



IOI GROUP

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

**Interim Report
For The Financial Period Ended
31 December 2014**

Interim Report For The Financial Period Ended 31 December 2014

(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
	31/12/14 RM'Million	31/12/13 RM'Million	31/12/14 RM'Million	31/12/13 RM'Million
CONTINUING OPERATIONS				
Revenue	2,881.5	2,939.4	5,902.3	6,179.3
Operating profit	400.9	508.7	766.8	966.4
Share of results of associates	40.1	39.8	62.1	67.4
Share of results of a joint venture	(1.2)	(0.2)	(1.7)	(0.4)
Profit before interest and taxation	439.8	548.3	827.2	1,033.4
Interest income	3.6	18.3	6.6	36.8
Finance cost	(75.2)	(71.8)	(145.1)	(142.9)
Net foreign currency translation loss on foreign currency denominated borrowings	(273.6)	(7.5)	(325.8)	(149.5)
Profit before taxation	94.6	487.3	362.9	777.8
Taxation	(69.0)	(113.5)	(156.8)	(216.0)
Profit from continuing operations	25.6	373.8	206.1	561.8
DISCONTINUED OPERATIONS				
Profit after taxation of discontinued operations	-	120.5	-	240.1
Profit for the period	25.6	494.3	206.1	801.9
Attributable to owners of the parent				
From continuing operations	19.6	374.7	196.2	557.7
From discontinued operations	-	112.4	-	231.2
	19.6	487.1	196.2	788.9
Attributable to non-controlling interests				
	6.0	7.2	9.9	13.0
	25.6	494.3	206.1	801.9

(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 31 December 2014

(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
	31/12/14 RM'Million	31/12/13 RM'Million	31/12/14 RM'Million	31/12/13 RM'Million
Earnings per share for profit attributable to owners of the Company (sen)				
Basic earnings per share				
From continuing operations	0.31	5.86	3.09	8.73
From discontinued operations	-	1.76	-	3.62
Total	0.31	7.62	3.09	12.35
Diluted earnings per share				
From continuing operations	0.31	5.85	3.08	8.72
From discontinued operations	-	1.76	-	3.61
Total	0.31	7.61	3.08	12.33

(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 31 December 2014

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER 31/12/14 RM'Million	PRECEDING YEAR CORRESPONDING QUARTER 31/12/13 RM'Million	CURRENT YEAR TO DATE 31/12/14 RM'Million	PRECEDING YEAR CORRESPONDING PERIOD 31/12/13 RM'Million
Profit for the period	25.6	494.3	206.1	801.9
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	71.4	4.4	31.9	230.7
Share of other comprehensive loss of associates	(27.8)	(2.7)	(31.6)	(1.2)
Other comprehensive income for the period	43.6	1.7	0.3	229.5
Total comprehensive income for the period, net of tax	69.2	496.0	206.4	1,031.4
Total comprehensive income attributable to:				
Owners of the Company	63.9	487.7	197.5	1,016.2
Non-controlling interests	5.3	8.3	8.9	15.2
	69.2	496.0	206.4	1,031.4

(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 31 December 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	AS AT END OF CURRENT QUARTER 31/12/14 RM'Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/14 RM'Million
ASSETS		
Non-current assets		
Property, plant and equipment	6,538.8	6,410.0
Prepaid lease payments	30.2	30.1
Investment properties	8.3	8.3
Goodwill on consolidation	458.4	458.4
Investments in associates	922.7	886.9
Interests in a joint venture	39.3	33.0
Derivative assets	99.3	75.1
Deferred tax assets	45.9	43.8
	8,142.9	7,945.6
Current assets		
Inventories	2,333.2	2,154.6
Receivables	1,082.4	1,101.6
Derivative assets	199.0	61.4
Other investments	100.2	80.7
Short term funds	2,822.1	3,450.0
Deposits with financial institutions	203.6	186.8
Cash and bank balances	469.4	350.9
	7,209.9	7,386.0
TOTAL ASSETS	15,352.8	15,331.6

(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 31 December 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position (Continued)

	AS AT END OF CURRENT QUARTER 31/12/14 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	56.0	27.6
Other reserves	(106.6)	(101.4)
Treasury shares	(446.1)	(441.0)
Retained earnings	5,339.8	5,906.6
	<u>5,488.8</u>	<u>6,036.8</u>
Non-controlling interests	205.2	196.3
Total equity	<u>5,694.0</u>	<u>6,233.1</u>
Non-current liabilities		
Borrowings	5,401.7	5,069.2
Derivative liabilities	32.6	44.8
Other long term liabilities	30.1	36.3
Deferred tax liabilities	453.4	451.4
	<u>5,917.8</u>	<u>5,601.7</u>
Current liabilities		
Payables	841.0	940.5
Derivative liabilities	196.5	58.1
Short term borrowings	2,666.7	2,454.3
Provision for taxation	36.8	43.9
	<u>3,741.0</u>	<u>3,496.8</u>
Total liabilities	<u>9,658.8</u>	<u>9,098.5</u>
TOTAL EQUITY AND LIABILITIES	<u>15,352.8</u>	<u>15,331.6</u>
Net assets per share attributable to owners of the Company (RM)	0.86	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 31 December 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	6 Months Ended 31/12/14 RM'Million	6 Months Ended 31/12/13 RM'Million
Operating Activities		
Profit before taxation		
From continuing operations	362.9	777.8
From discontinued operations	-	365.5
	<u>362.9</u>	<u>1,143.3</u>
Adjustments for:		
Depreciation	119.8	112.2
Other non-cash items	508.7	144.8
	<u>991.4</u>	<u>1,400.3</u>
Operating profit before working capital changes	991.4	1,400.3
Increase in inventories	(152.8)	(398.8)
Decrease/(increase) in receivables and other assets	57.3	(298.8)
(Decrease)/increase in payables and other liabilities	(99.8)	386.3
	<u>796.1</u>	<u>1,089.0</u>
Cash generated from operations	796.1	1,089.0
Other payments	(8.2)	(16.3)
Taxes paid	(189.4)	(225.3)
Net cash inflow from operating activities	<u>598.5</u>	<u>847.4</u>
Investing Activities		
Dividends received	54.6	27.9
Interest received	6.8	12.6
Other receipts	3.7	3.1
Proceeds from disposal of property, plant and equipment	0.5	-
Additions to prepaid lease payments	(1.5)	(2.9)
Advances to joint ventures	(8.0)	(15.8)
Acquisition of additional interest in associates	(8.6)	-
Additions to other investments	(32.3)	(61.8)
Additions to property, plant and equipment	(237.1)	(186.2)
Proceeds from disposal of other investments	-	7.2
Acquisitions of additional interest in subsidiaries	-	(2.7)
Investments in joint ventures	-	(22.9)
Additions to investment properties	-	(121.3)
Investment in land held for development	-	(505.6)
Acquisition of subsidiary	-	(951.3)
Net cash outflow from investing activities	<u>(221.9)</u>	<u>(1,819.7)</u>

(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 31 December 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows (Continued)

	6 Months Ended 31/12/14 RM'Million	6 Months Ended 31/12/13 RM'Million
Financing Activities		
Net drawdown of other borrowings	27.5	270.0
Issuance of shares	22.6	33.6
Repurchase of shares	(5.1)	(30.5)
Payment of interests	(154.6)	(147.5)
Payment of dividends	(763.0)	(543.2)
Dividends paid to non-controlling interests	-	(4.4)
Net cash outflow from financing activities	(872.6)	(422.0)
Net decrease in cash and cash equivalents	(496.0)	(1,394.3)
Cash and cash equivalents at beginning of period	3,987.7	3,410.6
Effect of exchange rate changes	3.4	32.8
	3,495.1	2,049.1
Cash and cash equivalents classified as disposal group held for sale/ held for distribution to owners	-	(671.3)
Cash and cash equivalents at end of period	3,495.1	1,377.8

(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

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Interim Report For The Financial Period Ended 31 December 2014

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Condensed Consolidated Statement Of Changes In Equity

(RM'Million)	Non-distributable						Distributable		Non- controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other 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	-	-	-	(28.1)	29.4	-	196.2	197.5	8.9	206.4
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	28.4	(6.5)	-	-	-	-	22.6	-	22.6
Repurchase of shares	-	-	-	-	-	(5.1)	-	(5.1)	-	(5.1)
As at 31 December 2014	645.7	56.0	107.2	(28.1)	(185.7)	(446.1)	5,339.8	5,488.8	205.2	5,694.0

(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.)



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IOI CORPORATION BERHAD (9027-W)

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Interim Report For The Financial Period Ended 31 December 2014

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity (Continued)

(RM'Million)	Non-distributable						Distributable		Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	* Other reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total attributable to owners of the Company		
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	-	-	-	-	227.3	-	788.9	1,016.2	15.2	1,031.4
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	1.0	40.9	(8.3)	-	-	-	-	33.6	-	33.6
Recognition of share option expenses	-	-	0.3	-	-	-	-	0.3	-	0.3
Repurchase of share	-	-	-	-	-	(30.5)	-	(30.5)	-	(30.5)
Distribution-in-specie	-	-	-	(2,054.3)	-	-	(7,563.4)	(9,617.7)	-	(9,617.7)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(4.4)	(4.4)
Changes in equity interest in subsidiaries	-	-	-	-	-	-	(8.4)	(8.4)	(88.7)	(97.1)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	194.2	194.2
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	53.0	53.0
As at 31 December 2013	644.4	2,054.3	119.2	(2,054.3)	171.1	(266.2)	3,832.3	4,500.8	449.3	4,950.1

*: The other reserve comprises of an amount of RM2,054.3 million to be set off against share premium account for distribution-in-specie in January 2014 pursuant to the demerger exercise.

(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 31 December 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 31 December 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

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

- 1,847,100 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.
- 2,428,300 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.
- 2,489,000 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.

ii. During the current financial year-to-date, the Company has repurchased 1,130,000 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM4.56 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.

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 31 December 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
6 Months Ended 31/12/14								
REVENUE								
External Sales	93.7	5,746.6	62.0	-	5,902.3	-	-	5,902.3
Inter-segment sales	989.7	-	-	(989.7)	-	-	-	-
Total Revenue	1,083.4	5,746.6	62.0	(989.7)	5,902.3	-	-	5,902.3
RESULT								
Operating profit	528.1	208.2	51.6	-	787.9	-	-	787.9
Share of results of associates	50.2	11.9	-	-	62.1	-	-	62.1
Share of results of a joint venture	-	(1.7)	-	-	(1.7)	-	-	(1.7)
Segment results	578.3	218.4	51.6	-	848.3	-	-	848.3
6 Months Ended 31/12/13								
REVENUE								
External Sales	142.4	6,019.2	17.7	-	6,179.3	768.1	(14.5)	6,932.9
Inter-segment sales	897.8	-	-	(897.8)	-	-	-	-
Total Revenue	1,040.2	6,019.2	17.7	(897.8)	6,179.3	768.1	(14.5)	6,932.9
RESULT								
Operating profit	511.3	460.4	25.0	-	996.7	338.7	-	1,335.4
Share of results of associates	49.0	18.4	-	-	67.4	1.5	-	68.9
Share of results of joint ventures	-	(0.4)	-	-	(0.4)	31.0	-	30.6
Segment results	560.3	478.4	25.0	-	1,063.7	371.2	-	1,434.9

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



Interim Report For The Financial Period Ended 31 December 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:

	6 Months Ended 31/12/14				6 Months Ended 31/12/13			
	Continuing operations	Discontinued operations	Adjustment	Total	Continuing operations	Discontinued operations	Adjustment *	Total
	RM'Million	RM'Million	RM'Million	RM'Million	RM'Million	RM'Million	RM'Million	RM'Million
Segment results	848.3	-	-	848.3	1,063.7	371.2	-	1,434.9
Unallocated corporate net expenses	(21.1)	-	-	(21.1)	(30.3)	-	-	(30.3)
Profit before interest and taxation	827.2	-	-	827.2	1,033.4	371.2	-	1,404.6
Finance cost	(145.1)	-	-	(145.1)	(142.9)	(22.8)	29.1	(136.6)
Interest income	6.6	-	-	6.6	36.8	17.1	(29.1)	24.8
Net foreign currency translation loss on foreign currency denominated borrowings	(325.8)	-	-	(325.8)	(149.5)	-	-	(149.5)
Profit before taxation	362.9	-	-	362.9	777.8	365.5	-	1,143.3
Taxation	(156.8)	-	-	(156.8)	(216.0)	(125.4)	-	(341.4)
Profit for the period	206.1	-	-	206.1	561.8	240.1	-	801.9

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

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(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 31 December 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 31 December 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 31 December 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) Q2 FY2015 vs. Q2 FY2014

The Group reported a segmental profit of RM431.2 million for Q2 FY2015, which is 26% lower than the segmental profit of RM581.0 million reported for Q2 FY2014. The decrease is due mainly to the unrealised fair value loss in foreign currency forward exchange contracts arising from weaker Ringgit from the resource-based manufacturing segment amounting to RM105.4 million (Q2 FY2014 – loss of RM5.2 million). Excluding the unrealised fair value loss in foreign currency forward exchange contracts for both Q2 FY2015 and Q2 FY2014, the underlying segmental profit of RM536.6 million for Q2 FY2015 is 8% lower than the underlying profit of RM586.2 million for Q2 FY2014.

Plantation

The plantation profit decreased by 4% to RM297.3 million for Q2 FY2015 as compared to RM310.2 million reported for Q2 FY2014. The lower profit is due mainly to lower CPO and PK prices realised, mitigated by higher CPO extraction rate. Average CPO price realised for Q2 FY2015 was RM2,187/MT as compared to RM2,424/MT for Q2 FY2014.

Resource-based Manufacturing

Excluding the unrealised fair value loss in foreign currency forward exchange contracts for both Q2 FY2015 and Q2 FY2014, the underlying profit for resource-based manufacturing segment of RM215.0 million for Q2 FY2015 is 19% lower than the underlying profit of RM265.0 million for Q2 FY2014. The lower resource-based manufacturing underlying profit is mainly due to lower margin from oleochemicals sub-segment.

The Group pre-tax profit for Q2 FY2015 is RM94.6 million as compared to RM487.3 million reported for Q2 FY2014. Excluding the net foreign currency translation loss of RM273.6 million on foreign currency denominated borrowings, the underlying pre-tax profit of RM368.2 million for Q2 FY2015 is 26% lower than the underlying pre-tax profit of RM494.8 million for Q2 FY2014, which is due mainly to lower segmental profit as mentioned above.

Interim Report For The Financial Period Ended 31 December 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 (Continued)**
- b) **Q2 YTD FY2015 vs. Q2 YTD FY2014**

For Q2 YTD FY2015, the Group reported a segmental profit of RM848.3 million from its continuing operations, which is 20% lower than the segmental profit of RM1,063.7 million reported for Q2 YTD FY2014. The lower profit is due mainly to unrealised fair value loss in foreign currency forward exchange contracts arising from weaker Ringgit from the resource-based manufacturing segment amounting to RM123.8 million (Q2 YTD FY2014 – gain of RM6.5 million). Excluding the unrealised fair value loss in foreign currency forward exchange contracts for both Q2 YTD FY2015 and Q2 YTD FY2014, the underlying segmental profit of RM972.1 million for Q2 YTD FY2015 is 8% lower than the underlying profit of RM1,057.2 million for Q2 YTD FY2014.

Plantation

The plantation profit of RM578.3 million for Q2 YTD FY2015 is 3% higher than RM560.3 million reported for Q2 YTD FY2014. The higher profit for Q2 YTD FY2015 is due mainly to higher FFB production, better CPO extraction rate, and lower operating costs incurred, offset by lower CPO price realised.

Resource-based Manufacturing

Excluding the unrealised fair value loss in foreign currency forward exchange contracts for both Q2 YTD FY2015 and Q2 YTD FY2014, the underlying profit for resource-based manufacturing segment of RM342.2 million for Q2 YTD FY2015 is 27% lower than the underlying profit of RM471.9 million for Q2 YTD FY2014. This is mainly due to lower margin from both the refinery and oleochemicals sub-segments.

The Group pre-tax profit for Q2 YTD FY2015 is RM362.9 million, which is 53% lower than RM777.8 million reported for Q2 YTD FY2014. The lower pre-tax profit is due to net foreign currency translation loss on foreign currency denominated borrowings amounting to RM325.8 million.

Interim Report For The Financial Period Ended 31 December 2014

(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

The Group reported an overall segmental profit of RM431.2 million for Q2 FY2015, which is 3% higher than Q1 FY2015 of RM417.1 million.

- The plantation profit increased by 6% to RM297.3 million for Q2 FY2015 as compared to RM281.0 million for Q1 FY2015, attributable mainly to higher FFB production and lower operating costs incurred, offset by lower CPO and PK prices realised.
- The resource-based manufacturing segment reported a profit of RM109.6 million in Q2 FY2015, which is about the same as compared to Q1 FY2015 of RM108.8 million. There is an amount of RM105.4 million (Q1 FY2015 – RM18.4 million) unrealised fair value loss in foreign currency forward exchange contract arising from weaker Ringgit in the current quarter. Excluding the aforesaid fair value loss for both Q2 FY2015 and Q1 FY2015, the underlying profit of RM215.0 million for Q2 FY2015 is 69% higher than the underlying profit of RM127.2 million for Q1 FY2015, due mainly to increase in sales volume from oleochemicals sub-segment and higher margin generated from oleochemicals and refinery sub-segments.

The Group pre-tax profit for Q2 FY2015 amounting to RM94.6 million is 65% lower than RM268.3 million reported for Q1 FY2015, attributable mainly to higher net foreign currency translation loss on foreign currency denominated borrowings. Excluding the net foreign currency translation loss of RM273.6 million on foreign currency denominated borrowings, the underlying pre-tax profit of RM368.2 million for Q2 FY2015 is 15% higher than the underlying pre-tax profit of RM320.5 million for Q1 FY2015.

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM'Million	PRECEDING QUARTER RM'Million	DIFFERENCE RM'Million	
Continuing operations				
Plantation	297.3	281.0	16.3	6%
Resource-based manufacturing	109.6	108.8	0.8	1%
Other operations	24.3	27.3	(3.0)	(11%)
Segment results	<u>431.2</u>	<u>417.1</u>	14.1	3%
Unallocated corporate net income/(expenses)	8.6	(29.7)	38.3	129%
Profit before interest and taxation	<u>439.8</u>	<u>387.4</u>	52.4	14%
Finance cost	(75.2)	(69.9)	(5.3)	8%
Interest income	3.6	3.0	0.6	20%
Net foreign currency translation loss on foreign currency denominated borrowings	<u>(273.6)</u>	<u>(52.2)</u>	(221.4)	424%
Profit before taxation	<u><u>94.6</u></u>	<u><u>268.3</u></u>	<u>(173.7)</u>	(65%)

Interim Report For The Financial Period Ended 31 December 2014

(The figures have not been audited)

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

3) Prospects

Crude Palm Oil (“CPO”) price has been fluctuating within the range of RM2,150 to RM2,370 per tonne since the beginning of this year. We expect CPO price to hover within this range over the next two months, underpinned by the wet-weather induced lower production and lower stock but capped by the record high soybean production. In the medium term, CPO price is expected to be supported by the Indonesian government’s move to increase its biofuel subsidy and the expected increase in palm oil consumption after the abnormally cold Northern Hemisphere winter.

Going forward, our Indonesian plantation subsidiary is expected to increase its fresh fruit bunch (“FFB”) production substantially due to the young age profile of its trees. The completion of our oil mill in Indonesia during the first quarter of year 2015 will help to increase the efficiency and profitability to our Indonesian operations. In addition, we also expect higher contribution from our associate in Indonesia, Bumitama Agri Ltd in view of their increasing FFB production as their palm trees enter prime age.

In the resource-based manufacturing segment, the Group expects its specialty oils and fats and oleochemicals sub-segments to perform satisfactorily given the resilient demand from both the food and oleochemicals sectors.

The expected volatility of Dollar Ringgit exchange rate will continue to impact the non-cash flow Forex translation gains or losses on our mostly medium to long dated US Dollar denominated borrowings in our reported results. However, we expect the Group’s underlying performance for the remaining financial period of 2015 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 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	93.3	128.5	175.5	225.9
- Prior years	(18.5)	(0.1)	(18.3)	-
Deferred taxation				
- Current year	(6.3)	(2.9)	(1.8)	2.2
- Prior years	0.5	(12.0)	1.4	(12.1)
	69.0	113.5	156.8	216.0

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 31 December 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 6 February 2015 (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 2014 are as follows:

	RM'Million
a) Short term borrowings	
Unsecured	
Denominated in RM	79.2
Denominated in USD (USD664.4 million)	2,319.8
Denominated in EUR (EUR63.0 million)	267.7
Total Short Term Borrowings	<u>2,666.7</u>
b) Long term borrowings	
Unsecured	
Denominated in JPY (JPY21,000.0 million)	609.4
Denominated in USD (USD1,373.0 million)	4,792.3
Total Long Term Borrowings	<u>5,401.7</u>
Total Borrowings	<u>8,068.4</u>

Interim Report For The Financial Period Ended 31 December 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 31 December 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	(22.5)	-	-	(22.5)	5.8	-	-	5.8
EUR/RM	EUR	(18.3)	-	-	(18.3)	0.3	-	-	0.3
USD/EUR	USD	255.0	-	-	255.0	48.5	-	-	48.5
EUR/USD	USD	(85.5)	-	-	(85.5)	(21.0)	-	-	(21.0)
EUR/GBP	GBP	(6.3)	-	-	(6.3)	(1.0)	-	-	(1.0)
EUR/CAD	CAD	(4.1)	-	-	(4.1)	(0.2)	-	-	(0.2)
USD/RMB	USD	(2.5)	-	-	(2.5)	0.2	-	-	0.2
JPY/RM	JPY	(353.6)	-	-	(353.6)	(0.4)	-	-	(0.4)
GBP/RM	GBP	(0.9)	-	-	(0.9)	(0.1)	-	-	(0.1)
RM/EUR	RM	97.5	-	-	97.5	0.5	-	-	0.5
EUR/RM	RM	(67.1)	-	-	(67.1)	-	-	-	-
SGD/RM	SGD	0.5	-	-	0.5	-	-	-	-
USD/CAD	CAD	(1.1)	-	-	(1.1)	0.2	-	-	0.2
CAD/USD	USD	(2.9)	-	-	(2.9)	(0.4)	-	-	(0.4)
RM/USD	USD	(94.3)	(4.3)	-	(98.6)	(19.3)	(1.0)	-	(20.3)
RM/EUR	EUR	(1.9)	-	-	(1.9)	(0.1)	-	-	(0.1)
RM/RMB	RMB	(91.9)	-	-	(91.9)	(3.0)	-	-	(3.0)
						10.0	(1.0)	-	9.0

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 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 31 December 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	72.5	-	-	72.5	5.9	-	-	5.9
	USD	61.2	-	-	61.2	(4.5)	-	-	(4.5)
						1.4	-	-	1.4
Futures	RM	56.7	-	-	56.7	3.0	-	-	3.0
	RM	(22.7)	-	-	(22.7)	(1.7)	-	-	(1.7)
	USD	2.2	-	-	2.2	(0.4)	-	-	(0.4)
	USD	8.1	-	-	8.1	(9.8)	-	-	(9.8)
						(8.9)	-	-	(8.9)

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 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	-	-	31.6	31.6
JPY liability to USD liability ²	JPY	-	-	6,000.0	6,000.0	-	-	13.9	13.9
Floating rate USD liability to fixed rate RM liability ³	USD	-	100.0	-	100.0	-	53.8	-	53.8

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.

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(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 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	-	524.0	-	524.0	-	(31.6)	-	(31.6)

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.



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(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	(82.7)	(118.2)	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	(7.8)	(6.2)	The difference between the contracted prices rate and forward prices	The prices for the respective commodity futures have moved unfavourably against for the Group from the last measurement date
Commodity forward contracts	2.9	(14.9)	The difference between the contracted prices rate and forward prices	The prices for the respective commodity forward contracts have moved favourably for/ (unfavourably against) the Group from the last measurement date
Cross currency swap contracts	-	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	1.4	12.1	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 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	9,496.2
- Unrealised	(214.5)
	9,281.7
Total share of retained profits from associated companies:	
- Realised	327.5
- Unrealised	93.0
	420.5
Total share of accumulated losses from joint venture:	
- Realised	(2.7)
- Unrealised	-
	(2.7)
	9,699.5
Less: Consolidation adjustments	(4,359.7)
Total Group retained profits	5,339.8

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(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

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

	CURRENT YEAR QUARTER	CURRENT YEAR TO DATE
	31/12/14	31/12/14
	RM'Million	RM'Million
Interest income	(3.6)	(6.6)
Other income including investment income		
- Dividend income	(25.5)	(53.1)
Interest expense	75.2	145.1
Depreciation and amortisation	60.2	119.8
(Reversal of)/provision for and write off of receivables	(0.4)	0.5
Net inventories (written back)/written down	(15.2)	2.3
Foreign exchange loss	396.1	432.0
Gain on derivatives	(14.1)	(39.5)

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 31 December 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.

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(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 45% or 4.5 sen (31 December 2013: 80% or 8.0 sen) per ordinary share of RM0.10 each in respect of the financial year ending 30 June 2015 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 13 March 2015 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 5 March 2015.

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 5 March 2015 in respect of transfers; and
- b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 3 March 2015 (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 2013: 8.0 sen) per ordinary share of RM0.10 each.

15) Earnings per Share

	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
a) Basic earnings per share				
Profit for the period attributable to owners of the parent				
From continuing operations	19.6	374.7	196.2	557.7
From discontinued operations	-	112.4	-	231.2
	19.6	487.1	196.2	788.9
Weighted average number of ordinary shares in issue ('Million)	6,361.7	6,389.0	6,360.2	6,388.5
Basic earnings per share (sen)				
From continuing operations	0.31	5.86	3.09	8.73
From discontinued operations	-	1.76	-	3.62
Total	0.31	7.62	3.09	12.35



IOI GROUP

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

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(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 (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 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	19.6	374.7	196.2	557.7
From discontinued operations	-	112.4	-	231.2
	19.6	487.1	196.2	788.9
Adjusted weighted average number of ordinary shares in issue (Million)				
Weighted average number of ordinary shares in issue	6,361.7	6,389.0	6,360.2	6,388.5
Assumed exercise of Executive Share Options at beginning of period	9.5	9.9	10.4	9.8
	6,371.2	6,398.9	6,370.6	6,398.3
Diluted earnings per share (sen)				
From continuing operations	0.31	5.85	3.08	8.72
From discontinued operations	-	1.76	-	3.61
Total	0.31	7.61	3.08	12.33

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
13 February 2015

Interim Report For The Financial Period Ended 31 December 2014

(The figures have not been audited)

Group Plantation Statistics

		As At 31/12/14	As At 31/12/13
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	148,864	152,391
Total planted	<i>(hectares)</i>	176,237	173,995
Rubber			
Total planted	<i>(hectares)</i>	470	495
Total Titled Area	<i>(hectares)</i>	207,121	211,440

		31/12/14 (6 months)	31/12/13 (6 months)
Average Mature Area			
Oil Palm	<i>(hectares)</i>	147,812	143,813
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	1,970,006	1,894,845
Yield per mature hectare	<i>(tonnes)</i>	13.33	13.18
FFB processed	<i>(tonnes)</i>	2,003,352	1,892,293
Crude palm oil production	<i>(tonnes)</i>	431,497	399,001
Palm kernel production	<i>(tonnes)</i>	105,595	100,665
Crude palm oil extraction rate	<i>(%)</i>	21.54%	21.09%
Palm kernel extraction rate	<i>(%)</i>	5.27%	5.32%
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	2,221	2,386
Palm kernel	<i>(RM/tonne)</i>	1,461	1,424