML (Note 37);  
and
- (iii) a corporate guarantee by a subsidiary of IJML.
- (i) Term loan 9 of RM31,963,000 (2017: RM124,451,000) and revolving credit of RM29,849,000 (2017: RM13,349,000) (Note 45(A)(c)) is secured by way of:
- (i) a facility agreement for the sum of RM460,000,000;
- (ii) a first party first legal charge over certain parcels of leasehold land of a subsidiary of IJML (Note 37); and
- (iii) a letter of support from IJML and an associate of the Company.
- (j) Term loan 10 of RM27,891,000 (2017: RM41,278,000) is secured by way of:
- (i) a facility agreement for the sum of RM44,625,000;
- (ii) a first party first legal charge over 10% ordinary shares of a subsidiary of IJML; and
- (iii) a corporate guarantee by IJML.
- (k) Term loan 11 of RM26,109,000 (2017: RM19,000,000) is secured by way of:
- (i) a facility agreement for the sum of RM125,000,000;
- (ii) a first party first legal charge over 2,013 parcels of adjoining freehold land of a subsidiary of IJML (Note 37); and
- (iii) a corporate guarantee by IJML.
- (l) Term loan 12 of RM51,851,000 (2017: RM49,772,000) is secured by way of:
- (i) a first legal charge over 115 parcels of land and completed units of inventories of a subsidiary of IJML (Note 37); and
- (ii) a corporate guarantee by IJML.

## 17 TERM LOANS (cont'd)

### C. Principal features of secured term loans (cont'd)

- (m) Term loan 13 of RM8,019,000 is secured by first charge on all the assets (except for the concession assets) and 26% equity shares of an Indian tollway subsidiary of the Company, together with all the rights, title, interest, benefits, claims and demands whatsoever to and in respect of such equity share capital.
- (n) Term loan 14 of RM37,772,000 was secured by way of an irrevocable standby letter of credit issued on behalf of IJML of CNY60,000,000. The loan was fully repaid during the financial year.

## 18 GOVERNMENT SUPPORT LOANS

	Note	The Group	
		2018 RM'000	2017 RM'000
Government Support Loans:			
- Government Support Loan 1	(a)	78,169	102,625
- Government Support Loan 2	(b)	80,650	84,953
		<b>158,819</b>	187,578
Less: Payable within 12 months (Note 44)		<b>(33,104)</b>	(33,104)
		<b>125,715</b>	154,474

### A. Maturity profile of Government Support Loans

	Total carrying amount RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000
<b>2018</b>							
Government Support Loan 1	78,169	26,153	25,016	27,000	–	–	–
Government Support Loan 2	80,650	6,951	6,721	9,281	8,974	8,676	40,047
	<b>158,819</b>	<b>33,104</b>	<b>31,737</b>	<b>36,281</b>	<b>8,974</b>	<b>8,676</b>	<b>40,047</b>
<b>2017</b>							
Government Support Loan 1	102,625	26,153	25,286	24,186	27,000	–	–
Government Support Loan 2	84,953	6,951	6,720	6,497	8,974	8,676	47,135
	187,578	33,104	32,006	30,683	35,974	8,676	47,135

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 18 GOVERNMENT SUPPORT LOANS (cont'd)

### B. Principal features of Government Support Loans

The principal features of Government Support Loans of subsidiaries of Road Builder (M) Holdings Bhd ("RBH"), a subsidiary of the Company, are as follows:

#### (a) **Government Support Loan 1 - Unsecured**

On 26 March 1996, New Pantai Expressway Sdn Bhd ("NPE"), a subsidiary of RBH, entered into a Land Cost Supplemental Agreement with the Government of Malaysia ("the Government") for an interest-free loan provided by the Government in making available the concession area to NPE as Reimbursable Land Cost for the construction of the New Pantai Expressway.

As amended by a second Supplemental Concession Agreement dated 7 October 2003, the Government Support Loan 1 is reimbursable to the Government in 5 annual instalments, with the first instalment commencing on 11 September 2016.

#### (b) **Government Support Loan 2 – Secured**

The Government Support Loan 2 is in respect of an agreement between Kuantan Port Consortium Sdn Bhd, a subsidiary of RBH and the Government of Malaysia ("the Government") in connection with the reimbursable infrastructure cost for the purpose of financing the dredging of the new harbour basin. In financial year 2007, the instalment payments were re-scheduled to commence on 15 June 2006 and are repayable over 22 yearly variable instalments, which are interest-free.

The Government Support Loan 2 is secured by a negative pledge and by a deed of assignment over:

- (i) the balance of the revenue from the scheduled leases, tenancies and new sub leases and tenancies granted after the commencement date of the Privatisation Agreement after deducting the amounts payable to the Kuantan Port Authority; and
- (ii) all other revenue received from the Kuantan port operations.

## 19 HIRE PURCHASE AND LEASE PAYABLES

	The Group	
	2018	2017
	RM'000	RM'000
Minimum lease payments:		
- Payable within 1 year	637	760
- Payable between 1 and 5 years	297	837
	934	1,597
Less: Future finance charges	(45)	(110)
Present value of hire purchase and lease liabilities	889	1,487
Present value of hire purchase and lease liabilities:		
- Payable within 1 year (Note 44)	599	685
- Payable between 1 and 5 years (included in non-current liabilities)	290	802
	889	1,487

Hire purchase and lease liabilities are effectively secured as the rights to the leased assets revert to the financier in the event of default. As at the balance sheet date, the effective interest rate was 6.12% (2017: 6.22%) per annum.

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available-for-sale financial assets RM'000	Total RM'000
<b>The Group</b>					
<b>At 31 March 2018</b>					
Assets as per balance sheet:					
<u>Non-current assets:</u>					
Associates *	32	12,724	-	-	12,724
Joint ventures **	33	589,477	-	-	589,477
Available-for-sale financial assets	34	-	-	2,155	2,155
Long term receivables	35	251,352	-	-	251,352
<u>Current assets:</u>					
Derivative financial instruments	21	-	1,055	-	1,055
Trade and other receivables ***	40	1,737,751	-	-	1,737,751
Financial assets at fair value through profit or loss	41	-	311,079	-	311,079
Deposits, cash and bank balances	42	1,467,653	-	-	1,467,653
<b>Total</b>		<b>4,058,957</b>	<b>312,134</b>	<b>2,155</b>	<b>4,373,246</b>

	Note	Liabilities at fair value through the profit and loss RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Liabilities as per balance sheet:				
<u>Non-current liabilities:</u>				
Bonds	16	-	1,910,000	1,910,000
Term loans	17	-	940,150	940,150
Government support loans	18	-	125,715	125,715
Trade and other payables ****	23	-	541,229	541,229
<u>Current liabilities:</u>				
Derivative financial instruments	21	5,858	-	5,858
Trade and other payables *****	44	-	2,610,013	2,610,013
Borrowings	45	-	2,904,117	2,904,117
<b>Total</b>		<b>5,858</b>	<b>9,031,224</b>	<b>9,037,082</b>

\* Associates comprise amount owing by an associate.

\*\* Joint ventures comprise Redeemable Convertible Secured Islamic Debt Securities ("RCSIDS") and amounts owing by joint ventures.

\*\*\* Trade and other receivables exclude amounts due from customers on construction contracts, accrued billings in respect of property development, prepayments and GST receivables.

\*\*\*\* Trade and other payables exclude deposits.

\*\*\*\*\* Trade and other payables exclude amounts due to customers on construction contracts, progress billings in respect of property development, retirement benefits payable and GST payables.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 20 FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

	Note	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available-for-sale financial assets RM'000	Total RM'000
<b>The Group</b>					
<b>At 31 March 2017</b>					
Assets as per balance sheet:					
<u>Non-current assets:</u>					
Associates *	32	11,816	–	–	11,816
Joint ventures **	33	552,997	–	–	552,997
Available-for-sale financial assets	34	–	–	2,155	2,155
Long term receivables	35	176,699	–	–	176,699
<u>Current assets:</u>					
Derivative financial instruments	21	–	2,909	–	2,909
Trade and other receivables ***	40	1,773,443	–	–	1,773,443
Financial assets at fair value through profit or loss	41	–	299,164	–	299,164
Deposits, cash and bank balances	42	2,147,777	–	–	2,147,777
<b>Total</b>		<b>4,662,732</b>	<b>302,073</b>	<b>2,155</b>	<b>4,966,960</b>

	Note	Other financial liabilities at amortised costs RM'000	Total RM'000
Liabilities as per balance sheet:			
<u>Non-current liabilities:</u>			
Bonds	16	1,950,000	1,950,000
Term loans	17	2,121,809	2,121,809
Government support loans	18	154,474	154,474
Trade and other payables ****	23	542,988	542,988
<u>Current liabilities:</u>			
Trade and other payables *****	44	2,069,368	2,069,368
Borrowings	45	1,742,896	1,742,896
<b>Total</b>		<b>8,581,535</b>	<b>8,581,535</b>

\* Associates comprise amount owing by an associate.

\*\* Joint ventures comprise Redeemable Convertible Secured Islamic Debt Securities (“RCSIDS”) and amounts owing by joint ventures.

\*\*\* Trade and other receivables exclude amounts due from customers on construction contracts, accrued billings in respect of property development, prepayments and GST receivables.

\*\*\*\* Trade and other payables exclude deposits.

\*\*\*\*\* Trade and other payables exclude amounts due to customers on construction contracts, progress billings in respect of property development, retirement benefits payable and GST payables.

## 20 FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

	Note	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available-for-sale financial assets RM'000	Total RM'000
<b>The Company</b>					
<b>At 31 March 2018</b>					
Assets as per balance sheet:					
<u>Non-current assets:</u>					
Subsidiaries *	31	844,735	-	-	844,735
Joint ventures **	33	81,514	-	-	81,514
Available-for-sale financial assets	34	-	-	2,050	2,050
<u>Current assets:</u>					
Trade and other receivables ***	40	1,999,176	-	-	1,999,176
Financial assets at fair value through profit or loss	41	-	18,740	-	18,740
Deposits, cash and bank balances	42	85,316	-	-	85,316
<b>Total</b>		<b>3,010,741</b>	<b>18,740</b>	<b>2,050</b>	<b>3,031,531</b>

	Note	Liabilities at fair value through the profit and loss RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Liabilities as per balance sheet:				
<u>Non-current liabilities:</u>				
Bonds	16	-	1,300,000	1,300,000
Trade and other payables	44	-	852,537	852,537
<u>Current liabilities:</u>				
Derivative financial instruments	21	5,858	-	5,858
Trade and other payables ****	44	-	330,900	330,900
Borrowings	45	-	843,481	843,481
<b>Total</b>		<b>5,858</b>	<b>3,326,918</b>	<b>3,332,776</b>

\* Subsidiaries include amounts owing by subsidiaries.

\*\* Joint ventures include RCSIDS and amounts owing by joint ventures.

\*\*\* Trade and other receivables exclude prepayments.

\*\*\*\* Trade and other payables exclude amounts due to customers on construction contracts and GST payable.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 20 FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

	Note	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available-for-sale financial assets RM'000	Total RM'000
<b>The Company</b>					
<b>At 31 March 2017</b>					
Assets as per balance sheet:					
<u>Non-current assets:</u>					
Subsidiaries *	31	817,196	–	–	817,196
Joint ventures **	33	74,395	–	–	74,395
Available-for-sale financial assets	34	–	–	2,050	2,050
<u>Current assets:</u>					
Trade and other receivables ***	40	1,355,466	–	–	1,355,466
Financial assets at fair value through profit or loss	41	–	20,807	–	20,807
Deposits, cash and bank balances	42	230,397	–	–	230,397
<b>Total</b>		<b>2,477,454</b>	<b>20,807</b>	<b>2,050</b>	<b>2,500,311</b>

	Note		Other financial liabilities at amortised costs RM'000	Total RM'000
Liabilities as per balance sheet:				
<u>Non-current liabilities:</u>				
Bonds	16		1,300,000	1,300,000
Term loans	17		176,940	176,940
Trade and other payables	44		948,028	948,028
<u>Current liabilities:</u>				
Trade and other payables ****	44		341,670	341,670
Borrowings	45		211,098	211,098
<b>Total</b>			<b>2,977,736</b>	<b>2,977,736</b>

\* Subsidiaries include amounts owing by subsidiaries.

\*\* Joint ventures include RCSIDS and amounts owing by joint ventures.

\*\*\* Trade and other receivables exclude amounts due from customers on construction contracts and prepayments.

\*\*\*\* Trade and other payables exclude amounts due to customers on construction contracts and GST payable.

## 21 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	The Group		The Company	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>At 31 March 2018</b>					
<u>Current:</u>					
Crude palm oil ("CPO") swap contracts	(a)	1,055	-	-	-
Forward foreign exchange contracts	(b)	-	3,920	-	3,920
Cross currency swap	(c)	-	1,938	-	1,938
		<b>1,055</b>	<b>5,858</b>	<b>-</b>	<b>5,858</b>
<b>At 31 March 2017</b>					
<u>Current:</u>					
Crude palm oil ("CPO") swap contracts	(a)	2,909	-	-	-

### (a) Crude palm oil ("CPO") swap contracts

IJM Plantations Berhad, a subsidiary of the Company, has entered into CPO swap contracts to mitigate the exposure of fluctuations in the price of CPO.

The change in fair value is due to the differences between fixed CPO prices as per the swap contracts and the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange for the specific contracted periods.

As at 31 March 2018, the outstanding CPO swap contracts are made up of notional amounts of 3,750 metric tonnes (2017: 11,250 metric tonnes) with contracted prices ranging from RM2,645 to RM2,710 per metric tonne (2017: ranging from RM2,775 to RM2,925 per metric tonne) commencing within the period from 1 January 2018 to 30 September 2018 (2017: 1 January 2017 to 31 March 2018).

### (b) Forward foreign exchange contracts

During the financial year, the Company has entered into forward foreign exchange contracts to hedge its foreign exchange exposure in the borrowings that was denominated in foreign currency. As at 31 March 2018, the outstanding notional value of the contract and its contractual exchange rate are as follows:

Settlement date	Currency to be paid	Amount in foreign currency to be paid	Contractual rate	Amount to be paid
09.04.18	US Dollar	20,000,000	4.013	RM80,260,000
19.06.18	US Dollar	20,000,000	3.914	RM78,280,000

### (c) Cross currency swap

During the financial year, the Company has entered into structured cross currency swap contracts to swap USD floating rate liability into MYR floating rate liability, thus hedging the USD/MYR currency and interest rate risks. As at 31 March 2018, the outstanding notional value of the contract is USD 35 million.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 21 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

#### (d) Maturity profile of derivative financial instruments

Types of derivative	< 1 year RM'000	1 – 3 years RM'000	> 3 years RM'000	Total fair value of derivative financial assets/ (liabilities) RM'000
<b>At Group</b>				
<b>As at 31 March 2018</b>				
(i) CPO swap contracts	1,055	–	–	1,055
(ii) Forward foreign exchange contracts	(3,920)	–	–	(3,920)
(iii) Cross currency swap	(1,938)	–	–	(1,938)
				<b>(4,803)</b>
<b>As at 31 March 2017</b>				
(i) CPO swap contracts	2,909	–	–	2,909
<b>At Company</b>				
<b>As at 31 March 2018</b>				
(i) Forward foreign exchange contracts	(3,920)	–	–	(3,920)
(ii) Cross currency swap	(1,938)	–	–	(1,938)
				<b>(5,858)</b>

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### 22 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets	304,147	297,762	1,941	2,132
Deferred tax liabilities	(682,177)	(669,456)	–	–
	<b>(378,030)</b>	(371,694)	<b>1,941</b>	2,132

## 22 DEFERRED TAXATION (cont'd)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	<b>(371,694)</b>	(401,280)	<b>2,132</b>	2,520
Credited/(charged) to income statement (Note 10)				
- Property, plant and equipment	<b>5,293</b>	(5,711)	<b>23</b>	(35)
- Concession assets	<b>(32,138)</b>	(25,101)	-	-
- Post-employment benefit	<b>(276)</b>	(313)	-	-
- Intangible assets	<b>250</b>	(175)	-	-
- Plantation development expenditure	<b>25,094</b>	(4,685)	-	-
- Tax losses	<b>(28,920)</b>	(16,935)	-	-
- Payables	<b>8,885</b>	30,095	<b>(214)</b>	(353)
- Development properties	<b>13,020</b>	56,839	-	-
- Construction contracts	<b>(1,429)</b>	1,546	-	-
- Borrowings	<b>1,257</b>	(618)	-	-
- Investment properties	<b>1,197</b>	230	-	-
- Derivative financial instruments	<b>353</b>	(3,135)	-	-
- Share-based payment	<b>(465)</b>	4,692	-	-
- Others	<b>(1,045)</b>	1,037	-	-
	<b>(8,924)</b>	37,766	<b>(191)</b>	(388)
Revaluation reserve (Note 10)	-	(6,494)	-	-
Acquisition of a subsidiary (Note 48(b)(i))	-	(1,904)	-	-
Exchange differences	<b>2,588</b>	218	-	-
At 31 March	<b>(378,030)</b>	(371,694)	<b>1,941</b>	2,132
<u>Subject to income tax</u>				
Deferred tax assets (before offsetting)				
- Property, plant and equipment	<b>1,068</b>	938	-	-
- Development properties	<b>127,885</b>	125,872	-	-
- Post-employment benefit	<b>934</b>	1,210	-	-
- Payables	<b>154,774</b>	145,889	<b>1,985</b>	2,199
- Tax losses	<b>62,600</b>	100,292	-	-
- Construction contracts	<b>1,339</b>	2,768	-	-
- Borrowings	<b>108</b>	108	-	-
- Investment properties	<b>8,523</b>	7,326	-	-
- Concession assets	<b>7,133</b>	7,263	-	-
- Share-based payment	<b>10,842</b>	11,307	-	-
- Others	<b>1,354</b>	2,394	-	-
	<b>376,560</b>	405,367	<b>1,985</b>	2,199
Offsetting	<b>(72,413)</b>	(107,605)	<b>(44)</b>	(67)
Deferred tax assets (after offsetting)	<b>304,147</b>	297,762	<b>1,941</b>	2,132

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 22 DEFERRED TAXATION (cont'd)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
01 Deferred tax liabilities (before offsetting)				
02 - Property, plant and equipment	<b>(135,488)</b>	(141,383)	<b>(44)</b>	(67)
- Plantation development expenditure	<b>(130,589)</b>	(166,311)	-	-
03 - Development properties	<b>(197,002)</b>	(208,009)	-	-
- Intangible assets	<b>(5,312)</b>	(5,562)	-	-
- Borrowings	<b>(12,813)</b>	(14,070)	-	-
04 - Inventories	<b>(705)</b>	(705)	-	-
- Payables	<b>(4)</b>	(4)	-	-
05 - Concession assets	<b>(273,241)</b>	(241,233)	-	-
- Derivative financial instruments	<b>(253)</b>	(606)	-	-
- Others	<b>817</b>	822	-	-
	<b>(754,590)</b>	(777,061)	<b>(44)</b>	(67)
Offsetting	<b>72,413</b>	107,605	<b>44</b>	67
Deferred tax liabilities (after offsetting)	<b>(682,177)</b>	(669,456)	-	-

The amounts of unutilised deductible temporary differences and unused tax losses for which no deferred tax asset is recognised in the balance sheets are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised deductible temporary differences	<b>107,873</b>	100,999	-	-
Unused tax losses	<b>607,231</b>	810,599	-	-
	<b>715,104</b>	911,598	-	-
Deferred tax assets not recognised at 24% (2017: 24%)	<b>171,625</b>	218,784	-	-

The unutilised deductible temporary differences and unused tax losses as stated above are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose, except for unused tax losses of RM412,411,000 (2017: RM649,587,000) which will expire in the following financial years:

Financial year	The Group	
	2018 RM'000	2017 RM'000
2018	-	43,648
2019	<b>9,300</b>	94,748
2020	<b>89,142</b>	171,272
2021	<b>36,379</b>	39,010
2022	<b>149,454</b>	170,169
2023	<b>85,341</b>	96,292
2024	<b>10,718</b>	12,192
2025	<b>14,706</b>	16,450
2026	<b>6,600</b>	5,806
2027	<b>10,771</b>	-
	<b>412,411</b>	649,587

## 22 DEFERRED TAXATION (cont'd)

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses and some of the subsidiaries are not expected to generate sufficient taxable profits before the expiry of the unused tax losses.

## 23 TRADE AND OTHER PAYABLES

	Note	The Group	
		2018 RM'000	2017 RM'000
Advances from the State Government	(a)	33,180	33,180
Land and development costs payable	(b)	427,873	426,063
Less: Payable within 12 months (Note 44)		(15,489)	(12,238)
Payable after 12 months		412,384	413,825
Deposits	(c)	155,461	158,414
Refundable membership securities	(d)	5,615	5,628
Lease payable to Kuantan Port Authority	(e)	96,116	96,021
Less: Payable within 12 months (Note 44)		(6,066)	(5,666)
Payable after 12 months		90,050	90,355
		696,690	701,402

- (a) On 17 January 2003, Jelutong Development Sdn Bhd ("JDSB"), an indirect subsidiary of the Company, entered into a Reimbursement Land Cost Agreement (hereinafter referred to as "the RLC Agreement") with the Penang State Government in connection with the completion of the Jelutong Expressway Project.

Under the RLC Agreement, the advances received from the State Government for the reimbursement of land cost totalling RM33,180,000 are repayable to the State Government as follows:

	Percentage of advances to be repaid to the Penang State Government %
36 months from the commencement of Stage 3 of the Construction Works of Jelutong Expressway or from the completion of alienation of Parcels A2 and B1, whichever is the later (1st Payment)	30
12 months from the date of the Certificate of Completion of the entire Jelutong Expressway or from the date of the 1st Payment, whichever is the later (2nd Payment)	30
12 months from the date of the 2nd Payment	40
	100

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 23 TRADE AND OTHER PAYABLES (cont'd)

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- (a) JDSB had completed Stage 3 of the Construction Works in March 2015 and the alienation of Parcels A2 and B1 has yet to commence as at balance sheet date.

The advances on reimbursable land cost are interest free. However, if JDSB fails to pay the Penang State Government any of the instalment payments above by their respective due dates, JDSB shall be liable to pay to the Penang State Government interest at a fixed rate of 8% per annum on any such outstanding instalment payments.

- (b) This represents the present value of the deferred development cost of RM210,729,000 (2017: RM214,733,000) in connection with a mixed development at Royal Mint Street, United Kingdom ("UK"), which will become payable upon surplus cash flow being available from the development; and the present value of the land and deferred development costs of RM217,144,000 (2017: RM211,330,000) in connection with a mixed development in Kuala Lumpur, which will become payable as the development progresses.

- (c) This represents deposits received from purchasers of development units for the mixed development at Royal Mint Street, United Kingdom.

- (d) This represents membership securities received by ERMS Berhad ("ERMS"), an indirect subsidiary of the Company, prior to the implementation of a Deed of Trust dated 20 May 1993. The membership securities are refundable only upon the transfer of a membership by a member to an acceptable transferee and after the said transferee has paid the required refundable securities.

Based on the Deed of Trust, the refundable membership securities shall be paid to an Accumulated Fund over 92 equal annual payments of RM77,000. Subsequently, on 28 June 1997, the Trustee agreed to an annual payment of RM364 to be paid to the Accumulated Fund over 88 years beginning from 15 June 1998.

On 20 March 2003, ERMS had withdrawn the Accumulated Fund and purchased a group premium pension scheme, wherein the terminal value will be used to refund the membership securities to the members. Accordingly, ERMS had ceased to contribute the fixed annual payment to the Accumulated Fund.

- (e) On 16 June 2015, Kuantan Port Consortium Sdn Bhd ("KPC"), which is a 60%-owned subsidiary of Road Builder (M) Holdings Bhd, which in turn is a wholly-owned subsidiary of the Company, entered into a new Privatisation Agreement with the Government of Malaysia ("Government") and Kuantan Port Authority ("KPA") ("Privatisation Agreement"), whereby KPC is granted a 30-year port concession in relation to the development, operation and management of Kuantan Port, which covers the existing Kuantan Port and a new deep water terminal adjacent to the existing Kuantan Port.

The balance represents the present value of future lease payments payable to the Government and KPA, which is in relation to the lease of land solely for the purpose of the port operations and the development of the port and other related purposes upon the terms and conditions of the Privatisation Agreement.

## 24 RETIREMENT BENEFITS

### (a) Defined contribution plan

The Company and its subsidiaries in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

### (b) Unfunded defined benefit plan

A local indirect subsidiary of the Company operates an unfunded defined benefit scheme (“the scheme”) for its eligible employees. Under the scheme, eligible employees are entitled to retirement benefits by applying a certain factor (either 0.50, 0.75 or 1.00 depending on the number of years of service with the company) to the 100% of final salary on attainment of the retirement age of 55 years based on the number of years of service with the company. The net obligation in respect of the scheme, calculated using the projected unit credit method is determined by an actuarial valuation carried out every 3 years by a qualified actuary. The last actuarial valuation was performed for the financial year ended 31 March 2016.

The indirect subsidiaries of the Company in Indonesia operate an unfunded defined benefit scheme (“the scheme”) for its eligible employees. Under the scheme, the eligible employees are entitled to retirement benefits computed by applying certain factors on the severance pay and service pay. The severance pay and service pay are derived by applying certain multipliers on the final salary upon attainment of the retirement age of 55 years, based on the number of years of service with the company. The net obligation in respect of the scheme, calculated using the projected unit credit method is determined by an actuarial valuation carried out every year by a qualified actuary. The last actuarial valuation was performed for the financial year ended 31 March 2018.

The movements during the financial year on the amounts recognised in the consolidated balance sheet are as follows:

	The Group	
	2018 RM'000	2017 RM'000
At 1 April 2017/2016	11,889	6,348
Reclassification	–	4,526
Charged to profit or loss (Note 6)	12,989	2,029
Capitalised in plantation development expenditure (Note 38)	1,888	537
Contributions paid during the financial year	(1,939)	(2,143)
Adjustment for actuarial gain	(1,643)	–
Exchange differences	(2,150)	592
At 31 March	21,034	11,889
Present value of liabilities:		
- Payable within 1 year (Note 44)	1,624	1,378
- Payable between 1 and 5 years	1,904	2,556
- Payable after 5 years	17,506	7,955
Payable after 1 year (included in non-current liabilities)	19,410	10,511
	21,034	11,889

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 24 RETIREMENT BENEFITS (cont'd)

### (b) Unfunded defined benefit plan (cont'd)

The amounts of unfunded defined benefit recognised in the balance sheet may be analysed as follows:

	The Group	
	2018 RM'000	2017 RM'000
Present values of unfunded defined benefit obligations, recognised as liability in the balance sheets	<b>21,034</b>	11,889
Analysed as:		
Current (included in other payables - Note 44)	<b>1,624</b>	1,378
Non-current	<b>19,410</b>	10,511
	<b>21,034</b>	11,889

The expenses recognised in the profit or loss were analysed as follows:

	The Group	
	2018 RM'000	2017 RM'000
Current service cost	<b>12,392</b>	1,501
Interest cost	<b>597</b>	528
Total unfunded defined benefit retirement plan (Note 6)	<b>12,989</b>	2,029

The charges to the profit or loss were included in the following line items:

	The Group	
	2018 RM'000	2017 RM'000
Cost of sales	<b>12,873</b>	1,884
Administrative expenses	<b>116</b>	145
Total included in employee benefits cost (Note 6)	<b>12,989</b>	2,029

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan were as follows:

	The Group	
	2018 %	2017 %
Defined benefit plan operated by a local subsidiary:		
Discount rate	<b>4.7</b>	4.7
Expected rate of salary increases	<b>5.5</b>	5.5
Defined benefit plan operated by Indonesian subsidiaries:		
Discount rate	<b>8.0</b>	8.0
Expected rate of salary increases	<b>8.0</b>	8.0

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## 25 PROVISIONS

	Note	The Group	
		2018 RM'000	2017 RM'000
<u>Provision for maintenance</u>			
At 1 April 2017/2016		2,753	1,945
Current year provision		4,399	5,823
Utilised during the year		(4,131)	(3,441)
Over provision in respect of prior years		(185)	(1,406)
Reclassification		(72)	(168)
At 31 March	(a)	2,764	2,753
<u>Provision for affordable housing</u>			
At 1 April 2017/2016		117,670	85,829
Current year provision		7,382	31,841
Reclassified to property development costs		(7,965)	–
At 31 March	(b)	117,087	117,670
		119,851	120,423
<u>Analysis of total provisions:</u>			
Current		2,764	10,718
Non-current		117,087	109,705
		119,851	120,423

- (a) Provision for maintenance is in respect of the contractual obligations under the respective concession agreements to maintain and restore the Expressway Development Expenditure (“EDE”) to a specified standard of serviceability.
- (b) Provision for affordable housing represents the present value of unavoidable costs exceeding the economic benefits expected to be received by the Group in discharging the obligation to develop affordable housing involuntarily based on the requirements imposed by relevant authorities in relation to the Group’s property development projects.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 26 DEFERRED INCOME

	Note	The Group	
		2018 RM'000	2017 RM'000
01			
Government grants	(a)	–	2,708
02			
Deferred gain	(b)	<b>70,355</b>	70,355
		<b>70,355</b>	73,063
03			
(a) Government grants:			
04			
<u>Cost</u>			
05			
At 1 April 2017/2016		<b>56,333</b>	48,982
Reversal upon expiry of concession period		<b>(53,112)</b>	–
Exchange translation differences		<b>(3,221)</b>	7,351
At 31 March		–	56,333
<u>Accumulated amortisation</u>			
At 1 April 2017/2016		<b>(53,625)</b>	(40,818)
Current amortisation	5(b)	<b>(2,553)</b>	(6,172)
Reversal upon expiry of concession period		<b>53,112</b>	–
Exchange translation differences		<b>3,066</b>	(6,635)
At 31 March		–	(53,625)
		–	2,708

The government grants represent grants received from the Indian Government for certain toll road concessions awarded to the Group.

- (b) The deferred gain represents the Group's share of the gain arising from the disposal of a parcel of land to a joint venture held via a wholly-owned subsidiary of the Company.

## 27 PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

	Freehold land RM'000	Leasehold land RM'000	Plantation infrastructure RM'000	Buildings RM'000	Hotel properties RM'000	Plant, machinery, equipment and vehicles RM'000	Office equipment, furniture, fittings and renovations RM'000	Capital work-in-progress RM'000	Total RM'000
<b>The Group</b>									
<b>2018</b>									
<u>Net book value</u>									
At 1 April 2017	72,407	145,503	377,456	300,941	208,278	620,806	41,984	222,271	1,989,646
Additions	-	-	19,120	4,924	438	71,952	7,903	163,714	268,051
Disposals	(148)	-	-	(62)	-	(4,699)	(46)	-	(4,955)
Written off (Note 5(a))	-	-	-	(120)	-	(1,540)	(132)	-	(1,792)
Depreciation charges for the year	-	(2,087)	(14,817)	(24,286)	(5,348)	(98,034)	(11,423)	-	(155,995)
Transferred to investment properties (Note 29)	-	-	-	(301)	-	-	-	-	(301)
Transferred from property development costs (Note 37(b))	-	-	-	-	-	-	-	674	674
Transferred to assets held for sale (Note 43)	-	-	-	(124)	-	-	-	-	(124)
Exchange differences arising from translation of assets of foreign operations	(818)	-	(36,876)	(17,717)	-	(17,808)	(910)	(30,940)	(105,069)
Reclassifications	-	-	9,867	54,394	35,860	94,219	(302)	(194,038)	-
<b>At 31 March 2018</b>	<b>71,441</b>	<b>143,416</b>	<b>354,750</b>	<b>317,649</b>	<b>239,228</b>	<b>664,896</b>	<b>37,074</b>	<b>161,681</b>	<b>1,990,135</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

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## 27 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The details of property, plant and equipment are as follows: (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Plantation infrastructure RM'000	Buildings RM'000	Hotel properties RM'000	Plant, machinery, equipment and vehicles RM'000	Office equipment, furniture, fittings and renovations RM'000	Capital work-in-progress RM'000	Total RM'000
<b>The Group</b>									
<b>2017</b>									
<u>Net book value</u>									
At 1 April 2016	62,749	152,772	336,765	245,606	186,410	586,936	44,172	197,147	1,812,557
Additions	74	-	30,011	2,840	1,019	71,262	6,908	90,930	203,044
Acquisition of a subsidiary (Note 48(b)(i))	9,800	-	-	28,300	39,412	-	1,443	7,140	86,095
Revaluation	-	-	-	-	27,056	-	-	-	27,056
Disposals	(1,051)	-	-	(515)	(43,482)	(6,507)	(58)	(15,316)	(66,929)
Written off (Note 5(a))	-	-	-	(468)	-	(617)	(85)	-	(1,170)
Depreciation charges for the year	-	(2,086)	(14,352)	(19,321)	(4,699)	(92,033)	(11,350)	-	(143,841)
Write back of impairment of property, plant and equipment (Note 5(b))	-	-	-	-	2,470	2,842	-	-	5,312
Transferred to land use rights (Note 28)	-	(4,474)	-	-	-	-	-	-	(4,474)
Transferred to investment properties (Note 29)	-	-	-	(626)	-	-	-	-	(626)
Exchange differences arising from translation of assets of foreign operations	836	107	23,639	12,283	-	15,657	701	19,399	72,622
Reclassifications	(1)	(816)	1,393	32,842	92	43,266	253	(77,029)	-
<b>At 31 March 2017</b>	<b>72,407</b>	<b>145,503</b>	<b>377,456</b>	<b>300,941</b>	<b>208,278</b>	<b>620,806</b>	<b>41,984</b>	<b>222,271</b>	<b>1,989,646</b>

## 27 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The details of property, plant and equipment are as follows: (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Plantation infrastructure RM'000	Buildings RM'000	Hotel properties RM'000	Plant, machinery and equipment vehicles RM'000	Office equipment, furniture, fittings and renovations RM'000	Capital work-in-progress RM'000	Total RM'000
<b>The Group</b>									
<b>At 31 March 2018</b>									
Cost/Valuation	71,441	172,982	437,234	520,728	258,051	1,562,001	118,354	161,813	3,302,604
Accumulated depreciation	-	(29,566)	(82,484)	(203,041)	(16,353)	(887,355)	(81,168)	-	(1,299,967)
Accumulated impairment	-	-	-	(38)	(2,470)	(9,750)	(112)	(132)	(12,502)
Net book value	71,441	143,416	354,750	317,649	239,228	664,896	37,074	161,681	1,990,135
<b>At 31 March 2017</b>									
Cost/Valuation	72,407	172,982	452,660	487,136	244,968	1,480,717	144,482	225,188	3,280,540
Accumulated depreciation	-	(27,479)	(75,204)	(186,157)	(13,340)	(852,463)	(102,373)	-	(1,257,016)
Accumulated impairment	-	-	-	(38)	(23,350)	(7,448)	(125)	(2,917)	(33,878)
Net book value	72,407	145,503	377,456	300,941	208,278	620,806	41,984	222,271	1,989,646

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 27 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The details of property, plant and equipment are as follows: (cont'd)

	Buildings RM'000	Plant, machinery, equipment and vehicles RM'000	Office equipment, furniture, fittings and renovations RM'000	Total RM'000
<b>The Company</b>				
<b>2018</b>				
<u>Net book value</u>				
At 1 April 2017	426	1,615	389	2,430
Additions	-	338	297	635
Disposals	-	(1)	-	(1)
Transferred to investment properties (Note 29)	(301)	-	-	(301)
Transferred to assets held for sale (Note 43)	(124)	-	-	(124)
Depreciation charges for the year	(1)	(628)	(144)	(773)
Exchange differences	-	(26)	-	(26)
<b>At 31 March 2018</b>	<b>-</b>	<b>1,298</b>	<b>542</b>	<b>1,840</b>
<b>2017</b>				
<u>Net book value</u>				
At 1 April 2016	437	1,688	366	2,491
Additions	-	742	108	850
Disposals	-	(105)	-	(105)
Depreciation charges for the year	(11)	(781)	(85)	(877)
Exchange differences	-	71	-	71
<b>At 31 March 2017</b>	<b>426</b>	<b>1,615</b>	<b>389</b>	<b>2,430</b>
<b>At 31 March 2018</b>				
Cost	-	4,101	4,484	8,585
Accumulated depreciation	-	(2,803)	(3,942)	(6,745)
<b>Net book value</b>	<b>-</b>	<b>1,298</b>	<b>542</b>	<b>1,840</b>
<b>At 31 March 2017</b>				
Cost	577	4,423	4,187	9,187
Accumulated depreciation	(151)	(2,808)	(3,798)	(6,757)
<b>Net book value</b>	<b>426</b>	<b>1,615</b>	<b>389</b>	<b>2,430</b>

## 27 PROPERTY, PLANT AND EQUIPMENT (cont'd)

### (a) Valuation

Property, plant and equipment include leasehold land, buildings and plant of certain subsidiaries which were last revalued in 1982, 1993 and 1997 based on an open market value basis by firms of independent professional valuers.

In accordance with the Group's accounting policy on property, plant and equipment, hotel building and leasehold land ("hotel properties") are revalued periodically by an independent professional valuer at an interval of not exceeding 5 years.

In the preceding financial year, the hotel properties of ERMS Berhad, an indirect subsidiary of the Company were revalued by an independent qualified valuer, Henry Butcher Malaysia, a member of the Institute of Surveyors, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation where reference was made to similar properties. The fair values of these assets were within level 3 of the fair value hierarchy using significant unobservable inputs. This valuation method entails comparing hotel properties with similar properties that were sold recently. The location of the hotel property, time element, merits and demerits of the hotel properties were taken into consideration to arrive at an acceptable degree of comparability and the value of the hotel properties. The valuation results were reviewed by management and deliberated during the management committee meetings.

	Valuation method	Average fair value per room RM'000	Parameters – Relationship of unobservable inputs to fair value
Hotel properties	Comparison method of valuation	504	The higher the average fair value per room, the higher the fair value

Had the revalued leasehold land, buildings and plant been carried at the historical cost model, the net book values would have been as follows:

	The Group	
	2018 RM'000	2017 RM'000
Leasehold land	56,294	56,994
Buildings	32,126	34,000
	<b>88,420</b>	90,994

### (b) Assets acquired under finance lease agreements

Included in property, plant and equipment of the Group are the net book values of the following assets acquired under finance lease agreements:

	The Group	
	2018 RM'000	2017 RM'000
Plant, machinery, equipment and vehicles	2,368	3,146

### (c) Net book values of assets pledged as security for term loans of certain subsidiaries (Note 17):

	The Group	
	2018 RM'000	2017 RM'000
Land	108,449	110,000
Building	51,885	53,739
	<b>160,334</b>	163,739

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 27 PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (d) During the financial year, the following depreciation charges of the Group and the Company have been included in the aggregate costs incurred to-date within amounts due from/(to) customers on construction contracts and capitalised as plantation development expenditure as set out below:

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included in the aggregate costs incurred to-date within amounts due from/(to) customers on construction contracts	46	<b>2,815</b>	2,153	<b>292</b>	373
Capitalised as plantation development expenditure	38(b)	<b>3,556</b>	5,343	–	–

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### 28 LAND USE RIGHTS

	Note	The Group	
		2018 RM'000	2017 RM'000
<u>Cost</u>			
At 1 April 2017/2016		<b>205,960</b>	166,073
Additions		<b>4,212</b>	24,056
Transferred from property, plant and equipment	27	–	5,593
Exchange differences		<b>(16,339)</b>	10,238
At 31 March		<b>193,833</b>	205,960
<u>Accumulated amortisation</u>			
At 1 April 2017/2016		<b>40,129</b>	31,234
Transferred from property, plant and equipment	27	–	1,119
Amortisation for the financial year	5(a)	<b>6,117</b>	6,037
Exchange differences		<b>(3,081)</b>	1,739
At 31 March		<b>43,165</b>	40,129
<u>Net book value</u>			
At 31 March		<b>150,668</b>	165,831

During the financial year, amortisation expenses of RM468,000 (2017: RM657,000) has been included in plantation development expenditure (Note 38(b)).

The Group's land use rights with carrying value of RM43.2 million (2017: RM51.3 million) are still in the process of being transferred to the Group.

## 29 INVESTMENT PROPERTIES

	Note	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Work in progress RM'000	Total RM'000
<b>The Group</b>							
<b>2018</b>							
<u>Net book value</u>							
<b>At 1 April 2017</b>		<b>6,134</b>	<b>7,381</b>	<b>9,846</b>	<b>23,471</b>	<b>22,035</b>	<b>68,867</b>
Additions		<b>156,656</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>238,601</b>	<b>395,265</b>
Depreciation charges for the year	5(a)	<b>-</b>	<b>(97)</b>	<b>(266)</b>	<b>(309)</b>	<b>-</b>	<b>(672)</b>
Transferred from property, plant and equipment	27	<b>-</b>	<b>-</b>	<b>301</b>	<b>-</b>	<b>-</b>	<b>301</b>
Transferred from property development costs	37(b)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,840</b>	<b>34,840</b>
<b>At 31 March 2018</b>		<b>162,790</b>	<b>7,284</b>	<b>9,889</b>	<b>23,162</b>	<b>295,476</b>	<b>498,601</b>
<b>2017</b>							
<u>Net book value</u>							
<b>At 1 April 2016</b>		6,134	7,478	10,148	23,781	12,542	60,083
Additions		-	-	-	-	9,493	9,493
Depreciation charges for the year	5(a)	-	(97)	(265)	(310)	-	(672)
Transferred from property, plant and equipment	27	-	-	626	-	-	626
Disposals		-	-	(252)	-	-	(252)
Reversal of over accrual of costs		-	-	(411)	-	-	(411)
<b>At 31 March 2017</b>		6,134	7,381	9,846	23,471	22,035	68,867
<b>At 31 March 2018:</b>							
Cost		<b>162,790</b>	<b>8,713</b>	<b>13,496</b>	<b>24,549</b>	<b>295,476</b>	<b>505,024</b>
Accumulated depreciation		<b>-</b>	<b>(1,429)</b>	<b>(3,236)</b>	<b>(1,387)</b>	<b>-</b>	<b>(6,052)</b>
Accumulated impairment		<b>-</b>	<b>-</b>	<b>(371)</b>	<b>-</b>	<b>-</b>	<b>(371)</b>
Net book value		<b>162,790</b>	<b>7,284</b>	<b>9,889</b>	<b>23,162</b>	<b>295,476</b>	<b>498,601</b>
<b>At 31 March 2017:</b>							
Cost		6,134	8,713	13,051	24,549	22,035	74,482
Accumulated depreciation		-	(1,332)	(2,834)	(1,078)	-	(5,244)
Accumulated impairment		-	-	(371)	-	-	(371)
Net book value		6,134	7,381	9,846	23,471	22,035	68,867

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 29 INVESTMENT PROPERTIES (cont'd)

	Note	Leasehold buildings RM'000	Freehold buildings RM'000	Total RM'000
<b>The Company</b>				
<b>2018</b>				
<u>Net book value</u>				
<b>At 1 April 2017</b>		<b>2,955</b>	<b>4,357</b>	<b>7,312</b>
Transferred from property, plant and equipment	27	–	301	301
Depreciation charges for the year	5(a)	(32)	(141)	(173)
<b>At 31 March 2018</b>		<b>2,923</b>	<b>4,517</b>	<b>7,440</b>
<b>2017</b>				
<u>Net book value</u>				
<b>At 1 April 2016</b>		2,988	4,489	7,477
Depreciation charges for the year	5(a)	(33)	(132)	(165)
<b>At 31 March 2017</b>		2,955	4,357	7,312
<b>At 31 March 2018:</b>				
Cost		<b>3,053</b>	<b>6,912</b>	<b>9,965</b>
Accumulated depreciation		<b>(130)</b>	<b>(2,395)</b>	<b>(2,525)</b>
Net book value		<b>2,923</b>	<b>4,517</b>	<b>7,440</b>
<b>At 31 March 2017:</b>				
Cost		3,053	6,475	9,528
Accumulated depreciation		(98)	(2,118)	(2,216)
Net book value		2,955	4,357	7,312

During the financial year, finance cost of RM670,000 (Note 9) has been capitalised in investment properties of the Group.

The above properties are not occupied by the Group and are used to either earn rentals or for capital appreciation, or both. As at 31 March 2018, the fair value of the properties of the Group and the Company was estimated at RM561,046,000 (2017: RM106,660,000) and RM11,389,000 (2017: RM11,678,000) respectively by the Directors based on either valuations by independent professionally qualified valuers or the Directors' estimates by reference to open market value of properties in the vicinity. The fair values of investment properties are within level 2 of the fair value hierarchy. The most significant input in the valuation approach adopted by the Group is price per square foot.

The fair value of the investment properties includes investment properties that are under construction, which are measured at costs as the fair value is not reliably measurable until construction completes.

### 30 CONCESSION ASSETS

	Note	The Group	
		2018 RM'000	2017 RM'000
Expressway development expenditure		<b>2,164,847</b>	2,325,629
Port infrastructure		<b>1,177,539</b>	771,437
		<b>3,342,386</b>	3,097,066
Expressway development expenditure:			
<u>Cost</u>			
At 1 April 2017/2016		<b>3,390,604</b>	3,253,023
Additions		<b>43,939</b>	47,161
Reversal upon expiry of concession period		<b>(128,931)</b>	–
Written off	5(a)	<b>(124)</b>	(409)
Exchange translation differences		<b>(82,090)</b>	90,829
At 31 March		<b>3,223,398</b>	3,390,604
<u>Accumulated amortisation</u>			
At 1 April 2017/2016		<b>(772,177)</b>	(592,370)
Current amortisation	5(a)	<b>(157,173)</b>	(156,513)
Reversal upon expiry of concession period		<b>128,931</b>	–
Written off	5(a)	<b>43</b>	125
Exchange translation differences		<b>20,873</b>	(23,419)
At 31 March		<b>(779,503)</b>	(772,177)
		<b>2,443,895</b>	2,618,427
Less: Deferred income			
<u>Cost</u>			
At 1 April 2017/2016 and At 31 March		<b>(400,456)</b>	(400,456)
<u>Accumulated amortisation</u>			
At 1 April 2017/2016		<b>107,658</b>	94,933
Current amortisation	5(a)	<b>13,750</b>	12,725
At 31 March		<b>121,408</b>	107,658
		<b>(279,048)</b>	(292,798)
		<b>2,164,847</b>	2,325,629



### 30 CONCESSION ASSETS (cont'd)

Port infrastructure comprises a port concession in Malaysia, with concession period of 30 years ending in 2045.

On 22 November 1997, Kuantan Port Consortium Sdn Bhd ("KPC"), an indirect subsidiary of the Company, entered into a Privatisation Agreement ("Agreement") with the Government of Malaysia ("Government") and Kuantan Port Authority ("KPA"), a concession to manage, operate and develop Kuantan Port ("Port") for a period of 30 years commencing from 1 January 1998.

On 16 June 2015, the said Agreement was superseded and replaced with a new Privatisation Agreement ("PA"), whereby the Government and KPA have requested KPC to develop a New Deep Water Terminal ("NDWT") adjacent to the existing port. The concession commenced on 1 June 2015 for a period of 30 years and is subject for an extension of 30 years provided that certain obligations as mentioned in the new PA are fulfilled by KPC.

The amounts of construction revenue and profit recognised during the financial year on construction services for port concession amounted to RM408,452,000 and RM21,681,000 (2017: RM213,362,000 and RM11,671,000) respectively.

### 31 SUBSIDIARIES

	The Company	
	2018	2017
	RM'000	RM'000
At cost:		
Quoted shares:		
– in Malaysia	534,904	534,100
Unquoted shares:		
– in Malaysia	5,605,817	5,605,817
– outside Malaysia	52,180	8,716
	<b>6,192,901</b>	6,148,633
Less: Accumulated impairment		
Unquoted shares		
– outside Malaysia	(1,035)	(1,035)
	<b>6,191,866</b>	6,147,598
Amounts owing by subsidiaries	<b>844,735</b>	817,196
Costs of investment in relation to share options and share grants being granted to employees of subsidiaries	<b>71,155</b>	73,464
	<b>7,107,756</b>	7,038,258
<u>Market value *</u>		
Quoted shares:		
– in Malaysia	<b>1,087,605</b>	1,590,731

The amounts owing by subsidiaries are unsecured, bear interest rate at 5% (2017: 5%) per annum and are repayable on demand. However the management does not intend to demand for repayment of the amounts owing by subsidiaries within the period of twelve months.

The Group's effective equity interest in the subsidiaries and their respective principal activities and countries of incorporation are set out in Note 54 to the financial statements.

\* The market values of quoted shares are traded in an active market and are within Level 1 of the fair value hierarchy.

As at 31 March 2018, the total non-controlling interests are RM1,276,411,000 (2017: RM1,319,406,000), of which RM716,107,000 (2017: RM784,741,000) is attributable to IJM Plantations Berhad. The other non-controlling interests are not significant.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 31 SUBSIDIARIES (cont'd)

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The financial information below is based on amounts before inter-company eliminations.

	IJM Plantations Berhad	
	2018	2017
	RM'000	RM'000
Proportion of ordinary shares held by non-controlling interests (%)	44%	44%
Summarised statements of comprehensive income:		
Revenue	747,217	753,711
Net profit for the financial year	44,054	116,538
Total comprehensive (loss)/income for the financial year	(96,342)	212,590
Net profit attributable to non-controlling interests	17,887	52,767
Dividends paid to non-controlling interests	27,060	19,729
Summarised balance sheets:		
Current assets	397,294	551,021
Current liabilities	(358,901)	(295,034)
Non-current assets	2,226,992	2,426,062
Non-current liabilities	(645,617)	(903,019)
Net assets	1,619,768	1,779,030
Summarised cash flows:		
Cash flows from operating activities	110,085	183,089
Cash flows used in investing activities	(108,305)	(136,470)
Cash flows (used in)/from financing activities	(143,813)	50,583
Net (decrease)/increase in cash and cash equivalents during the financial year	(142,033)	97,202
Cash and cash equivalents at beginning of the financial year	385,994	268,520
Foreign exchange differences on opening balances	(37,796)	20,272
Cash and cash equivalents at end of the financial year	206,165	385,994

## 32 ASSOCIATES

	Note	The Group	
		2018 RM'000	2017 RM'000
Share of net assets of associates	(a)	<b>773,110</b>	873,376
Redeemable Unsecured Murabahah Stocks	(b)	<b>43,300</b>	16,200
Amount owing by an associate *		<b>12,724</b>	11,816
		<b>829,134</b>	901,392

\* Amount owing by an associate represents unsecured advances which bear interest at a fixed rate of 7.69% (2017: 7.85%) per annum.

(a) Share of net assets of associates

	The Group	
	2018 RM'000	2017 RM'000
Quoted shares, at cost:		
– in Malaysia	<b>345,314</b>	345,314
– outside Malaysia	<b>38,080</b>	38,080
Unquoted shares, at cost:		
– in Malaysia	<b>82,622</b>	83,591
– outside Malaysia	<b>349,810</b>	349,810
	<b>815,826</b>	816,795
Share of post-acquisition retained profits	<b>107,663</b>	141,629
Share of post-acquisition reserves	<b>(14,552)</b>	953
Currency translation differences	<b>(35,532)</b>	15,253
	<b>873,405</b>	974,630
Less: Accumulated impairment	<b>(100,295)</b>	(101,254)
	<b>773,110</b>	873,376

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 32 ASSOCIATES (cont'd)

(a) Share of net assets of associates (continued)

	The Company	
	2018	2017
	RM'000	RM'000
Quoted shares, at cost:		
– in Malaysia	345,314	345,314
– outside Malaysia	38,080	38,080
Unquoted shares, at cost:		
– in Malaysia	28,309	28,309
– outside Malaysia	51,214	51,214
	462,917	462,917
Less: Accumulated impairment	(130,117)	(91,117)
	332,800	371,800
<u>Market value*</u>		
Quoted shares:		
– in Malaysia	296,346	436,674
– outside Malaysia	200,778	237,540
	497,124	674,214

\* The market values of quoted shares are traded in an active market and are within Level 1 of the fair value hierarchy.

The Group has assessed whether there is any impairment of its investment in an associate of the Company as the associate has incurred losses during the financial year and the market value is lower than the carrying amount. This assessment was performed by calculating the value-in-use (“VIU”) of the investment based on net cash inflow generated from its operations. This computation is based on the discount rate of 18%. Based on management’s assessment, an impairment of RM39 million has been recognised during the financial year as other operating expenses.

The Group’s effective equity interest in the associates and their respective principal activities and countries of incorporation are set out in Note 54 to the financial statements.

(b) During the financial year, a subsidiary of the Company has subscribed for RM27,100,000 (2017: RM16,200,000) nominal value of Redeemable Unsecured Murabahah Stocks (“RUMS”), maturing on 12 July 2056, as issued by West Coast Expressway Sdn Bhd (“WCE”), an associate of the Company. The terms of the RUMS are as follows:

- (i) The RUMS bear a cumulative and non-compounding profit rate that is determined prior to each issuance of RUMS. As at 31 March 2018, the effective profit rate of RUMS is 10% (2017: 10%) per annum.
- (ii) Each issuance of RUMS shall be valid from and including the date of the issuance until the maturity date provided that if each issuance of RUMS has not been fully redeemed by such date, it shall be valid until it is redeemed and cancelled in accordance with the provision stated in the Deed Poll.
- (iii) The RUMS will be redeemed by WCE at 100% of their nominal value on their respective maturity dates. Any early redemption of RUMS shall be at a redemption price as mutually agreed between WCE and the subsidiary of the Company.
- (iv) Any issuance of RUMS redeemed shall be immediately cancelled and thereafter will not be available for resale or reissue.
- (v) WCE may make Periodic Profit Payments (as defined in the Deed Poll) or redeem the RUMS subject to the conditions in relation to the Project Financing Facilities (as defined in the Deed Poll).

01

02

03

04

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06 Financial Statements & others

### 32 ASSOCIATES (cont'd)

- (c) Certain losses of associates of the Group are not recognised when they exceed the Group's cost of investment and advances as the Group has no further obligations beyond these amounts. The Group's share of such losses is as follows:

	The Group	
	2018 RM'000	2017 RM'000
Current year share of losses	(35,445)	(10,957)
Current year recognition of previously unrecognised losses	-	24
Adjustment for previously unrecognised losses upon disposal of an associate	-	2,974
	(35,445)	(7,959)
Cumulative share of losses	(49,178)	(13,733)

- (d) Set out below are the associates of the Group as at balance sheet dates, which, in the opinion of the management, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held either directly or indirectly by the Group.

Name of entity	Place of business/ country of incorporation	% of ownership		Nature of relationship	Measurement method
		2018	2017		
Scomi Group Berhad	Malaysia	21	25	Associate	Equity
Hexacon Construction Pte Limited	Singapore	46	46	Associate	Equity
WCE Holdings Berhad	Malaysia	26	26	Associate	Equity

- (e) Set out below are the summarised financial information for material associates which are accounted for using the equity method:

Summarised balance sheets:

	Scomi Group Berhad		Hexacon Construction Pte Limited		WCE Holdings Berhad	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current						
Cash and cash equivalents	95,161	161,540	429,988	491,323	1,296,218	1,053,888
Other current assets (excluding cash)	1,154,209	1,340,264	181,053	155,769	90,412	192,042
Total current assets	1,249,370	1,501,804	611,041	647,092	1,386,630	1,245,930
Financial liabilities (excluding trade and other payables)	(566,441)	(556,935)	-	-	-	-
Other current liabilities (including trade and other payables)	(570,606)	(523,619)	(327,824)	(347,589)	(522,337)	(268,346)
Total current liabilities	(1,137,047)	(1,080,554)	(327,824)	(347,589)	(522,337)	(268,346)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 32 ASSOCIATES (cont'd)

- (e) Set out below are the summarised financial information for material associates which are accounted for using the equity method: (continued)

Summarised balance sheets: (continued)

	Scomi Group Berhad		Hexacon Construction Pte Limited		WCE Holdings Berhad	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current Assets	<b>608,071</b>	822,957	<b>279,696</b>	241,930	<b>2,760,614</b>	1,653,212
Financial liabilities	<b>(150,477)</b>	(250,410)	-	-	<b>(2,292,849)</b>	(1,619,853)
Other liabilities	<b>(23,619)</b>	(30,839)	<b>(26,757)</b>	(31,488)	<b>(594,721)</b>	(289,911)
Total non-current liabilities	<b>(174,096)</b>	(281,249)	<b>(26,757)</b>	(31,488)	<b>(2,887,570)</b>	(1,909,764)
Non-controlling interests	<b>(308,671)</b>	(476,082)	-	-	<b>(40,678)</b>	(39,305)
Net assets (excluding non-controlling interests)	<b>237,627</b>	486,876	<b>536,156</b>	509,945	<b>696,659</b>	681,727
Market value (Group's share)	<b>35,099</b>	86,577	-*	-*	<b>261,247</b>	350,097

\* Hexacon Construction Pte Limited is a private company and there is no quoted market price available for its shares.

Summarised statement of comprehensive income:

	Scomi Group Berhad		Hexacon Construction Pte Limited		WCE Holdings Berhad	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<b>683,728</b>	935,962	<b>486,067</b>	622,051	<b>1,114,159</b>	869,374
Depreciation and amortisation	<b>(90,526)</b>	(136,597)	-	-	<b>(276)</b>	(348)
Interest income	<b>866</b>	6,281	-	-	<b>2,253</b>	1,234
Finance cost	<b>(37,507)</b>	(30,151)	-	-	<b>(1,781)</b>	(2,114)
(Loss)/profit before taxation	<b>(302,789)</b>	(180,023)	<b>205,381</b>	95,428	<b>23,401</b>	35,738
Income tax expense	<b>(17,611)</b>	(9,503)	<b>(143,510)</b>	(16,928)	<b>(5,682)</b>	(3,309)
(Loss)/profit after taxation from continuing operations	<b>(320,400)</b>	(189,526)	<b>61,871</b>	78,500	<b>17,719</b>	32,429
Loss after taxation from discontinuing operations	-	-	-	-	<b>(3,019)</b>	-
Other comprehensive (loss)/income	<b>(90,412)</b>	10,184	<b>7,717</b>	4,395	<b>399</b>	-
Less: Profit/(loss) after taxation attributable to non-controlling interests	<b>79,948</b>	69,500	-	-	<b>(298)</b>	(1,248)
Less: Other comprehensive income/(loss) attributable to non-controlling interests	<b>23,114</b>	(16,065)	-	-	-	-
Total comprehensive (loss)/income	<b>(307,750)</b>	(125,907)	<b>69,588</b>	82,895	<b>14,801</b>	31,181
Dividends received from associates	-	-	<b>2,133</b>	2,912	-	-

Note: The summarised financial information above reflects the amounts presented in the financial statements of the associates.

### 32 ASSOCIATES (cont'd)

- (e) Set out below are the summarised financial information for material associates which are accounted for using the equity method: (continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interests in associates:

	Scomi Group Berhad		Hexacon Construction Pte Limited		WCE Holdings Berhad	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net assets at 1 April 2017/2016	<b>486,876</b>	605,739	<b>509,945</b>	391,250	<b>681,727</b>	650,545
Less: Gross dividend distributed during the year	-	-	<b>(4,688)</b>	(4,585)	-	-
Net (loss)/profit for the financial year	<b>(240,452)</b>	(120,026)	<b>61,871</b>	78,500	<b>14,402</b>	31,181
Other comprehensive (loss)/income	<b>(67,298)</b>	(5,881)	<b>7,717</b>	4,395	<b>399</b>	-
Other reserves	-	2,438	-	-	<b>131</b>	1
Transactions with non-controlling interests	<b>58,501</b>	-	-	-	-	-
Foreign exchange differences	-	-	<b>(38,689)</b>	40,385	-	-
	<b>237,627</b>	482,270	<b>536,156</b>	509,945	<b>696,659</b>	681,727
Less: Fair value adjustment upon accretion/dilution of interest	-	4,606	-	-	-	-
Net assets at 31 March	<b>237,627</b>	486,876	<b>536,156</b>	509,945	<b>696,659</b>	681,727
Interests in associates	<b>50,923</b>	119,727	<b>243,951</b>	232,024	<b>184,268</b>	180,318
Less: Net assets attributable to non-controlling interests	-	-	-	-	<b>(32,909)</b>	(25,329)
Goodwill	<b>20,188</b>	20,188	-	-	-	-
Carrying value	<b>71,111</b>	139,915	<b>243,951</b>	232,024	<b>151,359</b>	154,989

- (f) Set out below are the financial information of all individually immaterial associates on an aggregate basis.

	2018 RM'000	2017 RM'000
Carrying amounts of interest in associates	<b>306,689</b>	346,448
Share of associates' profits	<b>35,296</b>	40,248
Share of associates' other comprehensive (loss)/income	<b>(8,888)</b>	3,578
Share of associates' total comprehensive income	<b>26,408</b>	43,826

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 33 JOINT VENTURES

	Note	The Group	
		2018 RM'000	2017 RM'000
01 Redeemable Convertible Unsecured Loan Stocks ("RCULS")	(A)	240,000	240,000
At cost:			
02 – In Malaysia		111,875	111,875
Share of post-acquisition reserves		(238,698)	(161,061)
03 Currency translation differences		5,771	10,972
		118,948	201,786
04 Redeemable Convertible Secured Islamic Debt Securities ("RCSIDS")	(B)	64,659	57,540
05 Amounts owing by joint ventures		652,078	622,910
Less: Allowance for impairment of amounts owing by joint ventures		(127,260)	(127,453)
		524,818	495,457
		708,425	754,783

### (A) RCULS

In 2007 and 2009, the Company had subscribed for RM240,000,000 nominal value of Redeemable Convertible Unsecured Loan Stocks ("RCULS"), maturing on 8 February 2026, as issued by Lebuhraya Kajang-Seremban Sdn Bhd ("Lekas"), a joint venture of the Company. The terms of RCULS are as follows:

- (i) The RCULS bear fixed cumulative interest of 7% per annum from the date of subscription until the date of redemption or maturity, whichever is earlier.
- (ii) The RCULS are convertible on the basis of one RCULS for one new ordinary share of RM1 each in Lekas.
- (iii) The conversion period is the period commencing from the date immediately after the first anniversary of the date of issuance of the final completion certificate of the final phase of the works under the Concession Agreement and ending on such a date falling 3 years thereafter. As at 31 March 2018, the period for exercising the conversion had expired.

### (B) RCSIDS

In the previous financial year, the Company acquired RM90,109,292 nominal value of Redeemable Convertible Secured Islamic Debt Securities ("RCSIDS"), maturing on 10 April 2023, as issued by Lekas, a joint venture of the Company. The terms of RCSIDS are as follows:

- (i) The RCSIDS bear a fixed, cumulative and non-compounding profit rate of 7.9% per annum.
- (ii) Every RM1 nominal value of the RCSIDS or every RM1 profit payable on such RCSIDS can be converted into 1 ordinary share of Lekas at the conversion price of RM1. The profit in respect of the RCSIDS can only be converted into ordinary shares if it is done in conjunction with the conversion of the corresponding RCSIDS.
- (iii) The conversion period commences from the date immediately after the issue date and ends on the maturity date.
- (iv) The RCSIDS may, prior to the maturity date, be redeemed in part or in full at their aggregate nominal value plus accrued and unpaid profit. No cash payment will be made for the principal amount in respect of the RCSIDS and the profit earned on the relevant profit payment dates during the subsistence of the syndicated term loan facility and until the maturity date. Any early redemption shall take place on a profit payment date or such other dates as may be mutually agreed between the parties. All outstanding RCSIDS and cumulative profit shall be redeemed by the issuer on the maturity date.

The RCSIDS which have been redeemed will be cancelled and cannot be reissued and the outstanding profit which has not been converted into new ordinary shares shall be paid by the issuer in the form of cash payment on the maturity date.

### 33 JOINT VENTURES (cont'd)

	The Company	
	2018 RM'000	2017 RM'000
RCULS	240,000	240,000
Unquoted shares, at cost	50,000	50,000
	<b>290,000</b>	290,000
Less: Allowance for impairment of investments	<b>(138,695)</b>	(138,695)
	<b>151,305</b>	151,305
RCSIDS	64,659	57,540
Amounts owing by joint ventures	50,422	50,422
Less: Allowance for impairment of amounts owing by joint ventures	<b>(33,567)</b>	(33,567)
	<b>16,855</b>	16,855
	<b>232,819</b>	225,700

The amounts owing by joint ventures of the Group and the Company are mainly unsecured advances for the joint ventures' working capital requirements which bear interest rates ranging from 4.6% to 7.9% (2017: 4.6% to 7.9%) and at 7.9% (2017: 7.9%) per annum respectively.

Movements on the Group's and the Company's allowance for impairment of amounts owing by joint ventures are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	127,453	127,453	33,567	33,567
Write back of allowance for impairment of amounts owing by joint ventures (Note 5(b))	(193)	–	–	–
At 31 March	127,260	127,453	33,567	33,567

The Group has carried out an assessment on the recoverability of the amounts owing by joint ventures and management believes that the current impairment recognised is adequate.

The management has assessed whether there is any impairment of its investment in a joint venture of the Company as the joint venture has incurred a loss during the financial year. As at 31 March 2018, the carrying amount of the interest in that joint venture for the Group and the Company amounted to RM136,345,000 and RM232,819,000 respectively.

This assessment was performed by calculating the value-in-use ("VIU") of the investment based on net cash inflow generated from its toll operations over the remaining concession period of 21 years up to the year 2039.

Key assumptions used were:

Annual growth rate of traffic volume	3.8% for the year 2019 and ranges from 0.8% to 8.0% per annum from the years 2019 to 2039
Discount rate	7.3%

Based on management's assessment, there is no provision for impairment required during the financial year.

As at the reporting date, if the change in the annual growth rate of traffic volume and the discount rate used in the VIU had been 50 basis points lower and 50 basis points higher respectively, with all variables held constant, no provision for impairment is required.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 33 JOINT VENTURES (cont'd)

(a) Details of the joint ventures are as follows:

	Group's effective interest in joint ventures		Principal activities
	2018	2017	
	%	%	
Astaka Tegas Sdn Bhd *	50	50	Dormant
Elegan Pesona Sdn Bhd	50	50	Property development
IJM Properties-JA Manan Development Joint Venture	50	50	Property development
Sierra Ukay Sdn Bhd *	50	50	Property development
IJM Properties-Danau Lumayan Joint Venture	60	60	Dormant
IJM Management Services-Giat Bernas Joint Venture	70	70	Project and construction management services
Nasa Land Sdn Bhd	50	50	Property development
368 Segambut Sdn Bhd	50	50	Property development
IJM Perennial Development Sdn Bhd	50	50	Property development
IJM-SCL Joint Venture	50	50	Dormant
IJM-Gayatri Joint Venture	60	60	Dormant
IJM-NBCC-VRM Joint Venture	50	50	Dormant
Lebuhraya Kajang-Seremban Sdn Bhd	50	50	Toll road operations
IJMC-Zublin Joint Venture	50	50	Construction
ISZL Consortium	25	25	Construction
BSC-RBM-PATI JV	25	25	Construction
IJMC-Ambang Usaha Joint Venture	-	50	Construction
IJMC-Gayatri Joint Venture	60	60	Construction
IJM-LFE Joint Venture	70	70	Construction
Shimizu-Nishimatsu-UEMB-IJM Joint Venture	20	20	Construction
IJMC-JAKS Joint Venture	-	60	Construction
Kiara Teratai-IJM Joint Venture	40	40	Construction
IJM Sunway Sdn Bhd	50	50	Construction
IJM LFE Sdn Bhd	70	70	Construction
IJM-CHEC Joint Venture	60	60	Construction

\* Joint ventures related to WCE Holdings Berhad, an associate of the Company.

- (b) As at 31 March 2018 and 31 March 2017, there are no contingent liabilities and capital commitments relating to the Group's interest in the joint ventures.
- (c) Set out below are the joint ventures of the Group as at 31 March 2018 and 31 March 2017, which, in the opinion of the management, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly or indirectly by the Group.

Name of entity	Place of business/ country of incorporation	% of ownership		Nature of relationship	Measurement method
		2018	2017		
Lebuhraya Kajang- Seremban Sdn Bhd	Malaysia	50	50	Joint venture	Equity
Elegan Pesona Sdn Bhd	Malaysia	50	50	Joint venture	Equity
Nasa Land Sdn Bhd	Malaysia	50	50	Joint venture	Equity

Lebuhraya Kajang-Seremban Sdn Bhd, Elegan Pesona Sdn Bhd and Nasa Land Sdn Bhd are private companies and there is no quoted market price available for their shares.

### 33 JOINT VENTURES (cont'd)

(d) Set out below are the summarised financial information for material joint ventures which are accounted for using the equity method:

(i) Summarised balance sheets:

	Lebuhraya Kajang-Seremban Sdn Bhd		Elegan Pesona Sdn Bhd		Nasa Land Sdn Bhd	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Current</u>						
Cash and cash equivalents	<b>76,710</b>	64,881	<b>17,388</b>	103,698	<b>25,612</b>	11,095
Other current assets (excluding cash)	<b>10,986</b>	7,507	<b>24,989</b>	65,112	<b>310,438</b>	319,686
Total current assets	<b>87,696</b>	72,388	<b>42,377</b>	168,810	<b>336,050</b>	330,781
<u>Financial liabilities</u>						
(excluding trade and other payables)	<b>(45,000)</b>	(35,000)	-	-	-	-
Other current liabilities (including trade and other payables)	<b>(155,315)</b>	(139,221)	<b>(24,617)</b>	(35,987)	<b>(124,570)</b>	(104,673)
Total current liabilities	<b>(200,315)</b>	(174,221)	<b>(24,617)</b>	(35,987)	<b>(124,570)</b>	(104,673)
<u>Non-current</u>						
Assets	<b>1,237,642</b>	1,280,108	<b>2,618</b>	4,070	<b>264</b>	367
Financial liabilities (excluding trade and other payables)	<b>(1,491,301)</b>	(1,504,877)	-	-	<b>(139,063)</b>	(160,455)
Other non-current liabilities (including trade and other payables)	<b>(93,012)</b>	(72,235)	-	-	-	-
Total non-current liabilities	<b>(1,584,313)</b>	(1,577,112)	-	-	<b>(139,063)</b>	(160,455)
Net (liabilities)/assets	<b>(459,290)</b>	(398,837)	<b>20,378</b>	136,893	<b>72,681</b>	66,020

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 33 JOINT VENTURES (cont'd)

- (d) Set out below are the summarised financial information for material joint ventures which are accounted for using the equity method: (continued)

- (ii) Summarised statements of comprehensive income:

	Lebuhraya Kajang-Seremban Sdn Bhd		Elegan Pesona Sdn Bhd		Nasa Land Sdn Bhd	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	79,787	71,552	905	119,404	80,895	33,038
Depreciation and amortisation	(42,672)	(32,450)	-	-	-	-
Interest income	2,023	1,471	1,583	1,859	191	21
Finance cost	(88,147)	(87,992)	(689)	-	(2,080)	-
(Loss)/profit before taxation	(60,453)	(50,228)	937	50,473	6,661	(3,233)
Income tax expense	-	-	(1,452)	(11,829)	-	-
Net (loss)/profit for the year/total comprehensive (loss)/income	(60,453)	(50,228)	(515)	38,644	6,661	(3,233)
Dividends received from joint ventures	-	-	58,000	-	-	-

- (iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below:

	Lebuhraya Kajang-Seremban Sdn Bhd		Elegan Pesona Sdn Bhd		Nasa Land Sdn Bhd	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net (liabilities)/assets at 1 April 2017/2016	(398,837)	(348,609)	136,893	98,249	66,020	69,253
Net (loss)/profit for the financial year	(60,453)	(50,228)	(515)	38,644	6,661	(3,233)
Dividend	-	-	(116,000)	-	-	-
Net (liabilities)/assets at 31 March	(459,290)	(398,837)	20,378	136,893	72,681	66,020
Interests in joint ventures	(229,645)	(199,418)	10,189	68,447	36,341	33,010
Goodwill	-	-	-	-	11,597	11,597
RCULS	240,000	240,000	-	-	-	-
Carrying amount of interests in joint ventures	10,355	40,582	10,189	68,447	47,938	44,607

- (e) Set out below are the financial information of all individually immaterial joint ventures on an aggregate basis.

	2018	2017
	RM'000	RM'000
Carrying amounts of interest in joint ventures	50,466	48,150
Share of joint ventures' profits / share of joint ventures' total comprehensive income	17,152	24,077

### 34 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares:				
– in Malaysia	2,050	2,050	2,050	2,050
Transferable club membership	105	105	–	–
	<b>2,155</b>	2,155	<b>2,050</b>	2,050

### 35 LONG TERM RECEIVABLES

	Note	The Group	
		2018 RM'000	2017 RM'000
Lease receivables	(a)	13,264	15,481
Less: Amount receivable within 12 months (included in trade and other receivables – Note 40)		(2,548)	(2,193)
		<b>10,716</b>	13,288
Deposits	(b)	80,774	82,309
Amounts due from non-controlling interests	(c)	33,809	38,684
Advances for plasma schemes	(d)	54,166	42,418
Other receivables	(e)	135,591	–
Less: Allowance for impairment of other receivables	40	(63,704)	–
		<b>71,887</b>	–
		<b>251,352</b>	176,699

(a) Lease receivables

Lease receivables:			
– Receivable within 1 year		3,365	3,217
– Receivable between 1 and 5 years		10,928	14,317
		<b>14,293</b>	17,534
Less: Unearned interest income		(1,029)	(2,053)
		<b>13,264</b>	15,481

Lease receivables (net of unearned interest income):

– Receivable within 1 year		2,548	2,193
– Receivable between 1 and 5 years		10,716	13,288
		<b>13,264</b>	15,481

IJM Properties Sdn Bhd, an indirect subsidiary of the Company, entered into a lease arrangement with a third party to lease a building for a period of 15 years commencing 1 March 2007.

The Group does not have any significant exposure to credit risk from the lease receivables as the ownership and rights to the building revert to the Group in the event of default.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 35 LONG TERM RECEIVABLES (cont'd)

- (b) The deposits represent monies received from buyers of development units of a mixed development project at Royal Mint Street, United Kingdom that are held by a stakeholder.
- (c) The amounts due from non-controlling interests are denominated in USD. The amounts due from non-controlling interests are in respect of advances made by subsidiaries of IJM Plantations Berhad, a subsidiary of the Company to non-controlling interests. The advances are operational in nature for furtherance of the overseas subsidiaries business operations. The amounts due from non-controlling interests are currently interest free, secured against the equity shares in the respective companies and repayable on demand. Management reserves the right to charge interest in the future. Management does not intend to demand for repayment of the amounts owing by the non-controlling interests within the period of twelve months. As a result, the amounts are classified as non-current assets as at the balance sheet date.
- (d) The Government of the Republic of Indonesia requires companies involved in plantation development to provide support to develop and cultivate oil palm lands for local communities in oil palm plantations as part of their social obligation which are known as "Plasma" schemes.

In line with this requirement, the subsidiaries of IJM Plantations Berhad ("indirect subsidiaries"), a subsidiary of the Company, has involvement in several cooperative programs for the development and cultivation of oil palm lands for local communities. The indirect subsidiaries supervise and manage the plasma schemes. Advances made by the indirect subsidiaries to the plasma schemes in the form of plantation development costs are recoverable either through bank loans obtained by the cooperatives or direct repayments from the plasma schemes when these plasma areas come into production.

IJM Plantations Berhad has carried out an assessment on the recoverability of its advances and management believes that no impairment is required. However, management expects the advances will not be repaid within the next financial year. As a result, the amounts are reclassified as non-current assets and accounted for at their present value at initial recognition during the current financial year.

- (e) The other receivables are unsecured advances which bear interest rate at 5% (2017: 5%) per annum. The Group has carried out an assessment on the recoverability of the net balances and the management believes that these balances are recoverable.

## 36 INTANGIBLE ASSETS

	Goodwill on consolidation RM'000	Quarry development expenditure RM'000	Total RM'000
<b>The Group</b>			
<b>2018</b>			
<u>Cost</u>			
At 1 April 2017	1,083,900	67,773	1,151,673
Additions	–	2,710	2,710
At 31 March 2018	1,083,900	70,483	1,154,383
<u>Accumulated amortisation</u>			
At 1 April 2017	–	(44,616)	(44,616)
Amortisation for the financial year (Note 5(a))	–	(3,732)	(3,732)
At 31 March 2018	–	(48,348)	(48,348)
<u>Accumulated impairment</u>			
At 1 April 2017 / At 31 March 2018	(1,004,439)	–	(1,004,439)
At 31 March 2018	79,461	22,135	101,596

### 36 INTANGIBLE ASSETS (CONTINUED)

The Group (cont'd)	Goodwill on consolidation RM'000	Quarry development expenditure RM'000	Total RM'000
<b>2017</b>			
<u>Cost</u>			
At 1 April 2016	1,073,597	63,285	1,136,882
Additions	–	4,488	4,488
Acquisition of a subsidiary (Note 48(b)(i))	10,303	–	10,303
At 31 March 2017	1,083,900	67,773	1,151,673
<u>Accumulated amortisation</u>			
At 1 April 2016	–	(40,840)	(40,840)
Amortisation for the financial year (Note 5(a))	–	(3,776)	(3,776)
At 31 March 2017	–	(44,616)	(44,616)
<u>Accumulated impairment</u>			
At 1 April 2016 / At 31 March 2017	(1,004,439)	–	(1,004,439)
At 31 March 2017	79,461	23,157	102,618

During the financial year, amortisation of quarry development expenditure of RM3,732,000 (2017: RM3,776,000) was included in cost of sales.

### 37 PROPERTY DEVELOPMENT

(a) Land held for property development

	The Group	
	2018 RM'000	2017 RM'000
Freehold land, at cost	520,665	371,960
Leasehold land, at cost	54,921	62,355
Leasehold land, at valuation	63,368	63,368
Development costs	46,810	39,411
Accumulated impairment	(22,299)	(22,306)
	<b>663,465</b>	514,788
At 1 April 2017/2016	514,788	604,143
Additions during the year	164,822	75,683
Transferred to property development costs (Note 37(b)):		
– Land cost	(7,733)	(8,465)
– Development costs	4,233	–
	(3,500)	(8,465)
Disposals during the year	(538)	(156,573)
Exchange differences	(12,107)	–
At 31 March	<b>663,465</b>	514,788

During the financial year, finance cost of RM697,000 (2017: RM4,113,000) (Note 9) has been capitalised in land held for property development.

The carrying values of freehold and leasehold land amounting to RM3,371,000 and RM543,000 respectively (2017: RM3,371,000 and RM543,000 respectively) are pledged as security for Term Loans of the subsidiaries (Note 17).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 37 PROPERTY DEVELOPMENT (cont'd)

### (b) Property development costs

	Note	The Group	
		2018 RM'000	2017 RM'000
At 1 April 2017/2016			
Freehold land – at cost		<b>736,076</b>	803,700
Leasehold land – at cost		<b>2,727,193</b>	2,784,028
Development costs		<b>5,384,892</b>	5,533,261
Accumulated costs charged to profit or loss		<b>(2,468,951)</b>	(2,783,589)
Completed units transferred to inventories		<b>(710,083)</b>	(623,399)
Accumulated impairment		<b>(81,747)</b>	(81,079)
		<b>5,587,380</b>	5,632,922
Less: Completed development properties:			
Freehold land – at cost		<b>(8,722)</b>	(92,187)
Leasehold land – at cost		<b>(27,042)</b>	(16,717)
Development costs		<b>(672,686)</b>	(1,057,709)
Accumulated costs charged to profit or loss		<b>500,477</b>	916,531
Completed units transferred to inventories		<b>207,736</b>	250,082
Impairment		<b>237</b>	–
		<b>–</b>	–
		<b>5,587,380</b>	5,632,922
Costs incurred during the financial year:			
- Purchase of land		<b>237,231</b>	39,205
- Reversal of over accrual of costs		<b>–</b>	(47,471)
- Development costs		<b>1,174,362</b>	998,330
		<b>1,411,593</b>	990,064
Disposal of land		<b>–</b>	(20,338)
Transferred from land held for property development:	37(a)		
- Land cost		<b>7,733</b>	8,465
- Development costs		<b>(4,233)</b>	–
		<b>3,500</b>	8,465
Costs charged to profit or loss		<b>(726,418)</b>	(649,788)
(Impairment)/reversal of impairment during the year	5(a),(b)	<b>(21,869)</b>	34
Completed units transferred to inventories		<b>(57,791)</b>	(398,501)
Transferred to property, plant and equipment	27	<b>(674)</b>	–
Transferred to investment properties	29	<b>(34,840)</b>	–
Exchange differences		<b>(32,541)</b>	24,522
At 31 March		<b>6,128,340</b>	5,587,380

### 37 PROPERTY DEVELOPMENT (cont'd)

(b) Property development costs (continued)

	The Group	
	2018 RM'000	2017 RM'000
At 31 March:		
Freehold land – at cost	740,497	736,076
Leasehold land – at cost	2,892,093	2,727,193
Development costs	5,818,452	5,384,892
Accumulated costs charged to profit or loss	(2,649,715)	(2,468,951)
Completed units transferred to inventories	(570,949)	(710,083)
Accumulated impairment	(102,038)	(81,747)
	<b>6,128,340</b>	5,587,380

During the financial year, employee benefits cost and finance cost of RM132,000 (2017: RM131,000) (Note 6) and RM106,846,000 (2017: RM120,711,000) (Note 9) respectively have been capitalised in property development costs.

In the preceding financial year, RM47,471,000 of the leasehold land cost/development rights had been reversed due to changes in the estimated land costs payable for a mixed development in Kuala Lumpur.

The carrying values of freehold land and leasehold land amounting to RM401,189,000 (2017: RM617,862,000) and RM1,409,512,000 (2017: RM1,458,196,000) respectively are pledged as security for Revolving Credit (Note 45) and Term Loans of subsidiaries (Note 17).

As at 31 March 2018, land titles to leasehold land with the carrying values of RM898,000 (2017: RM2,284,000) are in the process of being transferred.

### 38 PLANTATION DEVELOPMENT EXPENDITURE

	The Group	
	2018 RM'000	2017 RM'000
<u>Cost or valuation</u>		
At 1 April 2017/2016		
At cost	1,032,837	919,754
At valuation	168,733	168,733
	<b>1,201,570</b>	1,088,487
Additions	29,840	31,898
Exchange differences	(123,562)	81,185
At 31 March	<b>1,107,848</b>	1,201,570
Representing:		
At cost	939,115	1,032,837
At valuation	168,733	168,733
	<b>1,107,848</b>	1,201,570

(a) Certain plantation development expenditure of IJM Plantations Berhad, a subsidiary of the Company and certain of its subsidiaries were last revalued in 1997 on an open market value basis by firms of independent professional valuers.

Had the revalued plantation development expenditure of the Group been carried under the cost model, the carrying amount would have been RM64,117,000 (2017: RM64,117,000).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 38 PLANTATION DEVELOPMENT EXPENDITURE (cont'd)

(b) Plantation development expenditure capitalised during the financial year include the following:

	Note	The Group	
		2018 RM'000	2017 RM'000
Depreciation of property, plant and equipment	27(d)	3,556	5,343
Amortisation of land use rights	28	468	657
Retirement benefits	24	1,888	537
Finance cost	9	1,900	3,263
Foreign exchange losses	9	2,751	184
Employee benefits cost	6	16,734	17,773

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### 39 INVENTORIES

	The Group	
	2018 RM'000	2017 RM'000
<u>Cost</u>		
Raw materials:		
- Construction materials	10,038	17,149
- Other raw materials	134,954	132,652
Finished goods:		
- Completed buildings	880,536	994,485
- Quarry and manufactured products	153,927	140,856
- Palm kernels	2,195	4,064
Oil palm nurseries	8,849	10,574
Fertilisers and chemicals	15,320	22,109
Stores, spares & consumables	20,919	21,985
Goods in transit	6,891	7,347
	<b>1,233,629</b>	1,351,221
<u>Net realisable value</u>		
Finished goods:		
- Completed buildings	23,558	19,995
- Crude palm oil	68,485	39,770
- Consumables	936	1,040
- Palm kernel expellers	550	232
- Crude palm kernel oil	7,085	9,703
	<b>100,614</b>	70,740
	<b>1,334,243</b>	1,421,961

Inventories recognised as an expense during the year amounted to RM1,036,791,000 (2017: RM1,020,148,000).

#### 40 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	<b>1,205,368</b>	1,339,758	<b>57,094</b>	67,795
Trade advances	<b>54,201</b>	45,874	<b>1,388</b>	1,626
Other receivables	<b>245,223</b>	347,775	<b>3,130</b>	25,513
Amounts owing by subsidiaries	<b>–</b>	–	<b>1,983,380</b>	1,311,514
Amounts owing by associates	<b>334,188</b>	191,947	<b>1,341</b>	1,340
Amount owing by a joint operations partner *	<b>47,239</b>	52,391	<b>–</b>	–
Deposits	<b>34,730</b>	34,891	<b>380</b>	463
	<b>1,920,949</b>	2,012,636	<b>2,046,713</b>	1,408,251
Less: Allowance for impairment of trade and other receivables	<b>(125,372)</b>	(213,037)	<b>(47,537)</b>	(52,785)
	<b>1,795,577</b>	1,799,599	<b>1,999,176</b>	1,355,466
Amounts due from customers on construction contracts (Note 46)	<b>12,830</b>	54,874	<b>–</b>	7
Accrued billings in respect of property development	<b>111,123</b>	124,155	<b>–</b>	–
Prepayments	<b>32,783</b>	52,375	<b>386</b>	1,586
	<b>1,952,313</b>	2,031,003	<b>1,999,562</b>	1,357,059

Other receivables include the current portion of the following items:

	The Group	
	2018 RM'000	2017 RM'000
Lease receivables (Note 35)	<b>2,548</b>	2,193

The currency exposure profile of trade and other receivables is as follows:

	The Group	
	2018 RM'000	2017 RM'000
United States Dollar	<b>4,239</b>	1,520
Singapore Dollar	<b>2,548</b>	5,615
Brunei Dollar	<b>1,692</b>	4,882
	<b>8,479</b>	12,017

\* The balance represents an amount owing by a joint operations partner, WCE Holdings Berhad, which is a 26% associate of the Company. IJMC-KEB joint venture, a 70% unincorporated joint operation of the Group between IJM Construction Sdn Bhd ("IJMC") and WCE Holdings Berhad, to carry out the engineering, procurement and construction works for the construction of the West Coast Expressway. IJMC is a wholly-owned subsidiary of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 40 TRADE AND OTHER RECEIVABLES (cont'd)

Trade and other receivables that are neither past due nor impaired:

Credit terms of trade receivables range from payment in advance to 120 days (2017: range from payment in advance to 120 days).

Trade and other receivables that are neither past due nor impaired comprise:

- Receivables in relation to construction business arising from rendering of construction services to companies with a good collection track record with the Group and the Company. These receivables include retention sums which are to be settled in accordance with the terms of the respective contracts;
- Receivables in relation to property development business arising from sale of development units to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default; and
- Receivables from other external parties with no history of default.

Trade and other receivables that are past due but not impaired:

As at 31 March 2018, trade and other receivables of the Group and the Company of RM400,933,000 (2017: RM358,170,000) and RM891,000 (2017: RM1,023,000) respectively were past due but not impaired. The Group has carried out an assessment on the recoverability of these balances and the management believes that these balances are recoverable.

The ageing analysis of these receivables is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Up to 6 months	237,492	272,279	–	–
More than 6 months	163,441	85,891	891	1,023
	<b>400,933</b>	358,170	<b>891</b>	1,023

Trade and other receivables that are impaired:

As at 31 March 2018, trade and other receivables of the Group and the Company of RM125,372,000 (2017: RM213,037,000) and RM47,537,000 (2017: RM52,785,000) respectively were impaired and provided for. The receivables were individually impaired either because of significant delays in collection periods or because the debtors are in unexpectedly difficult economic situations. Movements on the Group's and the Company's allowance for impairment of trade and other receivables are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	213,037	232,800	52,785	64,167
Allowance for impairment of receivables during the year (Note 5(a))	5,152	8,329	–	–
Write back of allowance for impairment of receivables (Note 5(b))	(4,938)	(3,650)	–	–
Bad debts written off	(13,975)	(15,153)	(5,248)	(11,382)
Foreign currency exchange differences	(10,200)	9,336	–	–
Derecognition of outstanding balances pursuant to an acquisition of subsidiary *	–	(18,625)	–	–
Reclassification of balances **	(63,704)	–	–	–
At 31 March	<b>125,372</b>	213,037	<b>47,537</b>	52,785

#### 40 TRADE AND OTHER RECEIVABLES (cont'd)

\* These amounts were transferred to amount due from a subsidiary and are hence eliminated in the Group financial statements.

\*\* These balances are reclassified to non-current (Note 35).

Concentrations of credit risk with respect to trade and other receivables are limited due to the Group's large number of customers, who are dispersed over a broad spectrum of industries and businesses, other than the concentration of credit risk in respect of amounts due from WCE Holdings Berhad, an associate and companies related to the associate. The Group has carried out an assessment on the recoverability of these balances and management believes that the current impairment recognised is adequate.

The amounts owing by subsidiaries and associates are unsecured and repayable on demand. Certain amounts owing by subsidiaries and associates bear interest at rates ranging from 5.0% to 7.9% (2017: 5.0% to 7.65%) per annum. The Company has carried out an assessment on the recoverability of these balances and management believes that the carrying amount is recoverable.

The amount owing by a joint operations partner mainly comprises receivables arising from the rendering of construction services to the joint operation and has no history of default. The credit term of these trade related balances is 30 days (2017: 30 days). Also included in the amount owing by a joint operations partner are non-trade advances provided to the joint operations partner which are unsecured, repayable on demand and bear interest at a fixed rate of 6%.

There is no material difference between the carrying value of trade and other receivables and their fair value, due to the short-term duration of the receivables.

#### 41 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Quoted securities in Malaysia – held for trading:				
Quoted shares	2,335	3,198	–	–
Quoted real estate investment trusts	6,452	7,035	6,452	7,035
Quoted unit trusts	290,004	275,159	–	–
Quoted securities outside Malaysia – held for trading:				
Quoted government securities	9,412	13,717	9,412	13,717
Quoted unit trusts	2,876	55	2,876	55
	<b>311,079</b>	299,164	<b>18,740</b>	20,807

The fair values of all quoted securities are based on their quoted market prices in an active market and are within level 1 of the fair value hierarchy.

The currency exposure profile of financial assets at fair value through profit or loss is as follows:

	The Group and the Company	
	2018 RM'000	2017 RM'000
Argentine Peso	12,288	13,772

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 42 DEPOSITS, CASH AND BANK BALANCES

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks	49	671,821	1,053,596	16,981	69,550
Cash and bank balances		393,632	624,232	68,335	160,847
Housing Development Accounts (a)		402,200	469,949	–	–
	49	795,832	1,094,181	68,335	160,847
		1,467,653	2,147,777	85,316	230,397

(a) Cash and bank balances include balances amounting to RM402,200,000 (2017: RM469,949,000) which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilment of all relevant obligations to the purchasers, such that the cash can only be withdrawn from such accounts for the purpose of completing the particular projects.

The currency exposure profile of deposits with licensed banks is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar	23,318	190,371	–	–

The currency exposure profile of cash and bank balances and Housing Development Accounts is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar	85,260	106,623	58,849	74,675
Singapore Dollar	12,006	21,018	–	–
Argentine Peso	870	53	870	53
Pakistan Rupee	117	–	117	–
	98,253	127,694	59,836	74,728

The effective interest rates per annum as at the end of the financial year for the Group and the Company are as follows:

	The Group		The Company	
	2018 %	2017 %	2018 %	2017 %
Deposits with licensed banks:				
Ringgit Malaysia	3.04	2.97	3.20	3.05
US Dollar	1.20	1.13	–	–
Indian Rupee	5.94	5.69	6.44	6.50
Indonesian Rupiah	5.88	6.00	–	–
Cash at bank held under Housing Development Accounts	2.02	1.91	–	–

Deposits, cash and bank balances are mainly deposits with banks with high credit ratings assigned by international credit rating agencies.

The cash and bank balances are deposits held at call with banks and earn no interest.

Deposits with licensed banks of the Group and of the Company have a maturity period ranging between 1 and 90 days (2017: 1 and 90 days).

#### 43 ASSETS HELD FOR SALE

	The Group and The Company	
	2018 RM'000	2017 RM'000
Property, plant and equipment (Note 27)	124	–

On 9 February 2018, the Directors of the Company approved the execution of a sale and purchase agreement for the disposal of an apartment measuring approximately 721 square feet at Fraser's Silverpark Resort for a cash consideration of RM161,500. As at 31 March 2018, the disposal is subject to fulfilment of conditions precedent.

#### 44 TRADE AND OTHER PAYABLES

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:					
Trade payables		1,367,405	1,126,226	271	1,544
Amounts owing to subsidiaries		–	–	292,362	297,947
Amounts owing to associates		1	21	1	1
Amounts owing to joint ventures		6,153	29,636	69	–
Government support loans	18	33,104	33,104	–	–
Trade accruals		421,480	426,365	29,504	32,389
Hire purchase and lease payables	19	599	685	–	–
Land and development costs payable	23(b)	15,489	12,238	–	–
Land costs payable*		223,421	–	–	–
Other payables and accruals		546,269	459,622	8,736	9,833
Lease payable to Kuantan Port Authority	23(e)	6,066	5,666	–	–
		2,619,987	2,093,563	330,943	341,714
Retirement benefits payable	24	1,624	1,378	–	–
Progress billings in respect of property development		57,233	69,437	–	–
Amounts due to customers on construction contracts	46	341,515	353,827	939	850
		3,020,359	2,518,205	331,882	342,564
Non-current:					
Amount owing to a subsidiary **		–	–	852,537	948,028

\* The land costs payable is in connection to a property development in Kuala Lumpur and Kuantan, which will become payable as the development progresses.

\*\* This amount is due and payable after twelve months.

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar	966	7,526	–	–

As at balance sheet date, the current amounts owing to subsidiaries, associates and joint ventures are unsecured and repayable on demand. Credit terms of trade and other payables range from payments in advance to 120 days (2017: range from payments in advance to 120 days).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 45 BORROWINGS

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Secured</b>					
Bonds	16	40,000	30,000	–	–
Term loans	17	232,856	232,985	–	–
Revolving credits	(A)	117,831	92,824	–	–
		<b>390,687</b>	355,809	–	–
<b>Unsecured</b>					
Term loans	17	1,441,918	455,717	483,188	–
Bankers' acceptances		48,568	62,159	–	–
Revolving credits		838,843	816,588	225,000	210,000
Revolving loans		135,293	–	135,293	–
Bank overdrafts	49	32,309	44,514	–	1,098
Letters of credit		16,499	8,109	–	–
		<b>2,513,430</b>	1,387,087	<b>843,481</b>	211,098
		<b>2,904,117</b>	1,742,896	<b>843,481</b>	211,098

The currency exposure profile of the above bank borrowings is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar	1,355,734	425,046	618,481	–
Chinese Yuan Renminbi	3,058	26,768	–	–
	<b>1,358,792</b>	451,814	<b>618,481</b>	–

As at the balance sheet date, the weighted average annual effective interest rates for the bank borrowings, other than Bonds and Term Loans which are disclosed in Notes 16 and 17 respectively, of the Group and of the Company are as follows:

	The Group and The Company 2018			
	Bankers' acceptances %	Revolving credits %	Revolving loans %	Bank overdrafts %
Ringgit Malaysia	4.15	4.59	–	–
Indian Rupee	–	8.50	–	8.55
United States Dollar	–	2.66	2.93	–
Chinese Yuan Renminbi	–	5.13	–	4.79

#### 45 BORROWINGS (cont'd)

As at the balance sheet date, the weighted average annual effective interest rates for the bank borrowings, other than Bonds and Term Loans which are disclosed in Notes 16 and 17 respectively, of the Group and of the Company are as follows: (continued)

	<b>The Group and The Company</b>		
	<b>2017</b>		
	<b>Bankers' acceptances</b>	<b>Revolving credits</b>	<b>Bank overdrafts</b>
	%	%	%
Ringgit Malaysia	3.79	4.48	7.15
Indian Rupee	8.80	8.75	9.95
United States Dollar	–	1.80	–
Chinese Yuan Renminbi	–	5.13	4.79

The security of bonds and term loans are disclosed in Notes 16 and 17 respectively.

(A) As at the balance sheet date, the following revolving credits of the Group are secured as follows:

	<b>Note</b>	<b>The Group</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Revolving credit (i)	(a)	<b>2,000</b>	2,000
Revolving credit (ii)	(b)	<b>24,375</b>	27,475
Revolving credit (iii)	(c)	<b>29,849</b>	13,349
Revolving credit (iv)	(d)	<b>50,000</b>	50,000
Revolving credit (v)	(e)	<b>11,607</b>	–
		<b>117,831</b>	92,824

- (a) The revolving credit (i) of RM2,000,000 (2017: RM2,000,000) is secured by way of:
- (i) a facility agreement for the sum of RM9,000,000, which had been partially repaid in the previous financial year;
  - (ii) a registered open all monies third party charge over certain parcels of freehold vacant commercial land of a subsidiary of IJML (Note 37); and
  - (iii) a corporate guarantee by IJML.
- (b) The revolving credit (ii) of RM24,375,000 (2017: RM27,475,000) is secured by way of a Lien-Holder's Caveat over landed properties (Note 37) of a subsidiary of IJML with a minimum security cover of 1.0 time the loan outstanding.
- (c) The security for revolving credit (iii) of RM29,849,000 (2017: RM13,349,000) is disclosed in Note 17(C)(i).
- (d) The security for revolving credit (iv) of RM50,000,000 (2017: RM50,000,000) in accordance with the Shariah Principle of Bai' al-Inah is secured by way of:
- (i) a first party legal charge over one parcel of leasehold land of a subsidiary of IJML (Note 37);
  - (ii) a deed of debenture registering a fixed and floating charge over the present and future assets ("debenture") of a subsidiary of IJML prior to the completion of reclamation of commercial land of "The Light" project ("commercial land") and issuance of relevant land title(s), of which upon completion of reclamation, the debenture shall be discharged and replaced with legal charge over the commercial land;
  - (iii) an irrevocable letter of undertaking from a subsidiary of IJML to execute the legal charge in favour of the bank over the commercial land upon issuance of the land title(s); and
  - (iv) a corporate guarantee by IJML.
- (e) The security for revolving credit (v) of RM11,607,000 (2017: Nil) is disclosed in Note 17(C)(a).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

### 46 AMOUNTS DUE FROM / (TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Aggregate costs incurred to-date	<b>10,743,359</b>	10,736,225	<b>729,449</b>	729,141
Attributable profits less recognised losses	<b>742,694</b>	787,612	<b>(32,218)</b>	(31,814)
	<b>11,486,053</b>	11,523,837	<b>697,231</b>	697,327
Less: Progress billings on contracts	<b>(11,814,738)</b>	(11,822,790)	<b>(698,170)</b>	(698,170)
	<b>(328,685)</b>	(298,953)	<b>(939)</b>	(843)
Amounts due from customers on construction contracts (included in trade and other receivables – Note 40)	<b>12,830</b>	54,874	–	7
Amounts due to customers on construction contracts (included in trade and other payables – Note 44)	<b>(341,515)</b>	(353,827)	<b>(939)</b>	(850)
	<b>(328,685)</b>	(298,953)	<b>(939)</b>	(843)
Advances received on contracts (included in trade payables)	<b>172,325</b>	107,018	–	–
Retention sums on contracts (included in trade receivables)	<b>190,072</b>	178,440	<b>10,292</b>	11,816

During the financial year, the following expenses have been included in the aggregate costs incurred to-date of the Group and of the Company:

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Employee benefits cost	6	<b>92,898</b>	98,528	–	–
Depreciation of property, plant and equipment	27(d)	<b>2,815</b>	2,153	<b>292</b>	373

## 47 IMPAIRMENT OF ASSETS

### Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segments.

The carrying amounts of goodwill allocated to the CGUs are as follows:

	<b>Manufacturing and quarrying RM'000</b>	<b>Construction RM'000</b>	<b>Property RM'000</b>	<b>Total RM'000</b>
<b>2018</b>				
At 1 April 2017 / At 31 March 2018	<b>56,026</b>	<b>13,132</b>	<b>10,303</b>	<b>79,461</b>
<b>2017</b>				
At 1 April 2016	56,026	13,132	–	69,158
Acquisition of a subsidiary (Note 48(b)(i))	–	–	10,303	10,303
At 31 March 2017	56,026	13,132	10,303	79,461

The recoverable amounts of the respective CGUs are determined based on value-in-use ("VIU") calculations, using pre-tax cash flow projections on the following basis:

<b>CGU</b>	<b>Basis of cash flow projections</b>	<b>Growth rate</b>		<b>Discount rate</b>	
		<b>2018 %</b>	<b>2017 %</b>	<b>2018 %</b>	<b>2017 %</b>
Manufacturing and Quarrying	Financial budgets approved by management covering a five-year period based on past performance and expectations of market development	<b>2.3</b>	3.0	<b>7.0</b>	4.5
Construction	Discounted cash flows of the construction order book covering a 3-year period	<b>N/A</b>	N/A	<b>10.0</b>	10.0
Property	Discounted cash flows of a property development project covering a 17-year period	<b>N/A</b>	–	<b>10.0</b>	–

N/A denotes not applicable

The discount rates used are pre-tax and reflect the specific risks relating to the respective CGUs.

In the preceding financial year, the Group recognised a goodwill arising from the acquisition of a subsidiary (Note 48(b)(i)) as the goodwill allocated to the property CGU was supportable by the net recoverable amounts.

There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the CGUs to materially exceed the recoverable amounts.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 48 ACQUISITION OF SUBSIDIARIES

- (a) During the current financial year, the Group acquired the following subsidiaries:
- (i) On 21 November 2017, IJM RE Commercial Sdn Bhd (“IJMREC”), a wholly-owned subsidiary of IJM RE Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, entered into a share sale and purchase agreement with KLIFD Sdn Bhd to acquire 1,000,000 ordinary shares in Fairview Valley Sdn Bhd (“FVSB”), representing a 100% equity interest in FVSB, for a total purchase consideration of RM1,000,000. FVSB is the land owner cum developer of a purpose-built 27-storey office building on a piece of freehold land identified as Plot B10.17-CT within the Tun Razak Exchange and held under H.S.(D) 119946, PT No. 179, Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 1.175 acres.
  - (ii) On 12 December 2017, the Company incorporated a wholly-owned subsidiary in India, namely Vijayapura Tollway Private Limited with an initial share capital of 1,000,000 equity shares of INR10 each.

The acquisitions (i) and (ii) have no significant effect on the financial results of the Group in the current financial year and the financial position of the Group as at the end of the current financial year.

- (b) In the preceding financial year, the Group acquired the following subsidiaries:
- (i) On 6 January 2017, Cypress Potential Sdn Bhd (“CPSB”), a 70%-owned subsidiary of IJM Properties Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company via IJM Land Berhad, entered into a sale and purchase agreement with Sebana Holdings Sdn Bhd (“SHSB”), to acquire 7,000,000 ordinary shares and 23,741 preference shares in Sebana Golf & Marina Resort Berhad (“SGMR”), representing a 100% of the issued and paid up ordinary share capital of SGMR for a total purchase consideration of RM1. The acquisition was completed on 6 January 2017.

Details of net assets acquired were as follows:

	Note	Fair value RM'000
<u>Identifiable assets and liabilities:</u>		
<u>Non-current asset</u>		
Property, plant and equipment	27	86,095
<u>Current assets</u>		
Trade and other receivables		3,009
Inventory		421
Cash and bank balances		734
		4,164
<u>Non-current liabilities</u>		
Deferred tax liabilities	22	(1,904)
<u>Current liabilities</u>		
Trade and other payables		(98,658)
Fair value of identifiable net liabilities acquired		(10,303)
Less: Purchase consideration		*
Goodwill on acquisition	36,47	(10,303)

## 48 ACQUISITION OF SUBSIDIARIES (cont'd)

(b) In the preceding financial year, the Group acquired the following subsidiaries: (continued)

Details of cash flows arising from the acquisition were as follows:

	Group RM'000
Total purchase consideration	*
Less: Cash and cash equivalents of a subsidiary acquired	734
Cash inflow to the Group on acquisition	734

\* The purchase consideration was RM1.

The acquired business contributed revenue of RM1,532,000 and incurred net loss of RM2,127,000 to the Group for the period from 6 January 2017, date of completion of acquisition, to 31 March 2017.

- (ii) On 13 May 2016, IJM Vijayawada (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 2,970,000 ordinary shares of INR10 each, representing a 10.1% equity interest in Vijayawada Tollway Private Limited ("VTPL") from IDFC Limited for a total cash consideration of INR29,700,000. With this acquisition, the Company's effective equity interest in VTPL had increased from 89.8% to 99.9%.

The additional interest in VTPL had been accounted for as transactions with non-controlling interests. The difference between the consideration paid and the relevant share of the carrying value of net assets of VTPL amounting to RM7,734,000, was charged to equity.

- (iii) On 17 June 2016, Industrial Concrete Products Sdn Bhd ("ICP"), a wholly-owned subsidiary of the Company, acquired 1,260,000 ordinary shares in ICP Jiangmen Co. Ltd ("ICPJ"), representing a 21% equity interest in ICPJM for a total cash consideration of RM15,389,576. With this acquisition, the Company's effective equity interest in ICPJM had increased from 75% to 96%.

The additional interest in ICPJM had been accounted for as transactions with non-controlling interests. The difference between the consideration paid and the relevant share of the carrying value of net assets of ICPJM amounting to RM13,072,000, was charged to equity.

- (iv) On 18 August 2016, IJM Properties Sdn Bhd, a wholly-owned subsidiary of IJM Land Berhad, which in turn is a wholly-owned subsidiary of the Company, had incorporated a 55%-owned subsidiary, namely Era Moden Hartanah Sdn Bhd.

- (v) On 30 December 2016, the Company had acquired 2 ordinary shares, representing a 100% equity interest in IJM RE Sdn Bhd ("IJM RE") for a total cash consideration of RM2. On the same day, IJM RE has acquired 2 ordinary shares, representing a 100% equity interest in IJM RE Commercial Sdn Bhd for a total cash consideration of RM2.

- (vi) On 22 February 2017, the Company incorporated a wholly-owned subsidiary in India, namely Dewas Bypass Tollway Private Limited ("DBTPL") with an initial share capital of 1,000,000 equity shares of INR10 each. On 31 March 2017, IJM Dewas (Mauritius) Limited, a wholly-owned subsidiary of IJM Investments (M) Limited, which in turn is a wholly-owned subsidiary of the Company, subscribed for 25,000,000 shares of INR10 each, representing a 96.15% equity interest in DBTPL.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 48 ACQUISITION OF SUBSIDIARIES (cont'd)

(b) In the preceding financial year, the Group acquired the following subsidiaries: (cont'd)

(vii) On 17 March 2017, IJM Dewas (Mauritius) Limited ("IJMDM") was incorporated in the Republic of Mauritius as a wholly-owned subsidiary of IJM Investments (M) Limited, which in turn is a wholly-owned subsidiary of the Company.

(viii) On 17 May 2017, IJM Realty (Mauritius) Limited was incorporated in the Republic of Mauritius as a wholly-owned subsidiary of IJM Investments (M) Limited, which in turn is a wholly-owned subsidiary of the Company.

The acquisitions (iv), (v), (vi), (vii) & (viii) had no significant effect on the financial results of the Group in the preceding financial year and the financial position of the Group as at the end of the preceding financial year.

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Statements & others

## 49 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Group's and the Company's cash flow statements comprise the following:

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks	42	671,821	1,053,596	16,981	69,550
Cash and bank balances	42	795,832	1,094,181	68,335	160,847
Bank overdrafts	45				
- Unsecured		(32,309)	(44,514)	-	(1,098)
		1,435,344	2,103,263	85,316	229,299
Less:					
Restricted deposits with licensed banks	(a)	(28,343)	(25,932)	-	-
		1,407,001	2,077,331	85,316	229,299

(a) As at balance sheet date, the restricted deposits with licensed banks are mainly deposits of certain subsidiaries, which were assigned to the banks to be held as security in connection with the term loans of certain subsidiaries referred to in Note 17 to the financial statements; escrow amounts in respect of toll collected on behalf of the tollway authority and in respect of a corporate guarantee facility to a cooperative in Indonesia.

## 50 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is assumed to be the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Quoted market prices, when available, are used as a measure of fair values. However, for a significant portion of the Group's and of the Company's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using the discounted value of future cash flows or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The carrying values of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Note	The Group		The Company	
		Carrying value RM'000	Fair value* RM'000	Carrying value RM'000	Fair value* RM'000
<u>Financial Liabilities</u>					
<u>At 31 March 2018</u>					
(i) Bonds	16	<b>1,950,000</b>	<b>1,959,349</b>	<b>1,300,000</b>	<b>1,308,469</b>
(ii) Term loans	17	<b>2,614,924</b>	<b>2,614,544</b>	<b>483,188</b>	<b>483,188</b>
(iii) Government support loans	18	<b>158,819</b>	<b>149,983</b>	–	–
(iv) Advances from the State Government	23(a)	<b>33,180</b>	<b>(aa)</b>	–	–
<u>At 31 March 2017</u>					
(i) Bonds	16	1,980,000	2,004,955	1,300,000	1,312,966
(ii) Term loans	17	2,810,511	2,799,061	176,940	176,940
(iii) Government support loans	18	187,578	178,262	–	–
(iv) Advances from the State Government	23(a)	33,180	(aa)	–	–

(aa) The fair value of the Advances from the State Government has not been disclosed as the repayment is scheduled upon completion of certain conditions as set out in Note 23(a) to the financial statements, of which the completion date could not be reasonably determined as at the year end.

\* The fair values of the financial liabilities above have been derived based on discounted cash flows using market interest rates applicable for similar financial instruments as at the balance sheet date and are within Level 2 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 51 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

- (a) The following transactions with related parties were carried out under terms and conditions negotiated amongst the related parties:

The Group

	2018 RM'000	2017 RM'000
<b>(aa) Associates</b>		
(i) Sales/progress billings in respect of construction contract:		
– West Coast Expressway Sdn Bhd	<b>432,136</b>	519,935
– Swarna Tollway Private Limited	–	438
(ii) Interest charged to:		
– Kuantan Pahang Holding Sdn Bhd	<b>909</b>	844
(iii) Net repayment from/(advances to):		
– WCE Holdings Berhad	<b>(1)</b>	157
– West Coast Expressway Sdn Bhd	<b>279,030</b>	630,359
<b>(ab) Joint ventures</b>		
(i) Progress billings in respect of construction contracts to:		
– Sierra Ukay Sdn Bhd	<b>65</b>	1,133
(ii) Project management and sales and marketing fees charged to:		
– Elegan Pesona Sdn Bhd	<b>1,191</b>	660
– Sierra Ukay Sdn Bhd	–	234
– Nasa Land Sdn Bhd	<b>1,076</b>	–
– IJM Perennial Development Sdn Bhd	<b>102</b>	–
– 368 Segambut Sdn Bhd	<b>2,074</b>	–
– IJM-CHEC Joint Venture	<b>1,073</b>	1,069
(iii) Toll operation and maintenance revenue charged to:		
– Lebuhraya Kajang Seremban Sdn Bhd	<b>7,979</b>	7,155
(iv) Management fees charged by:		
– Lebuhraya Kajang Seremban Sdn Bhd	<b>350</b>	602

## 51 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

- (a) The following transactions with related parties were carried out under terms and conditions negotiated amongst the related parties: (cont'd)

The Group (cont'd)	2018 RM'000	2017 RM'000
<b>(ab) Joint ventures (cont'd)</b>		
(v) Interest charged to:		
– Sierra Ukay Sdn Bhd	<b>16,747</b>	14,337
– Lebuhraya Kajang Seremban Sdn Bhd	<b>7,119</b>	7,104
– Nasa Land Sdn Bhd	<b>3,411</b>	1,904
– 368 Segambut Sdn Bhd	<b>3,120</b>	2,424
(vi) Net (advances to)/repayment from:		
– 368 Segambut Sdn Bhd	<b>(4,462)</b>	(8,851)
– Sierra Ukay Sdn Bhd	<b>2,807</b>	(3,451)
– Elegan Pesona Sdn Bhd	<b>1,395</b>	18,081
– Nasa Land Sdn Bhd	<b>(21,790)</b>	(27,348)
– IJMC-JAKS Joint Venture	<b>–</b>	(437)
– IJM Perennial Development Sdn Bhd	<b>(30,337)</b>	(32,534)
– ISZL Consortium	<b>575</b>	(641)
– IJM-CHEC Joint Venture	<b>1,163</b>	2,869
– Astaka Tegas Sdn Bhd	<b>193</b>	–
– IJM Properties-Danau Lumayan Joint Venture	<b>(1,036)</b>	–
<b>(ac) Joint operation partner</b>		
(i) Progress billings in respect of construction contracts to:		
– IJMC-KEB Joint Venture	<b>129,657</b>	186,458
(ii) Project management fee charged to:		
– IJMC-KEB Joint Venture	<b>6,413</b>	16,711
<b>(ad) Other related parties *</b>		
(i) Purchase of fresh fruit bunches	<b>5,943</b>	–

\* Companies in which a director of the Company has deemed interest through his family members.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 51 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

- (a) The following transactions with related parties were carried out under terms and conditions negotiated amongst the related parties: (cont'd)

### The Company

	2018 RM'000	2017 RM'000
<b>(aa) Subsidiaries</b>		
(i) Interest charged to:		
– IJM Properties Sdn Bhd	<b>36,621</b>	42,579
– Liberty Heritage (M) Sdn Bhd	–	735
– Suria Bistari Development Sdn Bhd	<b>4,303</b>	4,090
– IJM Land Berhad	<b>26,061</b>	15,619
– IJM Land Management Services Sdn Bhd	<b>1,775</b>	1,078
– IJM RE Sdn Bhd	<b>4,295</b>	–
– Nilai Cipta Sdn Bhd	<b>3,500</b>	–
(ii) Capital contribution via share-based payment in:		
– IJM Construction Sdn Bhd	<b>10,510</b>	12,957
– IJM Land Berhad	<b>6,280</b>	9,171
– IJM Plantations Berhad	<b>2,327</b>	3,709
– Industrial Concrete Products Sdn Bhd	<b>4,637</b>	5,140
– Road Builder (M) Holdings Bhd	<b>3,427</b>	3,379
(iii) Share-based payments charged to:		
– Kuantan Port Consortium Sdn Bhd	<b>1,929</b>	1,778
– Industrial Concrete Products Sdn Bhd	<b>3,554</b>	2,994
– Malaysian Rock Products Sdn Bhd	<b>873</b>	633
– IJM Plantations Berhad	<b>3,606</b>	4,430
– IJM Construction Sdn Bhd	<b>11,110</b>	10,709
– IJM Land Management Services Sdn Bhd	<b>7,125</b>	6,003
– Besraya Sdn Bhd	<b>613</b>	825
(iv) Management fees charged to:		
– IJM Construction Sdn Bhd	<b>10,217</b>	10,181
– IJM Plantations Berhad	<b>1,992</b>	2,801
– Industrial Concrete Products Sdn Bhd	<b>4,968</b>	4,531
– New Pantai Expressway Sdn Bhd	<b>1,250</b>	1,015
– Kuantan Port Consortium Sdn Bhd	<b>3,721</b>	2,092
– Besraya (M) Sdn Bhd	<b>1,153</b>	937
– IJM Land Management Services Sdn Bhd	<b>6,524</b>	8,374

## 51 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

- (a) The following transactions with related parties were carried out under terms and conditions negotiated amongst the related parties: (cont'd)

### The Company (cont'd)

	2018 RM'000	2017 RM'000
<b>(aa) Subsidiaries (cont'd)</b>		
(v) Office rental charged by:		
– IJM Construction Sdn Bhd	2,119	2,008
(vi) Repayment from/(advances to):		
– IJM Investments (M) Limited	(94,670)	(60,009)
– IJM Construction Sdn Bhd	22,347	28,710
– IJM Properties Sdn Bhd	13,385	182,780
– IJM Land Berhad	(278,947)	(176,557)
– Jelutong Development Sdn Bhd	23	5,718
– IJM (India) Infrastructure Limited	3,763	(3,800)
– IJM Investments (L) Ltd	(44,214)	59,288
– Kuantan Port Consortium Sdn Bhd	(52,341)	4,411
– IJM Land Management Services Sdn Bhd	8,721	3,820
– Industrial Concrete Products Sdn Bhd	9,781	8,219
– IJM Plantations Berhad	6,648	8,139
– Malaysian Rock Products Sdn Bhd	–	677
– Besraya (M) Sdn Bhd	1,536	–
– New Pantai Expressway Sdn Bhd	1,944	1,977
– IJM RE Sdn Bhd	(30,958)	(54,280)
– Fairview Valley Sdn Bhd	(145,785)	–
– Vijayawada Tollway Private Limited	4,723	–
– IJM Highway Services Sdn Bhd	598	–
(vii) Advances from/(repayments to):		
– Road Builder (M) Holdings Bhd	(95,491)	(16,206)
– IJM (India) Geotechniques Private Limited	(2,492)	580
<b>(ab) Associates</b>		
(i) Repayment from:		
– WCE Holdings Berhad	–	157
<b>(ac) Joint ventures</b>		
(i) Interest charged to:		
– Lebuhraya Kajang Seremban Sdn Bhd	7,119	7,104

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 51 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

- (b) Key management compensation during the financial year:

Key management personnel comprises the Directors and certain management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonus	13,080	11,423	7,158	5,724
Defined contribution retirement plan	2,029	1,817	1,080	927
Fees and other employee benefits	2,174	585	1,546	277
Share-based payments	5,875	6,633	3,462	3,857
	23,158	20,458	13,246	10,785

- (c) Transactions with Directors and key management relating to the purchase of properties during the financial year:

In the ordinary course of business, certain Directors and key management personnel of the Group purchased properties from the property development subsidiaries during the financial year.

The following transactions with Directors and key management personnel were carried out under terms not more favourable than those generally available to the public or employees of the Group, or under negotiated terms which the Board of Directors, after deliberation, has believed to be in the best interests of the Group:

	The Group	
	2018 RM'000	2017 RM'000
Progress billings during the financial year:		
– Directors and key management personnel of the Company	1,336	4,938
– Close family members of Directors and key management personnel of the Company	1,672	1,324
Amount outstanding arising from progress billings as at end of financial year from:		
– Directors and key management personnel of the Company	–	1,591
– Close family members of Directors and key management personnel of the Company	373	1,280

- (d) The amounts that remained outstanding at the reporting date in respect of the transactions with related parties are disclosed in Notes 31, 32, 33, 40 and 44.

## 52 COMMITMENTS

### (a) Capital commitments

	The Group	
	2018 RM'000	2017 RM'000
Approved and contracted for	<b>1,032,709</b>	1,098,039
Approved but not contracted for	<b>145,331</b>	71,913
	<b>1,178,040</b>	1,169,952
Analysed as follows:		
Purchases of property, plant and equipment, land use rights and plantation development expenditure	<b>433,513</b>	265,607
Purchases of development land	<b>17,568</b>	5,948
Concession assets	<b>608,302</b>	808,942
Investment properties	<b>118,657</b>	89,455
	<b>1,178,040</b>	1,169,952

### (b) Non-cancellable operating lease commitments

#### (i) The Group as lessor:

The non-cancellable operating lease commitments are in relation to operating lease receivables from various tenants.

	The Group	
	2018 RM'000	2017 RM'000
Future minimum sublease receipts:		
– expiring not later than 1 year	<b>17,282</b>	14,399
– expiring later than 1 year but not later than 5 years	<b>66,744</b>	50,269
– expiring later than 5 years	<b>87,599</b>	66,568
	<b>171,625</b>	131,236

#### (ii) The Group as lessee:

The non-cancellable operating lease commitments is in relation to the operating lease payables by IJM Plantations Berhad, a 56%-owned subsidiary of the Company and its subsidiaries, which is pursuant to the Sub-lease Agreement dated 30 September 2015 for land use rights until the end of the respective land use rights periods.

	The Group	
	2018 RM'000	2017 RM'000
Future minimum lease payments:		
– expiring not later than 1 year	<b>1,134</b>	1,134
– expiring later than 1 year but not later than 5 years	<b>4,537</b>	4,536
– expiring later than 5 years	<b>67,962</b>	68,789
	<b>73,633</b>	74,459

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 53 CONTINGENT LIABILITIES (UNSECURED)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Performance guarantees in respect of the contract performance of concession agreements	–	–	8,827	750
Stamp duty matters under appeal	1,948	2,237	–	–
Sales and service tax matters under appeal	3,240	4,304	782	897
	<b>5,188</b>	6,541	<b>9,609</b>	1,647

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018

### SUBSIDIARIES

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by the Company</u>				
CIDB Inventures Sdn Bhd	Malaysia	100	100	Infrastructure investment
Emcee Corporation Sdn Bhd	Malaysia	100	100	Dormant
IJM Construction Sdn Bhd	Malaysia	100	100	Civil and building construction and investment holding
IJM Construction (Middle East) Limited Liability Company *	United Arab Emirates	100	100	Construction
IJM Highway Services Sdn Bhd	Malaysia	100	100	Provision of toll operation and maintenance services
IJM International Limited *	Hong Kong	100	100	Investment holding
IJM Investments (L) Ltd ^	Federal Territory of Labuan	100	100	Investment holding
IJM Investments (M) Limited #	Republic of Mauritius	100	100	Investment holding
IJM Land Berhad	Malaysia	100	100	Investment holding
IJM Overseas Ventures Sdn Bhd ^^^	Malaysia	100	100	Under member's voluntary liquidation
IJM Plantations Berhad	Malaysia	56	56	Cultivation of oil palms and investment holding
IJM RE Sdn Bhd	Malaysia	100	100	Investment holding
Industrial Concrete Products Sdn Bhd	Malaysia	100	100	Production and sale of concrete products and investment holding
Kamad Quarry Sdn Bhd	Malaysia	100	100	Dormant

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by the Company</u> (cont'd)				
Kemena Industries Sdn Bhd *	Malaysia	<b>55</b>	55	Manufacture and sale of ready-mixed concrete and reinforced concrete products
Makmur Venture Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
Nilai Cipta Sdn Bhd	Malaysia	<b>70</b>	70	Dormant
RB Manufacturing Sdn Bhd	Malaysia	<b>100</b>	100	Dormant
Road Builder (M) Holdings Bhd	Malaysia	<b>100</b>	100	Investment holding
Vijayapura Tollway Private Limited	India	<b>100</b>	–	Highway development
<u>Held by IJM Construction Sdn Bhd</u>				
Commerce House Sdn Bhd	Malaysia	<b>100</b>	100	Trading in construction materials and providing insurance agency services
IJM Building Systems Sdn Bhd	Malaysia	<b>100</b>	100	Construction contracts, trading and rental of aluminium formworks
IJM Construction Vietnam Co., Ltd <sup>#</sup>	Vietnam	<b>100</b>	100	Provision of construction services, consulting service and installation of electrical system and mechanical system
IJM Investments J.A. Limited *	United Arab Emirates	<b>100</b>	100	Investment holding
IJM-Norwest JV	**	<b>100</b>	100	Civil and building construction
Jurutama Sdn Bhd	Malaysia	<b>100</b>	100	Construction contract
Prebore Piling & Engineering Sdn Bhd	Malaysia	<b>100</b>	100	Piling, engineering and other construction works
Road Builder (M) Sdn Bhd	Malaysia	<b>100</b>	100	Civil and building construction

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by IJM Investments J.A. Limited</u>				
IJM Construction (Pakistan) (Private) Limited #	Pakistan	100	100	Civil and building construction
IJM Gulf Limited ^^^	United Arab Emirates	60	60	Under members' voluntary liquidation
IM Technologies Pakistan (Private) Limited *	Pakistan	60	60	Civil, building construction and property development
Karachi Expressway J.A. Limited ^^^	United Arab Emirates	100	100	Under member's voluntary liquidation
<u>Held by Road Builder (M) Sdn Bhd</u>				
RBM-PATI JV	**	100	100	Construction
<u>Held by IJM Investments (M) Limited</u>				
IEMCEE Infra (Mauritius) Limited #	Republic of Mauritius	100	100	Investment holding
IJM Dewas (Mauritius) Limited #	Republic of Mauritius	100	100	Investment holding
IJMII (Mauritius) Limited #	Republic of Mauritius	100	100	Investment holding
IJM Rajasthan (Mauritius) Limited #	Republic of Mauritius	100	100	Investment holding
IJM Rewa (Mauritius) Limited #	Republic of Mauritius	100	100	Investment holding
IJM Trichy (Mauritius) Ltd #	Republic of Mauritius	100	100	Investment holding
IJM Vijayawada (Mauritius) Ltd #	Republic of Mauritius	100	100	Investment holding
IJM Realty (Mauritius) Limited #	Republic of Mauritius	100	-	Investment holding

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by IJM Dewas (Mauritius) Limited</u>				
Dewas Bypass Tollway Private Limited * (of which 26% (2017: 3.85%) is held directly by the Company)	India	100	100	Highway development
<u>Held by IJMII (Mauritius) Limited</u>				
IJM (India) Infrastructure Limited *	India	99.9	99.9	Construction
<u>Held by IJM (India) Infrastructure Limited</u>				
IJM (India) Geotechniques Private Limited *	India	99.9	99.9	Soil investigation & testing, foundation laying & treatment & piling
IJM Lingamaneni Township Private Limited *	India	98	98	Property development
Roadstar (India) Infrastructure Private Limited *	India	70	70	Under members' voluntary liquidation
Swarnandhra-IJMII Integrated Township Development Company Private Limited *	India	51	51	Property development
Swarnandhra Road Care Private Limited *	India	99.9	99.9	Road maintenance
<u>Held by IJM Realty (Mauritius) Limited</u>				
Nagpur Integrated Township Private Limited *	India	94.9	–	Property development
<u>Held by IJM Rewa (Mauritius) Limited</u>				
Rewa Tollway Private Limited *	India	100	100	Infrastructure development
<u>Held by IJM Vijayawada (Mauritius) Ltd</u>				
Vijayawada Tollway Private Limited * (of which 25.51% (2017: 25.51%) is held directly by the Company)	India	99.9	99.9	Highway development

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by IJM Land Berhad</u>				
Asas Panorama Sdn Bhd	Malaysia	60	60	Property development
Emko Properties Sdn Bhd	Malaysia	100	100	Property development
ERMS Berhad	Malaysia	100	100	Hotel operations
IJM Land Management Services Sdn Bhd	Malaysia	100	100	Provision of management services
IJM Properties Sdn Bhd	Malaysia	100	100	Property development and investment holding
Mintle Limited #	Jersey	51	51	Property investment
OneAce Global Limited	Federal Territory of Labuan	100	100	Investment holding
RB Development Sdn Bhd	Malaysia	100	100	Property development
RB Land Sdn Bhd	Malaysia	100	100	Property development and construction activities
Sova Holdings Sdn Bhd	Malaysia	70	70	Property development
<u>Held by Emko Properties Sdn Bhd</u>				
Emko Management Services Sdn Bhd	Malaysia	100	100	Property management
<u>Held by ERMS Berhad</u>				
Holiday Villa Management Sdn Bhd	Malaysia	100	100	Dormant
<u>Held by IJM Properties Sdn Bhd</u>				
Aqua Aspect Sdn Bhd	Malaysia	80	80	Property development
Chen Yu Land Sdn Bhd	Malaysia	100	100	Property development
Cypress Potential Sdn Bhd	Malaysia	70	70	Property development activities and property investment

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## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by IJM Properties Sdn Bhd (cont'd)</u>				
Era Moden Hartanah Sdn Bhd	Malaysia	<b>55</b>	55	Dormant
Ever Mark (M) Sdn Bhd	Malaysia	<b>100</b>	100	Dormant
IJM Management Services Sdn Bhd	Malaysia	<b>100</b>	100	Providing project and construction management services and sales and marketing services
IJMP-MK Joint Venture	**	<b>70</b>	70	Property development
Jalanan Masyhur Sdn Bhd	Malaysia	<b>51</b>	51	Dormant
Jelutong Development Sdn Bhd	Malaysia	<b>80</b>	80	Property development
Larut Leisure Enterprise (Hong Kong) Limited *	Hong Kong	<b>99</b>	99	Investment holding
Liberty Heritage (M) Sdn Bhd	Malaysia	<b>100</b>	100	Dormant
Manda'rina Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Maxharta Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
NS Central Market Sdn Bhd	Malaysia	<b>70</b>	70	Property development
Preferred Accomplishment Sdn Bhd	Malaysia	<b>100</b>	100	Sale of electricity
Radiant Pillar Sdn Bhd* (of which 10.6% (2017: 10.6%) is held indirectly by the Company via WCE Holdings Berhad)	Malaysia	<b>71</b>	71	Property development and investment holding
Sinaran Intisari (M) Sdn Bhd	Malaysia	<b>100</b>	100	Dormant
Suria Bistari Development Sdn Bhd	Malaysia	<b>51</b>	51	Property development
The Light Waterfront Sdn Bhd	Malaysia	<b>100</b>	100	Dormant

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by IJM Properties Sdn Bhd (cont'd)</u>				
Valencia Terrace Sdn Bhd	Malaysia	100	100	Property development
Worldwide Ventures Sdn Bhd	Malaysia	86	86	Property development and investment holding
<u>Held by Cypress Potential Sdn Bhd</u>				
Sebana Golf & Marina Resort Berhad *	Malaysia	70	70	Resort, marina and golf course operator
<u>Held by Larut Leisure Enterprise (Hong Kong) Limited</u>				
Jilin Dingtai Enterprise Company Limited *	China	99	99	Property development
<u>Held by Maxharta Sdn Bhd</u>				
Jelita Kasturi Sdn Bhd	Malaysia	100	100	Property development
Panorama Jelita Sdn Bhd	Malaysia	100	100	Property development
Eksplorasi Cemerlang Sdn Bhd	Malaysia	100	100	Dormant
<u>Held by Radiant Pillar Sdn Bhd</u>				
Bandar Rimbau Sdn Bhd * (of which 10.6% (2017: 10.6%) is held indirectly by the Company via WCE Holdings Berhad)	Malaysia	71	71	Property development
IJMP-RPSB Joint Venture * (of which 5.3% (2017: 5.3%) is held indirectly by the Company via WCE Holdings Berhad)	**	85	85	Dormant
<u>Held by Worldwide Ventures Sdn Bhd</u>				
Island Golf View Sdn Bhd	Malaysia	86	86	Property development
Sheffield Enterprise Sdn Bhd	Malaysia	60	60	Dormant

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## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by Mintle Limited</u>				
RMS (England) Limited #	England and Wales	<b>51</b>	51	Property development
<u>Held by RMS (England) Limited</u>				
RMS (England) 1 Limited #	England and Wales	<b>51</b>	51	Dormant
RMS (England) 2 Limited #	England and Wales	<b>51</b>	51	Dormant
<u>Held by RB Land Sdn Bhd</u>				
Aras Varia Sdn Bhd	Malaysia	<b>100</b>	100	Property development and clubhouse operations
Casa Warna Sdn Bhd	Malaysia	<b>100</b>	100	Property management
Dian Warna Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Ikatan Flora Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Murni Lapisan Sdn Bhd	Malaysia	<b>100</b>	100	Property development and construction activities
RB Property Management Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Seremban Two Holdings Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Seremban Two Property Management Sdn Bhd	Malaysia	<b>100</b>	100	Property management
Seremban Two Properties Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Shah Alam 2 Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Tarikan Abadi Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Titian Tegas Sdn Bhd	Malaysia	<b>100</b>	100	Property development
Unggul Senja Sdn Bhd	Malaysia	<b>100</b>	100	Property development

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by IJM Plantations Berhad</u>				
Akrab Perkasa Sdn. Bhd.	Malaysia	56	56	Dormant
Berakan Maju Sdn. Bhd.	Malaysia	56	56	Cultivation of oil palms
Desa Talisai Palm Oil Mill Sdn. Bhd.	Malaysia	56	56	Dormant
Desa Talisai Sdn. Bhd.	Malaysia	56	56	Investment holding
Dynasive Enterprise Sdn. Bhd.	Malaysia	56	56	Investment holding
Excellent Challenger (M) Sdn. Bhd.	Malaysia	56	56	Cultivation of oil palms
Gunaria Sdn. Bhd.	Malaysia	56	56	Investment holding
IJM Biofuel Sdn Bhd	Malaysia	56	56	Dormant
IJM Edible Oils Sdn. Bhd.	Malaysia	56	56	Palm oil and kernel milling
IJMP Investments (M) Limited ^^	Republic of Mauritius	–	56	Liquidated
Minat Teguh Sdn. Bhd.	Malaysia	56	56	Investment holding
Rakanan Jaya Sdn. Bhd.	Malaysia	56	56	Cultivation of oil palms
Ratus Sempurna Sdn. Bhd.	Malaysia	56	56	Property holding
Sabang Mills Sdn. Bhd.	Malaysia	56	56	Dormant
Sijas Plantations Sdn. Bhd.	Malaysia	56	56	Dormant
<u>Held by Dynasive Enterprise Sdn Bhd</u>				
PT Prima Alumga # <sup>(1)</sup>	Indonesia	53	–	Cultivation of oil palms
<u>Held by Gunaria Sdn Bhd</u>				
PT Sinergi Agro Industri #	Indonesia	53	53	Cultivation of oil palms
PT Karya Bakti Sejahtera Agrotama #	Indonesia	53	53	Cultivation of oil palms

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## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by Minat Teguh Sdn. Bhd.</u>				
PT Primabahagia Permai #	Indonesia	<b>53</b>	53	Cultivation of oil palms
<u>Held by PT Primabahagia Permai</u>				
PT Prima Alumga # <sup>(1)</sup>	Indonesia	–	53	Cultivation of oil palms
PT Indonesia Plantation Synergy #	Indonesia	<b>48</b>	48	Cultivation of oil palms and milling
<u>Held by IJM RE Sdn Bhd</u>				
IJM RE Commercial Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
<u>Held by IJM RE Commercial Sdn Bhd</u>				
Fairview Valley Sdn Bhd	Malaysia	<b>100</b>	–	Property development, property investment and investment holding
<u>Held by Industrial Concrete Products Sdn Bhd</u>				
Durabon Sdn Bhd	Malaysia	<b>100</b>	100	Processing and sales of steel bars
Expedient Resources Sdn Bhd <sup>^^</sup>	Malaysia	–	100	Liquidated
ICP Investments (L) Limited <sup>^</sup>	Federal Territory of Labuan	<b>100</b>	100	Investment holding
ICP Jiangmen Co. Ltd. <sup>*</sup>	People's Republic of China	<b>96</b>	96	Production and sale of concrete products
ICP Marketing Sdn Bhd	Malaysia	<b>100</b>	100	Dormant
ICP Precast Products Sdn Bhd	Malaysia	<b>100</b>	100	Dormant
Malaysian Rock Products Sdn Bhd	Malaysia	<b>100</b>	100	Quarrying, sale of rock products and investment holding

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by Expedient Resources Sdn Bhd</u>				
Tadmansori Rubber Industries Sdn Bhd <sup>^^^</sup>	Malaysia	–	100	Liquidated
<u>Held by ICP Investments (L) Limited</u>				
ICPB (Mauritius) Limited <sup>#</sup>	Mauritius	100	100	Investment holding
<u>Held by ICPB (Mauritius) Limited</u>				
IJM Steel Products Private Limited <sup>*</sup>	India	100	100	Dormant
IJM Concrete Products Private Limited <sup>*</sup>	India	100	100	Production and supply of ready-mixed concrete
<u>Held by IJM Concrete Products Private Limited</u>				
IJM-AIKYA Joint Venture <sup>*</sup>	India	60	60	Crushing and marketing of building stone material
<u>Held by Malaysian Rock Products Sdn Bhd</u>				
Aggregate Marketing Sdn Bhd	Malaysia	100	100	Dormant
Azam Ekuiti Sdn Bhd	Malaysia	100	100	Leaseholder of quarry land
Bohayan Industries Sdn Bhd	Malaysia	70	70	Dormant
IJM Concrete (Private) Limited <sup>^</sup>	United Arab Emirates	60	60	Investment holding
IJM Concrete Products Pakistan (Private) Limited <sup>*</sup>	Pakistan	100	100	Dormant
Kuang Rock Products Sdn Bhd	Malaysia	100	100	Quarrying and sale of rock products
Oriental Empire Sdn Bhd	Malaysia	100	100	Leaseholder of quarry land
Scaffold Master Sdn Bhd	Malaysia	100	100	Sale and rental of steel scaffolding
Strong Mixed Concrete Sdn Bhd	Malaysia	100	100	Production and supply of ready-mixed concrete

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## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by Malaysian Rock Products Sdn Bhd (cont'd)</u>				
Warga Sepakat Sdn Bhd	Malaysia	100	100	Leaseholder of quarry land
<u>Held by IJM Concrete (Private) Limited</u>				
IJM Concrete Pakistan *	Pakistan	60	60	Dormant
IJM Concrete Pakistan (Private) Limited *	Pakistan	60	60	Dormant
<u>Held by Strong Mixed Concrete Sdn Bhd</u>				
SMC Islamabad (Private) Limited *	Pakistan	60	60	Production and supply of ready-mixed concrete
<u>Held by RB Manufacturing Sdn Bhd</u>				
Kuching Riverine Resort Management Sdn Bhd	Malaysia	100	100	Property management
<u>Held by Road Builder (M) Holdings Bhd</u>				
Besraya (M) Sdn Bhd	Malaysia	100	100	Toll road operation
Essmarine Terminal Sdn Bhd	Malaysia	100	100	Investment holding
Gagah Garuda Sdn Bhd	Malaysia	100	100	Investment holding
HMS Resource Sdn Bhd	Malaysia	100	100	Investment holding
Kuantan Port Consortium Sdn Bhd (of which 30% (2017 : 30%) is held directly by Essmarine Terminal Sdn Bhd)	Malaysia	60	60	Port management
New Pantai Expressway Sdn Bhd	Malaysia	100	100	Design, construction, management, operation and maintenance of New Pantai Highway
NPE Property Development Sdn Bhd	Malaysia	100	100	Property development

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### SUBSIDIARIES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by Kuantan Port Consortium Sdn Bhd</u>				
KP Port Services Sdn Bhd	Malaysia	60	60	Port supporting services, stevedorage, storage handling and providing nitrogen purging and pigging services
<u>Held by KP Port Services Sdn Bhd</u>				
KPN Services Sdn Bhd <sup>^^^</sup>	Malaysia	60	60	Under members' voluntary liquidation
<b><u>ASSOCIATES</u></b>				
<u>Held by the Company</u>				
Bionic Land Berhad *	Malaysia	20	20	Investment holding and provision of management services
Cofreth (M) Sdn Bhd *	Malaysia	25	25	Total facilities management, operations & maintenance, co-generation and district cooling system/service provider
Community Resort Development System Sdn Bhd <sup>^^^</sup>	Malaysia	–	20	Liquidated
Emas Utilities Corporation Sdn Bhd *	Malaysia	40	40	Investment holding
Grupo Concesionario del Oeste S.A. *	Argentina	20	20	Construction, renovation, repair, conservation and operation of Acceso Oeste highway
Inversiones E Inmobiliaria Sur-Sur S.A. *	Chile	25	25	Property development
WCE Holdings Berhad *	Malaysia	26	26	Investment holding
Scomi Group Berhad *	Malaysia	21	25	Investment holding and provision of management services

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### ASSOCIATES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by CIDB Inventures Sdn Bhd</u>				
Swarna Tollway Private Limited *	India	<b>30</b>	30	Infrastructure development
<u>Held by IEMCEE Infra (Mauritius) Limited</u>				
GVK Gautami Power Limited *	India	<b>20</b>	20	Power generation
<u>Held by IJM Construction Sdn Bhd</u>				
Hexacon Construction Pte Limited *	Singapore	<b>46</b>	46	Civil and building construction
Highway Master Sdn Bhd	Malaysia	<b>50</b>	50	Road pavement construction
Integrated Water Services (M) Sdn Bhd *	Malaysia	<b>35</b>	35	Operation and maintenance of a water treatment plant
<u>Held by IJM Investments (L) Ltd</u>				
Earning Edge Sdn Bhd	Malaysia	<b>22</b>	22	Property development
<u>Held by IJM Land Berhad</u>				
Kuantan Pahang Holding Sdn Bhd	Malaysia	<b>40</b>	40	Investment holding
<u>Held by IJM Properties Sdn Bhd</u>				
Cekap Tropikal Sdn Bhd *	Malaysia	<b>50</b>	50	Property development
Good Debut Sdn Bhd *	Malaysia	<b>50</b>	50	Property development
MASSCORP-Vietnam Sdn Bhd *	Malaysia	<b>20</b>	20	Investment holding
Sierra Selayang Sdn Bhd *	Malaysia	<b>50</b>	50	Dormant
<u>Held by KP Port Services Sdn Bhd</u>				
KP Depot Services Sdn Bhd *	Malaysia	<b>18</b>	18	Provision of container depot services

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 31 March 2018

## 54 LIST OF SUBSIDIARIES AND ASSOCIATES AS AT 31 MARCH 2018 (cont'd)

### ASSOCIATES (cont'd)

Name	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<u>Held by Malaysian Rock Products Sdn Bhd</u>				
DML-MRP Resources (M) Sdn Bhd <sup>^^^</sup>	Malaysia	50	50	Under members' voluntary liquidation
<u>Held by Road Builder (M) Holdings Bhd</u>				
West Coast Expressway Sdn Bhd * (of which 21.2% (2017: 21.2%) is held indirectly by the Company via WCE Holdings Berhad)	Malaysia	41	41	Design, construction and development of the West Coast Expressway Project and managing its toll operations
<u>Held by Road Builder (M) Sdn Bhd</u>				
Budi Benar Sdn Bhd <sup>^^^</sup>	Malaysia	25	25	Under members' voluntary liquidation

# Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.

\* Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers PLT, Malaysia.

\*\* Unincorporated entities.

^ Entity is not required to be audited under the laws of the country of incorporation.

^^^ Entity is not required to be audited as it is either in liquidation or liquidated.

<sup>1</sup> During the financial year, IJM Plantations Berhad ("IJMPLT"), a 56%-owned subsidiary of the Company has undertaken an internal restructuring exercise whereby a subsidiary of IJMPLT has disposed PT Prima Alumga to another subsidiary of IJMPLT. This restructuring exercise has no material impact on the results and net assets of the Group.

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# STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Cyrus Eruch Daruwalla, being the officer primarily responsible for the financial management of IJM Corporation Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 190 to 358 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Petaling Jaya on 30 May 2018.



CYRUS ERUCH DARUWALLA

Before me:



NO: 13, (TINGKAT 1) JALAN 52/10  
PJ NEW TOWN  
46200 PETALING JAYA, SELANGOR.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IJM CORPORATION BERHAD

(Incorporated in Malaysia)

(Company No. 104131-A)



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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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### Our opinion

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In our opinion, the financial statements of IJM Corporation Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the balance sheets of the Group and of the Company as at 31 March 2018, and the statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 190 to 358.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
<p><b>Revenue and costs recognition of the Group</b></p> <p>1) Construction contracts Revenue: RM2,286,502,000 Cost: RM2,130,100,000</p> <p>2) Property development activities Revenue: RM1,208,154,000 Cost: RM858,947,000</p> <p>Refer to Note 9(a) and Note 9(b) for the accounting policies and Notes 2(c), 2(d), 4 and 5(a) to the financial statements.</p> <p>We focused on this area because the accounting for construction contracts and property development activities is inherently complex as it involves the use of significant judgements made by management in the following areas:</p> <p>a) Stage of completion and the overall progress of projects as to whether provision for liquidated ascertained damages is required</p> <p>b) Extent of costs incurred for construction contracts and property development projects, and construction costs or property development costs yet to be incurred</p> <p>c) Status of variation orders and claims with customers</p>	<p>We evaluated and tested the key controls in respect of the review and approval of construction contracts and property development project budgets to assess the reliability of these budgets.</p> <p>We checked the extent of costs incurred to date to internal quantity surveyors' latest valuations or sub-contractor claim certificates to corroborate the stage of completion.</p> <p>Where costs have not been billed or certified, we assessed the adequacy of management's accruals of such costs by checking subsequent contractors' claims certificates or approvals from internal quantity surveyors.</p> <p>We discussed with management and read management meeting minutes to understand the overall progress of construction and property development projects. With regards to projects whereby actual progress is behind planned progress, we understood the cause of the delays, inspected correspondences with customers and sub-contractors and corroborated key judgement applied by management as to whether provision for liquidated ascertained damages is required.</p> <p>We checked the reasonableness of the estimated total construction costs and property development costs, including subsequent changes to the costs, by agreeing to supporting documentation; i.e. approved budgets, quotations, correspondences, contracts and variation orders with sub-contractors.</p> <p>We had discussions with management to understand the nature of the variation orders and claims included in revenue and inspected correspondences from the customers and minutes of meetings to corroborate the key judgement applied by management.</p> <p>Based on the procedures performed above, we noted no material exceptions in the revenue and costs recognition for construction contracts and property development activities.</p>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IJM CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)  
(Company No. 104131-A)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

### Key audit matters (cont'd)

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
<p><b>Impairment assessment of the Group's and Company's interest in joint venture</b></p> <p>Interest in joint venture – Lebuhraya Kajang-Seremban Sdn Bhd (“LEKAS”) (Group: RM136.3 million; Company: RM232.8 million)</p> <p>Refer to Note 4 and Note 25 for the accounting policies and Note 33 to the financial statements.</p> <p>LEKAS is the toll road operator of Lebuhraya Kajang-Seremban and has been granted a service concession up to the year of 2039.</p> <p>For the financial year ended 31 March 2018, management has performed an impairment assessment over the carrying amount of the interest in LEKAS by calculating the value-in-use (“VIU”) of the interest based on net cash inflow generated from its toll operation over the remaining concession period of 21 years up to the year of 2039 net of tax and financing cash flows.</p> <p>We focused on this area because management's impairment assessment includes inputs that are based on significant assumptions and judgements, comprising annual traffic growth rate and the discount rate.</p>	<p>We obtained management's VIU impairment model and checked the key assumptions used in the cash flow projections by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• Compared the annual traffic growth rate to historical trends and traffic consultant's forecast;</li> <li>• Checked the reasonableness of the discount rate by comparing the rates used to comparable organisations and market information;</li> <li>• Checked the sensitivity analysis performed by management on the annual traffic growth rate and discount rate to determine whether reasonable changes on these key assumptions would give rise to a material impairment.</li> </ul> <p>Based on the procedures performed above, we did not identify any material exceptions.</p>

### Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement, which we obtained prior to the date of this auditors' report, and the Chairman's Statement and other sections of the 2018 Annual Report, which are expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

### Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IJM CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)  
(Company No. 104131-A)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

### Auditors' responsibilities for the audit of the financial statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 54 to the financial statements.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
30 May 2018



LOH LAY CHOON  
02497/03/20 (J)  
Chartered Accountant

# LIST OF MATERIAL PROPERTIES

as at 31 March 2018

No	Location	Description	Area Hectares	Tenure	Existing Use	Date of Revaluation (R)/ Acquisition (A)	Approx. Age of Building	Net Book Value (RM'000)
1	District of Kuala Langat Selangor PT 36309, 36330 - 36334, 36341, 36342 36344, 36348, 36349 41090, 41184 - 41186 41188 - 41190, 41192 41210, 41211, 41213 - 41217, 41220, 71955 Mukim Tanjung Dua Belas	Mixed development	433.94	Leasehold (expiring 2111)	Under development	A: 2014	N/A	1,262,745
2	PT 9209 (HSD 119538) PT 9210 (HSD 119539)  PT 9211 (HSD 119540) PT 9216 (HSD 119543) PT 9222 (HSD 119548) PT 9223 (HSD 119549) PT 9238 (HSD 119552)  PT 9212 (HSD 119541) PT 9217 (HSD 119544) PT 9218 (HSD 119545) PT 9219 (HSD 119546) PT 9220 (HSD 119547) PT 9230 (HSD 119550)	Residential  Residential land  Commercial land	2.63  9.16  11.63	Leasehold (expiring 2106)	Under development  For future development	A: 2013	N/A	1,031,983
3	Kutai Timur East Kalimantan Indonesia	Agriculture land	21,827	Leasehold (expiring 2044, 2045 & 2053)	Oil Palm Estat, Palm Oil Mill and Kernal Crushing Plant	A: 2008, 2012 & 2014	6	753,838
4	AGL264342 Royal Mint Street London, United Kingdom	Mixed development	1.10	Leasehold (expiring 3011)	Under development	A: 2012	N/A	630,555
5	Mukim Sungao Karang Kuantan, Pahang  HSD No. 19137 - 19178 HSD No. 19180 - 19195  HSD No. 19196  HSD No. 20044, 20046  HSD No. 20056 - 20061  HSD No. 47540	Industrial/ Commercial  Residential  Industrial  Industrial/ Commercial  Commercial	273.21  404.69	Leasehold (expiring 2065 & 2098)  Leasehold (expiring 2115)	Under development  Under development	A: 2013  A: 2017	N/A  N/A	586,154
6	PT 26971 - 26980 PT 26985 - PT 27156 PT 27234 - PT 27461 PT 27481 Mukim Rasah, Daerah Seremban, Negeri Sembilan Darul Khusus	Residential	8.39		Under development			

# LIST OF MATERIAL PROPERTIES (CONT'D)

as at 31 March 2018

No	Location	Description	Area Hectares	Tenure	Existing Use	Date of Revaluation (R)/ Acquisition (A)	Approx. Age of Building	Net Book Value (RM'000)		
6	PT 37811 - PT 37915 Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus	Residential land	47.24	Freehold	For future development	A: 2004	N/A	445,750		
	PT 32965 Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus									
	PT 23227 - 23243 Mukim Rasah, Daerah Seremban, Negeri Sembilan Darul Khusus									
	PT 36987 - PT 37048 PT 37049 - PT 37055, PT 37057 - PT 37067, PT 37069 - PT 37150 PT 37801 PT 37158 - 37323 PT 37334 - 37527 PT 37528 PT 39938 - PT 40039 Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus									
	PT 32115 - 32118 PT 36982 - 36983 PT 37154 PT 37327 - 37328 PT 37535 PT 36066 Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus									
	PT 23245 - 23247 PT 23996 PT 22597 PT 25326 - 25328 PT 27157 - 27159 Lot 51509 Mukim Rasah, Daerah Seremban, Negeri Sembilan Darul Khusus									
	PT 27161 Mukim Rasah, Daerah Seremban, Negeri Sembilan Darul Khusus									
	PT 37152 PT 37324 - 37326 PT 37533 - 37534 PT 32134 Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus								Commercial land	36.12
									Agriculture land	213.46

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No	Location	Description	Area Hectares	Tenure	Existing Use	Date of Revaluation (R)/ Acquisition (A)	Approx. Age of Building	Net Book Value (RM'000)
7	Seksyen 8, Georgetown Daerah Timur Laut Penang							
	Parcel A1, Lot 691 Geran 117786	Residential	12.98	Freehold	Under development	N/A	N/A	411,962
	Parcel A1-3	Residential	1.73					
	Balance Parcel A1	Residential, Mixed development & Commercial	13.96		Under reclamation			
	Parcel A2	Mixed development & Commercial	8.75	Leasehold	Yet to be reclaimed			
	Parcel B1	Residential & Commercial	15.58					
	PT 168 HS(D) 14095	Recreation & Amenities	0.56	Leasehold (expiring 2105)	For future development			
	PT 87 HS(D) 13805	Commercial	1.83	Leasehold (expiring 2014)				
8	Huihai Plaza, Xi'an Road Chaoyang District Changchun, Jilin Province, The People's Republic of China	Commercial	4.18	Leasehold (expiring 2043)	Under development	A: 2014	N/A	304,519
9	Bulungan, East Kalimantan, Indonesia	Agriculture land	15,188	Leasehold (expiring 2043 & 2046)	Oil Palm Estate	A: 2008	N/A	251,225
10	PT 5454 PT 5707 - 5728 PT 5729 - 5741 PT 5743 - 5764 PT 5817 - 5842 PT 5843 - 5854 PT 5859 - 5874 PT 5875 - 5894 PT 5895 - 5916 PT 5917 - 5938 PT 5939 - 5946 PT 5947 PT 5949 PT 5950 Mukim Bandar Ampang Daerah Hulu Langat Selangor	Residential	0.59	Leasehold (expiring 2112)				
	PT 15843 - 15844 PT 15845 PT 15971 - 15972 Mukim Bandar Ampang Daerah Hulu Langat Selangor							

## LIST OF MATERIAL PROPERTIES (CONT'D)

as at 31 March 2018

No	Location	Description	Area Hectares	Tenure	Existing Use	Date of Revaluation (R)/ Acquisition (A)	Approx. Age of Building	Net Book Value (RM'000)
10	PT 5453	Residential	0.17	Leasehold (expiring 2112)				
	PT 5455 - 5464							
	PT 5467 - 5508							
	PT 5685 - 5706							
	PT 5779 - 5786							
	PT 5510	Residential	0.17	Leasehold (expiring 2113)				
	Mukim Bandar Ampang Daerah Hulu Langat Selangor							
	PT 15797	Residential	0.17	Leasehold (expiring 2113)				
	Mukim Bandar Ampang Daerah Hulu Langat Selangor							

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 34<sup>th</sup> Annual General Meeting (“AGM”) of IJM CORPORATION BERHAD (104131-A) will be held at the Victorian Ballroom, Level 1, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 28 August 2018, at 3.00 p.m. to transact the following matters:-

1. To receive the audited financial statements for the year ended 31 March 2018 together with the reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Article 90 of the Company’s Articles of Association and who being eligible, offer themselves for re-election:-
  - a) Tan Sri Dato’ Tan Boon Seng @ Krishnan (Resolution 1)
  - b) Datuk Ir. Hamzah bin Hasan (Resolution 2)
  - c) Goh Tian Sui (Resolution 3)

*Please refer to Note 1*
3. To re-elect the following Directors who retire in accordance with Article 94 of the Company’s Articles of Association and who being eligible, offer themselves for re-election:-
  - a) Tunku Alina Binti Raja Muhd Alias (Resolution 4)
  - b) Tan Ting Min (Resolution 5)

*Please refer to Note 1*
4. To re-appoint PricewaterhouseCoopers PLT as Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)
5. As special business to consider and pass the following resolutions:-
  - a) RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR (Resolution 7)

“THAT Tan Sri Abdul Halim bin Ali shall continue to serve as an Independent Non-Executive Director of the Company notwithstanding that his tenure as an independent director has exceeded a cumulative term of nine (9) years.”

*Please refer to Note 2*
  - b) DIRECTORS’ FEES (Resolution 8)

“THAT the Directors’ fees of RM1,223,166 for the year ended 31 March 2018 be approved to be divided amongst the Directors in such manner as they may determine.”

*Please refer to Note 3*
  - c) DIRECTORS’ BENEFITS (Resolution 9)

“THAT the payment of Directors’ benefits to the Non-Executive Directors up to an amount of RM425,000 for the period from 29 August 2018 until the next Annual General Meeting be approved.”

*Please refer to Note 3*

d) DIRECTORS' FEES AND MEETING ALLOWANCE OF THE SUBSIDIARIES (Resolution 10)

"THAT the payment of Directors' fees and/or meeting allowance by the subsidiaries to several Directors be approved:-

- (i) Directors' fees of RM359,750 for the year ended 31 March 2018; and
- (ii) Directors' meeting allowance of up to an amount of RM29,000 from 29 August 2018 until the next Annual General Meeting."

*Please refer to Note 3*

e) AUTHORITY TO ISSUE SHARES UNDER SECTIONS 75 AND 76 (Resolution 11)

"THAT the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue not more than ten percent (10%) of the total number of issued shares of the Company at any time, upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force, and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

*Please refer to Note 4*

f) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Resolution 12)

"THAT the Directors be and are hereby authorised to purchase the ordinary shares of the Company through the stock exchange of Bursa Malaysia Securities Berhad at any time upon such terms and conditions as the Directors in their absolute discretion deem fit provided that:-

- i) the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed ten per cent (10%) of the total number of issued shares of the Company; and
- ii) the funds allocated for the purchase of shares shall not exceed its retained profits

AND THAT the Directors be and are hereby further authorised to deal with the treasury shares in their absolute discretion (which may be distributed as dividends, resold, transferred, cancelled and/or in any other manner as prescribed by the Companies Act 2016, and the relevant rules, regulations and/or requirements)

AND THAT such authority shall continue to be in force until:-

- a) the conclusion of the next Annual General Meeting ("AGM");
- b) the expiration of the period within which the next AGM is required by law to be held; or
- c) revoked or varied in a general meeting,

whichever occurs first."

*Please refer to Note 5*

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g) Special Resolution

PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

(Resolution 13)

“THAT the new Constitution as set out in Appendix I of the Circular to Shareholders dated 30 July 2018 be and is hereby adopted as the Constitution of the Company in place of the existing Memorandum and Articles of Association (“Proposed New Constitution”);

AND THAT the Directors be and are hereby authorised to give full effect and to do all acts and things as may be required for or in connection with the Proposed New Constitution.”

*Please refer to Note 6*

By Order of the Board

Ng Yoke Kian  
Company Secretary  
MAICSA 7018150

Petaling Jaya  
30 July 2018

**Notes:-**

**1. RE-ELECTION OF DIRECTORS**

The performance of each Director who subject for re-election or re-appointment had been assessed through the Board annual evaluation (including the independence of Independent Non-Executive Directors). The Nomination & Remuneration Committee (“NRC”) and the Board are satisfied with the performance and effectiveness of the Directors.

Tan Sri Dato’ Tan Boon Seng @ Krishnan, Datuk Ir. Hamzah bin Hasan, Goh Tian Sui, Tunku Alina Binti Raja Muhd Alias and Tan Ting Min are standing for re-election as Directors, and being eligible, have offered themselves for re-election at this AGM.

The profiles of the Directors who are subject for re-election are set out on pages 30 to 35 of the Annual Report 2018.

**2. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Resolution 7, if approved, will authorise the retention of Tan Sri Abdul Halim bin Ali as an Independent Non-Executive Director of the Company.

Tan Sri Abdul Halim, had completed his 9-year tenure on 25 April 2016, and was retained as an Independent Non-Executive Chairman by the shareholders of the Company at the AGMs held on 24 August 2016 and 23 August 2017. Tan Sri Abdul Halim contributes constructive views and criticism during Board discussions. Tan Sri Abdul Halim always engages in constructive challenge within the Board room for effective decision making. He also demonstrates the values and principles associated with independence in the Board room. He seeks clarifications and raises pertinent questions to the Management on its assumptions, including challenging Management on the Group’s strategies. As an Independent Chairman, Tan Sri Abdul Halim always promotes good corporate governance practices, besides providing leadership for the Board and facilitate the Board to perform its responsibilities effectively through his independent and objective chairmanship. Furthermore, the insight and good understanding of the Group’s various core business operations acquired by Tan Sri Abdul Halim over time would continue to facilitate him to discharge the duties and role as an Independent Director effectively. The experience and stability brought by Tan Sri Abdul Halim due to his long-service on the Board and as an active participant in the corporate community will serve the interest of the Company and its shareholders. As such, the NRC and the Board recommend the retention of Tan Sri Abdul Halim as an Independent Director and Chairman of the Company.

**3. DIRECTORS’ FEES AND BENEFITS**

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.

The Resolution 8, if approved, will authorise the payment of Directors’ fees to the Non-Executive Directors (“NED”) by the Company.

The Resolution 9, if approved, will authorise the payment of Directors’ benefits to the NED by the Company. The Directors’ benefits of RM425,000 for the period from 29 August 2018 until the next AGM in year 2019 are derived from the estimated meeting allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, number of NEDs involved in the meetings, travel claims of the NEDs and car benefits of the Non-Executive Chairman and Deputy Non-Executive Chairman. The meeting allowance for a NED is RM1,000 per meeting.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The Resolution 10 is in relation to the payment of Directors' fees and/or meeting allowance by two (2) subsidiaries to several Directors of the Company. The details are as follows:-

- (a) Directors' fees payable by the subsidiaries for the financial year ended 31 March 2018

SUBSIDIARIES	DIRECTORS	AMOUNT (RM)
IJM Plantations Berhad ("IJMP") (a 56% owned subsidiary)	1. Tan Sri Dato' Tan Boon Seng @ Krishnan ("TSKT") 2. Dato' Soam Heng Choon ("DSHC") 3. Pushpanathan a/l S A Kanagarayar ("Ken")	354,750
Kuantan Port Consortium Sdn Bhd ("KPC") (a 60% owned subsidiary)	1. TSKT ( <i>resigned on 31 May 2017</i> ) 2. Datuk Lee Teck Yuen ( <i>resigned on 5 May 2017</i> )	5,000
	Total	<b>359,750</b>

- (b) TSKT, DSHC and Ken are also entitled to the meeting allowance of IJMP for RM1,000 per person for each meeting attended. The estimated Directors' meeting allowance of RM29,000 is based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees of IJMP during the period from 29 August 2018 until the next AGM in year 2019.

The Directors' fees and/or meeting allowance payable by IJMP and KPC are subject to the shareholders' approval at the general meetings of IJMP and KPC.

#### 4. AUTHORITY TO ISSUE SHARES UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The Resolution 11, if approved, will empower the Directors to issue up to 10% of the total number of issued shares (excluding treasury shares) of the Company, for purposes of funding future investment projects, working capital, acquisitions and/or so forth. The approval is a renewal of general mandate and is sought to provide flexibility and avoid any delay and cost in convening a general meeting for such issuance of shares for fund raising activities, including placement of shares. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

#### 5. SHARE BUY-BACK AUTHORITY

The details of the proposal are set out in the Share Buy-Back Statement dated 30 July 2018, which is despatched together with the Annual Report 2018.

#### 6. PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

The Resolution 13, if approved, will bring the Constitution of the Company in line with the Companies Act 2016, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as set out in the Circular to Shareholders dated 30 July 2018.

#### 7. APPOINTMENT OF PROXY AND ENTITLEMENT OF ATTENDANCE

- (i) a proxy may but need not be a member;
- (ii) a member, other than an exempt authorised nominee, is entitled to appoint up to two (2) proxies;
- (iii) a member, who is an authorised nominee, may appoint up to two (2) proxies in respect of each Securities Account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each Securities Account held;
- (iv) a member who appoints a proxy must duly execute the Form of Proxy, and if more than one (1) proxy is appointed, the number of shares to be represented by each proxy must be clearly indicated;
- (v) a corporate member who appoints a proxy must execute the Form of Proxy under seal or the hand of its officer or attorney duly authorised;
- (vi) the duly executed Form of Proxy must be deposited at the Registered Office before 3.00 p.m. on 26 August 2018;
- (vii) only members whose names appear in the Record of Depositors and/or Register of Members as at **21 August 2018** will be entitled to attend and vote at the meeting; and
- (viii) the Annual Report, Share Buy-Back Statement and Circular to Shareholders, and Form of Proxy are available for download at [www.ijm.com](http://www.ijm.com).

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# FORM OF PROXY

I/We \_\_\_\_\_

NRIC/Passport/Company No.: \_\_\_\_\_ Mobile Phone No.: \_\_\_\_\_

CDS Account No.: \_\_\_\_\_ Number of Shares Held: \_\_\_\_\_

Address: \_\_\_\_\_

being a member of **IJM CORPORATION BERHAD (104131-A)**, hereby appoint:-

1) Name of proxy: \_\_\_\_\_ NRIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

Number of Shares Represented: \_\_\_\_\_

2) Name of proxy: \_\_\_\_\_ NRIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

Number of Shares Represented: \_\_\_\_\_

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting ("AGM") of IJM CORPORATION BERHAD to be held at the Victorian Ballroom, Level 1, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 28 August 2018, at 3.00 p.m., and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Tan Sri Dato' Tan Boon Seng @ Krishnan as Director		
2.	To re-elect Datuk Ir. Hamzah bin Hasan as Director		
3.	To re-elect Goh Tian Sui as Director		
4.	To re-elect Tunku Alina Binti Raja Muhd Alias as Director		
5.	To re-elect Tan Ting Min as Director		
6.	To re-appoint PricewaterhouseCoopers PLT as Auditors and to authorise the Directors to fix their remuneration		
7.	To retain Tan Sri Abdul Halim bin Ali as an Independent Non-Executive Director		
8.	To approve the payment of Directors' fees of RM1,223,166		
9.	To approve the payment of Directors' benefits of RM425,000		
10.	To approve the payment of Directors' fees of RM359,750 and/or meeting allowance of up to an amount of RM29,000 by the subsidiaries		
11.	To authorise the issuance of up to 10% of the total number of issued shares of the Company		
12.	To approve the Proposed Renewal of Share Buy-Back Authority		
	<b>SPECIAL RESOLUTION:</b>		
13.	To approve the Proposed Adoption of the New Constitution of the Company		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific instruction, your Proxy will vote or abstain as he/she thinks fit.

Signed (and sealed) this \_\_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Signature(s)

#### Notes:-

- (i) a proxy may but need not be a member;
- (ii) a member, other than an exempt authorised nominee, is entitled to appoint up to two (2) proxies;
- (iii) a member, who is an authorised nominee, may appoint up to two (2) proxies in respect of each Securities Account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each Securities Account held;
- (iv) a member who appoints a proxy must duly execute the Form of Proxy, and if more than one (1) proxy is appointed, the number of shares to be represented by each proxy must be clearly indicated;
- (v) a corporate member who appoints a proxy must execute the Form of Proxy under seal or the hand of its officer or attorney duly authorised;
- (vi) the duly executed Form of Proxy must be deposited at the Registered Office before 3.00 p.m. on 26 August 2018;
- (vii) only members whose names appear in the Record of Depositors and/or Register of Members as at **21 August 2018** will be entitled to attend and vote at the meeting; and
- (viii) the Annual Report, Share Buy-Back Statement and Circular to Shareholders, and Form of Proxy are available for download at [www.ijm.com](http://www.ijm.com).

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Stamp

The Company Secretary

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

2nd Floor, Wisma IJM  
Jalan Yong Shook Lin  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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# CORPORATE INFORMATION



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

**HEAD OFFICE**  
Wisma IJM, Jalan Yong Shook Lin  
46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
Tel : 603-7985 8288 Fax : 603-7952 9388  
E-mail : [ijm@ijm.com](mailto:ijm@ijm.com) Website : <http://www.ijm.com>



## MALAYSIA BRANCH OFFICES

### JOHOR, MALAYSIA

17-05, 17th Floor, City Plaza  
Jalan Tebrau, 80250 Johor Bahru  
Johor Darul Ta'zim, Malaysia  
Tel : 607-333 4895, 607-333 4896  
Fax : 607-333 4918  
E-mail : [ijmjb@ijm.com](mailto:ijmjb@ijm.com)  
Website : <http://www.ijm.com>  
Contact : Mr Ong Teng Cheng

### PENANG, MALAYSIA

Suite 05-01, Menara IJM Land  
1, Lebu Tunku Kudin 3  
11700 Gelugor, Penang, Malaysia  
Tel : 604-296 1388  
Fax : 604-296 1389  
E-mail : [ijmpgp@ijm.com](mailto:ijmpgp@ijm.com)  
Website : <http://www.ijm.com>  
Contact : Mr Mak Wai Hong

### SARAWAK, MALAYSIA

1st Floor, Lots 7886 & 7887  
Queen's Court  
Jalan Wan Alwi, 93350 Kuching  
Sarawak, Malaysia  
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Fax : 6082-461 581  
E-mail : [ijmkch@ijm.com](mailto:ijmkch@ijm.com)  
Website : <http://www.ijm.com>  
Contact : Mr Chan Kai Leong

### REGISTERED OFFICE

2nd Floor, Wisma IJM, Jalan Yong Shook Lin  
46050 Petaling Jaya, Selangor Darul Ehsan  
Malaysia  
Tel : 603-7985 8288  
Fax : 603-7952 1200  
E-mail : [csa@ijm.com](mailto:csa@ijm.com)  
Website : <http://www.ijm.com>

### PRINCIPAL BANKERS

- AmlInvestment Bank Berhad
- CIMB Bank Berhad
- HSBC Bank Malaysia Berhad
- Malayan Banking Berhad
- OCBC Bank (Malaysia) Berhad
- RHB Banking Group
- Standard Chartered Bank Malaysia Berhad
- United Overseas Bank (Malaysia) Berhad

### AUDITORS

PricewaterhouseCoopers PLT  
Chartered Accountants  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur, Malaysia  
Tel : 603-2173 1188  
Fax : 603-2173 1288  
Website : [www.pwc.com/my](http://www.pwc.com/my)

### SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia  
Tel : 603-2783 9299  
Fax : 603-2783 9222

### STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad  
since 29 September 1986  
BMSB Code : 3336  
Reuters Code : IJMS.KL  
Bloomberg Code : IJM MK

## DIVISIONAL OFFICES

### CONSTRUCTION

**MALAYSIA**  
**IJM CONSTRUCTION SDN BHD** (195650-H)  
2nd Floor, Wisma IJM  
Jalan Yong Shook Lin  
46050 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : 603-7985 8288  
Fax : 603-7952 9388  
E-mail : [ijm@ijm.com](mailto:ijm@ijm.com)  
Website : <http://www.ijm.com>  
Contact : Mr Liew Hau Seng

### INDIA

**IJM (INDIA) INFRASTRUCTURE LIMITED**  
H. No. 1-89/1, 3rd & 4th Floor  
2nd Floor, Madhapur, Hyderabad - 500 081, India  
Plot No. 42 & 43, Kavuri Hills Phase-1  
Madhapur, Hyderabad - 500 081, India  
Tel : 91 40 2311 4661/62/63/64  
Fax : 91 40 2311 4669  
E-mail : [ijmii@ijm.com](mailto:ijmii@ijm.com)  
Website : <http://www.ijm.com>  
Contact : Mr Cyrus Eruch Daruwalla

### MIDDLE EAST

#### KINGDOM OF BAHRAIN

**IJM CONSTRUCTION SDN BHD**  
**MIDDLE EAST REGIONAL OFFICE**  
Villa No. 835, Road No. 31  
Block No. 608, Wadyan  
P. O. Box 28141  
West Riffa, Kingdom of Bahrain  
Tel : 973 1773 0343  
Fax : 973 1773 2187/1773 7881  
E-mail : [ijmme@ijmellc.ae](mailto:ijmme@ijmellc.ae)  
Contact : Mr Liew Hau Seng

### UNITED ARAB EMIRATES

**IJM CONSTRUCTION (MIDDLE EAST) LLC** (560467)  
Flat #G10, Building #U18  
International City  
P.O. Box 36634  
Dubai, United Arab Emirates  
Tel : 971 4 340 9028  
E-mail : [ijm@ijm.com](mailto:ijm@ijm.com)  
Contact : Mr Liew Hau Seng

### PAKISTAN

**IJM CONSTRUCTION (PAKISTAN) (PVT) LTD**  
IT Tower Complex  
Plot # ST-2 & 3/15A, Block No. 14  
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#### MALAYSIAN ROCK PRODUCTS SDN BHD

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