



## IJM PLANTATIONS BERHAD (133399-A)

### Part A1 : Quarterly Report

**Quarterly report for the financial period ended:** 30/09/2016  
**Quarter:** 2<sup>nd</sup> Qtr  
**Financial Year End:** 31/03/2017  
**The figures:** Have not been Audited  
  
**Full Quarterly Report:** Refer attached

### Part A2 : Summary of Key Financial Information for the financial period 30/09/2016

|  | Individual Quarter                                 |   | Cumulative Period                               |   |
|--|--|---|---|---|
|  | Current year<br>quarter<br>30/09/2016<br>RM'000    | Preceding year<br>quarter<br>30/09/2015<br>RM'000 | Current year<br>to date<br>30/09/2016<br>RM'000 | Preceding year<br>to date<br>30/09/2015<br>RM'000 |
| 1 Revenue  | 201,382  | 145,136   | 340,760   | 286,879   |
| 2 Profit/(loss) before taxation  | 64,072   | (32,283)  | 102,713   | (6,413)   |
| 3 Profit/(loss) for the period   | 45,263   | (14,597)  | 72,426  | 7,627   |
| 4 Profit/(loss) attributable to owners of the Company                              | 44,208   | (4,941)   | 69,413  | 17,924  |
| 5 Basic earnings/(loss) per share (sen)  | 5.02   | (0.56)  | 7.88  | 2.04  |
| 6 Proposed/Declared dividend per share (sen)                                       | -  | -   | -   | -   |
|  | <b>As at end of current quarter<br/>30/09/2016</b> |   | <b>As at preceding financial year<br/>end</b>   |   |
| 7 Net assets per share attributable to ordinary equity holders of the Company (RM) |  | 1.94  |   | 1.84  |

## IJM PLANTATIONS BERHAD (133399-A)

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

|  | INDIVIDUAL<br>QUARTER<br>3 MONTHS ENDED<br>30 SEPTEMBER |                               | CUMULATIVE<br>6 MONTHS ENDED<br>30 SEPTEMBER |                               |
|--|---|-------------------------------|--|-------------------------------|
|  | 2016<br>RM'000<br>(unaudited)                           | 2015<br>RM'000<br>(unaudited) | 2016<br>RM'000<br>(unaudited)                | 2015<br>RM'000<br>(unaudited) |
| Revenue  | 201,382   | 145,136                       | 340,760                                      | 286,879                       |
| Operating expenses   | (141,869)   | (125,778)                     | (253,344)                                    | (235,619)                     |
| Net (expense)/income and net gains/(losses):                           |   |                               |  |                               |
| - Net other (expense)/income   | (730)   | (2,525)                       | 8,312  | (112)                         |
| - Net foreign exchange gains/(losses)                                  | 9,380   | (29,334)                      | 14,752                                       | (24,516)                      |
| Profit/(loss) from operations  | 68,163  | (12,501)                      | 110,480                                      | 26,632                        |
| Finance costs:   |   |                               |  |                               |
| - Interest expense   | (4,091)   | (3,206)                       | (7,767)                                      | (5,911)                       |
| - Net foreign exchange losses on borrowings                            | -   | (16,576)                      | -  | (27,134)                      |
| Profit/(loss) before taxation  | 64,072  | (32,283)                      | 102,713                                      | (6,413)                       |
| Income tax expense   | (18,809)  | 17,686                        | (30,287)                                     | 14,040                        |
| <b>Net profit/(loss) for the financial period</b>                      | 45,263  | (14,597)                      | 72,426                                       | 7,627                         |
| <b>Other comprehensive income</b>                                      |   |                               |  |                               |
| <i>Items that may be reclassified subsequently to profit or loss:</i>  |   |                               |  |                               |
| - Currency translation difference                                      | 30,216  | 49,111                        | 60,196                                       | 52,030                        |
| <b>Total comprehensive income for the financial period</b>             | 75,479  | 34,514                        | 132,622                                      | 59,657                        |
| <b>Net profit/(loss) attributable to:</b>                              |   |                               |  |                               |
| - Owners of the Company  | 44,208  | (4,941)                       | 69,413                                       | 17,924                        |
| - Non-controlling interests  | 1,055   | (9,656)                       | 3,013  | (10,297)                      |
|  | 45,263  | (14,597)                      | 72,426                                       | 7,627                         |
| <b>Total comprehensive income/(loss) attributable to:</b>              |   |                               |  |                               |
| - Owners of the Company  | 74,600  | 45,413                        | 129,961                                      | 71,247                        |
| - Non-controlling interests  | 879   | (10,899)                      | 2,661  | (11,590)                      |
|  | 75,479  | 34,514                        | 132,622                                      | 59,657                        |
| Earnings/(loss) per share attributable to owners of the Company (sen): |   |                               |  |                               |
| (a) Basic:   |   |                               |  |                               |
| - [Note B10]   | 5.02 sen  | (0.56) sen                    | 7.88 sen                                     | 2.04 sen                      |

# IJM PLANTATIONS BERHAD (133399-A)

## CONDENSED CONSOLIDATED BALANCE SHEET

|  | <b>30 September<br/>2016<br/>RM'000<br/>(Unaudited)</b> | <b>31 March<br/>2016<br/>RM'000<br/>(Audited)</b> |
|--|---|---|
| <b>ASSETS</b>  |   |   |
| <b>Non-Current Assets:</b>   |   |   |
| Property, plant and equipment  | 941,455   | 886,634   |
| Land use rights  | 150,117   | 133,435   |
| Plantation expenditure   | 1,152,135   | 1,088,487   |
| Other receivables  | 36,170  | 28,222  |
| Deferred tax assets  | 18,370  | 19,927  |
|  | 2,298,247   | 2,156,705   |
| <b>Current Assets:</b>   |   |   |
| Inventories  | 108,933   | 73,469  |
| Trade and other receivables  | 110,660   | 67,690  |
| Tax recoverable  | 11,677  | 19,683  |
| Deposits, cash and bank balances                                       | 353,661   | 272,876   |
|  | 584,931   | 433,718   |
| <b>TOTAL ASSETS</b>  | 2,883,178   | 2,590,423   |
| <b>EQUITY AND LIABILITIES</b>  |   |   |
| <b>Capital and reserves attributable to owners of the Company</b>      |   |   |
| Share capital  | 440,290   | 440,290   |
| Reserves   | 1,265,047   | 1,177,585   |
|  | 1,705,337   | 1,617,875   |
| Non-controlling interests  | (4,024)   | (12,585)  |
| <b>Total Equity</b>  | 1,701,313   | 1,605,290   |
| <b>Non-Current Liabilities:</b>  |   |   |
| Retirement benefits  | 4,672   | 4,526   |
| Borrowings   | 739,089   | 626,931   |
| Deferred tax liabilities   | 168,167   | 160,244   |
|  | 911,928   | 791,701   |
| <b>Current Liabilities:</b>  |   |   |
| Trade and other payables   | 124,258   | 76,770  |
| Derivative financial instruments                                       | 969   | 10,158  |
| Current tax liabilities  | 2,697   | 44  |
| Borrowings   | 142,013   | 106,460   |
|  | 269,937   | 193,432   |
| <b>Total Liabilities</b>   | 1,181,865   | 985,133   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    | 2,883,178   | 2,590,423   |
| <b>Net Assets Per Share attributable to owners of the Company (RM)</b> | <b>1.94</b>   | <b>1.84</b>                                       |

## IJM PLANTATIONS BERHAD (133399-A)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016

|   | Attributable to Equity Holders of the Company |                  |                                   |                   |                     |           | Non-<br>controlling<br>interests | Total<br>Equity |
|---|---|------------------|-----------------------------------|-------------------|---------------------|-----------|----------------------------------|-----------------|
|   | Share<br>Capital                              | Share<br>Premium | Equity<br>Contribution<br>Reserve | Other<br>Reserves | Retained<br>Profits | Total     |                                  |                 |
|   | RM'000  | RM'000           | RM'000                            | RM'000            | RM'000              | RM'000    | RM'000                           | RM'000          |
| <b>At 1 April 2016</b>  | 440,290                                       | 482,240          | 9,064                             | (24,955)          | 711,236             | 1,617,875 | (12,585)                         | 1,605,290       |
| Total<br>comprehensive<br>income for<br>the financial<br>period | -   | -                | -                                 | 60,548            | 69,413              | 129,961   | 2,661                            | 132,622         |
| Capital<br>contribution by<br>ultimate holding<br>company       | -   | -                | 1,530                             | -                 | -                   | 1,530     | -                                | 1,530           |
| Dividend -<br>year ended 31<br>March 2016                       | -   | -                | -                                 | -                 | (44,029)            | (44,029)  | -                                | (44,029)        |
| Issuance<br>of shares to<br>non-controlling<br>interests        | -   | -                | -                                 | -                 | -                   | -         | 5,900                            | 5,900           |
| <b>At 30 September<br/>2016 (Unaudited)</b>                     | 440,290                                       | 482,240          | 10,594                            | 35,593            | 736,620             | 1,705,337 | (4,024)                          | 1,701,313       |

## IJM PLANTATIONS BERHAD (133399-A)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

|   | Attributable to Equity Holders of the Company |                  |                                   |                   |                     |           | Non-<br>controlling<br>interests | Total<br>Equity |
|---|---|------------------|-----------------------------------|-------------------|---------------------|-----------|----------------------------------|-----------------|
|   | Share<br>Capital                              | Share<br>Premium | Equity<br>Contribution<br>Reserve | Other<br>Reserves | Retained<br>Profits | Total     |                                  |                 |
|   | RM'000  | RM'000           | RM'000                            | RM'000            | RM'000              | RM'000    | RM'000                           | RM'000          |
| <b>At 1 April 2015</b>  | 440,290                                       | 482,240          | 6,390                             | (60,897)          | 739,874             | 1,607,897 | (9,942)                          | 1,597,955       |
| Total<br>comprehensive<br>income for<br>the financial<br>period | -   | -                | -                                 | 53,323            | 17,924              | 71,247    | (11,590)                         | 59,657          |
| Capital<br>contribution by<br>ultimate holding<br>company       | -   | -                | 673                               | -                 | -                   | 673       | -                                | 673             |
| Dividend -<br>year ended 31<br>March 2015                       | -   | -                | -                                 | -                 | (52,835)            | (52,835)  | -                                | (52,835)        |
| <b>At 30 September<br/>2015 (Unaudited)</b>                     | 440,290                                       | 482,240          | 7,063                             | (7,574)           | 704,963             | 1,626,982 | (21,532)                         | 1,605,450       |

# IJM PLANTATIONS BERHAD (133399-A)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | <b>6 MONTHS<br/>ENDED 30<br/>SEPTEMBER<br/>2016<br/>RM'000<br/>(Unaudited)</b> | <b>6 MONTHS<br/>ENDED 30<br/>SEPTEMBER<br/>2015<br/>RM'000<br/>(Unaudited)</b> |
|---|--|--|
| <b>OPERATING ACTIVITIES</b>   |  |  |
| Receipts from customers   | 316,050  | 283,388  |
| Payments to contractors, suppliers and employees                                    | (229,934)  | (196,618)  |
| Interest paid   | (7,767)  | (5,911)  |
| Income tax paid   | (9,888)  | (16,719)   |
| <i>Net cash flows from operating activities</i>                                     | 68,461   | 64,140   |
| <b>INVESTING ACTIVITIES</b>   |  |  |
| Additions to property, plant, equipment, land use rights and plantation expenditure | (69,237)   | (97,441)   |
| Interest received   | 3,327  | 4,331  |
| <i>Net cash flows used in investing activities</i>                                  | (65,910)   | (93,110)   |
| <b>FINANCING ACTIVITIES</b>   |  |  |
| Repayment of term loan  | (13,522)   | (12,487)   |
| Uplifting restricted deposit  | -  | 105,553  |
| Drawn down of term loan   | 122,862  | -  |
| Dividend paid   | (44,029)   | (52,835)   |
| <i>Net cash flows from financing activities</i>                                     | 65,311   | 40,231   |
| <b>Net Change in Cash and Cash Equivalents</b>                                      | 67,862   | 11,261   |
| <b>Cash &amp; Cash Equivalents at beginning of financial period</b>                 | 268,520  | 371,420  |
| <b>Foreign Exchange differences</b>   | 12,780   | 1,644  |
| <b>Cash &amp; Cash Equivalents at end of financial period</b>                       | 349,162  | 384,325  |
| <b>Notes:</b>   | <b>AS AT 30<br/>SEPTEMBER<br/>2016<br/>RM'000</b>                              | <b>AS AT 30<br/>SEPTEMBER<br/>2015<br/>RM'000</b>                              |
| Cash and cash equivalents represent the following:                                  |  |  |
| Cash and bank balances  | 59,635   | 52,252   |
| Deposits with licensed banks  | 294,026  | 336,226  |
|   | 353,661  | 388,478  |
| Less: Restricted deposits with licensed banks                                       | (4,499)  | (4,153)  |
|   | 349,162  | 384,325  |

# IJM PLANTATIONS BERHAD (133399-A)

## A NOTES TO THE QUARTERLY RESULTS

### A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with *FRS 134: Interim Financial Reporting* and *Chapter 9 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad*.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2016 which are available at <http://www.ijm.com>. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2016.

### A2. Changes in Accounting Policies

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 “Agriculture” and/or IC Interpretation 15 “Agreements for Construction of Real Estate”, including their parent, significant investor and venturer (herein called “Transitioning Entities”).

Based on the MASB announcement on 2 September 2014, the adoption of MFRS 141 was to be mandatory for annual periods beginning on or after 1 January 2016, whereas the adoption of MFRS 15 “Revenue” was to be mandatory for annual periods beginning on or after 1 January 2017. On 8 September 2015, MASB further announced that the adoption of MFRS 15 “Revenue” will only be mandatory for annual periods beginning on or after 1 January 2018. As a Transitioning Entity, the Group is allowed to defer the adoption of MFRS 141 to annual periods beginning after 1 January 2018, in line with its ultimate holding company, IJM Corporation Berhad.

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 31 March 2016 except for the adoption of the following amendments to published standards issued by MASB that are effective for the Group’s financial year beginning on or after 1 April 2016 and applicable to the Group as follows:

- Annual improvements to FRSs 2012 – 2014 Cycle, which include Amendments to FRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, FRS 7 “Financial Instruments: Disclosures”, FRS 119 “Employee Benefits” and FRS 134 “Interim Financial Reporting”
- Amendments to FRS 10, FRS 12 and FRS 128 “Investment Entities: Applying the Consolidation Exception”
- Amendments to FRS 11 “Accounting for Acquisition of Interest in Joint Operations”
- Amendments to FRS 101 “Presentation of Financial Statements” – “Disclosure Initiative”
- Amendments to FRS 116 and FRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”

The amendments to published standards do not result in any significant change to the accounting policies and do not have a material impact on the interim financial information of the Group.

## IJM PLANTATIONS BERHAD (133399-A)

### A3. Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report for the financial year ended 31 March 2016 was not subject to any modification or qualification.

### A4. Seasonality or Cyclicity of Operations

The Group's performance is affected by the oil palms cropping pattern that normally starts in a trough in the first half of a calendar year before rising to a peak in the second half.

### A5. Unusual Significant Items

Other than the net foreign exchange gains/(losses) shown in Note B12, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size or incidence during the financial period to-date under review.

### A6. Material Changes in Estimates

There were no major changes in estimates that have had a material effect in the current quarter and financial year to-date.

### A7. Debt and Equity Securities

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year to-date.

### A8. Dividend Paid

Dividend paid during the financial period ended 30 September 2016 is as follows:

In respect of the financial year ended 31 March 2016 as reported in the directors' report of that year:

A single tier interim dividend of 5 sen per share paid on 13 July 2016.

RM'000  
44,029



## IJM PLANTATIONS BERHAD (133399-A)

### A9. Segmental Information

The principal activities of the Group are the cultivation of oil palms and milling of fresh fruit bunches. The operations are geographically located in Malaysia and Indonesia.

|                                      | <b>6 months<br/>ended<br/>30/09/2016</b> | <b>6 months<br/>ended<br/>30/09/2015</b> |
|--------------------------------------|--|--|
|                                      | RM'000                                   | RM'000                                   |
| <b>REVENUE</b>                       |  |  |
| Malaysian Operations                 | 230,690                                  | 203,384                                  |
| Indonesian Operations                | 110,070                                  | 83,495                                   |
|                                      | 340,760                                  | 286,879                                  |
| <br>                                 |  |  |
|                                      | <b>6 months<br/>ended<br/>30/09/2016</b> | <b>6 months<br/>ended<br/>30/09/2015</b> |
|                                      | RM'000                                   | RM'000                                   |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b> |  |  |
| Malaysian Operations                 | 77,782                                   | 49,562                                   |
| Indonesian Operations                | 24,931                                   | (55,975)                                 |
|                                      | 102,713                                  | (6,413)                                  |
| <br>                                 |  |  |
|                                      | <b>As at 30<br/>September<br/>2016</b>   | <b>As at 31<br/>March<br/>2016</b>       |
|                                      | RM'000                                   | RM'000                                   |
| <b>TOTAL ASSETS</b>                  |  |  |
| Malaysian Operations                 | 1,044,001                                | 1,007,887                                |
| Indonesian Operations                | 1,809,130                                | 1,542,926                                |
| Unallocated assets                   | 30,047                                   | 39,610                                   |
|                                      | 2,883,178                                | 2,590,423                                |

### A10. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment for the current quarter and financial year to-date.

### A11. Material Subsequent Events

There was no material event subsequent to the end of the financial year to-date that has not been reflected in the unaudited financial statements.

### A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year to-date.

## IJM PLANTATIONS BERHAD (133399-A)

### A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets as at 30 September 2016.

### A14. Capital Commitments

Capital commitments not provided for in the unaudited financial statements as at 30 September 2016 are as follows:

|   |                      |
|---|----------------------|
| Property, plant, equipment, land use rights<br>and Plantation expenditure | <b>RM'000</b>        |
| Approved and contracted for   | 149,568              |
| Approved but not contracted for   | 107,439              |
|   | <hr/> <u>257,007</u> |

### A15. Fair Value of Financial Instruments

The following hierarchies were applied to determine the fair value of all the financial instruments carried at fair value:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2016, the Group measured and recognised the derivative financial instruments for the crude palm oil pricing swap contracts at fair value. It was classified by the level of fair value measurement hierarchy as follows:

|                                  | Level 1 | Level 2 | Level 3 | Total  |
|----------------------------------|---------|---------|---------|--------|
|                                  | RM'000  | RM'000  | RM'000  | RM'000 |
| <u>Financial Liabilities</u>     |         |         |         |        |
| Derivative financial instruments | -       | 969     | -       | 969    |

## IJM PLANTATIONS BERHAD (133399-A)

### B Bursa Securities Listing Requirements (Part A of Appendix 9B)

*Current quarter under review – Q2-FY2017*

*Corresponding quarter of the preceding year – Q2-FY2016*

*Immediate preceding quarter – Q1-FY2017*

*Current financial year to-date – Year to-date FY 2017*

*Corresponding financial year to-date – Year to-date FY2016*

#### B1. Review of Performance

The results of the Group are tabulated below:

|   | Individual Quarter                              |   | var<br>%<br>+/- | Cumulative Period                               |   | var<br>%<br>+/- |
|---|---|---|-----------------|---|---|-----------------|
|   | Current year<br>quarter<br>30/09/2016<br>RM'000 | Preceding<br>year quarter<br>30/09/2015<br>RM'000 |                 | Current<br>year to-date<br>30/09/2016<br>RM'000 | Preceding<br>year to-date<br>30/09/2015<br>RM'000 |                 |
| <b>Revenue:</b>                           |   |   |                 |   |   |                 |
| -Malaysia                                 | 156,982   | 105,324   | +49.0           | 230,690   | 203,384   | +13.4           |
| -Indonesia                                | 44,400  | 39,812  | +11.5           | 110,070   | 83,495  | +31.8           |
|   | <u>201,382</u>                                  | <u>145,136</u>                                    | <u>+38.8</u>    | <u>340,760</u>                                  | <u>286,879</u>                                    | <u>+18.8</u>    |
| <b>Profit/(loss) before<br/>taxation:</b> |   |   |                 |   |   |                 |
| -Malaysia                                 | 56,797  | 24,233  | >100            | 77,782  | 49,562  | +56.9           |
| -Indonesia                                | 7,275   | (56,516)  | -               | 24,931  | (55,975)  | -               |
|   | <u>64,072</u>                                   | <u>(32,283)</u>                                   | <u>-</u>        | <u>102,713</u>                                  | <u>(6,413)</u>                                    | <u>-</u>        |

#### Individual Quarter -- Q2-FY2017 vs Q2-FY2016

For Q2-FY2017, the Group recorded a 38.8% increase in revenue as compared to Q2-FY2016 mainly due to higher commodity prices. FFB production partially recovered from the effect of the prolonged dry weather to be at the level as that achieved in the previous year. However, the overall financial performance of the Group improved significantly as a result of improved commodity prices and the net foreign exchange gains arising from the weakening of the US Dollar against the Indonesian Rupiah. The currency movement resulted in a net foreign exchange gains of RM9.4 million (Q2-FY2016: RM45.9 million loss) on the US Dollar denominated borrowings.

The performance by geographical segments are summarised as follows:

- (a) the Malaysian operations recorded a higher revenue in Q2-FY2017 because of higher commodity prices and higher sales volume. FFB production recovered partially from the prolonged dry weather in previous financial year. However, the significantly higher profit before tax was as a result of the improved commodity prices; and
- (b) the Indonesian operations recorded a higher revenue in Q2-FY2017 because of the higher commodity prices. The overall significant improvement in the financial performance was mainly a result of the net foreign exchange gains recorded on its US Dollar denominated borrowings, despite the production cost pressure due to the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against the start-up crop yield.

## IJM PLANTATIONS BERHAD (133399-A)

### B1. Review of Performance (continued)

#### Cumulative Period -- Year to-date FY 2017 vs Year to-date FY 2016

The year to-date revenue of the Group was 18.8% higher than that of the Year to-date FY2016. The increase was due to higher commodity prices. In addition to the higher commodity prices, the overall better financial performance was compounded by the net foreign exchange gains of RM14.8 million as opposed to the foreign exchange losses of RM51.7 million recorded in the year to-date 2016 on its US Dollars denominated borrowings.

The performance by geographical segments are summarised as follows:

- (a) Revenue for the Malaysian operations was higher due to higher commodity prices. FFB production was lower due to the change in cropping pattern and the impact of the prolonged dry weather. The higher profit before tax was achieved as a result of improved commodity prices; and
- (b) Revenue for the Indonesian operations was higher due to the higher commodity prices. The total FFB production approximated the level achieved in the previous year as a result of a larger area attaining maturity despite the effect of the prolonged dry weather. The improved profitability was mainly a result of the foreign exchange gains recorded on its US Dollar denominated borrowings, despite the production cost pressure due to the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against the start-up crop yield.

The relevant details pertaining to the results above are as follows:

|                               | Individual Quarter                    |   |                 | var<br>%                | Cumulative Period                     |   |                 |
|-------------------------------|---------------------------------------|---|-----------------|-------------------------|---------------------------------------|---|-----------------|
|                               | Current year<br>quarter<br>30/09/2016 | Preceding<br>year quarter<br>30/09/2015 | var<br>%<br>+/- |                         | Current<br>year to-date<br>30/09/2016 | Preceding<br>year to-date<br>30/09/2015 | var<br>%<br>+/- |
| <b>Malaysian Operations</b>   |                                       |   |                 |                         |                                       |   |                 |
| Own FFB production (mt)       | 152,940                               | 156,493                                 | -2.3            | 260,137                 | 297,624                               | -12.6                                   |                 |
| Outside FFB crops (mt)        | 64,641                                | 56,135                                  | +15.2           | 108,776                 | 121,332                               | -10.3                                   |                 |
| CPO production (mt)           | 45,831                                | 44,587                                  | +2.8            | 75,763                  | 87,081                                | -13.0                                   |                 |
| PKO production (mt)           | 4,909                                 | 5,002                                   | -1.9            | 7,541                   | 9,767                                 | -22.8                                   |                 |
| CPO sales (mt)                | 48,805                                | 43,618                                  | +11.9           | 71,449                  | 81,545                                | -12.4                                   |                 |
| PKO sales (mt)                | 4,819                                 | 4,493                                   | +7.3            | 7,894                   | 8,899                                 | -11.3                                   |                 |
| CPO price per mt (RM)         | 2,597                                 | 2,050                                   | +26.7           | 2,588                   | 2,105                                 | +22.9                                   |                 |
| PKO price per mt (RM)         | 5,642                                 | 2,966                                   | +90.2           | 5,374                   | 3,094                                 | +73.7                                   |                 |
| <b>Indonesian Operations</b>  |                                       |   |                 |                         |                                       |   |                 |
| Own FFB production (mt)       | 79,534                                | 78,674                                  | +1.1            | 163,956                 | 165,270                               | -0.8                                    |                 |
| Outside FFB crops (mt)        | 16,267                                | 10,189                                  | +59.7           | 32,389                  | 25,230                                | +28.4                                   |                 |
| CPO production (mt)           | 16,397                                | 16,916                                  | -3.1            | 35,385                  | 36,206                                | -2.3                                    |                 |
| PKO production (mt)           | 1,273                                 | 1,176                                   | +8.2            | 2,336                   | 2,690                                 | -13.2                                   |                 |
| CPO sales (mt)                | 13,004                                | 15,508                                  | -16.1           | 32,510                  | 32,512                                | -0.0                                    |                 |
| PKO sales (mt)                | -                                     | 2,000                                   | -               | 2,001                   | 2,000                                 | +0.1                                    |                 |
| CPO price per mt (RM)         | 2,412                                 | 1,834                                   | +31.5           | 2,411                   | 1,922                                 | +25.4                                   |                 |
| PKO price per mt (RM)         | -                                     | 2,409                                   | -               | 4,452                   | 2,409                                 | +84.8                                   |                 |
| <b>Closing Exchange Rates</b> |                                       |   |                 |                         |                                       |   |                 |
|                               | <b>As at 30/09/2016</b>               |   |                 | <b>As at 30/09/2015</b> |                                       |   |                 |
| RM : Rupiah                   | 1 : 3,135                             |   |                 | 1 : 3,300               |                                       |   |                 |
| US Dollar : RM                | 1 : 4.144                             |   |                 | 1 : 4.443               |                                       |   |                 |
| US Dollar : Rupiah            | 1 : 12,998                            |   |                 | 1 : 14,675              |                                       |   |                 |

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### B1. Review of Performance (continued)

Contribution to the Sabah state sales tax and statutory payment of cesses to the Malaysian Palm Oil Board (“MPOB”) were as follows:

|   | Individual Quarter                           |  | Cumulative Period                            |  |
|---|--|--|--|--|
|   | Current year quarter<br>30/09/2016<br>RM'000 | Preceding year quarter<br>30/09/2015<br>RM'000 | Current year to-date<br>30/09/2016<br>RM'000 | Preceding year to-date<br>30/09/2015<br>RM'000 |
| <b>Malaysian Operations</b>   |  |  |  |  |
| Sabah sales tax   | 9,351  | 6,621  | 13,729                                       | 12,814   |
| MPOB Cess:  |  |  |  |  |
| -Palm Oil Price Stabilisation Fund Order 2001                                 | 102  | 103  | 167  | 194  |
| MPOB Cess:  |  |  |  |  |
| -Research & Development, Licensing, Enforcement and Marketing Cess Order 2002 | 558  | 550  | 916  | 1,068  |
| <b>Total</b>  | <b>10,011</b>                                | <b>7,274</b>                                   | <b>14,812</b>                                | <b>14,076</b>                                  |

### B2. Material Changes in the Quarterly Results Compared to the Results of Immediate Preceding Quarter

The results of the Group are tabulated below:

|                                | Individual Quarter                           |   | var<br>%<br>+/- |
|--------------------------------|--|---|-----------------|
|                                | Current year quarter<br>30/09/2016<br>RM'000 | Immediate preceding quarter<br>30/06/2016<br>RM'000 |                 |
| <b>Revenue:</b>                |  |   |                 |
| - Malaysia                     | 156,982                                      | 73,708  | >100            |
| - Indonesia                    | 44,400                                       | 65,670  | -32.4           |
|                                | 201,382                                      | 139,378   | +44.5           |
| <b>Profit before taxation:</b> |  |   |                 |
| - Malaysia                     | 56,797                                       | 20,985  | >100            |
| - Indonesia                    | 7,275  | 17,656  | -58.8           |
|                                | 64,072                                       | 38,641  | +65.8           |

Revenue for the Q2-FY2017 was higher than Q1-FY2017 due to higher commodity prices and sales volume. Crop production improved significantly as it moved into the high crop season. Compounded by the net foreign exchange gain of RM9.4 million recorded on its US Dollar denominated borrowings, the Group achieved a better financial performance.

The performance by geographical segments are summarised as follows:

- (a) The Malaysian operations recorded higher revenue due to the higher commodity price and sales volume. Crop production improved significantly as it moved into the high crop season, resulting in a better financial performance; and

## IJM PLANTATIONS BERHAD (133399-A)

### B2. Material Changes in the Quarterly Results Compared to the Results of Immediate Preceding Quarter (continued)

The performance by geographical segments are summarised as follows: (cont'd)

- (b) The Indonesian operations recorded lower revenue due to the lower sales volume. FFB production remained depressed by the prolonged dry weather. The lower profitability was also as result of the production cost pressure due to the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against the start-up crop yield despite the net foreign exchange gains being recorded on its US Dollar denominated borrowings.

The relevant details pertaining to the results above are as follows:

|                               | <b>Individual Quarter</b>             |  | var<br>% |
|-------------------------------|---------------------------------------|--|----------|
|                               | Current year<br>quarter<br>30/09/2016 | Immediate preceding<br>quarter<br>30/06/2016 |          |
| <b>Malaysian Operations</b>   |                                       |  |          |
| Own FFB production (mt)       | 152,940                               | 107,197                                      | +42.7    |
| Outside FFB crops (mt)        | 64,641                                | 44,135                                       | +46.5    |
| CPO production (mt)           | 45,831                                | 29,932                                       | +53.1    |
| PKO production (mt)           | 4,909                                 | 2,632  | +86.5    |
| CPO sales (mt)                | 48,805                                | 22,644                                       | >100     |
| PKO sales (mt)                | 4,819                                 | 3,075  | +56.7    |
| CPO price per mt (RM)         | 2,597                                 | 2,570  | +1.1     |
| PKO price per mt (RM)         | 5,642                                 | 4,954  | +13.9    |
| <b>Indonesian Operations</b>  |                                       |  |          |
| Own FFB production (mt)       | 79,534                                | 84,422                                       | -5.8     |
| Outside FFB crops (mt)        | 16,267                                | 16,122                                       | +0.9     |
| CPO production (mt)           | 16,397                                | 18,988                                       | -13.6    |
| PKO production (mt)           | 1,273                                 | 1,063  | +19.8    |
| CPO sales (mt)                | 13,004                                | 19,506                                       | -33.3    |
| PKO sales (mt)                | -                                     | 2,001  | -        |
| CPO price per mt (RM)         | 2,412                                 | 2,411  | + 0.0    |
| PKO price per mt (RM)         | -                                     | 4,379  | -        |
| <b>Closing Exchange Rates</b> |                                       |  |          |
|                               | <b>As at 30/09/2016</b>               | <b>As at 30/06/2016</b>                      |          |
| RM : Rupiah                   | 1 : 3,135                             | 1 : 3,247                                    |          |
| US Dollar : RM                | 1 : 4.144                             | 1 : 4.021                                    |          |
| US Dollar : Rupiah            | 1 : 12,998                            | 1 : 13,180                                   |          |

### B3. Prospects for the Current Financial Year

The Group anticipates a favourable financial performance for the year if the commodity prices remain at current levels and the crop production is not impacted by adverse weather disruptions. Additionally, for the Indonesian operations, the financial performance could be impacted by the volatility of the foreign exchange rates.

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### B4. Variance of Actual Profit from Forecast Profit

Not applicable.

### B5. Income Tax Expense

The income tax expense of the group for the financial period under review is as follows:

|  | INDIVIDUAL QUARTER<br>3 MONTHS ENDED<br>30 SEPTEMBER |                | CUMULATIVE PERIOD<br>6 MONTHS ENDED<br>30 SEPTEMBER |                |
|--|--|----------------|---|----------------|
|  | 2016<br>RM'000                                       | 2015<br>RM'000 | 2016<br>RM'000                                      | 2015<br>RM'000 |
| Current tax:   |  |                |   |                |
| - Malaysian income tax   | 14,562   | 7,968          | 20,547  | 15,499         |
| Deferred tax:  |  |                |   |                |
| - Relating to origination/(reversal)<br>of temporary differences | 4,247  | (25,654)       | 9,740   | (29,539)       |
|  | 18,809   | (17,686)       | 30,287  | (14,040)       |

The effective tax rate of the Group is impacted by the tax treatment of the foreign exchange movements at the overseas subsidiaries.

### B6. Corporate Proposals

At the close of the quarter, there were no corporate proposals that were pending completion.

### B7. Group Borrowings

Particulars of the Group's borrowings denominated in US Dollars in RM equivalent as at 30 September 2016 are as follows:

|                             |         |
|-----------------------------|---------|
| <u>Borrowings</u>           | RM'000  |
| Short term advance facility | 82,927  |
| Term loans                  | 798,175 |
|                             | 881,102 |

The term loans are secured by way of corporate guarantees by the Company.

### B8. Changes in Material Litigation

There was no material litigation since 31 March 2016.

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### B9. Dividend Payable

The Directors do not recommend any interim dividend for the current quarter and financial year to-date.

### B10. Earnings/(loss) per Share

|   | INDIVIDUAL<br>QUARTER<br>3 MONTHS ENDED<br>30 SEPTEMBER |               | CUMULATIVE<br>PERIOD<br>6 MONTHS ENDED<br>30 SEPTEMBER |             |
|---|---|---------------|--|-------------|
|   | 2016  | 2015          | 2016   | 2015        |
| <b><u>Basic earnings per share</u></b>                                      |   |               |  |             |
| Profit/(loss) for the period attributable to owners of the Company (RM'000) | 44,208  | (4,941)       | 69,413   | 17,924      |
| Weighted average number of ordinary shares in issue ('000')                 | 880,580   | 880,580       | 880,580  | 880,580     |
| <b>Basic earnings/(loss) per share (sen)</b>                                | <b>5.02</b>   | <b>(0.56)</b> | <b>7.88</b>  | <b>2.04</b> |

### B11. Disclosure of Realised and Unrealised Retained Profits/(Accumulated Losses)

The following analysis is prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

|  | As at<br>30 September<br>2016<br>RM'000 | As at<br>31 March<br>2016<br>RM'000 |
|--|---|-------------------------------------|
| Total retained profits/(accumulated losses) of the Company and its subsidiaries: |   |                                     |
| - Realised   | 1,140,152                               | 1,070,491                           |
| - Unrealised (Note 1)  | (218,609)                               | (261,455)                           |
|  | <u>921,543</u>                          | <u>809,036</u>                      |
| Less: Consolidation adjustments (Note 2)   | (184,923)                               | (97,800)                            |
| Total Group retained profits   | <u><u>736,620</u></u>                   | <u><u>711,236</u></u>               |

Note 1 The unrealised accumulated losses arose mainly from deferred tax provisions and net translation losses on monetary items denominated in a currency other than the functional currency.

Note 2 Consolidation adjustments are mainly elimination of pre-acquisition profits or losses, fair value adjustments arising from the business combination and non-controlling interests' share of retained profits or accumulated losses.



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### B12. Notes to the Condensed Statement of Comprehensive Income

|   | INDIVIDUAL<br>QUARTER<br>3 MONTHS ENDED<br>30 SEPTEMBER |                | CUMULATIVE<br>PERIOD<br>6 MONTHS ENDED<br>30 SEPTEMBER |                |
|---|---|----------------|--|----------------|
|   | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| Interest income   | 1,645   | 1,978          | 3,327  | 4,331          |
| Net foreign exchange gains/(losses)                       | 9,380   | (45,910)       | 14,752   | (51,650)       |
| Other income  | 887   | 1,206          | 1,816  | 2,416          |
| Fair value (losses)/gains on crude palm oil pricing swaps | (3,047)   | (5,709)        | 3,384  | (6,859)        |
| Interest expense  | (4,091)   | (3,206)        | (7,767)  | (5,911)        |
| Depreciation and amortisation                             | (15,042)  | (13,539)       | (29,837)   | (25,972)       |

The above disclosure was prepared in accordance with the paragraph 16 of Appendix 9B of the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to paragraph 16 of MMLR are not applicable to the Group.

### B13. Fair Value changes of Financial Instruments

The Group recognised the fair value losses of approximately RM3,047,000 (*Q2-FY 2015: Losses of RM5,709,000*) and fair value gains of approximately RM3,384,000 (*Year to-date FY2015: Losses of RM6,859,000*) on the crude palm oil (“CPO”) pricing swap contracts during the current quarter and the financial year to-date respectively.

The fair value change is due to the difference between fixed CPO prices as per the swap contracts and the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange for the specific contracted periods.