



IOI GROUP

IOI CORPORATION BERHAD (9027-W)
(Incorporated in Malaysia)

**Interim Report
For The Financial Period Ended
30 September 2014**



IOI GROUP

IOI CORPORATION BERHAD (9027-W)
(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

| | INDIVIDUAL QUARTER (Q1) | | CUMULATIVE QUARTER (3 Mths) | |
|--|-------------------------|--------------------------------------|-----------------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30/09/14 | 30/09/13 | 30/09/14 | 30/09/13 |
| | RM'Million | RM'Million | RM'Million | RM'Million |
| CONTINUING OPERATIONS | | | | |
| Revenue | 3,020.9 | 3,239.9 | 3,020.9 | 3,239.9 |
| Operating profit | 313.7 | 315.7 | 313.7 | 315.7 |
| Share of results of associates | 22.0 | 27.6 | 22.0 | 27.6 |
| Share of results of a joint venture | (0.5) | (0.3) | (0.5) | (0.3) |
| Profit before interest and taxation | 335.2 | 343.0 | 335.2 | 343.0 |
| Interest income | 3.0 | 18.6 | 3.0 | 18.6 |
| Finance cost | (69.9) | (71.1) | (69.9) | (71.1) |
| Profit before taxation | 268.3 | 290.5 | 268.3 | 290.5 |
| Taxation | (87.7) | (102.5) | (87.7) | (102.5) |
| Profit from continuing operations | 180.6 | 188.0 | 180.6 | 188.0 |
| DISCONTINUED OPERATIONS | | | | |
| Profit after taxation of discontinued operations | - | 119.7 | - | 119.7 |
| | - | 119.7 | - | 119.7 |
| Profit for the period | 180.6 | 307.7 | 180.6 | 307.7 |
| Attributable to owners of the parent | | | | |
| From continuing operations | 176.7 | 183.0 | 176.7 | 183.0 |
| From discontinued operations | - | 118.8 | - | 118.8 |
| | 176.7 | 301.8 | 176.7 | 301.8 |
| Attributable to non-controlling interests | | | | |
| | 3.9 | 5.9 | 3.9 | 5.9 |
| | 180.6 | 307.7 | 180.6 | 307.7 |
| Earnings per share for profit attributable to owners of the Company (sen) | | | | |
| Basic earnings per share | | | | |
| From continuing operations | 2.78 | 2.86 | 2.78 | 2.86 |
| From discontinued operations | - | 1.86 | - | 1.86 |
| Total | 2.78 | 4.72 | 2.78 | 4.72 |
| Diluted earnings per share | | | | |
| From continuing operations | 2.77 | 2.86 | 2.77 | 2.86 |
| From discontinued operations | - | 1.85 | - | 1.85 |
| Total | 2.77 | 4.71 | 2.77 | 4.71 |

(The condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

| | INDIVIDUAL QUARTER (Q1) | | CUMULATIVE QUARTER (3 Mths) | |
|--|-------------------------|--------------------------------------|-----------------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30/09/14 RM'Million | 30/09/13 RM'Million | 30/09/14 RM'Million | 30/09/13 RM'Million |
| Profit for the period | 180.6 | 307.7 | 180.6 | 307.7 |
| Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss when specific conditions are met | | | | |
| Exchange differences on translation of foreign operations | (39.5) | 226.3 | (39.5) | 226.3 |
| Share of other comprehensive (loss)/income of associates | (3.8) | 1.5 | (3.8) | 1.5 |
| | (43.3) | 227.8 | (43.3) | 227.8 |
| Other comprehensive (loss)/income for the period | (43.3) | 227.8 | (43.3) | 227.8 |
| Total comprehensive income for the period, net of tax | 137.3 | 535.5 | 137.3 | 535.5 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 133.7 | 528.5 | 133.7 | 528.5 |
| Non-controlling interests | 3.6 | 7.0 | 3.6 | 7.0 |
| | 137.3 | 535.5 | 137.3 | 535.5 |

(The condensed consolidated statement of other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

| | AS AT END OF CURRENT QUARTER 30/09/14 RM'Million | AS AT PRECEDING FINANCIAL YEAR END 30/06/14 RM'Million |
|-----------------------------|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 6,444.7 | 6,410.0 |
| Prepaid lease payments | 30.1 | 30.1 |
| Investment properties | 8.3 | 8.3 |
| Goodwill on consolidation | 458.4 | 458.4 |
| Associates | 903.6 | 886.9 |
| Joint venture | 40.5 | 33.0 |
| Derivative financial assets | 73.1 | 75.1 |
| Deferred tax assets | 39.5 | 43.8 |
| | <u>7,998.2</u> | <u>7,945.6</u> |
| Current assets | | |
| Inventories | 2,064.5 | 2,154.6 |
| Receivables | 1,110.0 | 1,101.6 |
| Derivative financial assets | 121.0 | 61.4 |
| Other investments | 92.2 | 80.7 |
| Short term funds | 2,802.2 | 3,450.0 |
| Short term deposits | 247.7 | 186.8 |
| Cash and bank balances | 431.2 | 350.9 |
| | <u>6,868.8</u> | <u>7,386.0</u> |
| TOTAL ASSETS | <u>14,867.0</u> | <u>15,331.6</u> |

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position (Continued)

| | AS AT END OF CURRENT QUARTER 30/09/14 RM'Million | AS AT PRECEDING FINANCIAL YEAR END 30/06/14 RM'Million |
|--|---|---|
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 645.7 | 645.0 |
| Share premium | 54.6 | 27.6 |
| Other reserves | (150.5) | (101.4) |
| Treasury shares | (441.0) | (441.0) |
| Retained earnings | 5,320.3 | 5,906.6 |
| | <u>5,429.1</u> | <u>6,036.8</u> |
| Non-controlling interests | 199.9 | 196.3 |
| Total equity | <u>5,629.0</u> | <u>6,233.1</u> |
| Non-current liabilities | | |
| Long term borrowings | 5,121.8 | 5,069.2 |
| Derivative financial liabilities | 33.0 | 44.8 |
| Other long term liabilities | 33.9 | 36.3 |
| Deferred tax liabilities | 449.2 | 451.4 |
| | <u>5,637.9</u> | <u>5,601.7</u> |
| Current liabilities | | |
| Payables | 880.3 | 940.5 |
| Derivative financial liabilities | 109.9 | 58.1 |
| Short term borrowings | 2,558.7 | 2,454.3 |
| Provision for taxation | 51.2 | 43.9 |
| | <u>3,600.1</u> | <u>3,496.8</u> |
| Total liabilities | <u>9,238.0</u> | <u>9,098.5</u> |
| TOTAL EQUITY AND LIABILITIES | <u>14,867.0</u> | <u>15,331.6</u> |
| Net assets per share attributable to owners of the Company (RM) | 0.85 | 0.95 |

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

| | 3 Months Ended 30/09/14 RM'Million | 3 Months Ended 30/09/13 RM'Million |
|---|---|---|
| Operating Activities | | |
| Profit before taxation | | |
| From continuing operations | 268.3 | 290.5 |
| From discontinued operations | - | 174.7 |
| | 268.3 | 465.2 |
| Adjustments for: | | |
| Depreciation | 59.6 | 61.3 |
| Other non-cash items | 97.7 | 147.9 |
| Operating profit before working capital changes | 425.6 | 674.4 |
| Decrease in inventories | 5.9 | 104.2 |
| Decrease/(increase) in receivables and other assets | 29.0 | (236.9) |
| Increase in payables and other liabilities | (10.1) | (78.0) |
| Cash generated from operations | 450.4 | 463.7 |
| Other payments | (3.1) | (2.6) |
| Taxes paid | (96.7) | (102.3) |
| Net cash inflow from operating activities | 350.6 | 358.8 |
| Investing Activities | | |
| Dividends received | 29.0 | 19.7 |
| Interest received | 3.5 | 5.6 |
| Proceeds from disposal of property, plant and equipment | 0.2 | 0.1 |
| Other receipts | - | 2.5 |
| Proceeds from disposal of other investments | - | 5.4 |
| Additions to investment properties | - | (6.9) |
| Investments in joint ventures | - | (15.4) |
| Investment in land held for development | - | (243.7) |
| Additions to prepaid lease payments | (0.7) | (1.1) |
| Advances to joint ventures | (8.0) | (12.8) |
| Additions to other investments | (15.8) | - |
| Additions to property, plant and equipment | (121.2) | (99.3) |
| Net cash outflow from investing activities | (113.0) | (345.9) |

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows (Continued)

| | 3 Months Ended 30/09/14 RM'Million | 3 Months Ended 30/09/13 RM'Million |
|--|---|---|
| Financing Activities | | |
| Proceeds from other borrowings | 83.2 | 243.4 |
| Issuance of shares | 21.6 | 15.1 |
| Payment of interests | (80.3) | (81.1) |
| Payment of dividends | (763.0) | (543.2) |
| Net cash outflow from financing activities | (738.5) | (365.8) |
| Net decrease in cash and cash equivalents | (500.9) | (352.9) |
| Cash and cash equivalents at beginning of period | 3,987.7 | 3,410.6 |
| Effect of exchange rate changes | (5.7) | 24.2 |
| | 3,481.1 | 3,081.9 |
| Cash and cash equivalents classified as disposal group held for sale/ held for distribution to owners | - | (633.1) |
| Cash and cash equivalents at end of period | 3,481.1 | 2,448.8 |

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)



IOI GROUP

IOI CORPORATION BERHAD (9027-W)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity

| (RM' Million) | Non-distributable | | | | | Distributable | | Non- controlling interests | Total equity |
|--|-------------------|---------------|-----------------|--------------------------------------|-----------------|-------------------|---|----------------------------|----------------|
| | Share capital | Share premium | Capital reserve | Foreign currency translation reserve | Treasury shares | Retained earnings | Total attributable to owners of the Company | | |
| As at 1 July 2014 | 645.0 | 27.6 | 113.7 | (215.1) | (441.0) | 5,906.6 | 6,036.8 | 196.3 | 6,233.1 |
| Total comprehensive income | - | - | - | (43.0) | - | 176.7 | 133.7 | 3.6 | 137.3 |
| Transactions with owners | | | | | | | | | |
| Dividend paid in respect of previous financial year | - | - | - | - | - | (763.0) | (763.0) | - | (763.0) |
| Issue of shares arising from exercise of share options | 0.7 | 27.0 | (6.1) | - | - | - | 21.6 | - | 21.6 |
| As at 30 September 2014 | 645.7 | 54.6 | 107.6 | (258.1) | (441.0) | 5,320.3 | 5,429.1 | 199.9 | 5,629.0 |

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)



IOI GROUP

IOI CORPORATION BERHAD (9027-W)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity (Continued)

| (RM' Million) | Non-distributable | | | | | Distributable | Total attributable to owners of the Company | Non-controlling interests | Total equity |
|--|-------------------|---------------|-----------------|--------------------------------------|-----------------|-------------------|---|---------------------------|--------------|
| | Share capital | Share premium | Capital reserve | Foreign currency translation reserve | Treasury shares | Retained earnings | | | |
| As at 1 July 2013 | | | | | | | | | |
| As previously reported | 643.4 | 2,013.4 | 127.2 | (56.2) | (235.7) | 11,179.9 | 13,672.0 | 280.0 | 13,952.0 |
| Effect of adopting FRS 119 | - | - | - | - | - | (21.5) | (21.5) | - | (21.5) |
| As restated | 643.4 | 2,013.4 | 127.2 | (56.2) | (235.7) | 11,158.4 | 13,650.5 | 280.0 | 13,930.5 |
| Total comprehensive income | - | - | - | 226.7 | - | 301.8 | 528.5 | 7.0 | 535.5 |
| Transactions with owners | | | | | | | | | |
| Dividend paid in respect of previous financial year | - | - | - | - | - | (543.2) | (543.2) | - | (543.2) |
| Issue of shares arising from exercise of share options | 0.4 | 18.2 | (3.5) | - | - | - | 15.1 | - | 15.1 |
| Recognition of share option expenses | - | - | 0.1 | - | - | - | 0.1 | - | 0.1 |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | - | 53.0 | 53.0 |
| As at 30 September 2013 | 643.8 | 2,031.6 | 123.8 | 170.5 | (235.7) | 10,917.0 | 13,651.0 | 340.0 | 13,991.0 |

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)



Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

a) Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2014 except for the adoption of the following new/revised FRSs and amendments to FRSs:

| Title | Effective Date |
|--|-----------------------|
| Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i> | 1 January 2014 |
| Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i> | 1 January 2014 |
| Amendments to FRS 12 <i>Disclosure of Interests in Other Entities: Investment Entities</i> | 1 January 2014 |
| Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i> | 1 January 2014 |
| Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i> | 1 January 2014 |
| Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i> | 1 January 2014 |
| IC Interpretation 21 <i>Levies</i> | 1 January 2014 |
| Amendments to FRS 119 (2011) <i>Defined Benefit Plans: Employee Contributions</i> | 1 July 2014 |
| Annual Improvements to FRSs 2010 - 2012 Cycle | 1 July 2014 |
| Annual Improvements to FRSs 2011 - 2013 Cycle | 1 July 2014 |

The adoption of the above FRS, amendments to FRSs and IC Interpretation do not have any significant financial impact on the results and the financial position of the Group for the current quarter.

As stated in our audited financial statements for the financial year ended 30 June 2014, the Group has yet to adopt the Malaysian Financial Reporting Standards (“MFRS”) framework, and has elected to be a transitioning entity which will only adopt the MFRS framework for the financial year ending 30 June 2018.



Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

b) Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors that affect the business of the Group for the quarter under review.

c) Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income, and cash flows for the period under review.

d) Material Changes in Estimates of Amounts Reported

There are no changes in estimates of amounts reported in prior interim periods or financial years that have a material effect in the current financial period.

e) Details of Changes in Debt and Equity Securities

During the current financial period-to-date, the Company issued:

- 1,692,800 shares of RM0.10 each for cash at RM2.03 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.
- 2,202,300 shares of RM0.10 each for cash at RM3.49 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.
- 2,480,000 shares of RM0.10 each for cash at RM4.17 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.

f) Dividends Paid

| | CURRENT YEAR TO DATE RM'Million | PRECEDING YEAR CORRESPONDING PERIOD RM'Million |
|---|--|---|
| Second interim single tier dividend in respect of financial year ended 30 June 2014 - 12.0 sen per ordinary share of RM0.10 each | 763.0 | - |
| Second interim single tier dividend in respect of financial year ended 30 June 2013 - 8.5 sen per ordinary share of RM0.10 each | - | 543.2 |
| | 763.0 | 543.2 |



Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

g) Segment Revenue & Results

| (RM'Million) | Plantation | Resource-based Manufacturing | Other Operations | Eliminations | Total Continuing Operations | Discontinued Operations | Adjustment * | Total |
|-------------------------------------|------------|---------------------------------|---------------------|--------------|-----------------------------------|----------------------------|--------------|---------|
| 3 Months Ended 30/09/14 | | | | | | | | |
| REVENUE | | | | | | | | |
| External Sales | 49.6 | 2,938.1 | 33.2 | - | 3,020.9 | - | - | 3,020.9 |
| Inter-segment sales | 483.3 | - | - | (483.3) | - | - | - | - |
| Total Revenue | 532.9 | 2,938.1 | 33.2 | (483.3) | 3,020.9 | - | - | 3,020.9 |
| RESULT | | | | | | | | |
| Operating profit | 263.0 | 105.3 | 27.3 | - | 395.6 | - | - | 395.6 |
| Share of results of associates | 18.0 | 4.0 | - | - | 22.0 | - | - | 22.0 |
| Share of results of a joint venture | - | (0.5) | - | - | (0.5) | - | - | (0.5) |
| Segment results | 281.0 | 108.8 | 27.3 | - | 417.1 | - | - | 417.1 |
| 3 Months Ended 30/09/13 | | | | | | | | |
| REVENUE | | | | | | | | |
| External Sales | 53.3 | 3,175.9 | 10.7 | - | 3,239.9 | 334.1 | (8.8) | 3,565.2 |
| Inter-segment sales | 418.5 | - | - | (418.5) | - | - | - | - |
| Total Revenue | 471.8 | 3,175.9 | 10.7 | (418.5) | 3,239.9 | 334.1 | (8.8) | 3,565.2 |
| RESULT | | | | | | | | |
| Operating profit | 232.7 | 208.7 | 14.0 | - | 455.4 | 151.0 | - | 606.4 |
| Share of results of associates | 17.4 | 10.2 | - | - | 27.6 | 1.1 | - | 28.7 |
| Share of results of joint ventures | - | (0.3) | - | - | (0.3) | 23.7 | - | 23.4 |
| Segment results | 250.1 | 218.6 | 14.0 | - | 482.7 | 175.8 | - | 658.5 |

*: Inter-operations sales within continuing operations and discontinued operations.



Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

g) Segment Revenue & Results (Continued)

The reconciliation of reportable segment results to the Group's corresponding amounts is as follows:

| | 3 Months Ended 30/09/14 | | | | 3 Months Ended 30/09/13 | | | |
|--|--|--|--------------------------|---------------------|--|--|----------------------------|---------------------|
| | Continuing operations RM'Million | Discontinued operations RM'Million | Adjustment RM'Million | Total RM'Million | Continuing operations RM'Million | Discontinued operations RM'Million | Adjustment * RM'Million | Total RM'Million |
| Segment results | 417.1 | - | - | 417.1 | 482.7 | 175.8 | - | 658.5 |
| Translation loss on foreign currency denominated borrowings | (88.3) | - | - | (88.3) | (164.1) | - | - | (164.1) |
| Translation gain on foreign currency denominated cash and cash equivalents | 0.1 | - | - | 0.1 | 12.4 | - | - | 12.4 |
| Unallocated fair value gain on derivative financial instruments | 36.1 | - | - | 36.1 | 22.1 | - | - | 22.1 |
| Other unallocated corporate net expenses | (29.8) | - | - | (29.8) | (10.1) | - | - | (10.1) |
| Profit before interest and taxation | 335.2 | - | - | 335.2 | 343.0 | 175.8 | - | 518.8 |
| Finance cost | (69.9) | - | - | (69.9) | (71.1) | (10.7) | 14.8 | (67.0) |
| Interest income | 3.0 | - | - | 3.0 | 18.6 | 9.6 | (14.8) | 13.4 |
| Profit before taxation | 268.3 | - | - | 268.3 | 290.5 | 174.7 | - | 465.2 |
| Taxation | (87.7) | - | - | (87.7) | (102.5) | (55.0) | - | (157.5) |
| Profit for the period | 180.6 | - | - | 180.6 | 188.0 | 119.7 | - | 307.7 |

*: Inter-operations transactions within continuing operations and discontinued operations.



Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

g) Segment Revenue & Results (Continued)

The basis of segmentation and measurement of segment profit or loss is consistent with the basis adopted in the last audited annual financial statements. There were no material changes in segment assets from the amount disclosed in the last audited annual financial statements.

h) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to 30 September 2014 that have not been reflected in the financial statements.

i) Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 30 September 2014.

j) Contingent Liabilities

There were no significant changes in contingent liabilities since the last annual reporting date.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

1) Detailed Analysis of the Performance of All Operating Segments of the Group

a) Q1 FY2015 vs. Q1 FY2014

The Group registered a profit of RM180.6 million for Q1 FY2015, which is 41% lower than the profit of RM307.7 million reported for Q1 FY2014. The decrease is due mainly to the cessation of profit contribution from the property related business in Q1 FY2015 following the Demerger (Q1 FY2014 – RM119.7 million), moderated by lower translation loss on foreign currency denominated borrowings.

Excluding the effect from the Demerger and translation difference on foreign currency denominated borrowings for both Q1 FY2015 and Q1 FY2014, the underlying profit of RM268.9 million for Q1 FY2015 is 24% lower than the underlying profit of RM352.1 million for Q1 FY2014. This is mainly due to lower contribution from resource-based manufacturing segment, mitigated by higher contribution from plantation segment.

Plantation

The plantation profit increased by 12% to RM281.0 million for Q1 FY2015, as compared to RM250.1 million reported for Q1 FY2014. The higher profit is due mainly to higher FFB production as well as higher PK prices realised. FFB production for Q1 FY2015 was 967,202 MT as compared to 875,835 MT for Q1 FY2014, i.e. an increase of about 10%.

Resource-based Manufacturing

The resource-based manufacturing profit of RM108.8 million for Q1 FY2015 is 50% lower than RM218.6 million reported for Q1 FY2014. The lower manufacturing profit is mainly due to lower margin as well as lower sales volume from oleochemicals and refinery sub-segments.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

2) Material Change in Profit for the Current Quarter as Compared with the Immediate Preceding Quarter

The Group reported a profit of RM180.6 million for Q1 FY2015, which is 55% lower than RM402.7 million reported for Q4 FY2014. The lower profit is due mainly to the translation loss of RM88.3 million on foreign currency denominated borrowings recorded in Q1 FY2015 as compared to a gain of RM101.3 million recorded in Q4 FY2014, coupled with the absence of RM52.4 million one-off gain arising from the demerger of the property business recognised in the preceding quarter.

Excluding the translation difference on foreign currency denominated borrowings for both the Q1 FY2015 and Q4 FY2014 and the effect from Demerger, the underlying profit of RM268.9 million for Q1 FY2015 is 8% higher than the underlying profit of RM249.0 million for Q4 FY2014, which is primarily due to the following reasons:

- a) fair value gain on unallocated derivative financial instruments of RM36.1 million in Q1 FY2015 as opposed to fair value loss of RM17.4 million in Q4 FY2014; offset by
- b) lower profit from plantation segment with lower CPO and PK prices, mitigated by a 16% increase in FFB production. Average CPO price realised for Q1 FY2015 was RM2,258/MT as compared to RM2,661/MT for Q4 FY2014.

The analysis of contribution by segment is as follows:

| | CURRENT QUARTER RM'Million | PRECEDING QUARTER RM'Million | DIFFERENCE RM'Million | |
|--|---|---|----------------------------------|--------|
| Continuing operations | | | | |
| Plantation | 281.0 | 318.6 | (37.6) | (12%) |
| Resource-based manufacturing | 108.8 | 103.7 | 5.1 | 5% |
| Other operations | 27.3 | 28.7 | (1.4) | (5%) |
| Segment results | <u>417.1</u> | <u>451.0</u> | (33.9) | (8%) |
| Translation (loss)/gain on foreign currency denominated borrowings | (88.3) | 101.3 | (189.6) | (187%) |
| Unallocated fair value gain/(loss) on derivative financial instruments | 36.1 | (17.4) | 53.5 | 307% |
| Other unallocated corporate net expenses | (29.7) | (37.8) | 8.1 | (21%) |
| Profit before interest and taxation | <u>335.2</u> | <u>497.1</u> | (161.9) | (33%) |
| Finance cost | (69.9) | (68.7) | (1.2) | 2% |
| Interest income | 3.0 | 4.6 | (1.6) | (35%) |
| Profit before taxation | <u>268.3</u> | <u>433.0</u> | (164.7) | (38%) |
| Taxation | (87.7) | (82.7) | (5.0) | 6% |
| Profit from continuing operations | <u>180.6</u> | <u>350.3</u> | (169.7) | (48%) |
| Discontinued operations | | | | |
| Net gain arising from Demerger Exercise | - | 52.4 | (52.4) | (100%) |
| | - | 52.4 | (52.4) | (100%) |
| Profit for the period | <u>180.6</u> | <u>402.7</u> | (222.1) | (55%) |

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

3) Prospects

We expect Crude Palm Oil (“CPO”) price to remain at the prevailing level before trending higher towards the beginning of next year when palm oil production enters its seasonal lows. The recent launch of the B7 biodiesel mandate by the Malaysian Government coupled with the reported flat Malaysian production growth in October has helped to give a positive support to the existing palm oil price.

Going forward, we expect higher contribution from our Indonesian plantation subsidiary as its fresh fruit bunch production is expected to increase by three fold in this financial year albeit from a small base. In addition, we also expect higher contribution from our associate in Indonesia, Bumitama Agri Ltd, which has an average planting age of around 6 years only.

In the resource-based manufacturing segment, the Group expects its specialty oils and fats and oleochemicals sub-segments to perform satisfactorily in view of the resilient demand from the food sector and the sustainable demand of oleochemicals products from the industrial users.

Overall, the Group’s performance for FY2015 is expected to be satisfactory.

4) Achievability of Forecast Results

Not applicable.

5) Variance of Actual Profit from Forecast Results or Profit Guarantee

Not applicable.

6) Taxation

| | INDIVIDUAL QUARTER (Q1) | | CUMULATIVE QUARTER (3 Mths) | |
|--|------------------------------------|--|------------------------------------|---|
| | CURRENT YEAR QUARTER RM'Million | PRECEDING YEAR CORRESPONDING QUARTER RM'Million | CURRENT YEAR TO DATE RM'Million | PRECEDING YEAR CORRESPONDING PERIOD RM'Million |
| The tax expense comprises the following: | | | | |
| Current taxation | | | | |
| - Current year | 82.2 | 97.4 | 82.2 | 97.4 |
| - Prior years | 0.1 | 0.1 | 0.1 | 0.1 |
| Deferred taxation | | | | |
| - Current year | 4.5 | 5.1 | 4.5 | 5.1 |
| - Prior years | 0.9 | (0.1) | 0.9 | (0.1) |
| | 87.7 | 102.5 | 87.7 | 102.5 |

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due principally to the non-allowable unrealised foreign exchange losses and other non-allowable expenses incurred by the Group.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

7) Corporate Proposal

There were no corporate proposals announced by the Group but not completed as at 10 November 2014 (being a date not earlier than 7 days from the date of issue of the quarterly report).

8) Group Borrowings and Debts Securities

Group borrowings and debt securities as at 30 September 2014 are as follows:

| | RM'Million |
|--|-------------------|
| a) Short term borrowings | |
| Unsecured | |
| Denominated in RM | 68.6 |
| Denominated in USD (USD716.4 million) | 2,341.1 |
| Denominated in EUR (EUR35.9 million) | 149.0 |
| Total Short Term Borrowings | 2,558.7 |
| b) Long term borrowings | |
| Unsecured | |
| Denominated in JPY (JPY21,000.0 million) | 628.7 |
| Denominated in USD (USD1,372.6 million) | 4,493.1 |
| Total Long Term Borrowings | 5,121.8 |
| Total Borrowings | 7,680.5 |

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

9) Derivative Financial Instruments

a) The outstanding forward foreign exchange contracts as at 30 September 2014 are as follows:

| | Contract/Notional Value (Million) Net long/(short) | | | | Fair Value – assets/(liabilities) (RM'Million) | | | | |
|--------------------------|---|---------|-------------------------|-------------------------|---|---------|-------------------------|-------------------------|--------|
| | Base Currency | <1 year | 1 year to 3 years | More than 3 years | Total | <1 year | 1 year to 3 years | More than 3 years | Total |
| Vanilla Contracts | | | | | | | | | |
| USD/RM | USD | (71.6) | - | - | (71.6) | (33.6) | - | - | (33.6) |
| EUR/RM | EUR | (20.4) | - | - | (20.4) | 2.8 | - | - | 2.8 |
| USD/EUR | USD | 346.7 | - | - | 346.7 | 59.3 | - | - | 59.3 |
| EUR/USD | USD | (86.7) | - | - | (86.7) | (16.5) | - | - | (16.5) |
| EUR/GBP | GBP | (7.2) | - | - | (7.2) | (1.2) | - | - | (1.2) |
| EUR/CAD | CAD | (4.1) | - | - | (4.1) | (0.3) | - | - | (0.3) |
| USD/RMB | USD | (3.9) | - | - | (3.9) | 0.2 | - | - | 0.2 |
| JPY/RM | JPY | (353.9) | - | - | (353.9) | 0.3 | - | - | 0.3 |
| GBP/RM | GBP | (1.4) | - | - | (1.4) | - | - | - | - |
| RM/EUR | RM | 65.3 | - | - | 65.3 | 2.3 | - | - | 2.3 |
| EUR/RM | RM | (21.2) | - | - | (21.2) | (0.3) | - | - | (0.3) |
| SGD/RM | SGD | 0.5 | - | - | 0.5 | - | - | - | - |
| USD/CAD | CAD | (1.7) | - | - | (1.7) | 0.1 | - | - | 0.1 |
| CAD/USD | USD | (2.5) | - | - | (2.5) | (0.2) | - | - | (0.2) |
| RM/USD | USD | (98.8) | - | - | (98.8) | (6.8) | - | - | (6.8) |
| RM/EUR | EUR | (0.1) | - | - | (0.1) | - | - | - | - |
| RM/RMB | RMB | (82.1) | - | - | (82.1) | (1.0) | - | - | (1.0) |
| RMB/RM | RMB | (0.2) | - | - | (0.2) | - | - | - | - |
| AUD/MYR | AUD | (0.3) | - | - | (0.3) | - | - | - | - |
| | | | | | | 5.1 | - | - | 5.1 |

The above contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currencies denominated financial assets and liabilities.

There is minimal credit risk as the contracts were entered into with reputable banks.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

9) Derivative Financial Instruments (Continued)

b) The outstanding commodity contracts as at 30 September 2014 are as follows:

| | Contract/Notional Value (Million) Net long/(short) | | | | Fair Value – assets/(liabilities) (RM'Million) | | | | |
|------------------------------|---|---------|----------------------|-------------------------|---|------------|----------------------|-------------------------|--------------|
| | Base Currency | <1 year | 1 year to 3 years | More than 3 years | Total | <1 year | 1 year to 3 years | More than 3 years | Total |
| Forward Contracts | RM | 62.8 | - | - | 62.8 | 4.1 | - | - | 4.1 |
| | USD | 90.6 | - | - | 90.6 | (0.5) | - | - | (0.5) |
| | | | | | | 3.6 | - | - | 3.6 |
| Futures | RM | 135.7 | - | - | 135.7 | 5.9 | - | - | 5.9 |
| | RM | (14.8) | - | - | (14.8) | (1.1) | - | - | (1.1) |
| | USD | 1.4 | - | - | 1.4 | (0.4) | - | - | (0.4) |
| | USD | 7.5 | - | - | 7.5 | (2.0) | - | - | (2.0) |
| | | | | | | 2.4 | - | - | 2.4 |

The above commodity contracts were entered into with the objective of managing and hedging the respective exposure of the Group's plantation segment and resource-based manufacturing segment to adverse price movements in vegetable oil commodities.

The associated credit risk is minimal as these contracts were entered into with brokers of commodity exchanges.

c) The outstanding cross currency swap contracts as at 30 September 2014 are as follows:

| | Contract/Notional Value (Million) | | | | | Fair Value – assets/(liabilities) (RM'Million) | | | |
|---|-----------------------------------|---------|-------------------------|-------------------------|-----------------|---|-------------------------|-------------------------|-------------|
| | Base Currency | <1 year | 1 year to 3 years | More than 3 years | Total | <1 year | 1 year to 3 years | More than 3 years | Total |
| JPY liability to USD liability ¹ | JPY | - | - | 15,000.0 | 15,000.0 | - | - | 30.1 | 30.1 |
| JPY liability to USD liability ² | JPY | - | - | 6,000.0 | 6,000.0 | - | - | 12.4 | 12.4 |
| Floating rate USD liability to fixed rate RM liability ³ | USD | - | 100.0 | - | 100.0 | - | 30.6 | - | 30.6 |

¹ The contracts effectively swapped the Group's JPY15.0 billion 30-year Fixed Rate Term Loan due 2037 into USD128 million liability and serve as a cashflow hedge for the Group's principal repayment for the JPY loan obtained.

² The contracts effectively swapped the Group's JPY6.0 billion 30-year Fixed Rate Term Loan due 2038 into USD55 million liability and serve as a cashflow hedge for the Group's principal repayment for the JPY loan obtained.

³ The contracts effectively swapped the Group's floating rate USD100 million Term Loan into fixed rate RM302 million liability and serve as a cashflow hedge for the Group's principal repayment for the USD loan obtained.

There is minimal credit risk as the swaps were entered into with reputable banks.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

9) Derivative Financial Instruments (Continued)

d) The outstanding interest rate swap contracts as at 30 September 2014 are as follows:

| | Contract/Notional Value (Million) | | | | | Fair Value – assets/(liabilities) (RM'Million) | | | |
|----------------------------------|-----------------------------------|---------|-------------------------|-------------------------|--------------|---|-------------------------|-------------------------|---------------|
| | Base Currency | <1 year | 1 year to 3 years | More than 3 years | Total | <1 year | 1 year to 3 years | More than 3 years | Total |
| Interest Rate Swaps ¹ | USD | - | - | 600.0 | 600.0 | - | - | (30.7) | (30.7) |
| | USD | - | 74.0 | - | 74.0 | - | (2.3) | - | (2.3) |

¹ The contracts effectively swapped the Group's floating interest rate to fixed interest rate to hedge against interest rate fluctuations.

There is minimal credit risk as the swaps were entered into with reputable banks.

All the above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The resulting gain or loss from the remeasurement is recognised in profit or loss.



Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

10) Fair Value Changes of Financial Liabilities

| Type of Financial Liability | Fair Value Gain/(Loss) | | Basis of Fair Value Measurement | Reason for gain/(loss) |
|---|------------------------|----------------------|---|---|
| | Current Quarter | Current Year To Date | | |
| | RM'Million | RM'Million | | |
| Forward foreign exchange contracts | (35.5) | (35.5) | The difference between the contracted rates and the market forward rates | The exchange rates have moved unfavourably against for the Group from the last measurement date |
| Commodity futures | 1.6 | 1.6 | The difference between the contracted prices rate and forward prices | The prices for the respective commodity futures have moved favourably for the Group from the last measurement date |
| Commodity forward contracts | (17.9) | (17.9) | The difference between the contracted prices rate and forward prices | The prices for the respective commodity forward contracts have moved unfavourably against the Group from the last measurement date |
| Cross currency swap contracts | 1.0 | 1.0 | Based on spot, forward and interest rate term structure for the respective currencies | The forward and interest rate term structure for the respective currencies have moved favourably for the Group from the last measurement date |
| Interest rate swap contracts | 10.8 | 10.8 | The difference between fixed and floating interest rates | The floating interest rate has moved favourably for the Group from the last measurement date |

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

11) Realised and Unrealised Profits

The retained earnings as at the end of the reporting period are analysed as follows:

| | RM'Million |
|---|------------------|
| Total retained profits of IOI Corporation Berhad and its subsidiaries: | |
| - Realised | 9,361.8 |
| - Unrealised | 5.3 |
| | 9,367.1 |
| Total share of retained profits from associated companies: | |
| - Realised | 288.3 |
| - Unrealised | 120.7 |
| | 409.0 |
| Total share of accumulated losses from joint venture: | |
| - Realised | (1.4) |
| - Unrealised | - |
| | (1.4) |
| | 9,774.7 |
| Less: Consolidation adjustments | (4,454.4) |
| Total Group retained profits | 5,320.3 |

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

12) Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit for the period has been arrived after charging/(crediting):

| | CURRENT YEAR QUARTER 30/09/14 RM'Million | CURRENT YEAR TO DATE 30/09/14 RM'Million |
|--|--|--|
| Interest income | (3.0) | (3.0) |
| Other income including investment income | | |
| - Dividend income | (27.6) | (27.6) |
| Interest expense | 69.9 | 69.9 |
| Depreciation and amortisation | 59.6 | 59.6 |
| Provision for and write off of receivables | 0.9 | 0.9 |
| Provision for and write off of inventories | 17.5 | 17.5 |
| Foreign exchange loss | 35.9 | 35.9 |
| Gain on derivatives | (25.4) | (25.4) |

Other than as per disclosed above, the group does not have other material items that recognised as profit/loss in the statement of profit or loss and statement of other comprehensive income.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

13) Material Litigation

There is no new material litigation or significant changes to the status of material litigations which are pending disposal in the courts since 30 June 2014. For ease of reference, the material litigation brought forward is detailed below:

IOI Corporation Berhad

A Writ of Summons and Statement of Claim had been filed at the High Court of Malaya at Kuala Lumpur (“High Court”) (No.D24-22-438-2003) by Tuan Haji Zulkifli Bin Husain and 6 others (“Plaintiffs”), the former shareholders of IOI Oleochemical Industries Berhad (“IOI Oleo”) against the Company, its Executive Chairman Tan Sri Dato' Lee Shin Cheng and its Executive Director, Dato' Lee Yeow Chor (“Defendants”) claiming that the Defendants are under an obligation pursuant to Rule 34.1 of the Malaysian Code on Take-Overs and Mergers, 1987 to extend a mandatory general offer to the Plaintiffs to acquire their shares in IOI Oleo and have sought for damages by reason of alleged failure by the Defendants to extend the said general offer.

The High Court of Malaya in Kuala Lumpur had on 20 May 2011 dismissed the Plaintiffs’ case with costs.

The Plaintiffs (“Appellants”) then filed an appeal to the Court of Appeal (W-02-1640-91) against the decision of the High Court which was dismissed on 18 November 2011.

The Appellants then filed a Notice of Motion to the Federal Court (No.8(f)-782-12/2013(W)) for leave to appeal against the Court of Appeal decision and the matter was unanimously dismissed on 26 August 2014.

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

14) Dividend

No dividend has been proposed for the quarter under review (30 September 2013: Nil).

15) Earnings per Share

| | INDIVIDUAL QUARTER (Q1) | | CUMULATIVE QUARTER (3 Mths) | |
|--|-------------------------|--------------------------------------|-----------------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | RM'Million | RM'Million | RM'Million | RM'Million |
| a) Basic earnings per share | | | | |
| Profit for the period attributable to owners of the parent | | | | |
| From continuing operations | 176.7 | 183.0 | 176.7 | 183.0 |
| From discontinued operations | - | 118.8 | - | 118.8 |
| | 176.7 | 301.8 | 176.7 | 301.8 |
| Weighted average number of ordinary shares in issue ('Million) | 6,358.8 | 6,388.0 | 6,358.8 | 6,388.0 |
| Basic earnings per share (sen) | | | | |
| From continuing operations | 2.78 | 2.86 | 2.78 | 2.86 |
| From discontinued operations | - | 1.86 | - | 1.86 |
| Total | 2.78 | 4.72 | 2.78 | 4.72 |

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

15) Earnings per Share (Continued)

| | INDIVIDUAL QUARTER (Q1) | | CUMULATIVE QUARTER (3 Mths) | |
|---|-------------------------|--------------------------------------|-----------------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | RM'Million | RM'Million | RM'Million | RM'Million |
| b) Diluted earnings per share | | | | |
| Adjusted profit for the period attributable to owners of the Company : | | | | |
| Profit for the period attributable to owners of the parent | | | | |
| From continuing operations | 176.7 | 183.0 | 176.7 | 183.0 |
| From discontinued operations | - | 118.8 | - | 118.8 |
| | 176.7 | 301.8 | 176.7 | 301.8 |
| Adjusted weighted average number of ordinary shares in issue ('Million) | | | | |
| Weighted average number of ordinary shares in issue | 6,358.8 | 6,388.0 | 6,358.8 | 6,388.0 |
| Assumed exercise of Executive Share Options at beginning of period | 11.4 | 15.8 | 11.4 | 15.8 |
| | 6,370.2 | 6,403.8 | 6,370.2 | 6,403.8 |
| Diluted earnings per share (sen) | | | | |
| From continuing operations | 2.77 | 2.86 | 2.77 | 2.86 |
| From discontinued operations | - | 1.85 | - | 1.85 |
| Total | 2.77 | 4.71 | 2.77 | 4.71 |

16) Audit Qualification

The audit report on the Group's preceding year's financial statements is not qualified.

By Order of the Board

Chee Ban Tuck
Company Secretary

Putrajaya
17 November 2014

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Group Plantation Statistics

| | | As At 30/09/14 | As At 30/09/13 |
|--------------------------|-------------------|---------------------------|---------------------------|
| Planted Area | | | |
| Oil palm | | | |
| Mature | <i>(hectares)</i> | 151,076 | 142,810 |
| Total planted | <i>(hectares)</i> | 179,190 | 160,759 |
| Rubber | | | |
| Total planted | <i>(hectares)</i> | 465 | 496 |
| Total Titled Area | <i>(hectares)</i> | 207,121 | 197,817 |

| | | 30/09/14 (3 months) | 30/09/13 (3 months) |
|---------------------------------------|-------------------|--------------------------------|--------------------------------|
| Average Mature Area | | | |
| Oil Palm | <i>(hectares)</i> | 148,289 | 140,672 |
| Production | | | |
| Oil Palm | | | |
| FFB production | <i>(tonnes)</i> | 967,202 | 875,835 |
| Yield per mature hectare | <i>(tonnes)</i> | 6.52 | 6.23 |
| FFB processed | <i>(tonnes)</i> | 988,221 | 870,224 |
| Crude palm oil production | <i>(tonnes)</i> | 213,108 | 183,354 |
| Palm kernel production | <i>(tonnes)</i> | 51,422 | 45,570 |
| Crude palm oil extraction rate | <i>(%)</i> | 21.56% | 21.07% |
| Palm kernel extraction rate | <i>(%)</i> | 5.20% | 5.24% |
| Average Selling Price Realised | | | |
| Oil palm | | | |
| Crude palm oil | <i>(RM/tonne)</i> | 2,258 | 2,347 |
| Palm kernel | <i>(RM/tonne)</i> | 1,517 | 1,287 |