



IOI GROUP

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

**Interim Report
For The Financial Period Ended
31 December 2016**

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM Million	RM Million	RM Million	RM Million
CONTINUING OPERATIONS				
Revenue	3,665.7	2,968.5	6,957.0	6,055.2
Operating profit	469.6	642.9	858.9	815.3
Share of results of associates	35.2	16.8	52.5	53.7
Share of results of joint ventures	(0.2)	(1.3)	(1.3)	(2.5)
Profit before interest and taxation	504.6	658.4	910.1	866.5
Interest income	9.1	12.6	21.9	24.9
Finance costs	(54.9)	(54.1)	(112.0)	(111.2)
Net foreign currency translation (loss)/gain on foreign currency denominated borrowings	(330.0)	227.3	(502.0)	(626.6)
Profit before taxation	128.8	844.2	318.0	153.6
Taxation	(102.2)	(128.5)	(189.8)	(179.7)
Profit/(loss) from continuing operations	26.6	715.7	128.2	(26.1)
DISCONTINUED OPERATIONS				
Gain arising from disposal of assets held for sale, net of tax	-	-	10.4	-
Profit/(loss) for the period	26.6	715.7	138.6	(26.1)
Attributable to owners of the parent:				
From continuing operations	15.6	703.7	110.0	(40.7)
From discontinued operations	-	-	10.4	-
	15.6	703.7	120.4	(40.7)
Attributable to non-controlling interests				
	11.0	12.0	18.2	14.6
	26.6	715.7	138.6	(26.1)

(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 2016 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss (Continued)

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM Million	RM Million	RM Million	RM Million
Earnings/(loss) per share for profit/(loss) attributable to owners of the parent (sen)				
Basic earnings/(loss) per share				
From continuing operations	0.25	11.17	1.75	(0.64)
From discontinued operations	-	-	0.17	-
Total	0.25	11.17	1.92	(0.64)
Diluted earnings/(loss) per share				
From continuing operations	0.25	11.17	1.75	(0.64)
From discontinued operations	-	-	0.17	-
Total	0.25	11.17	1.92	(0.64)

(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 2016 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM Million	RM Million	RM Million	RM Million
Profit/(loss) for the period	26.6	715.7	138.6	(26.1)
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss when specific conditions are met				
Exchange differences on translation of foreign operations	63.0	(99.5)	135.7	104.1
Share of other comprehensive income/(loss) of associates	1.3	(35.2)	5.8	(35.2)
Hedge of net investments in foreign operations	16.7	(5.1)	14.8	(1.3)
Other comprehensive income/(loss) for the period	81.0	(139.8)	156.3	67.6
Total comprehensive income for the period, net of tax	107.6	575.9	294.9	41.5
Total comprehensive income/(loss) attributable to:				
Owners of the parent	99.3	579.5	281.4	31.3
Non-controlling interests	8.3	(3.6)	13.5	10.2
	107.6	575.9	294.9	41.5

(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 2016 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	AS AT END OF CURRENT QUARTER 31/12/2016 RM Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/2016 RM Million
ASSETS		
Non-current assets		
Property, plant and equipment	10,075.3	9,985.1
Prepaid lease payments	23.4	21.1
Investment properties	6.9	6.9
Intangible assets	522.6	521.7
Investments in associates	1,047.9	937.5
Interests in joint ventures	30.4	31.7
Derivative assets	168.3	148.3
Deferred tax assets	37.9	38.0
	11,912.7	11,690.3
Current assets		
Inventories	2,833.9	2,284.4
Receivables	1,619.7	1,251.1
Biological assets	55.3	40.8
Derivative assets	113.2	232.9
Other investments	105.9	104.2
Short term funds	368.8	1,120.1
Deposits with financial institutions	138.8	248.7
Cash and bank balances	656.0	569.4
	5,891.6	5,851.6
Assets of disposal group held for sale	-	14.2
TOTAL ASSETS	17,804.3	17,556.1

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position (Continued)

	AS AT END OF CURRENT QUARTER 31/12/2016 RM Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/2016 RM Million
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	646.2	646.2
Share premium	73.3	73.3
Other reserves	167.2	(12.9)
Treasury shares	(764.5)	(763.4)
Retained earnings	7,032.3	7,194.9
	<u>7,154.5</u>	<u>7,138.1</u>
Non-controlling interests	<u>262.7</u>	<u>278.9</u>
Total equity	<u>7,417.2</u>	<u>7,417.0</u>
Non-current liabilities		
Borrowings	5,979.3	4,902.9
Derivative liabilities	-	13.3
Other long term liabilities	68.4	64.3
Deferred tax liabilities	1,327.4	1,334.2
	<u>7,375.1</u>	<u>6,314.7</u>
Current liabilities		
Payables	1,280.9	1,226.2
Derivative liabilities	160.6	94.5
Short term borrowings	1,514.2	2,478.3
Provision for taxation	56.3	25.4
	<u>3,012.0</u>	<u>3,824.4</u>
Total liabilities	<u>10,387.1</u>	<u>10,139.1</u>
TOTAL EQUITY AND LIABILITIES	<u>17,804.3</u>	<u>17,556.1</u>
 Net assets per share attributable to owners of the parent (RM)	 1.14	 1.14

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	6 Months Ended 31/12/2016 RM Million	6 Months Ended 31/12/2015 RM Million
Operating Activities		
Profit before taxation		
From continuing operations	318.0	153.6
From discontinued operations	10.8	-
	328.8	153.6
Adjustments for:		
Depreciation and amortisation	237.6	226.9
Other non-cash items	582.8	636.0
Operating profit before working capital changes	1,149.2	1,016.5
Increase in inventories	(476.8)	(250.1)
Increase in receivables and other assets	(314.2)	(47.5)
Increase in payables and other liabilities	107.8	143.9
Cash generated from operations	466.0	862.8
Other payments	(0.5)	(0.9)
Taxes paid	(148.8)	(124.3)
Net cash inflow from operating activities	316.7	737.6
Investing Activities		
Proceeds from disposal of assets held for sale	25.0	-
Interest received	21.0	24.4
Proceeds from disposal of property, plant and equipment	2.4	3.1
Dividends received	1.4	2.0
Additions to prepaid lease payments	(0.4)	(14.1)
Additions to property, plant and equipment	(199.8)	(220.5)
Acquisition of additional interest in an associate	-	(10.7)
Net cash outflow from investing activities	(150.4)	(215.8)
Financing Activities		
Drawdown of long term borrowings	610.8	-
Proceeds from/(repayment of) other borrowings	38.1	(113.0)
Proceeds from issuance of shares to non-controlling interests	0.3	-
Repurchase of shares	(1.1)	(90.5)
Dividends paid to non-controlling interests	(30.0)	-
Repayment to associate	(81.4)	-
Payment of finance costs	(107.6)	(116.2)
Payment of dividends	(283.0)	(283.6)
Repayment of term loans	(1,097.9)	-
Issuance of shares	-	7.0
Net cash outflow from financing activities	(951.8)	(596.3)
Net decrease in cash and cash equivalents	(785.5)	(74.5)
Cash and cash equivalents at beginning of period	1,938.2	1,788.5
Effect of exchange rate changes	10.9	9.5
Cash and cash equivalents at end of period	1,163.6	1,723.5

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Changes In Equity

(RM Million)	Non-distributable							Distributable	Total attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Hedging reserve	Foreign currency translation reserve	Treasury shares	Retained earnings			
As at 1 July 2016	646.2	73.3	72.0	(1.7)	(0.7)	(82.5)	(763.4)	7,194.9	7,138.1	278.9	7,417.0
Total comprehensive income	-	-	-	0.3	14.8	145.9	-	120.4	281.4	13.5	294.9
Transactions with owners											
Dividends paid in respect of previous financial year	-	-	-	-	-	-	-	(283.0)	(283.0)	-	(283.0)
Recognition of share option expenses	-	-	19.1	-	-	-	-	-	19.1	-	19.1
Repurchase of shares	-	-	-	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	0.3	0.3
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(30.0)	(30.0)
As at 31 December 2016	646.2	73.3	91.1	(1.4)	14.1	63.4	(764.5)	7,032.3	7,154.5	262.7	7,417.2

(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 2016 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 31 December 2016

(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 parent	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Hedging reserve	Foreign currency translation reserve	Treasury shares	Retained earnings			
As at 1 July 2015	645.9	64.4	105.1	(3.8)	-	(162.5)	(620.2)	7,040.1	7,069.0	274.1	7,343.1
Total comprehensive (loss)/income	-	-	-	(6.5)	(1.3)	79.8	-	(40.7)	31.3	10.2	41.5
Transactions with owners											
Dividends paid in respect of previous financial year	-	-	-	-	-	-	-	(283.6)	(283.6)	-	(283.6)
Issue of shares arising from exercise of share options	0.3	8.9	(2.2)	-	-	-	-	-	7.0	-	7.0
Repurchase of shares	-	-	-	-	-	-	(90.5)	-	(90.5)	-	(90.5)
Expiration of share options	-	-	(30.9)	-	-	-	-	30.9	-	-	-
As at 31 December 2015	646.2	73.3	72.0	(10.3)	(1.3)	(82.7)	(710.7)	6,746.7	6,733.2	284.3	7,017.5

(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 2016 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

a) Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting*, IAS 34 *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 2016.

The explanatory notes attached to this interim financial report 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 2016.

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 June 2016 except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Title	Effective Date
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 <i>Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 138 <i>Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016

The adoption of the above MFRSs and amendments to MFRSs do not have any significant financial impact on the results and the financial position of the Group for the current quarter.

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.

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

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

- i. During the current financial year-to-date, the Company has repurchased 247,000 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM4.37 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.
- ii. During the current financial year-to-date, 19,537,500 options with the subscription price of RM4.42 per ordinary share have been offered and 18,772,500 options have been accepted by the eligible employees (including Executive Director) of the Group. As at 31 December 2016, none of the said options has been exercised.

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 2016 - 4.5 sen per ordinary share	283.0	-
Second interim single tier dividend in respect of financial year ended 30 June 2015 - 4.5 sen per ordinary share	-	283.6
	283.0	283.6

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

g) Segment Revenue & Results

(RM Million)	Plantation	Resource-based Manufacturing	Other Operations	Eliminations	Total
6 Months Ended 31/12/16					
REVENUE					
External Sales	117.0	6,834.0	6.0	-	6,957.0
Inter-segment sales	1,112.5	-	-	(1,112.5)	-
Total Revenue	1,229.5	6,834.0	6.0	(1,112.5)	6,957.0
RESULT					
Operating profit	673.8	273.1	4.9	-	951.8
Share of results of associates	33.6	18.9	-	-	52.5
Share of results of joint ventures	-	(1.3)	-	-	(1.3)
Segment results before fair value loss on derivative financial instruments	707.4	290.7	4.9	-	1,003.0
Fair value loss on derivative financial instruments	(2.9)	(80.2)	-	-	(83.1)
Segment results	704.5	210.5	4.9	-	919.9
6 Months Ended 31/12/15					
REVENUE					
External Sales	80.4	5,968.1	6.7	-	6,055.2
Inter-segment sales	971.7	-	-	(971.7)	-
Total Revenue	1,052.1	5,968.1	6.7	(971.7)	6,055.2
RESULT					
Operating profit	480.0	284.4	4.1	-	768.5
Share of results of associates	33.7	20.0	-	-	53.7
Share of results of a joint venture	-	(2.5)	-	-	(2.5)
Segment results before fair value (loss)/gain on derivative financial instruments	513.7	301.9	4.1	-	819.7
Fair value (loss)/gain on derivative financial instruments	(0.2)	57.9	-	-	57.7
Segment results	513.5	359.8	4.1	-	877.4

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

g) Segment Revenue & Results (Continued)

The reconciliations of the total reportable segment results are as follows:

	6 Months Ended 31/12/2016 RM Million	6 Months Ended 31/12/2015 RM Million
Continuing operations		
Total segment results	919.9	877.4
Unallocated corporate net expenses	(9.8)	(10.9)
Profit before interest and taxation	910.1	866.5
Finance costs	(112.0)	(111.2)
Interest income	21.9	24.9
Net foreign currency translation loss on foreign currency denominated borrowings	(502.0)	(626.6)
Profit before taxation	318.0	153.6
Taxation	(189.8)	(179.7)
Profit/(loss) from continuing operations	128.2	(26.1)
Discontinued operations		
Gain arising from disposal of assets held for sale, net of tax	10.4	-
Profit/(loss) for the period	138.6	(26.1)

The basis of segmentation and measurement of total 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 31 December 2016 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 31 December 2016.

j) Contingent Liabilities

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

Interim Report For The Financial Period Ended 31 December 2016

(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) Q2 FY2017 vs. Q2 FY2016

For Q2 FY2017, the Group reported a profit before taxation (“PBT”) of RM128.8 million as compared to the profit before taxation of RM844.2 million reported for Q2 FY2016. The lower PBT is due mainly to the net foreign currency translation loss on foreign currency denominated borrowings of RM330.0 million for Q2 FY2017 as compared to the gain of RM227.3 million reported in Q2 FY2016. Excluding the net foreign currency translation loss/gain, the underlying PBT of RM458.8 million for Q2 FY2017 is 26% lower than the underlying PBT of RM616.9 million for Q2 FY2016. The lower underlying PBT is due mainly to lower contribution from resource-based manufacturing segment which was partially cushioned by higher contribution from the plantation segment.

Plantation

The plantation profit increased by 23% to RM357.9 million for Q2 FY2017 as compared to RM292.1 million reported for Q2 FY2016. The higher profit reported is due mainly to higher CPO and PK prices realised despite lower FFB production. Average CPO and PK prices realised for Q2 FY2017 were RM2,768/MT (Q2 FY2016 – RM2,144/MT) and RM2,882/MT (Q2 FY2016 – RM1,631/MT) respectively.

Resource-based Manufacturing

The resource-based manufacturing segment reported a profit of RM155.4 million for Q2 FY2017 as compared to RM368.6 million reported for Q2 FY2016. Excluding the fair value loss/gain on derivative financial instruments, the underlying profit for resource-based manufacturing segment of RM178.8 million for Q2 FY2017 is 59% higher than the underlying profit of RM112.2 million for Q2 FY2016. This is mainly due to higher margin derived from refining sub-segment.

Interim Report For The Financial Period Ended 31 December 2016

(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 (Continued)**
- b) **Q2 YTD FY2017 vs. Q2 YTD FY2016**

For Q2 YTD FY2017, the Group reported a PBT of RM318.0 million as compared to the PBT of RM153.6 million reported for Q2 YTD FY2016. The higher PBT is due mainly to higher contribution from plantation segment and lower net foreign currency translation loss on foreign currency denominated borrowings which is offset by lower contribution from resource-based manufacturing segment. Excluding the net foreign currency translation loss of RM502.0 million (Q2 YTD FY2016 – RM626.6 million) on foreign currency denominated borrowings, the underlying PBT of RM820.0 million for Q2 YTD FY2017 is 5% higher than the underlying PBT of RM780.2 million for Q2 YTD FY2016.

Plantation

The plantation profit of RM704.5 million for Q2 YTD FY2017 is higher than the profit reported for Q2 YTD FY2016 of RM513.5 million. The higher profit reported is due mainly to higher CPO and PK prices realised despite lower FFB production. Average CPO and PK prices realised for Q2 YTD FY2017 were RM2,614/MT (Q2 YTD FY2016 – RM2,138/MT) and RM2,745/MT (Q2 YTD FY2016 – RM1,498/MT) respectively.

Resource-based Manufacturing

The resource-based manufacturing profit of RM210.5 million for Q2 YTD FY2017 is 41% lower than profit of RM359.8 million reported for Q2 YTD FY2016. The lower profit is due mainly to fair value loss on derivative financial instruments of RM80.2 million (Q2 YTD FY2016 – gain of RM57.9 million). Excluding the fair value loss/gain on derivative financial instruments which are primarily trade-related foreign exchange forward contracts, the underlying profit for resource-based manufacturing of RM290.7 million for Q2 YTD FY2017 is 4% lower than RM301.9 million reported for Q2 YTD FY2016. This is mainly due to lower sales volume and lower margin derived from oleochemical sub-segment as a result of high palm kernel raw material cost.

- 2) **Material Change in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter**

The Group reported a PBT of RM128.8 million for Q2 FY2017 as compared to RM189.2 million for Q1 FY2017. The lower PBT is due mainly to higher net foreign currency translation loss on foreign currency denominated borrowings which is mitigated by higher contributions from all segments. Excluding the net foreign currency translation loss of RM330.0 million (Q1 FY2017 – RM172.0 million) on foreign currency denominated borrowings, the underlying PBT of RM458.8 million for Q2 FY2017 is 27% higher than the underlying PBT of RM361.2 million for Q1 FY2017.

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

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

2) Material Change in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter (Continued)

Details of the segmental results are as follows:

Plantation

The plantation profit increased by 3% to RM357.9 million for Q2 FY2017 as compared to RM346.6 million for Q1 FY2017, attributable mainly to higher CPO and PK prices realised which is offset by lower FFB production and fair value loss on biological assets. Excluding the fair value loss on biological assets of RM21.0 million (Q1 FY2017 – gain of RM35.4 million), the underlying profit for plantation segment of RM378.9 million for Q2 FY2017 is 22% higher than the underlying profit of RM311.2 million for Q1 FY2017.

Resource-based Manufacturing

The resource-based manufacturing segment reported a profit of RM155.4 million for Q2 FY2017 as compared to RM55.1 million reported for Q1 FY2017. Excluding the fair value loss on derivative financial instruments, the underlying profit for resource-based manufacturing segment of RM178.8 million for Q2 FY2017 is 60% higher than the underlying profit of RM111.9 million for Q1 FY2017. This is mainly due to higher margin from oleochemical and refining sub-segments as well as higher sales volume from oleochemical sub-segment.

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM Million	PRECEDING QUARTER RM Million	DIFFERENCE RM Million
Continuing operations			
Plantation	357.9	346.6	11.3
Resource-based manufacturing before fair value loss on derivative financial instruments	178.8	111.9	66.9
Fair value loss on derivative financial instruments	(23.4)	(56.8)	33.4
Resource-based manufacturing	155.4	55.1	100.3
Other operations	3.6	1.3	2.3
Segment results	<u>516.9</u>	<u>403.0</u>	113.9
Unallocated corporate net (expenses)/income	(12.3)	2.5	(14.8)
Profit before interest and taxation	<u>504.6</u>	<u>405.5</u>	99.1
Finance costs	(54.9)	(57.1)	2.2
Interest income	9.1	12.8	(3.7)
Net foreign currency translation loss on foreign currency denominated borrowings	<u>(330.0)</u>	<u>(172.0)</u>	(158.0)
Profit before taxation	<u><u>128.8</u></u>	<u><u>189.2</u></u>	(60.4)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

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

3) Prospects

Crude palm oil and palm kernel prices are expected to remain firm in the current quarter due to the low stocks. Going into the last quarter of the financial year, we anticipate that prices will not be significantly impacted by the seasonal increase in production. The plantation segment is therefore expected to perform better than the previous financial year.

The performance of the resource-based manufacturing segment is expected to be affected by the current firm palm oil and palm kernel prices. As the Group engages more actively with its stakeholders and delivers on more of its sustainability commitments, it is well on the way to rebuilding its sustainability credentials which will benefit its downstream manufacturing business particularly the specialty oils and fats sub-segment.

The volatility of Dollar Ringgit exchange rate will continue to affect the non-cash flow foreign exchange (“forex”) translation gain/loss arising mainly from our medium to long dated US Dollar-denominated borrowings, as well as the fair value gain/loss on derivative financial instruments which are primarily trade-related forex forward contracts. The Group has refinanced/swapped some of its US Dollar loans into Euro-denominated loans to diversify its forex risks and reduce its borrowings cost.

Overall, the Group expects its operating performance for FY2017 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 (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM Million	RM Million	RM Million	RM Million
The tax expense comprises the following:				
Current taxation				
- Current year	108.0	95.3	204.0	185.8
- Prior years	(2.5)	(0.2)	(2.0)	-
Deferred taxation				
- Current year	(5.7)	31.4	(15.3)	(6.9)
- Prior years	2.4	2.0	3.1	0.8
	102.2	128.5	189.8	179.7

The effective tax rate of the Group for Q2 FY2017 and Q2 YTD FY2017 are higher than the statutory tax rate due principally to the non-allowable net foreign currency translation loss on foreign currency denominated borrowings offset against other non-taxable income.

Interim Report For The Financial Period Ended 31 December 2016

(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 13 February 2017 (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 31 December 2016 are as follows:

	RM Million
a) Short term borrowings	
Unsecured	
Denominated in RM	106.3
Denominated in USD (USD252.5 million)	1,133.1
Denominated in EUR (EUR58.0 million)	274.8
Total Short Term Borrowings	1,514.2
 b) Long term borrowings	
Unsecured	
Denominated in JPY (JPY21,000.0 million)	810.5
Denominated in USD (USD1,076.4 million)	4,828.4
Denominated in EUR (EUR71.8 million)	340.4
Total Long Term Borrowings	5,979.3
Total Borrowings	7,493.5



Interim Report For The Financial Period Ended 31 December 2016

(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 31 December 2016 are as follows:

	Contract/Notional Value (Million) Net long/(short)				Fair Value – (liabilities)/ assets (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	(452.3)	-	-	(452.3)	(73.8)	-	-	(73.8)
EUR/RM	EUR	(20.0)	-	-	(20.0)	(1.5)	-	-	(1.5)
USD/EUR	USD	224.8	-	-	224.8	36.6	-	-	36.6
EUR/GBP	GBP	(8.1)	-	-	(8.1)	0.1	-	-	0.1
EUR/CAD	CAD	(7.8)	-	-	(7.8)	(0.4)	-	-	(0.4)
EUR/CHF	CHF	(0.1)	-	-	(0.1)	-	-	-	-
JPY/RM	JPY	(730.4)	-	-	(730.4)	0.6	-	-	0.6
GBP/RM	GBP	(0.8)	-	-	(0.8)	(0.1)	-	-	(0.1)
EUR/RM	RM	(47.4)	-	-	(47.4)	2.7	-	-	2.7
SGD/RM	SGD	0.1	-	-	0.1	-	-	-	-
USD/CAD	CAD	(0.5)	-	-	(0.5)	-	-	-	-
CAD/USD	USD	1.8	-	-	1.8	(0.2)	-	-	(0.2)
RM/RMB	RMB	(100.7)	-	-	(100.7)	(1.9)	-	-	(1.9)
						(37.9)	-	-	(37.9)

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 31 December 2016

(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 31 December 2016 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	USD	20.7	-	-	20.7	23.5	-	-	23.5
	RM	90.5	-	-	90.5	4.9	-	-	4.9
						28.4	-	-	28.4
Futures	USD	2.9	-	-	2.9	0.5	-	-	0.5
	RM	(294.3)	-	-	(294.3)	(33.4)	-	-	(33.4)
						(32.9)	-	-	(32.9)

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 31 December 2016 are as follows:

	Contract/Notional Value (Million)					Fair Value – assets (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	-	-	85.5	85.5
JPY liability to USD liability ²	JPY	-	-	6,000.0	6,000.0	-	-	34.2	34.2
Fixed rate USD liability to fixed rate EUR liability ³	USD	-	-	100.0	100.0	-	-	10.9	10.9
Floating rate USD liability to fixed rate EUR liability ⁴	USD	-	-	100.0	100.0	-	-	37.7	37.7

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 part of the Group's USD600 million 4.375% Guaranteed Notes due 2022 into fixed rate EUR liability and serve as a net investments hedge against the Group's Euro denominated assets.

⁴ The contracts effectively swapped part of the Group's USD110 million floating rate Foreign Currency Revolving Credit Facility-i (FCRC-i) into fixed rate EUR liability and serve as a net investments hedge against the Group's Euro denominated assets.

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

Interim Report For The Financial Period Ended 31 December 2016

(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 31 December 2016 are as follows:

	Contract/Notional Value (Million)					Fair Value – 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	150.0	-	-	150.0	(5.0)	-	-	(5.0)

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 were initially recognised at fair value on the date the derivative contracts were entered into. The derivatives were subsequently remeasured at fair value and the changes in fair value were recognised as follows:

- i. Derivatives recognised in the other comprehensive income pursuant to hedge accounting
 - Cross currency swap contract which swapped a fixed rate USD100.0 million liability to a fixed rate EUR90.9 million liability; and
 - Cross currency swap contract which swapped a floating rate USD100.0 million liability to a fixed rate EUR90.1 million liability.
- ii. Derivatives recognised in the profit or loss
 - All other derivatives other than those mentioned in (i) above.



Interim Report For The Financial Period Ended 31 December 2016

(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 (loss)/gain		Basis of Fair Value Measurement	Reason for (loss)/gain
	Current Quarter	Current Year To Date		
	RM Million	RM Million		
Forward foreign exchange contracts	(53.4)	(80.5)	The difference between the contracted rates and the market forward rates	The exchange rates have moved unfavourably against the Group from the last measurement date
Commodity futures	(20.5)	(24.7)	The difference between the contracted prices rate and forward prices	The prices for the respective commodity futures have moved unfavourably against the Group from the last measurement date
Commodity forward contracts	10.0	43.1	The difference between the contracted prices rate and forward prices	The prices for the respective commodity forward contracts have moved favourably for the Group from the last measurement date
Cross currency swap contracts	3.7	-	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	4.2	9.3	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 31 December 2016

(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	11,459.6
- Unrealised	(893.8)
	10,565.8
Total share of retained profits from associated companies:	
- Realised	337.1
- Unrealised	124.0
	461.1
Total share of accumulated losses from joint ventures:	
- Realised	(13.3)
- Unrealised	-
	(13.3)
	11,013.6
Less: Consolidation adjustments	(3,981.3)
Total Group retained profits	7,032.3

Interim Report For The Financial Period Ended 31 December 2016

(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 (crediting)/charging:

	CURRENT YEAR QUARTER 31/12/2016 RM Million	CURRENT YEAR TO DATE 31/12/2016 RM Million
Continuing operations		
Interest income	(9.1)	(21.9)
Other income including investment income		
- Dividend income	(1.0)	(1.4)
Finance costs	54.9	112.0
Depreciation and amortisation	118.5	237.6
Reversal of provision for receivables	(2.0)	(2.4)
Net inventories (written back)/written down	(1.6)	3.2
Net foreign currency translation loss on foreign currency denominated borrowings	330.0	502.0
Foreign currency exchange gain	(12.8)	(56.7)
Loss on derivatives	26.6	83.1
Net loss/(gain) arising from changes in fair value of biological assets	21.0	(14.4)
Discontinued operations		
Other exceptional item :		
Gain arising from disposal of assets held for sale, net of tax	-	(10.4)

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.

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 2016.

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

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

14) Dividend

The Board has declared an interim single tier dividend of 4.5 sen (31 December 2015: 3.5 sen) per ordinary share in respect of the financial year ending 30 June 2017 which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967.

The dividend will be payable on 16 March 2017 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 7 March 2017.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 7 March 2017 in respect of transfers; and
- b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 3 March 2017 (in respect of shares which are exempted from mandatory deposit); and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total cash dividend declared to date for the current financial year is a single tier dividend of 4.5 sen (31 December 2015: 3.5 sen) per ordinary share.

15) Earnings/(loss) per Share

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM Million	RM Million	RM Million	RM Million
a) Basic earnings/(loss) per share				
Profit/(loss) for the period attributable to owners of the parent				
From continuing operations	15.6	703.7	110.0	(40.7)
From discontinued operations	-	-	10.4	-
	15.6	703.7	120.4	(40.7)
Weighted average number of ordinary shares in issue ('Million)	6,288.1	6,299.3	6,288.2	6,307.9
Basic (sen)				
From continuing operations	0.25	11.17	1.75	(0.64)
From discontinued operations	-	-	0.17	-
Total	0.25	11.17	1.92	(0.64)

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

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

15) Earnings/(loss) per Share (Continued)

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 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/(loss) per share				
Profit/(loss) for the period attributable to owners of the parent				
From continuing operations	15.6	703.7	110.0	(40.7)
From discontinued operations	-	-	10.4	-
	15.6	703.7	120.4	(40.7)
Adjusted weighted average number of ordinary shares in issue ('Million)				
Weighted average number of ordinary shares in issue	6,288.1	6,299.3	6,288.2	6,307.9
Assumed exercise of Executive Share Options at beginning of period	-	-	-	2.9
	6,288.1	6,299.3	6,288.2	6,310.8
Diluted (sen)				
From continuing operations	0.25	11.17	1.75	(0.64)
From discontinued operations	-	-	0.17	-
Total	0.25	11.17	1.92	(0.64)

16) Audit Qualification

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

By Order of the Board

Tan Choong Khiang
Company Secretary

Putrajaya
20 February 2017

Interim Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Group Plantation Statistics

		As At 31/12/2016	As At 31/12/2015
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	147,095	147,593
Total planted	<i>(hectares)</i>	174,589	179,327
Rubber			
Mature	<i>(hectares)</i>	415	282
Total planted	<i>(hectares)</i>	470	470
Total Titled Area	<i>(hectares)</i>	217,917	217,917

		31/12/2016 (6 months)	31/12/2015 (6 months)
Average Mature Area Harvested			
Oil Palm	<i>(hectares)</i>	144,935	147,821
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	1,700,576	1,902,552
Yield per mature hectare	<i>(tonnes)</i>	11.73	12.87
FFB processed	<i>(tonnes)</i>	1,741,351	1,952,979
Crude palm oil production	<i>(tonnes)</i>	378,935	427,689
Palm kernel production	<i>(tonnes)</i>	84,230	100,955
Crude palm oil extraction rate	<i>(%)</i>	21.76%	21.90%
Palm kernel extraction rate	<i>(%)</i>	4.84%	5.17%
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	2,614	2,138
Palm kernel	<i>(RM/tonne)</i>	2,745	1,498