



IOI GROUP

IOI CORPORATION BERHAD 196901000607 (9027-W)

(Incorporated in Malaysia)

**Interim Report
For The Financial Period Ended
30 September 2020**



IOI GROUP

Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER (Q1)			CUMULATIVE QUARTER (3 Mths)		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	Changes	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	Changes
	30/09/2020 RM Million	30/09/2019 RM Million	(%)	30/09/2020 RM Million	30/09/2019 RM Million	(%)
Revenue	2,477.2	1,775.5	40%	2,477.2	1,775.5	40%
Operating profit	257.9	237.7	8%	257.9	237.7	8%
Share of results of associates	35.1	42.3	-17%	35.1	42.3	-17%
Share of results of a joint venture	(0.5)	(0.3)	-67%	(0.5)	(0.3)	-67%
Profit before interest and taxation	292.5	279.7	5%	292.5	279.7	5%
Interest income	10.2	17.7	-42%	10.2	17.7	-42%
Finance costs	(41.0)	(42.9)	-4%	(41.0)	(42.9)	-4%
Net foreign currency translation gain/(loss) on foreign currency denominated borrowings	100.6	(57.9)	nm	100.6	(57.9)	nm
Net foreign currency translation (loss)/gain on foreign currency denominated deposits	(2.1)	2.0	nm	(2.1)	2.0	nm
Profit before taxation	360.2	198.6	81%	360.2	198.6	81%
Taxation	(77.4)	(50.9)	52%	(77.4)	(50.9)	52%
Profit for the period	282.8	147.7	91%	282.8	147.7	91%
Profit attributable to:						
Owners of the parent	277.9	149.0	87%	277.9	149.0	87%
Non-controlling interests	4.9	(1.3)	nm	4.9	(1.3)	nm
	282.8	147.7	91%	282.8	147.7	91%
Earning per share for profit attributable to owners of the parent (sen)						
Basic	4.43	2.37	87%	4.43	2.37	87%
Diluted	4.43	2.37	87%	4.43	2.37	87%

*nm = not meaningful

(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 2020 and the accompanying explanatory notes attached to this interim financial report.)



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Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER (Q1)			CUMULATIVE QUARTER (3 Mths)		
	CURRENT YEAR	PRECEDING YEAR	Changes	CURRENT YEAR	PRECEDING YEAR	Changes
	QUARTER	CORRESPONDING QUARTER		TO DATE	CORRESPONDING PERIOD	
	30/09/2020	30/09/2019	(%)	30/09/2020	30/09/2019	(%)
	RM Million	RM Million		RM Million	RM Million	
Profit for the period	282.8	147.7	91%	282.8	147.7	91%
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	(80.9)	(4.6)	1659%	(80.9)	(4.6)	1659%
Share of other comprehensive (loss)/income of associates	(18.2)	29.1	nm	(18.2)	29.1	nm
Hedge of net investments in foreign operations	(1.8)	5.4	nm	(1.8)	5.4	nm
Other comprehensive (loss)/income for the period	(100.9)	29.9		(100.9)	29.9	
Total comprehensive income for the period, net of tax	181.9	177.6	2%	181.9	177.6	2%
Total comprehensive income attributable to:						
Owners of the parent	174.5	179.7	-3%	174.5	179.7	-3%
Non-controlling interests	7.4	(2.1)	nm	7.4	(2.1)	nm
	181.9	177.6	2%	181.9	177.6	2%

*nm = not meaningful

(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 2020 and the accompanying explanatory notes attached to this interim financial report.)



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Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	AS AT END OF CURRENT QUARTER 30/09/2020 RM Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/2020 RM Million
ASSETS		
Non-current assets		
Property, plant and equipment	8,492.2	8,531.8
Intangible assets	419.5	424.2
Investments in associates	2,693.8	2,727.0
Derivative assets	97.8	98.3
Deferred tax assets	20.4	14.6
Other non-current assets	44.8	45.6
	11,768.5	11,841.5
Current assets		
Inventories	952.7	1,001.4
Receivables	836.9	815.8
Derivative assets	470.7	492.3
Other investments	76.0	78.3
Amount due from associates	99.7	111.3
Other current assets	100.6	78.0
Short term funds	1,401.2	1,536.7
Deposits with financial institutions	3.8	3.3
Cash and bank balances	650.2	773.0
	4,591.8	4,890.1
TOTAL ASSETS	16,360.3	16,731.6

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.)



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Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position (Continued)

	AS AT END OF CURRENT QUARTER 30/09/2020 RM Million	AS AT PRECEDING FINANCIAL YEAR END 30/06/2020 RM Million
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	790.2	790.2
Other reserves	1.7	105.1
Treasury shares	(68.1)	(68.1)
Retained earnings	8,496.2	8,469.0
	<u>9,220.0</u>	<u>9,296.2</u>
Non-controlling interests	<u>282.4</u>	<u>274.5</u>
Total equity	<u>9,502.4</u>	<u>9,570.7</u>
Non-current liabilities		
Borrowings	3,962.7	4,009.2
Derivative liabilities	34.7	6.9
Deferred tax liabilities	1,174.0	1,164.7
Long term lease liabilities	42.2	42.2
Other non-current liabilities	97.1	96.6
	<u>5,310.7</u>	<u>5,319.6</u>
Current liabilities		
Payables	572.4	657.1
Derivative liabilities	270.3	203.0
Short term borrowings	616.6	917.5
Other current liabilities	87.9	63.7
	<u>1,547.2</u>	<u>1,841.3</u>
Total liabilities	<u>6,857.9</u>	<u>7,160.9</u>
TOTAL EQUITY AND LIABILITIES	<u>16,360.3</u>	<u>16,731.6</u>
Net assets per share attributable to owners of the parent (RM)	1.47	1.48

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.)



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Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	3 Months Ended 30/09/2020 RM Million	3 Months Ended 30/09/2019 RM Million
Operating Activities		
Profit before taxation	360.2	198.6
Adjustments for:		
Depreciation and amortisation	89.9	92.4
Other non-cash items	(24.7)	3.6
Operating profit before working capital changes	425.4	294.6
(Decrease)/Increase in payables and other liabilities	(101.0)	12.1
Decrease/(Increase) in inventories	46.2	(66.1)
(Increase)/Decrease in receivables and other assets	(28.2)	152.7
Cash generated from operations	342.4	393.3
Other payments	(0.5)	(0.4)
Net taxes paid	(46.4)	(40.8)
Net cash inflow from operating activities	295.5	352.1
Investing Activities		
Dividends received	8.4	7.4
Interest received	10.3	18.9
Proceeds from disposal of property, plant and equipment	0.1	0.8
Proceeds from disposal of other investments	10.9	-
Additions to property, plant and equipment	(78.2)	(99.2)
Additions to other investments	(4.7)	-
Additions to other intangible assets	(0.1)	(8.4)
Net cash outflow from investing activities	(53.3)	(80.5)
Financing Activities		
Proceeds from issuance of shares to non-controlling interest	0.5	-
Payment of dividends	(250.7)	-
Drawdown of term loans	60.5	-
Repayment of term loans	(38.4)	-
Net repayment of other borrowings	(244.6)	(154.6)
Payment of lease liabilities	(1.9)	(1.8)
Payment of lease interests	(0.1)	(0.1)
Payment of finance costs	(23.8)	(26.2)
Net cash outflow from financing activities	(498.5)	(182.7)
Net (decrease)/increase in cash and cash equivalents	(256.3)	88.9
Cash and cash equivalents at beginning of financial year	2,313.0	2,598.6
Effect of exchange rate changes	(1.5)	(1.6)
Cash and cash equivalents at end of financial year	2,055.2	2,685.9

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.)



Interim Report For The Financial Period Ended 30 September 2020

(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	Treasury shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Other reserve	Retained earnings			
As at 1 July 2020	790.2	(68.1)	24.2	60.4	41.2	(20.7)	8,469.0	9,296.2	274.5	9,570.7
Total comprehensive (loss)/income	-	-	-	(101.6)	(1.8)	-	277.9	174.5	7.4	181.9
Transactions with owners										
Dividends paid in respect of previous financial year	-	-	-	-	-	-	(250.7)	(250.7)	-	(250.7)
Changes in equity interest in a subsidiary	-	-	-	-	-	-	-	-	0.5	0.5
As at 30 September 2020	790.2	(68.1)	24.2	(41.2)	39.4	(20.7)	8,496.2	9,220.0	282.4	9,502.4
As at 1 July 2019	788.1	-	25.1	20.3	5.9	(16.7)	8,476.9	9,299.6	211.1	9,510.7
Total comprehensive income/(loss)	-	-	-	24.9	5.4	0.4	149.0	179.7	(2.1)	177.6
As at 30 September 2019	788.1	-	25.1	45.2	11.3	(16.3)	8,625.9	9,479.3	209.0	9,688.3

(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 2020 and the accompanying explanatory notes attached to this interim financial report.)



IOI GROUP

Interim Report For The Financial Period Ended 30 September 2020

(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*, provision of the Companies Act 2016 in Malaysia 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 2020.

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 2020.

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 2020 except for the adoption of the following amendments to MFRSs:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020

The adoption of the above 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.



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Interim Report For The Financial Period Ended 30 September 2020

(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

There are no material changes in debt and equity for the current financial period.

f) Dividends Paid

	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM Million	RM Million
Second interim single tier dividend in respect of financial year ended 30 June 2020		
- 4.0 sen per ordinary share	250.7	-
	<hr/>	<hr/>
	250.7	-
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Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

g) Segment Revenue & Results

(RM Million)	Plantation	Resource-based Manufacturing	Other Operations	Elimination	Total
3 Months Ended 30/09/20					
REVENUE					
External Sales	82.8	2,390.3	4.1	-	2,477.2
Inter-segment sales	500.3	-	-	(500.3)	-
Total Revenue	583.1	2,390.3	4.1	(500.3)	2,477.2
RESULT					
Operating profit	236.4	72.3	2.1	-	310.8
Share of results of associates	17.5	17.6	-	-	35.1
Share of results of a joint venture	-	(0.5)	-	-	(0.5)
Segment results before fair value adjustments	253.9	89.4	2.1	-	345.4
Fair value gain/(loss) on:					
Biological assets	20.4	-	-	-	20.4
Derivative financial instruments	(0.7)	(49.8)	-	-	(50.5)
Segment results	273.6	39.6	2.1	-	315.3
3 Months Ended 30/09/19					
REVENUE					
External Sales	54.5	1,715.2	5.8	-	1,775.5
Inter-segment sales	401.2	-	-	(401.2)	-
Total Revenue	455.7	1,715.2	5.8	(401.2)	1,775.5
RESULT					
Operating profit	104.4	109.4	2.3	-	216.1
Share of results of associates	11.4	30.9	-	-	42.3
Share of results of a joint venture	-	(0.3)	-	-	(0.3)
Segment results before fair value adjustments	115.8	140.0	2.3	-	258.1
Fair value gain/(loss) on:					
Biological assets	10.8	-	-	-	10.8
Derivative financial instruments	-	(3.5)	-	-	(3.5)
Segment results	126.6	136.5	2.3	-	265.4



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

g) Segment Revenue & Results (Continued)

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

	3 Months Ended 30/09/2020 RM Million	3 Months Ended 30/09/2019 RM Million
Total segment results	315.3	265.4
Unallocated corporate net (expense)/income	(22.8)	14.3
Profit before interest and taxation	292.5	279.7
Finance costs	(41.0)	(42.9)
Interest income	10.2	17.7
Net foreign currency translation gain/(loss) on foreign currency denominated borrowings	100.6	(57.9)
Net foreign currency translation (loss)/gain on foreign currency denominated deposits	(2.1)	2.0
Profit before taxation	360.2	198.6
Taxation	(77.4)	(50.9)
Profit for the period	282.8	147.7

There were no material changes in segment assets and segment liabilities from the amount disclosed in the last audited annual financial statements.

h) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to 30 September 2020 that have not been reflected in the financial statements.

i) Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 30 September 2020.

j) Contingent Liabilities

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



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Interim Report For The Financial Period Ended 30 September 2020

(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

Q1 FY2021 vs. Q1 FY2020

For Q1 FY2021, the Group reported a profit before taxation (“PBT”) of RM360.2 million as compared to RM198.6 million reported for Q1 FY2020. Excluding the total net foreign currency translation gain of RM98.5 million (Q1 FY2020 – loss of RM55.9 million) on foreign currency denominated borrowings and deposits as well as fair value loss on derivative financial instruments from the resource-based manufacturing segment of RM49.8 million (Q1 FY2020 – RM3.5 million), the underlying PBT of RM311.5 million for Q1 FY2021 is 21% higher than the underlying PBT of RM258.0 million for Q1 FY2020, due mainly to higher contribution from the plantation segment, offset by lower contribution from the resource-based manufacturing segment.

Plantation

The plantation segment profit for Q1 FY2021 of RM273.6 million is 116% higher than the profit for Q1 FY2020 of RM126.6 million on the back of higher CPO and PK prices realised as well as higher Fresh Fruit Bunches (“FFB”) production (Q1 FY2021 – 878,701MT vs Q1 FY2020 – 801,548MT). Average CPO and PK prices realised for Q1 FY2021 were RM2,579/MT (Q1 FY2020 – RM2,014/MT) and RM1,486/MT (Q1 FY2020 – RM1,126/MT) respectively.

Resource-based Manufacturing

The resource-based manufacturing segment profit for Q1 FY2021 of RM39.6 million is 71% lower than the profit for Q1 FY2020 of RM136.5 million. Excluding the fair value loss on derivative financial instruments, the underlying profit for resource-based manufacturing segment reported a profit of RM89.4 million for Q1 FY2021 as compared to RM140.0 million for Q1 FY2020. The lower profit is due mainly to lower contributions from the oleochemical and refining sub-segments with lower margins. The share of results from our specialty fats associate, Bunge Lodders Crokiaan Group B.V. (“Lodders”) is also lower, mainly driven by weaker performance from Asia which was negatively impacted by COVID-19.



IOI GROUP

Interim Report For The Financial Period Ended 30 September 2020

(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 RM360.2 million for Q1 FY2021 as compared to PBT of RM306.2 million for Q4 FY2020. Excluding the total net foreign currency translation gain of RM98.5 million (Q4 FY2020 – loss of RM1.4 million) on foreign currency denominated borrowings and deposits as well as fair value loss on derivative financial instruments from the resource-based manufacturing segment of RM49.8 million (Q4 FY2020 – gain of RM12.9 million), the underlying PBT of RM311.5 million for Q1 FY2021 is 6% higher than the underlying PBT of RM294.7 million for Q4 FY2020, due mainly to higher contributions from all segments.

Details of the segmental results are as follows:

Plantation

The plantation segment profit for Q1 FY2021 of RM273.6 million is 17% higher than the profit for Q4 FY2020 of RM234.2 million. The higher profit reported is due mainly to higher CPO and PK prices realised. Average CPO and PK prices realised for Q1 FY2021 were RM2,579/MT (Q4 FY2020 – RM2,370/MT) and RM1,486/MT (Q4 FY2020 – RM1,349/MT) respectively.

Resource-based Manufacturing

The resource-based manufacturing segment profit for Q1 FY2021 of RM39.6 million is 60% lower than profit of Q4 FY2020 of RM99.6 million. Excluding the fair value loss/gain on derivative financial instruments, the underlying profit for resource-based manufacturing segment reported a profit of RM89.4 million for Q1 FY2021 as compared to RM86.7 million for Q4 FY2020. The lower contributions from the refining sub-segment due to lower margins was mitigated by the slightly better performance from the oleochemical sub-segment and higher share of results from our specialty fats associate, Loders.



Interim Report For The Financial Period Ended 30 September 2020

(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)

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM Million	PRECEDING QUARTER RM Million	DIFFERENCE RM Million
Plantation before fair value adjustments	253.9	238.6	15.3
Fair value gain/(loss) on biological assets	20.4	(4.5)	24.9
Fair value (loss)/gain on derivative financial instruments	(0.7)	0.1	(0.8)
Plantation	<u>273.6</u>	<u>234.2</u>	<u>39.4</u>
Resource-based manufacturing before fair value			
(loss)/gain on derivative financial instruments	89.4	86.7	2.7
Fair value (loss)/gain on derivative financial instruments	(49.8)	12.9	(62.7)
Resource-based manufacturing	<u>39.6</u>	<u>99.6</u>	<u>(60.0)</u>
Other operations	2.1	14.4	(12.3)
Segment results	<u>315.3</u>	<u>348.2</u>	<u>(32.9)</u>
Unallocated corporate net expenses	(22.8)	(14.4)	(8.4)
Profit before interest and taxation	<u>292.5</u>	<u>333.8</u>	<u>(41.3)</u>
Finance costs	(41.0)	(41.3)	0.3
Interest income	10.2	15.1	(4.9)
Net foreign currency translation gain/(loss) on foreign currency denominated borrowings	100.6	(1.5)	102.1
Net foreign currency translation (loss)/gain on foreign currency denominated deposits	(2.1)	0.1	(2.2)
Profit before taxation	<u><u>360.2</u></u>	<u><u>306.2</u></u>	<u><u>54.0</u></u>



Interim Report For The Financial Period Ended 30 September 2020

(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 increased sharply, reaching a 8-year high in November this year. CPO price is expected to remain high – more than RM3,000 a ton until February 2021, due to low palm oil inventory and seasonal low crop production until early next year, although its narrowing price discount against other competing vegetable oils and the coming winter in the Northern Hemisphere will dampen its demand.

For our plantation segment, oil palm crop production is expected to decline until January or February 2021 due to the low production season. Although the operations in the plantations are not directly affected by the Conditional Movement Control Order (“CMCO”)’s restrictions, the freeze on new intake of foreign workers by the government has resulted in labour shortage which has become more severe as months go by. Nevertheless, due to the strong palm oil price forecasted until February 2021, we expect good financial performance from our plantation segment at least for Q2 and Q3 of FY2021.

For the refinery and commodity marketing sub-segment within our resource-based manufacturing segment, the refining and fractionation margins are expected to be negative or near breakeven due to the high CPO price and lower sales during the winter months in the Northern Hemisphere.

As for the oleochemical sub-segment, the rapid rise in palm kernel oil (“PKO”) and palm stearin prices recently will affect the products margins and profit. Sales volume is not expected to be materially affected due to the healthy demand from the soap and personal hygiene industries and the growth in China’s economy, although the new wave of the COVID-19 infection cases in Europe will affect the economy there.

In our specialty fats sub-segment comprising our associate company Bunge Loders Croklaan, the high palm oil price and the new wave of COVID-19 cases in Europe are expected to similarly affect its performance. However, the demand for snack food consumed at homes is expected to remain strong in USA and parts of Asia.

US Dollar is expected to remain soft after the election of Joe Biden as the new President of America, as concerns over the US-China and US-Europe trade wars wane. This will result in less fluctuation in the translation gain or loss on our USD-denominated borrowings.

Due to the strong palm oil price, the Group’s financial performance for Q2 and Q3 of FY2021 is expected to be good. However, the new wave of COVID-19 infection cases in Malaysia and Europe has made operating conditions difficult and cast some uncertainties on the financial performance of the Group for Q4 of FY2021.

4) Achievability of Forecast Results

Not applicable.

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

Not applicable.



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

6) Taxation

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM Million	RM Million	RM Million	RM Million
The tax expense comprises the following:				
Current taxation				
- Current year	76.8	46.9	76.8	46.9
- Prior years	(3.2)	(0.1)	(3.2)	(0.1)
Deferred taxation				
- Current year	7.0	4.3	7.0	4.3
- Prior years	(3.2)	(0.2)	(3.2)	(0.2)
	<u>77.4</u>	<u>50.9</u>	<u>77.4</u>	<u>50.9</u>

The effective tax rate of the Group for Q1 FY2021 and Q1 YTD FY2021 are lower than the statutory tax rate due principally to the non-taxable net foreign currency translation gain on foreign currency denominated borrowings and other non-taxable income offset against non-deductible expenses.

7) Corporate Proposal

- a) There was no corporate proposal announced by the Group but not completed as at 9 November 2020 (being a date not earlier than 7 days from the date of issue of the quarterly report).
- b) On 1 March 2018, the Group completed the disposal of 70% equity interest in Loders Crokiaan Group B.V. with a preliminary disposal consideration of USD595.0 million plus EUR303.4 million (total approximately RM3,784.7 million). On 23 October 2018, the Group had received a net adjustment amount of EUR11.5 million (approximately RM55.0 million) upon finalisation of the intermediate disposal consideration in accordance with the terms of the sale and purchase agreement.

The status of utilisation of proceeds raised from the Corporate proposal as at 9 November 2020 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

Purpose	Proposed Utilisation		Actual Utilisation		Initial Timeframe	Revised Timeframe ^{N1}	Deviation	
	(%)	(RM Million)	(RM Million)				(RM Million)	%
Future investment	25.00	959.9	34.9	Within 24 months	Within 42 months	-	-	
Dividend to shareholders	20.00	767.9	767.9	Within 12 months	Within 30 months	-	-	
Repayment of borrowings	50.00	1,919.9	1,919.9	Within 24 months	-	-	-	
General working capital	4.75	182.4	182.4	Within 24 months	-	-	-	
Transaction expenses	0.25	9.6	9.6	Immediate	-	-	-	
Total	<u>100.00</u>	<u>3,839.7</u>	<u>2,914.7</u>					

Note:

¹ On 18 February 2020, the Board of Directors resolved and approved to extend the initial utilisation timeframe for an additional period of 18 months (revised timeframe) to utilise the remaining proceeds.



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

8) Group Borrowings and Debts Securities

As at 30 September 2020	Long term		Short term		Total borrowings	
	Foreign currency (Million)	RM Equivalent (Million)	Foreign currency (Million)	RM Equivalent (Million)	Foreign currency (Million)	RM Equivalent (Million)
Unsecured						
Denominated in USD						
Notes	598.9	2,487.7	-	-	598.9	2,487.7
Islamic financing facilities	155.0	640.7	110.0	456.8	265.0	1,097.5
Trade financing	-	-	21.9	91.1	21.9	91.1
Denominated in JPY						
Term loans	21,000.0	825.4	-	-	21,000.0	825.4
Denominated in EUR						
Islamic financing facilities	-	-	7.0	34.2	7.0	34.2
Trade financing	-	-	2.9	14.0	2.9	14.0
Finance lease obligation	1.8	8.9	-	-	1.8	8.9
Denominated in RM						
Trade financing	-	-	-	20.5	-	20.5
Total		3,962.7		616.6		4,579.3

As at 30 September 2019	Long term		Short term		Total borrowings	
	Foreign currency (Million)	RM Equivalent (Million)	Foreign currency (Million)	RM Equivalent (Million)	Foreign currency (Million)	RM Equivalent (Million)
Unsecured						
Denominated in USD						
Notes	598.2	2,505.8	-	-	598.2	2,505.8
Islamic financing facilities	250.0	1,046.8	30.0	125.6	280.0	1,172.4
Trade financing	-	-	11.8	49.4	11.8	49.4
Denominated in JPY						
Term loans	21,000.0	814.9	-	-	21,000.0	814.9
Denominated in EUR						
Islamic financing facilities	25.0	114.5	-	-	25.0	114.5
Trade financing	-	-	17.0	78.0	17.0	78.0
Finance lease obligation	1.8	8.3	-	-	1.8	8.3
Total		4,490.3		253.0		4,743.3

Exchange rates applied

	As at 30 September 2020	As at 30 September 2019
USD/RM	4.1540	4.1885
JPY100/RM	3.9306	3.8804
EUR/RM	4.8791	4.5797



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

9) Derivative Financial Instruments

a) The outstanding forward foreign exchange contracts as at 30 September 2020 are as follows:

	Contract/Notional Value (Million)				Fair Value – assets/(liabilities)				
		Net short			(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	(376.9)	-	-	(376.9)	24.7	-	-	24.7
EUR/RM	EUR	(11.8)	-	-	(11.8)	(0.3)	-	-	(0.3)
JPY/RM	JPY	(331.4)	-	-	(331.4)	-	-	-	-
GBP/RM	GBP	(0.8)	-	-	(0.8)	-	-	-	-
						24.4	-	-	24.4

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.

b) The outstanding commodity contracts as at 30 September 2020 are as follows:

	Contract/Notional Value (Million)				Fair Value – (liabilities)/assets				
		Net (short)/long			(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	(193.0)	-	-	(193.0)	(33.3)	-	-	(33.3)
	RM	348.8	-	-	348.8	(2.3)	-	-	(2.3)
						(35.6)	-	-	(35.6)
Futures									
	USD	3.2	-	-	1.8	(0.8)	-	-	(0.8)
	RM	120.9	-	-	120.9	4.3	-	-	4.3
						3.5	-	-	3.5

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.



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

9) Derivative Financial Instruments (Continued)

c) The outstanding cross currency swap contracts as at 30 September 2020 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	-	-	72.5	72.5
JPY liability to USD liability ²	JPY	-	-	6,000.0	6,000.0	-	-	25.3	25.3
Fixed rate USD liability to fixed rate EUR liability ³	USD	-	100.0	-	100.0	-	(18.9)	-	(18.9)
Floating rate USD liability to fixed rate EUR liability ⁴	USD	50.0	50.0	-	100.0	(11.6)	(11.6)	-	(23.2)

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.

d) The outstanding interest rate swap contracts as at 30 September 2020 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	55.0	55.0	-	110.0	(4.3)	(4.2)	-	(8.5)

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.



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

9) Derivative Financial Instruments (Continued)

e) Put and call options contract

Following the disposal of 70% in Loders Croklaan Group B.V. (“Loders”), the Company has on 1 March 2018 entered into a shareholders’ agreement (“SHA”) with Loders and Koninklijke Bunge B.V. (“Bunge”). Under the SHA, for a period of 5 years from 1 March 2018 (“Option Period”), the Company shall have the right to require Bunge to purchase all, but not less than all, of the Company’s equity interest in Loders (“Put Option”) for a purchase price calculated in accordance with the SHA (“Put Price”). During the Option Period, Bunge shall have the right to require the Company to sell all, but not less than all, of the Company’s equity interest in Loders (“Call Option”) for a purchase price equals to 25% above such Put Price.

The outstanding put and call options as at 30 September 2020 are as follows:

	Contract/Notional Value (Million)	Fair Value – assets/(liabilities) (RM Million)
Put Option	USD255.0 million plus EUR128.0 million (“Put Price”) ¹	339.9
Call Option	125% of Put Price	(115.9)
		224.0

¹ The Put Price is subject to adjustments in accordance with the terms of SHA.

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 30 September 2020

(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		
	RMMillion	RMMillion		
Forward foreign exchange contracts	9.2	9.2	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	(2.7)	(2.7)	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	(73.2)	(73.2)	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	(38.6)	(38.6)	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	1.9	1.9	The difference between fixed and floating interest rates	The floating interest rate have moved favourably for the Group from the last measurement date
Call option	8.3	8.3	The difference between strike prices and underlying prices	The prices for the call option have moved favourably for the Group from the last measurement date



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Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

11) Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	CURRENT YEAR QUARTER 30/09/20 RM Million	CURRENT YEAR TO DATE 30/09/20 RM Million
Interest income	(10.2)	(10.2)
Other income including investment income		
- Dividend income	(1.7)	(1.7)
Finance costs	41.0	41.0
Depreciation and amortisation	89.9	89.9
Impairment loss on trade receivables	0.3	0.3
Net inventories written down	0.6	0.6
Net foreign currency translation gain on foreign currency denominated borrowings	(100.6)	(100.6)
Net foreign currency translation loss on foreign currency denominated deposits	2.1	2.1
Foreign currency exchange loss	17.0	17.0
Fair value gain on other investments	(4.3)	(4.3)
Fair value loss on derivatives	50.5	50.5
Fair value loss on put and call options	29.3	29.3
Net gain arising from changes in fair value of biological assets	(20.4)	(20.4)

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.

12) 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 2020.

13) Dividend

No dividend has been proposed for the quarter under review (30 September 2019: Nil).



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

14) Earnings per Share

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM Million	RM Million	RM Million	RM Million
a) Basic earnings for the period				
Profit for the period attributable to owners of the parent	277.9	149.0	277.9	149.0
Weighted average number of ordinary shares in issue ('Million)	6,266.8	6,284.6	6,266.8	6,284.6
Basic (sen)	<u>4.43</u>	<u>2.37</u>	<u>4.43</u>	<u>2.37</u>
b) Diluted earnings for the period				
Profit for the period attributable to owners of the parent	277.9	149.0	277.9	149.0
Adjusted weighted average number of ordinary shares in issue ('Million)				
Weighted average number of ordinary shares in issue	6,266.8	6,284.6	6,266.8	6,284.6
Assumed exercise of Executive Share Options at beginning of period	0.2	-	0.2	-
	<u>6,267.0</u>	<u>6,284.6</u>	<u>6,267.0</u>	<u>6,284.6</u>
Diluted (sen)	<u>4.43</u>	<u>2.37</u>	<u>4.43</u>	<u>2.37</u>

15) 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
16 November 2020



Interim Report For The Financial Period Ended 30 September 2020

(The figures have not been audited)

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

Group Plantation Statistics

		As At 30/09/2020	As At 30/09/2019
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	143,877	150,755
Total planted	<i>(hectares)</i>	176,908	176,787
Rubber			
Mature	<i>(hectares)</i>	457	457
Total planted	<i>(hectares)</i>	457	475
Total Titled Area	<i>(hectares)</i>	206,567	217,931

		30/09/2020 (3 months)	30/09/2019 (3 months)
Average Mature Area Harvested			
Oil Palm	<i>(hectares)</i>	141,948	148,736
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	878,701	801,548
Yield per mature hectare	<i>(tonnes)</i>	6.19	5.39
FFB processed	<i>(tonnes)</i>	892,456	834,151
Crude palm oil production	<i>(tonnes)</i>	192,425	185,630
Palm kernel production	<i>(tonnes)</i>	42,090	38,785
Crude palm oil extraction rate	<i>(%)</i>	21.56%	22.25%
Palm kernel extraction rate	<i>(%)</i>	4.72%	4.65%
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	2,579	2,014
Palm kernel	<i>(RM/tonne)</i>	1,486	1,126