



IOI GROUP

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

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

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER (Q3)		CUMULATIVE QUARTER (9 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2016 RM Million	31/03/2015 RM Million	31/03/2016 RM Million	31/03/2015 RM Million
Revenue	2,866.0	2,758.7	8,921.2	8,609.3
Operating profit	451.2	257.9	1,327.5	972.8
Share of results of associates	26.5	25.9	88.1	88.0
Share of results of a joint venture	(1.1)	(2.8)	(3.6)	(4.5)
Profit before interest and taxation	476.6	281.0	1,412.0	1,056.3
Interest income	15.5	22.0	40.4	80.4
Finance costs	(55.5)	(79.5)	(166.7)	(224.6)
Net foreign currency translation gain/(loss) on foreign currency denominated borrowings	432.8	(332.7)	(193.8)	(658.5)
Profit/(loss) before taxation	869.4	(109.2)	1,091.9	253.6
Taxation	(118.4)	(80.3)	(320.5)	(237.1)
Profit/(loss) for the period	751.0	(189.5)	771.4	16.5
Profit/(loss) attributable to:				
Owners of the parent	748.4	(188.0)	754.2	8.2
Non-controlling interests	2.6	(1.5)	17.2	8.3
	751.0	(189.5)	771.4	16.5
Earnings/(loss) per share for profit/(loss) attributable to owners of the parent (sen)				
Basic	11.88	(2.95)	11.96	0.13
Diluted	11.88	(2.95)	11.96	0.13

(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 2015 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER (Q3)		CUMULATIVE QUARTER (9 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2016 RM Million	31/03/2015 RM Million	31/03/2016 RM Million	31/03/2015 RM Million
Profit/(loss) for the period	751.0	(189.5)	771.4	16.5
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Share of other comprehensive loss of associates	(0.3)	-	(0.3)	-
	(0.3)	-	(0.3)	-
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	(88.5)	(12.1)	15.6	19.8
Share of other comprehensive income/(loss) of associates	28.9	14.9	(6.3)	(16.7)
Hedge of net investments in foreign operations	(1.2)	-	(2.5)	-
Other comprehensive (loss)/income for the period	(60.8)	2.8	6.8	3.1
Total comprehensive income/(loss) for the period, net of tax	689.9	(186.7)	777.9	19.6
Total comprehensive income/(loss) attributable to:				
Owners of the parent	684.9	(184.5)	762.7	12.9
Non-controlling interests	5.0	(2.2)	15.2	6.7
	689.9	(186.7)	777.9	19.6

(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 2015 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	AS AT END OF CURRENT QUARTER 31/03/2016 RM Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/2015 RM Million
ASSETS		
Non-current assets		
Property, plant and equipment	6,991.8	6,649.8
Prepaid lease payments	45.4	32.5
Investment properties	7.7	7.7
Intangible assets	501.7	458.4
Investments in associates	1,000.7	939.1
Interests in a joint venture	33.1	35.2
Derivative assets	112.1	138.7
Deferred tax assets	41.7	46.4
	8,734.2	8,307.8
Current assets		
Inventories	2,195.6	2,083.1
Receivables	1,203.6	1,106.2
Derivative assets	368.8	41.1
Other investments	109.0	107.2
Short term funds	866.6	1,088.9
Deposits with financial institutions	438.2	221.4
Cash and bank balances	632.4	478.2
	5,814.2	5,126.1
TOTAL ASSETS	14,548.4	13,433.9

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position (Continued)

	AS AT END OF CURRENT QUARTER 31/03/2016 RM Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/2015 RM Million
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	646.2	645.9
Share premium	73.3	64.4
Other reserves	(65.5)	(41.2)
Treasury shares	(710.7)	(620.2)
Retained earnings	5,290.9	5,010.2
	<u>5,234.2</u>	<u>5,059.1</u>
Non-controlling interests	204.5	189.3
Total equity	<u>5,438.7</u>	<u>5,248.4</u>
Non-current liabilities		
Borrowings	5,158.1	5,835.9
Derivative liabilities	22.5	29.9
Other long term liabilities	50.7	29.4
Deferred tax liabilities	499.4	425.0
	<u>5,730.7</u>	<u>6,320.2</u>
Current liabilities		
Payables	1,080.0	924.5
Derivative liabilities	117.7	123.8
Short term borrowings	2,149.1	812.5
Provision for taxation	32.2	4.5
	<u>3,379.0</u>	<u>1,865.3</u>
Total liabilities	<u>9,109.7</u>	<u>8,185.5</u>
TOTAL EQUITY AND LIABILITIES	<u>14,548.4</u>	<u>13,433.9</u>
Net assets per share attributable to owners of the parent (RM)	0.83	0.80

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	9 Months Ended 31/03/2016 RM Million	9 Months Ended 31/03/2015 RM Million
Operating Activities		
Profit before taxation	1,091.9	253.6
Adjustments for:		
Depreciation	195.6	179.4
Other non-cash items	43.3	884.0
Operating profit before working capital changes	<u>1,330.8</u>	1,317.0
Decrease in inventories	97.2	1.9
(Increase)/decrease in receivables and other assets	(76.2)	55.5
Increase/(decrease) in payables and other liabilities	70.5	(97.2)
Cash generated from operations	<u>1,422.3</u>	1,277.2
Other payments	(1.7)	(10.5)
Taxes paid	(198.6)	(297.2)
Net cash inflow from operating activities	<u>1,222.0</u>	<u>969.5</u>
Investing Activities		
Interest received	39.5	80.2
Dividends received	27.4	31.4
Proceeds from disposal of property, plant and equipment	2.6	1.5
Other receipts	0.3	4.8
Acquisition of additional interest in associates	(10.7)	(8.6)
Additions to prepaid lease payments	(15.6)	(3.3)
Additions to property, plant and equipment	(280.4)	(365.1)
Acquisition of oleochemicals business, net of cash and cash equivalents acquired	(412.4)	-
Advances to a joint venture	-	(8.0)
Additions to other investments	-	(36.4)
Net cash outflow from investing activities	<u>(649.3)</u>	<u>(303.5)</u>
Financing Activities		
Drawdown of long term borrowings	312.1	611.2
Issuance of shares	7.0	25.6
Net drawdown of other borrowings	5.5	507.8
Repurchase of shares	(90.5)	(5.1)
Payment of finance costs	(153.5)	(246.8)
Payment of dividends	(504.1)	(1,049.3)
Redemption of Guaranteed Notes	-	(1,607.1)
Repayment of term loans	-	(1,110.4)
Net cash outflow from financing activities	<u>(423.5)</u>	<u>(2,874.1)</u>
Net increase/(decrease) in cash and cash equivalents	149.2	(2,208.1)
Cash and cash equivalents at beginning of period	1,788.5	3,987.7
Effect of exchange rate changes	(0.5)	(8.4)
Cash and cash equivalents at end of period	<u>1,937.2</u>	<u>1,771.2</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 2015 and the accompanying explanatory notes attached to this interim financial report.)



IOI GROUP

IOI CORPORATION BERHAD (9027-W)

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Interim Report For The Financial Period Ended 31 March 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 2015	645.9	64.4	105.1	(3.8)	-	(142.5)	(620.2)	5,010.2	5,059.1	189.3	5,248.4
Total comprehensive (loss)/income	-	-	-	(0.7)	(2.5)	12.0	-	753.9	762.7	15.2	777.9
Transactions with owners											
Dividends paid in respect of current financial year	-	-	-	-	-	-	-	(220.5)	(220.5)	-	(220.5)
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 March 2016	646.2	73.3	72.0	(4.5)	(2.5)	(130.5)	(710.7)	5,290.9	5,234.2	204.5	5,438.7

(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 2015 and the accompanying explanatory notes attached to this interim financial report.)



IOI GROUP

IOI CORPORATION BERHAD (9027-W)

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(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	Foreign currency translation reserve	Treasury shares	Retained earnings			
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 (loss)/income	-	-	-	(4.3)	9.0	-	8.2	12.9	6.7	19.6
Transactions with owners										
Dividend paid in respect of current financial year	-	-	-	-	-	-	(286.3)	(286.3)	-	(286.3)
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(763.0)	(763.0)	-	(763.0)
Issue of shares arising from exercise of share options	0.8	32.2	(7.4)	-	-	-	-	25.6	-	25.6
Repurchase of shares	-	-	-	-	-	(5.1)	-	(5.1)	-	(5.1)
As at 31 March 2015	645.8	59.8	106.3	(4.3)	(206.1)	(446.1)	4,865.5	5,020.9	203.0	5,223.9

(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 2015 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 March 2016

(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 2015.

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 2015.

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 2015. However, certain comparative figures have been re-presented to conform with the current year’s presentation.

As stated in our audited financial statements for the financial year ended 30 June 2015, 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 2019.

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.

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

e) Details of Changes in Debt and Equity Securities

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

- 1,260,800 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.
- 1,260,000 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.

ii. During the current financial year-to-date, the Company has repurchased 22,916,000 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM3.95 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 2015 - 4.5 sen per ordinary share of RM0.10 each	283.6	-
First interim single tier dividend in respect of financial year ended 30 June 2016 - 3.5 sen per ordinary share of RM0.10 each	220.5	-
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
First interim single tier dividend in respect of financial year ended 30 June 2015 - 4.5 sen per ordinary share of RM0.10 each	-	286.3
	504.1	1,049.3

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

g) Segment Revenue & Results

(RM Million)	Plantation	Resource- based Manufacturing	Other Operations	Eliminations	Total
9 Months Ended 31/03/16					
REVENUE					
External Sales	119.2	8,791.9	10.1	-	8,921.2
Inter-segment sales	1,365.2	-	-	(1,365.2)	-
Total Revenue	<u>1,484.4</u>	<u>8,791.9</u>	<u>10.1</u>	<u>(1,365.2)</u>	<u>8,921.2</u>
RESULT					
Operating profit	682.3	404.1	5.6	-	1,092.0
Share of results of associates	66.5	21.6	-	-	88.1
Share of results of a joint venture	-	(3.6)	-	-	(3.6)
Segment results before fair value (loss)/gain on derivative financial instruments	<u>748.8</u>	<u>422.1</u>	<u>5.6</u>	<u>-</u>	<u>1,176.5</u>
Fair value (loss)/gain on derivative financial instruments	(0.1)	242.8	-	-	242.7
Segment results	<u>748.7</u>	<u>664.9</u>	<u>5.6</u>	<u>-</u>	<u>1,419.2</u>
9 Months Ended 31/03/15					
REVENUE					
External Sales	136.7	8,459.0	13.6	-	8,609.3
Inter-segment sales	1,388.4	-	-	(1,388.4)	-
Total Revenue	<u>1,525.1</u>	<u>8,459.0</u>	<u>13.6</u>	<u>(1,388.4)</u>	<u>8,609.3</u>
RESULT					
Operating profit	702.9	430.1	0.5	-	1,133.5
Share of results of associates	67.2	20.8	-	-	88.0
Share of results of a joint venture	-	(4.5)	-	-	(4.5)
Segment results before fair value loss on derivative financial instruments	<u>770.1</u>	<u>446.4</u>	<u>0.5</u>	<u>-</u>	<u>1,217.0</u>
Fair value loss on derivative financial instruments	-	(125.1)	-	-	(125.1)
Segment results	<u>770.1</u>	<u>321.3</u>	<u>0.5</u>	<u>-</u>	<u>1,091.9</u>

Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

g) Segment Revenue & Results (Continued)

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

	9 Months Ended 31/3/2016 RM Million	9 Months Ended 31/3/2015 RM Million
Total segment results	1,419.2	1,091.9
Unallocated corporate net expenses	(7.2)	(35.6)
Profit before interest and taxation	1,412.0	1,056.3
Finance costs	(166.7)	(224.6)
Interest income	40.4	80.4
Net foreign currency translation loss on foreign currency denominated borrowings	(193.8)	(658.5)
Profit before taxation	1,091.9	253.6
Taxation	(320.5)	(237.1)
Profit for the period	771.4	16.5

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 March 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 March 2016 except for the acquisition of oleochemicals business as follow:

Acquisition of oleochemicals business

On 15 February 2016 (“date of acquisition”), IOI Oleo GmbH (formerly known as Alstersee 217. V V GmbH)(“IOI Oleo”), an indirect wholly owned subsidiary of the Company acquired the entire oleochemicals business of Cremer Oleo GmbH & Co KG (“Cremer Oleo”) in Germany. The total consideration transferred at the date of acquisition amounted to EUR93.1 million (equivalent to RM429.2 million).

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(The figures have not been audited)

i) Changes in the Composition of the Group (Continued)

The analysis of the above acquisition is summarised as follow:

Fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition

	RM Million
Non-current assets	266.6
Current assets	194.7
Non-current liabilities	(21.7)
Current liabilities	(10.4)
Total identifiable net assets	<u>429.2</u>

Net cash outflow arising from the acquisition

	RM Million
Total identifiable net assets	429.2
Less: Amount due to Cremer Oleo	<u>(16.8)</u>
Net cash outflow on acquisition, net of cash and cash equivalents acquired	<u>412.4</u>

The above acquisition has no material effect on the financial results of the Group for the current financial period as IOI Oleo's contribution to the Group's revenue and Group's profit since acquisition date is not significant.

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 March 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) Q3 FY2016 vs. Q3 FY2015

For Q3 FY2016, the Group reported a profit before taxation (“PBT”) of RM869.4 million as compared to the loss before taxation of RM109.2 million reported for Q3 FY2015. The higher PBT is driven by higher contribution from resource-based manufacturing segment and net foreign currency translation gain on foreign currency denominated borrowings. Excluding the net foreign currency translation gain of RM432.8 million (Q3 FY2015 – loss of RM332.7 million) on foreign currency denominated borrowings, the underlying PBT of RM436.6 million for Q3 FY2016 is 95% higher than the underlying PBT of RM223.5 million for Q3 FY2015.

Plantation

The plantation profit decreased by 13% to RM166.3 million for Q3 FY2016 as compared to RM191.8 million reported for Q3 FY2015. The lower profit reported is due mainly to lower FFB production which is mitigated by higher CPO and PK prices realised. FFB production for Q3 FY2016 was 525,281 MT as compared to 683,718 MT for Q3 FY2015.

Resource-based Manufacturing

The resource-based manufacturing profit of RM305.1 million for Q3 FY2016 is 196% higher than profit of RM102.9 million reported for Q3 FY2015. The higher profit is due mainly to fair value gain on derivative financial instruments of RM184.9 million (Q3 FY2015 – RM4.2 million). Excluding the fair value gain on derivative financial instruments, the underlying profit for resource-based manufacturing of RM120.2 million for Q3 FY2016 is 22% higher than the underlying profit of RM98.7 million for Q3 FY2015. This is mainly due to higher contribution from the oleochemicals and the specialty oils and fats sub-segments.

Interim Report For The Financial Period Ended 31 March 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) **Q3 YTD FY2016 vs. Q3 YTD FY2015**

For Q3 YTD FY2016, the Group reported a PBT of RM1,091.9 million as compared to the PBT of RM253.6 million reported for Q3 YTD FY2015. The higher PBT is due mainly to lower net foreign currency translation loss on foreign currency denominated borrowings and higher contribution from resource-based manufacturing segment. Excluding the net foreign currency translation loss of RM193.8 million (Q3 YTD FY2015 – RM658.5 million) on foreign currency denominated borrowings, the underlying PBT of RM1,285.7 million for Q3 YTD FY2016 is 41% higher than the underlying PBT of RM912.1 million for Q3 YTD FY2015.

Plantation

The plantation profit of RM748.7 million for Q3 YTD FY2016 is lower than the profit reported for Q3 YTD FY2015 of RM770.1 million. The lower profit reported is due mainly to lower FFB production and lower CPO price realised. Average CPO price realised for Q3 YTD FY2016 was RM2,173/MT as compared to RM2,229/MT for Q3 YTD FY2015.

Resource-based Manufacturing

The resource-based manufacturing profit of RM664.9 million for Q3 YTD FY2016 is 107% higher than profit of RM321.3 million reported for Q3 YTD FY2015. The higher profit is due mainly to fair value gain on derivative financial instruments of RM242.8 million (Q3 YTD FY2015 – loss of RM125.1 million). Excluding the fair value gain/loss on derivative financial instruments, the underlying profit for resource-based manufacturing of RM422.1 million for Q3 YTD FY2016 is 5% lower than the underlying profit of RM446.4 million for Q3 YTD FY2015. This is mainly due to lower sales volume and lower margin from the refining sub-segment.

Interim Report For The Financial Period Ended 31 March 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

The Group reported a PBT of RM869.4 million for Q3 FY2016 as compared to a PBT of RM876.5 million for Q2 FY2016. The lower PBT is driven by lower contribution from all segments which is mitigated by higher net foreign currency translation gain on foreign currency denominated borrowings. Excluding the net foreign currency translation gain of RM432.8 million (Q2 FY2016 – RM227.3 million) on foreign currency denominated borrowings, the underlying PBT of RM436.6 million for Q3 FY2016 is 33% lower than the underlying PBT of RM649.2 million for Q2 FY2016.

Details of the segmental results are as follows:

Plantation

The plantation profit decreased by 48% to RM166.3 million for Q3 FY2016 as compared to RM324.4 million for Q2 FY2016, attributable mainly to lower FFB production which is mitigated by higher CPO and PK prices realised. FFB production for Q3 FY2016 was 525,281 MT as compared to 934,940 MT for Q2 FY2016.

Resource-based Manufacturing

The resource-based manufacturing profit of RM305.1 million for Q3 FY2016 is lower than profit of RM368.6 million reported for Q2 FY2016. The lower profit is due mainly to lower fair value gain on derivative financial instruments of RM184.9 million (Q2 FY2016 – RM256.4 million). Excluding the fair value gain on derivative financial instruments, the underlying profit for resource-based manufacturing of RM120.2 million for Q3 FY2016 is 7% higher than the underlying profit of RM112.2 million for Q2 FY2016. This is mainly due to higher contribution from the oleochemicals and the specialty oils and fats sub-segments.

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM Million	PRECEDING QUARTER RM Million	DIFFERENCE RM Million
Plantation	166.3	324.4	(158.1)
Resource-based manufacturing before fair value gain on derivative financial instruments	120.2	112.2	8.0
Fair value gain on derivative financial instruments	184.9	256.4	(71.5)
Resource-based manufacturing	305.1	368.6	(63.5)
Other operations	1.5	5.0	(3.5)
Segment results	472.9	698.0	(225.1)
Unallocated corporate net income/(expenses)	3.7	(7.3)	11.0
Profit before interest and taxation	476.6	690.7	(214.1)
Finance costs	(55.5)	(54.1)	(1.4)
Interest income	15.5	12.6	2.9
Net foreign currency translation gain on foreign currency denominated borrowings	432.8	227.3	205.5
Profit before taxation	869.4	876.5	(7.1)

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(The figures have not been audited)

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

3) Prospects

Dry weather conditions brought by the “El Nino” phenomenon has reduced oil palm fruits production sharply during the first calendar quarter and extending to April. Consequently, palm oil stock is at a relatively low level at 1.8 million tonnes as reported by Malaysian Palm Oil Board for end April. In view of the increased demand for palm oil during the coming Ramadan month and festival, we expect crude palm oil prices to remain firm at the prevailing level of between RM2,500/MT to RM2,700/MT during the remaining financial quarter.

As for the resource-based manufacturing segment, the specialty oils and fats sub-segment will face challenges in the next few months with the suspension of its Roundtable on Sustainable Palm Oil (“RSPO”) certificates. The Group's key priority is to work towards lifting the RSPO certification suspension. The Group is taking all appropriate actions to implement the action plan as required by RSPO and we expect the actions to be completed by end May 2016.

The volatility of Dollar Ringgit exchange rate will continue to impact the non-cash flow forex translation gain/loss arising from our medium to long dated US Dollar denominated borrowings, though to a lesser extent than two to three quarters ago.

Overall, the Group expects its underlying operating results for the remaining financial quarter 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 (Q3)		CUMULATIVE QUARTER (9 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	53.5	60.9	239.3	236.4
- Prior years	(2.6)	15.4	(2.6)	(2.9)
Deferred taxation				
- Current year	65.0	4.0	80.5	2.2
- Prior years	2.5	-	3.3	1.4
	118.4	80.3	320.5	237.1

The effective tax rate of the Group for Q3 FY2016 is lower than the statutory tax rate due principally to the non-taxable net foreign currency translation gain on foreign currency denominated borrowings offset against other non-allowable expenses incurred by the Group. The effective tax rate of the Group for Q3 YTD FY2016 is higher than the statutory tax rate due principally to the non-allowable net foreign currency translation loss on foreign currency denominated borrowings and other non-allowable expenses incurred by the Group.

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(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 11 May 2016 (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 March 2016 are as follows:

	RM Million
a) Short term borrowings	
Unsecured	
Denominated in RM	64.2
Denominated in USD (USD440.8 million)	1,733.0
Denominated in EUR (EUR79.0 million)	351.9
Total Short Term Borrowings	2,149.1
b) Long term borrowings	
Unsecured	
Denominated in JPY (JPY21,000.0 million)	733.3
Denominated in USD (USD1,045.8 million)	4,112.7
Denominated in EUR (EUR70.0 million)	312.1
Total Long Term Borrowings	5,158.1
Total Borrowings	7,307.2

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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

a) The outstanding forward foreign exchange contracts as at 31 March 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
Vanilla Contracts									
USD/RM	USD	(422.3)	(3.6)	-	(425.9)	109.0	0.7	-	109.7
EUR/RM	EUR	(15.6)	-	-	(15.6)	1.4	-	-	1.4
USD/EUR	USD	(27.2)	-	-	(27.2)	(19.2)	-	-	(19.2)
EUR/GBP	GBP	(3.6)	-	-	(3.6)	2.0	-	-	2.0
EUR/CAD	CAD	(4.2)	-	-	(4.2)	(0.3)	-	-	(0.3)
EUR/CHF	CHF	(0.6)	-	-	(0.6)	-	-	-	-
USD/RMB	USD	0.2	-	-	0.2	-	-	-	-
JPY/RM	JPY	(753.6)	-	-	(753.6)	1.0	-	-	1.0
GBP/RM	GBP	(1.0)	-	-	(1.0)	0.2	-	-	0.2
EUR/RM	RM	(31.3)	-	-	(31.3)	(1.5)	-	-	(1.5)
SGD/RM	SGD	0.4	-	-	0.4	-	-	-	-
USD/CAD	CAD	(0.2)	-	-	(0.2)	-	-	-	-
CAD/USD	USD	0.5	-	-	0.5	(0.6)	-	-	(0.6)
RM/RMB	RMB	(74.7)	-	-	(74.7)	3.7	-	-	3.7
						95.7	0.7	-	96.4

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.

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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)

b) The outstanding commodity contracts as at 31 March 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	35.0	-	-	35.0	65.0	-	-	65.0
	RM	60.7	-	-	60.7	(0.8)	-	-	(0.8)
						64.2	-	-	64.2
Futures	USD	1.7	-	-	1.7	(0.6)	-	-	(0.6)
	RM	35.8	-	-	35.8	0.8	-	-	0.8
						0.2	-	-	0.2

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 March 2016 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	-	-	78.7	78.7
JPY liability to USD liability ²	JPY	-	-	6,000.0	6,000.0	-	-	32.7	32.7
Fixed rate USD liability to fixed rate EUR liability ³	USD	-	-	100.0	100.0	-	-	(7.2)	(7.2)
Floating rate USD liability to fixed rate RM liability ⁴	USD	100.0	-	-	100.0	92.3	-	-	92.3

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 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 March 2016 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	74.0	300.0	-	374.0	(1.3)	(15.3)	-	(16.6)

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 were initially recognised at fair value on the date the derivative contracts were entered into. The derivatives except for the cross currency swap contract which swapped a fixed rate USD100.0 million liability to a fixed rate EUR90.9 million liability ("USDEUR CCS") were subsequently remeasured at fair value through profit or loss, where the resulting gains or losses from the remeasurement were recognised in the profit or loss. The changes in fair value of the USDEUR CCS were recognised in the other comprehensive income.



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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	51.1	70.3	The difference between the contracted rates and the market forward rates	The exchange rates have moved favourably for the Group from the last measurement date
Commodity futures	(2.6)	(4.1)	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	(35.6)	(58.4)	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	(7.2)	(7.2)	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 unfavourably against the Group from the last measurement date
Interest rate swap contracts	2.0	12.9	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 March 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	9,470.3
- Unrealised	(175.7)
	9,294.6
Total share of retained profits from associated companies:	
- Realised	386.1
- Unrealised	98.2
	484.3
Total share of accumulated losses from joint venture:	
- Realised	(10.4)
- Unrealised	-
	(10.4)
	9,768.5
Less: Consolidation adjustments	(4,477.6)
Total Group retained profits	5,290.9

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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

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

	CURRENT YEAR QUARTER	CURRENT YEAR TO DATE
	31/03/2016	31/03/2016
	RM Million	RM Million
Interest income	(15.5)	(40.4)
Other income including investment income		
- Dividend income	-	(2.0)
Finance costs	55.5	166.7
Depreciation and amortisation	62.1	195.6
Reversal of provision for receivables	(0.4)	(0.5)
Net inventories written back	(0.6)	(6.7)
Net foreign currency translation (gain)/loss on foreign currency denominated borrowings	(432.8)	193.8
Foreign currency exchange loss	44.1	195.8
Gain on derivatives	(185.0)	(242.7)

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 2015.

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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 on 19 February 2016 declared an interim single tier dividend of 35% or 3.5 sen per ordinary share of RM0.10 each in respect of the financial year ending 30 June 2016. The dividend was paid on 18 March 2016.

No dividend has been proposed for this quarter (31 March 2015: nil).

The total cash dividend declared to date for the current financial year is a single tier dividend of 3.5 sen (31 March 2015: 4.5 sen) per ordinary share of RM0.10 each.

15) Earnings/(loss) per Share

	INDIVIDUAL QUARTER (Q3)		CUMULATIVE QUARTER (9 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/(loss) per share				
Profit/(loss) for the period attributable to owners of the parent	748.4	(188.0)	754.2	8.2
Weighted average number of ordinary shares in issue (Million)	6,301.0	6,361.6	6,305.6	6,360.7
Basic (sen)	11.88	(2.95)	11.96	0.13
b) Diluted earnings/(loss) per share				
Profit/(loss) for the period attributable to owners of the parent	748.4	(188.0)	754.2	8.2
Adjusted weighted average number of ordinary shares in issue (Million)				
Weighted average number of ordinary shares in issue	6,301.0	6,361.6	6,305.6	6,360.7
Assumed exercise of Executive Share Options at beginning of period	-	9.2	-	10.0
	6,301.0	6,370.8	6,305.6	6,370.7
Diluted (sen)	11.88	(2.95)	11.96	0.13



Interim Report For The Financial Period Ended 31 March 2016
(The figures have not been audited)

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

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
18 May 2016



Interim Report For The Financial Period Ended 31 March 2016

(The figures have not been audited)

Group Plantation Statistics

		As At 31/03/2016	As At 31/03/2015
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	148,175	149,662
Total planted	<i>(hectares)</i>	179,313	177,680
Rubber			
Mature	<i>(hectares)</i>	282	-
Total planted	<i>(hectares)</i>	470	470
Total Titled Area	<i>(hectares)</i>	217,918	207,121

		31/03/2016 (9 months)	31/03/2015 (9 months)
Average Mature Area			
Oil Palm	<i>(hectares)</i>	147,196	147,744
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	2,427,833	2,653,724
Yield per mature hectare	<i>(tonnes)</i>	16.49	17.96
FFB processed	<i>(tonnes)</i>	2,495,734	2,714,193
Crude palm oil production	<i>(tonnes)</i>	544,457	582,586
Palm kernel production	<i>(tonnes)</i>	128,458	142,071
Crude palm oil extraction rate	<i>(%)</i>	21.82%	21.46%
Palm kernel extraction rate	<i>(%)</i>	5.15%	5.23%
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	2,173	2,229
Palm kernel	<i>(RM/tonne)</i>	1,584	1,544