



IJM PLANTATIONS BERHAD (133399-A)

Part A1 : Quarterly Report

Quarterly report for the financial period ended: 30/06/2017
 Quarter: 1st Qtr
 Financial Year End: 31/03/2018
 The figures: Have not been Audited

Full Quarterly Report: Refer attached

Part A2 : Summary of Key Financial Information for the financial period 30/06/2017

	Individual Quarter		Cumulative Period	
	Current year quarter 30/06/2017 RM'000	Preceding year quarter 30/06/2016 RM'000	Current year to date 30/06/2017 RM'000	Preceding year to date 30/06/2016 RM'000
1 Revenue	184,594	139,378	184,594	139,378
2 Profit before taxation	24,774	38,641	24,774	38,641
3 Net profit for the period	16,589	27,163	16,589	27,163
4 Profit attributable to owners of the Company	16,898	25,205	16,898	25,205
5 Basic earnings per share (sen)	1.92	2.86	1.92	2.86
6 Proposed/Declared dividend per share (sen)	-	-	-	-
	As at end of current quarter 30/06/2017		As at preceding financial year end	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)		1.94		2.03

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE 3 MONTHS ENDED 30 JUNE	
	2017 RM'000 (Unaudited)	2016 RM'000 (Unaudited)	2017 RM'000 (Unaudited)	2016 RM'000 (Unaudited)
Revenue	184,594	139,378	184,594	139,378
Operating expenses	(156,905)	(111,475)	(156,905)	(111,475)
Net income and net (losses)/gains:				
- Net other income	3,312	9,042	3,312	9,042
- Net foreign exchange (losses)/gains	(839)	5,372	(839)	5,372
Profit from operations	30,162	42,317	30,162	42,317
Finance costs:				
- Interest expense	(5,388)	(3,676)	(5,388)	(3,676)
Profit before taxation	24,774	38,641	24,774	38,641
Income tax expense	(8,185)	(11,478)	(8,185)	(11,478)
Net profit for the financial period	16,589	27,163	16,589	27,163
Other comprehensive (loss)/income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
- Currency translation difference	(24,985)	29,980	(24,985)	29,980
Total comprehensive (loss)/income for the financial period	(8,396)	57,143	(8,396)	57,143
Net profit/(loss) attributable to:				
- Owners of the Company	16,898	25,205	16,898	25,205
- Non-controlling interests	(309)	1,958	(309)	1,958
	16,589	27,163	16,589	27,163
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(8,255)	55,361	(8,255)	55,361
- Non-controlling interests	(141)	1,782	(141)	1,782
	(8,396)	57,143	(8,396)	57,143
Earnings per share attributable to owners of the Company (sen):				
Basic earnings per share:				
- [Note B10]	1.92 sen	2.86 sen	1.92 sen	2.86 sen

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CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2017 RM'000 (Unaudited)	31 March 2017 RM'000 (Audited)
ASSETS		
Non-Current Assets:		
Property, plant and equipment	956,263	973,322
Land use rights	156,875	159,864
Plantation expenditure	1,187,740	1,201,570
Other receivables	81,390	81,102
Deferred tax assets	6,119	10,204
	2,388,387	2,426,062
Current Assets:		
Inventories	97,443	99,288
Trade and other receivables	56,782	38,958
Derivative financial instruments	2,969	2,909
Tax recoverable	20,202	16,226
Deposits, cash and bank balances	339,130	393,640
	516,526	551,021
TOTAL ASSETS	2,904,913	2,977,083
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	922,530	922,530
Reserves	789,315	862,438
	1,711,845	1,784,968
Non-controlling interests	(6,079)	(5,938)
Total Equity	1,705,766	1,779,030
Non-Current Liabilities:		
Retirement benefits	9,871	6,847
Borrowings	613,040	724,196
Deferred tax liabilities	170,557	171,976
	793,468	903,019
Current Liabilities:		
Trade and other payables	88,064	94,739
Dividend payable	61,641	-
Current tax liabilities	3	174
Borrowings	255,971	200,121
	405,679	295,034
Total Liabilities	1,199,147	1,198,053
TOTAL EQUITY AND LIABILITIES	2,904,913	2,977,083
Net Assets Per Share attributable to owners of the Company (RM)	1.94	2.03

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to Equity Holders of the Company					Non- controlling interests	Total Equity
	Share Capital	Equity Contribution Reserve	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2017	922,530	8,343	71,808	782,287	1,784,968	(5,938)	1,779,030
Total Comprehensive (loss)/income for the financial period	-	-	(25,153)	16,898	(8,255)	(141)	(8,396)
Capital contribution by ultimate holding company	-	(3,227)	-	-	(3,227)	-	(3,227)
Dividend - year ended 31 March 2017	-	-	-	(61,641)	(61,641)	-	(61,641)
At 30 June 2017 (Unaudited)	922,530	5,116	46,655	737,544	1,711,845	(6,079)	1,705,766

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

	Attributable to Equity Holders of the Company						Non- controlling interests	Total Equity
	Share Capital	Share Premium	Equity Contribution Reserve	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	440,290	482,240	9,064	(24,955)	711,236	1,617,875	(12,585)	1,605,290
Total comprehensive income for the financial period	-	-	-	30,156	25,205	55,361	1,782	57,143
Capital contribution by ultimate holding company	-	-	731	-	-	731	-	731
Dividend - year ended 31 March 2016	-	-	-	-	(44,029)	(44,029)	-	(44,029)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	5,900	5,900
At 30 June 2016 (Unaudited)	440,290	482,240	9,795	5,201	692,412	1,629,938	(4,903)	1,625,035

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED 30 JUNE 2017 RM'000 (Unaudited)	3 MONTHS ENDED 30 JUNE 2016 RM'000 (Unaudited)
OPERATING ACTIVITIES		
Receipts from customers	166,870	131,432
Payments to contractors, suppliers and employees	(142,003)	(124,885)
Interest paid	(5,388)	(3,676)
Income tax paid	(9,325)	(5,024)
<i>Net cash flows generated from/(used in) operating activities</i>	10,154	(2,153)
INVESTING ACTIVITIES		
Additions to property, plant, equipment, land use rights and plantation expenditure	(28,470)	(46,656)
Proceeds from disposal of property, plant and equipment	-	50
Interest received	1,567	1,682
<i>Net cash flows used in investing activities</i>	(26,903)	(44,924)
FINANCING ACTIVITIES		
Drawdown of borrowings	-	122,862
Repayment of borrowings	(31,091)	(13,522)
<i>Net cash flows (used in)/generated from financing activities</i>	(31,091)	109,340
Net Change in Cash and Cash Equivalents	(47,840)	62,263
Foreign Exchange differences	(6,634)	6,377
Cash & Cash Equivalents at beginning of financial period	385,994	268,520
Cash & Cash Equivalents at end of financial period	331,520	337,160
Notes:	AS AT 30 JUNE 2017 RM'000	AS AT 30 JUNE 2016 RM'000
Cash and cash equivalents represent the following:		
Cash and bank balances	45,904	41,889
Deposits with licensed banks	293,226	299,712
	339,130	341,601
Less: Restricted deposits with licensed banks	(7,610)	(4,441)
	331,520	337,160

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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 2017 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 2017.

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 2017 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 2017 and applicable to the Group as follows:

- Amendments to FRS 107 “Statement of Cash Flows” – “Disclosure Initiative”
- Amendments to FRS 112 “Income Taxes” – “Recognition of Deferred Tax Assets for Unrealised Losses”
- Annual improvements to FRSs 2014 – 2016 Cycle, which include Amendments to FRS 12 “Disclosure of Interests in Other Entities”

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.

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

The audit report for the financial year ended 31 March 2017 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 (losses)/gains 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 had a material effect in the current quarter.

A7. Debt and Equity Securities

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A8. Dividend Paid

There was no dividend paid during the current quarter.

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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.

	3 months ended 30/06/2017	3 months ended 30/06/2016
	RM'000	RM'000
REVENUE		
Malaysian Operations	101,755	73,708
Indonesian Operations	82,839	65,670
	184,594	139,378
	3 months ended 30/06/2017	3 months ended 30/06/2016
	RM'000	RM'000
PROFIT BEFORE TAXATION		
Malaysian Operations	17,258	20,985
Indonesian Operations	7,516	17,656
	24,774	38,641
	As at 30 June 2017	As at 31 March 2017
	RM'000	RM'000
TOTAL ASSETS		
Malaysian Operations	1,064,747	1,068,125
Indonesian Operations	1,813,845	1,882,528
Unallocated assets	26,321	26,430
	2,904,913	2,977,083

A10. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment for the current quarter.

A11. Material Subsequent Events

There was no material event subsequent to the end of the current quarter 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.

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A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets as at 30 June 2017.

A14. Capital Commitments

Capital commitments not provided for in the unaudited financial statements as at 30 June 2017 are as follows:

Property, plant, equipment, land use rights and Plantation expenditure:	RM'000
- Approved and contracted for	139,053
- Approved but not contracted for	44,212
	<u>183,265</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 June 2017, 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:

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

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

Current quarter under review – Q1-FY2018

Corresponding quarter of the preceding year – Q1-FY2017

Immediate preceding quarter – Q4-FY2017

B1. Review of Performance

The results of the Group are tabulated below:

	Individual Quarter		var % +/-
	Current year quarter 30/06/2017 RM'000	Preceding year quarter 30/06/2016 RM'000	
Revenue:			
-Malaysia	101,755	73,708	+38.1
-Indonesia	82,839	65,670	+26.1
	184,594	139,378	+32.4
Profit before taxation:			
-Malaysia	17,258	20,985	-17.8
-Indonesia	7,516	17,656	-57.4
	24,774	38,641	-35.9

Individual Quarter -- Q1-FY2018 vs Q1-FY2017

For Q1-FY2018, the Group recorded a 32.4% increase in revenue as compared to Q1-FY2017 mainly due to higher sales volume. More crops were harvested from the larger area attaining maturity in the Indonesian operations. Compounded by the continued FFB production recovery from the effect of the prolonged dry weather, the total FFB production was higher than Q1-FY2017. However, profit before tax for the Group was lower. The net unrealised foreign exchange loss on the US Dollars denominated borrowings was RM0.8 million as compared to a gain of RM5.4 million in Q1-FY2017. In addition, the gain of RM0.7 million on the crude palm oil pricing swaps was significantly lower than the RM6.4 million recognised in Q1-FY2017.

The performance by geographical segments are summarised as follows:

- (a) the Malaysian operations recorded a higher revenue in Q1-FY2018 because of higher CPO prices and sales volume. However, the profit before tax was lower mainly as a result of the lower crude palm oil pricing swap gains and replanting cost; and
- (b) the Indonesian operations recorded a higher revenue in Q1-FY2018 mainly because of the higher CPO sales volume. However, the overall financial performance of the operations was lower as a result of the net unrealised foreign exchange losses and production cost pressures from the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against start-up crop yields.

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B1. Review of Performance (continued)

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

	Individual Quarter		var % +/-
	Current year quarter 30/06/2017	Preceding year quarter 30/06/2016	
Malaysian Operations			
Own FFB production (mt)	111,299	107,197	+3.8
Outside FFB crops (mt)	45,352	44,135	+2.8
CPO production (mt)	31,142	29,932	+4.0
PKO production (mt)	3,162	2,632	+20.1
CPO sales (mt)	31,554	22,644	+39.3
PKO sales (mt)	2,812	3,075	-8.6
CPO price per mt (RM)	2,753	2,570	+7.1
PKO price per mt (RM)	4,399	4,954	-11.2
Indonesian Operations			
Own FFB production (mt)	130,245	84,422	+54.3
Outside FFB crops (mt)	27,111	16,122	+68.2
CPO production (mt)	24,775	18,988	+30.5
PKO production (mt)	1,275	1,063	+19.9
CPO sales (mt)	23,211	19,506	+19.0
PKO sales (mt)	1,000	2,001	-50.0
CPO price per mt (RM)	2,502	2,411	+3.8
PKO price per mt (RM)	4,136	4,379	-5.5
Closing Exchange Rates			
	As at 30/06/2017	As at 30/06/2016	
RM : Rupiah	1 : 3,096	1 : 3,247	
US Dollar : RM	1 : 4.295	1 : 4.021	
US Dollar : Rupiah	1 : 13,319	1 : 13,180	

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

	Individual Quarter	
	Current year quarter 30/06/2017	Preceding year quarter 30/06/2016
	RM'000	RM'000
Malaysian Operations		
Sabah sales tax	6,345	4,378
MPOB Cess:		
-Palm Oil Price Stabilisation Fund Order 2001	68	65
MPOB Cess:		
-Research & Development, Licensing, Enforcement and Marketing Cess Order 2002	380	358
Total	6,793	4,801

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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 % +/-
	Current year quarter 30/06/2017 RM'000	Immediate preceding quarter 31/03/2017 RM'000	
Revenue:			
- Malaysia	101,755	103,294	-1.5
- Indonesia	82,839	89,336	-7.3
	184,594	192,630	-4.2
Profit before taxation:			
- Malaysia	17,258	21,572	-20.0
- Indonesia	7,516	15,370	-51.1
	24,774	36,942	-32.9

Revenue for the Q1-FY2018 was lower than Q4-FY2017 mainly due to the lower commodity prices. The total FFB harvested was higher as production moved out of the normal low crop season, in addition to the larger areas attaining maturity in the Indonesian operations. Aside from lower revenue, profit before taxation for the Group was lower due to the net unrealised foreign exchange losses of RM0.8 million as opposed to the net unrealised foreign exchange gains of RM3.9 million recorded in Q4-FY2017 on the US Dollars denominated borrowings and lower fair value gains on crude palm oil pricing swaps of RM0.7 million as compared to RM3.4 million recorded in Q4-FY2017.

The performance by geographical segments are summarised as follows:

- (a) In spite of the higher sales volume, the Malaysian operations recorded slightly lower revenue due to lower commodity prices. The crop production was higher because of the movement out of the normal low crop season. The lower financial performance was mainly due to lower fair value gains on crude palm oil pricing swaps and higher phasing related plantation maintenance costs; and
- (b) The Indonesian operations recorded lower revenue due to the lower commodity prices. In addition to the change in production season, a higher volume of FFB was harvested due to the larger area attaining maturity. The lower profitability was as a result of the net foreign exchange losses, aside from the production cost pressures from the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against start-up crop yields.

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

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

	Individual Quarter		var %
	Current year quarter 30/06/2017	Immediate preceding quarter 31/03/2017	
Malaysian Operations			
Own FFB production (mt)	111,299	84,519	+31.7
Outside FFB crops (mt)	45,352	37,087	+22.3
CPO production (mt)	31,142	24,078	+29.3
PKO production (mt)	3,162	2,770	+14.2
CPO sales (mt)	31,554	26,496	19.1
PKO sales (mt)	2,812	3,022	-6.9
CPO price per mt (RM)	2,753	3,075	-10.5
PKO price per mt (RM)	4,399	6,616	-33.5
Indonesian Operations			
Own FFB production (mt)	130,245	112,996	+15.3
Outside FFB crops (mt)	27,111	23,599	+14.9
CPO production (mt)	24,775	21,339	+16.1
PKO production (mt)	1,275	1,377	-7.4
CPO sales (mt)	23,211	22,025	+5.4
PKO sales (mt)	1,000	1,000	0.0
CPO price per mt (RM)	2,502	2,788	-10.3
PKO price per mt (RM)	4,136	7,009	-41.0
Closing Exchange Rates			
	As at 30/06/2017	As at 31/03/2017	
RM : Rupiah	1 : 3,096	1 : 3,012	
US Dollar : RM	1 : 4.295	1 : 4.424	
US Dollar : Rupiah	1 : 13,319	1 : 13,321	

B3. Prospects for the Current Financial Year

Barring unexpected adverse impact of volatility in the palm produce prices and foreign exchange rates, the Group expects the profitability level for the current financial year to be satisfactory on the back of higher crop production from the increasing young mature areas in Indonesia and FFB production being sustained in the Malaysian operations.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

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B5. Income Tax Expense

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

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax:				
- Malaysian income tax	5,178	5,985	5,178	5,985
Deferred tax:				
- Relating to origination of temporary differences	3,007	5,493	3,007	5,493
	8,185	11,478	8,185	11,478

The higher effective tax rate of the Group is due to the tax treatment of the foreign exchange movements and non-deductibility of certain expenses for tax purposes 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

The particulars of the Group's borrowings denominated in US Dollars in Ringgit Malaysia equivalent are as follows:

	As at 30 June 2017 RM'000
Short term borrowings	
<u>Unsecured:</u>	
- Short term advance facility	86,041
<u>Secured:</u>	
- Term loan	169,930
	255,971
Long term borrowings	
<u>Secured:</u>	
- Term loan	613,040
	869,011
Total borrowings	

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 2017.

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B9. Dividend Payable

In respect of the financial year ended 31 March 2017, a single tier interim dividend amounting to 7 sen per share (previous corresponding financial year: 5 sen per share) was paid on 19 July 2017 to every member who was entitled to receive the dividend as at 5.00 p.m. on 30 June 2017.

The Directors do not recommend any interim dividend for the current quarter.

B10. Earnings per Share

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE	
	2017	2016	2017	2016
<u>Basic earnings per share</u>				
Net profit for the period attributable to owners of the Company (RM'000)	16,898	25,205	16,898	25,205
Weighted average number of ordinary shares in issue ('000')	880,580	880,580	880,580	880,580
Basic earnings per share (sen)	<u>1.92</u>	<u>2.86</u>	<u>1.92</u>	<u>2.86</u>

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 30 June 2017 RM'000	As at 31 March 2017 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	1,134,043	1,161,916
- Unrealised (Note 1)	(214,352)	(166,314)
	919,691	995,602
Less: Consolidation adjustments (Note 2)	(182,147)	(213,315)
Total Group retained profits	<u>737,544</u>	<u>782,287</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 eliminations 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 QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income	1,567	1,682	1,567	1,682
Net foreign exchange (losses)/gains	(839)	5,372	(839)	5,372
Other income	1,048	929	1,048	929
Fair value gains on crude palm oil pricing swaps	720	6,431	720	6,431
Interest expense	(5,388)	(3,676)	(5,388)	(3,676)
Depreciation and amortisation	(20,504)	(14,795)	(20,504)	(14,795)

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 gains of approximately RM720,000 (*Q1-FY 2017: Gains of RM6,431,000*). 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.