



# IJM PLANTATIONS BERHAD (133399-A)

## Part A1 : Quarterly Report

Quarterly report for the financial period ended: **30/09/2019**  
 Quarter: **2<sup>nd</sup> Qtr**  
 Financial Year End: **31/03/2020**  
 The figures: **Have not been audited**

Full Quarterly Report: **Refer attached**

## Part A2 : Summary of Key Financial Information for the financial period 30/09/2019

	Individual Quarter		Cumulative Period	
	Current year quarter 30/09/2019 RM'000	Preceding year quarter 30/09/2018 RM'000	Current period 30/09/2019 RM'000	Preceding period 30/09/2018 RM'000
1 Revenue	172,861	140,086	305,928	323,229
2 Loss before taxation	(4,954)	(31,749)	(10,337)	(58,018)
3 Net loss for the period	(3,030)	(31,003)	(8,152)	(55,818)
4 Loss attributable to owners of the Company	(2,323)	(28,295)	(7,099)	(47,872)
5 Basic loss per share (sen)	(0.26)	(3.21)	(0.81)	(5.44)
6 Proposed/declared dividend per share (sen)	-	-	-	-
	<b>As at end of current quarter 30/09/2019</b>		<b>As at preceding financial year end</b>	
7 Net assets per share attributable to owners of the Company (RM)		1.51		1.51

# IJM PLANTATIONS BERHAD (133399-A)

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 SEPTEMBER			CUMULATIVE 6 MONTHS ENDED 30 SEPTEMBER		
	2019 RM'000	2018 RM'000	change % +/-	2019 RM'000	2018 RM'000	change % +/-
Revenue	172,861	140,086	+23.4	305,928	323,229	-5.4
Operating expenses	(171,179)	(148,461)	+15.3	(309,394)	(320,994)	-3.6
Net other income and gains/(losses):						
- Net other (expense)/income	(255)	5,665	-104.5	5,855	6,308	-7.2
- Net foreign exchange gains/(losses)	2,724	(11,831)	+123.0	2,892	(30,953)	+109.3
Profit/(loss) from operations	4,151	(14,541)	+128.5	5,281	(22,410)	+123.6
Finance costs:						
- Interest and lease expenses	(6,567)	(6,383)	+2.9	(13,261)	(13,027)	+1.8
- Net foreign exchange losses on borrowings	(2,709)	(10,825)	-75.0	(2,709)	(22,581)	-88.0
Share of profits of an associate	171	*	-	352	*	-
Loss before taxation	(4,954)	(31,749)	-84.4	(10,337)	(58,018)	-82.2
Income tax	1,924	746	+157.9	2,185	2,200	-0.7
<b>Net loss for the financial period</b>	<b>(3,030)</b>	<b>(31,003)</b>	<b>-90.2</b>	<b>(8,152)</b>	<b>(55,818)</b>	<b>-85.4</b>
<b>Other comprehensive income/(loss)</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
- Currency translation difference	8,660	(7,735)	+212.0	28,515	(7,035)	+505.3
<b>Total comprehensive income/(loss) for the financial period</b>	<b>5,630</b>	<b>(38,738)</b>	<b>+114.5</b>	<b>20,363</b>	<b>(62,853)</b>	<b>+132.4</b>
<b>Net loss attributable to:</b>						
- Owners of the Company	(2,323)	(28,295)	-91.8	(7,099)	(47,872)	-85.2
- Non-controlling interests	(707)	(2,708)	-73.9	(1,053)	(7,946)	-86.7
	<b>(3,030)</b>	<b>(31,003)</b>	<b>-90.2</b>	<b>(8,152)</b>	<b>(55,818)</b>	<b>-85.4</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
- Owners of the Company	6,362	(36,221)	+117.6	21,485	(55,141)	+139.0
- Non-controlling interests	(732)	(2,517)	-70.9	(1,122)	(7,712)	-85.5
	<b>5,630</b>	<b>(38,738)</b>	<b>+114.5</b>	<b>20,363</b>	<b>(62,853)</b>	<b>+132.4</b>
Loss per share attributable to owners of the Company:						
Basic loss per share:						
- [Note B10]	<u>(0.26) sen</u>	<u>(3.21) sen</u>		<u>(0.81) sen</u>	<u>(5.44) sen</u>	

\*Below RM1,000/=

# IJM PLANTATIONS BERHAD (133399-A)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2019 RM'000	As at 31 March 2019 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets:</b>		
Property, plant and equipment	1,656,257	1,695,903
Land use rights	-	140,625
Right-of-use assets	235,219	-
Associate	13,263	12,908
Other receivables	132,485	127,907
Deferred tax assets	16,116	13,812
	2,053,340	1,991,155
<b>Current Assets:</b>		
Inventories	86,203	79,340
Trade and other receivables	65,413	47,005
Derivative financial instruments	3,269	4,470
Produce growing on bearer plants	10,679	7,750
Tax recoverable	10,523	13,351
Deposits, cash and bank balances	182,614	139,422
	358,701	291,338
<b>TOTAL ASSETS</b>	2,412,041	2,282,493
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	922,530	922,530
Equity contribution reserve	7,622	8,155
Other reserves	(72,557)	(101,141)
Retained profits	473,502	498,213
	1,331,097	1,327,757
Non-controlling interests	1,639	2,761
<b>Total Equity</b>	1,332,736	1,330,518
<b>Non-Current Liabilities:</b>		
Retirement benefits	21,717	19,340
Lease liabilities	19,988	-
Derivative financial instruments	244	-
Borrowings	776,261	651,349
Deferred tax liabilities	68,992	73,201
	887,202	743,890
<b>Current Liabilities:</b>		
Trade and other payables	90,702	71,493
Lease liabilities	1,208	-
Derivative financial instruments	268	-
Current tax liabilities	15	8
Borrowings	99,910	136,584
	192,103	208,085
<b>Total Liabilities</b>	1,079,305	951,975
<b>TOTAL EQUITY AND LIABILITIES</b>	2,412,041	2,282,493
<b>Net Assets Per Share attributable to owners of the Company (RM)</b>	<b>1.51</b>	<b>1.51</b>

## IJM PLANTATIONS BERHAD (133399-A)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	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
<b>At 1 April 2019</b>	922,530	8,155	(101,141)	498,213	1,327,757	2,761	1,330,518
Comprehensive loss: -net loss for the period	-	-	-	(7,099)	(7,099)	(1,053)	(8,152)
Other comprehensive income: - Currency translation differences arising from translation of net investments in subsidiaries	-	-	28,584	-	28,584	(69)	28,515
Total comprehensive income/(loss)	-	-	28,584	(7,099)	21,485	(1,122)	20,363
Capital contribution by ultimate holding company, net of ESOS exercised by employees	-	(533)	-	-	(533)	-	(533)
Dividend - year ended 31 March 2019	-	-	-	(17,612)	(17,612)	-	(17,612)
<b>At 30 September 2019 (Unaudited)</b>	922,530	7,622	(72,557)	473,502	1,331,097	1,639	1,332,736

## IJM PLANTATIONS BERHAD (133399-A)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	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
<b>At 1 April 2018</b>							
- As previously stated under FRSs	922,530	7,064	(71,115)	764,772	1,623,251	(3,483)	1,619,768
- Effects of transition from FRSs to MFRSs**	-	-	(45,077)	(188,694)	(233,771)	(3,786)	(237,557)
- As restated	922,530	7,064	(116,192)	576,078	1,389,480	(7,269)	1,382,211
Comprehensive loss:							
-net loss for the period	-	-	-	(47,872)	(47,872)	(7,946)	(55,818)
Other comprehensive loss:							
- Currency translation differences arising from translation of net investments in subsidiaries	-	-	(7,269)	-	(7,269)	234	(7,035)
Total comprehensive loss	-	-	(7,269)	(47,872)	(55,141)	(7,712)	(62,853)
Capital contribution by ultimate holding company, net of ESOS exercised by employees	-	(670)	-	-	(670)	-	(670)
Dividend - year ended 31 March 2018	-	-	-	(44,029)	(44,029)	-	(44,029)
<b>At 30 September 2018 (Unaudited)</b>	922,530	6,394	(123,461)	484,177	1,289,640	(14,981)	1,274,659

\*\* - Certain figures on the effects of transition from FRSs to MFRSs were amended to be consistent with the audited financial statements ended 31 March 2019.

# IJM PLANTATIONS BERHAD (133399-A)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>6 MONTHS ENDED 30 SEPTEMBER 2019 RM'000</b>	<b>6 MONTHS ENDED 30 SEPTEMBER 2018 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	298,054	318,865
Payments to contractors, suppliers and employees	(246,399)	(243,108)
Interest paid	(13,418)	(13,027)
Net income tax paid	(1,065)	(9,857)
<i>Net cash flows generated from operating activities</i>	37,172	52,873
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment, land use rights, and right-of-use assets	(40,547)	(61,232)
Subscription of shares in an associate	-	(12,408)
Placement of deposits	(5,898)	-
Interest received	2,415	2,385
<i>Net cash flows used in investing activities</i>	(44,030)	(71,255)
<b>FINANCING ACTIVITIES</b>		
Repayment of borrowings	(111,741)	(183,140)
Drawdown of borrowings	171,540	161,319
Repayment of lease liabilities	(566)	-
Dividends paid	(17,612)	(44,029)
<i>Net cash flows from/(used in) financing activities</i>	41,621	(65,850)
<b>Net Change in Cash and Cash Equivalents</b>	34,763	(84,232)
<b>Foreign Exchange differences</b>	2,244	(353)
<b>Cash &amp; Cash Equivalents at beginning of financial period</b>	127,821	206,165
<b>Cash &amp; Cash Equivalents at end of financial period</b>	164,828	121,580
<b>Notes:</b>	<b>AS AT 30 SEPTEMBER 2019 RM'000</b>	<b>AS AT 30 SEPTEMBER 2018 RM'000</b>
Cash and cash equivalents represent the following:		
Cash and bank balances	89,752	68,922
Deposits with licensed banks	92,862	63,506
	182,614	132,428
Less: Restricted deposits with licensed banks	(17,786)	(10,848)
	164,828	121,580

# IJM PLANTATIONS BERHAD (133399-A)

## A NOTES TO THE QUARTERLY RESULTS

### A1. Basis of Preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2019 which are available at <http://www.ijmplantations.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 2019.

### A2. Significant Accounting Policies

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 31 March 2019 except for the adoption of the following new MFRS, amendments to published standards issued by MASB and IC interpretations that are effective for the Group’s financial year beginning on or after 1 April 2019 and applicable to the Group as follows:

- MFRS 16 “Leases”
- Amendments to MFRS 9 “Prepayment Features with Negative Compensation”
- Amendments to MFRS 128 “Long term interest in Associates and Joint Ventures”
- Annual improvements to MFRSs 2015 - 2017 Cycle, which include Amendments to MFRS 3 “Business Combinations”, MFRS 11 “Joint Arrangements”, MFRS 112 “Income Taxes” and MFRS 123 “Borrowing Costs”
- Amendments to MFRS 119 “Plan amendment, curtailment or settlement”
- IC Interpretation 23 “Uncertainty over income tax treatments”

The adoption of the new MFRS, amendments to published standards and IC interpretations did not have any material impact on the interim financial report of the Group except for the following:

#### MFRS 16 “Leases”

MFRS 16 “Leases” supersedes MFRS 117 “Leases” and the related interpretations. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the “right-of-use” of the underlying asset and the lease liability reflecting future lease payments liabilities in the statement of financial position. The right-of-use asset is depreciated in accordance with the principles in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognised in the statement of comprehensive income. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has adopted MFRS 16 retrospectively from 1 April 2019 using the simplified transition approach and has not restated comparatives for the 2019 reporting period, as permitted under the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance of statement of financial position as at 1 April 2019.

As permitted by the exemptions under the standard, the Group has not applied the principles of MFRS 16 to short term leases (leases with lease terms of 12 months or less from dates of commencement) and leases for which the underlying assets are of low value.

## IJM PLANTATIONS BERHAD (133399-A)

### A2. Significant Accounting Policies (continued)

The impact of adoption of MFRS 16 on operating leases and finance leases are as follows:

(i) Leases previously classified as operating leases

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities are measured at the present value of the remaining lease payments and discounted using the Group’s incremental borrowing rate as of 1 April 2019.

On a lease-by-lease basis, the Group measures the associated right-of-use asset on a retrospective basis either at its carrying amount as if the new rules had always been applied or at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 March 2019.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients:

- (a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Reliance on previous assessments on whether leases are onerous;
- (c) The accounting for operating leases with remaining lease terms of less than 12 months as short term leases as at the date of initial application;
- (d) The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment by applying MFRS 117 and IC Interpretation 4 “Determining whether an Arrangement contains a Lease”.

(ii) Leases previously classified as finance leases

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset immediately before the transition as the carrying amount of the right-of-use assets on the date of initial application. The measurement principles of MFRS 16 are then applied after that date. Consequently, reclassifications from certain property, plant and equipment and land use rights have been made to right-of-use assets on the date of initial application.



## IJM PLANTATIONS BERHAD (133399-A)

### A2. Significant Accounting Policies (continued)

The table below shows the impact of changes to the condensed consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 as at 1 April 2019:

	As at 31 March 2019	Effects of adoption of MFRS 16	As at 1 April 2019
	RM'000	RM'000	RM'000
<u>Non-current assets:</u>			
- Property, plant and equipment	1,695,903	(71,653)	1,624,250
- Land use rights	140,625	(140,625)	-
- Right-of-use assets	-	234,043	234,043
<u>Non-current liabilities:</u>			
- Lease liabilities	-	20,630	20,630
<u>Current liabilities:</u>			
- Lease liabilities	-	1,135	1,135

The impact on the Group's financial performance upon adoption of MFRS 16 in the current financial period is as follows:

(i) Consolidated Statement of Comprehensive Income

Expenses which had included operating lease rentals within adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") are now replaced by interest expense on lease liabilities (included within "finance costs") and amortisation of rights-of-use assets (included within "depreciation and amortisation"); and

(ii) Consolidated Statement of Cash Flows

Operating lease rental outflows previously recorded within "net cash flows from operating activities" are now classified as "net cash flows from financing activities" for repayment of lease liabilities.

## IJM PLANTATIONS BERHAD (133399-A)

### A3. Audit Report

The audit report for the financial year ended 31 March 2019 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

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 under review.

### A6. Material Changes in Estimates

There were no major changes in estimates that had a material effect on the results for the current quarter and financial period.

### A7. Debt and Equity Securities

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

### A8. Dividends Paid

Dividend paid during the financial period ended 30 September 2019 is as follows:

In respect of the financial year ended 31 March 2019 as reported in the directors' report of that year:

A single tier interim dividend of 2 sen per share paid on 17 July 2019.	RM'000 <u>17,612</u>
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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.

## IJM PLANTATIONS BERHAD (133399-A)

### A9. Segmental Information (continued)

	<b>INDIVIDUAL QUARTER</b>		change % +/-	<b>CUMULATIVE PERIOD</b>		change % +/-
	3 months ended 30/09/2019 RM'000	3 months ended 30/09/2018 RM'000		6 months ended 30/09/2019 RM'000	6 months ended 30/09/2018 RM'000	
<b>Revenue and timing of revenue recognition:</b>						
-Malaysia – Point in time	72,568	69,248	+4.8	137,943	169,842	-18.8
-Malaysia – Over time	-	-	-	-	-	-
<i>Total revenue from Malaysia</i>	<u>72,568</u>	<u>69,248</u>	+4.8	<u>137,943</u>	<u>169,842</u>	-18.8
-Indonesia – Point in time	100,293	70,838	+41.6	167,985	153,387	+9.5
-Indonesia – Over time	-	-	-	-	-	-
<i>Total revenue from Indonesia</i>	<u>100,293</u>	<u>70,838</u>	+41.6	<u>167,985</u>	<u>153,387</u>	+9.5
Total external revenue	<u>172,861</u>	<u>140,086</u>	+23.4	<u>305,928</u>	<u>323,229</u>	-5.4
<b>Earnings before interest, tax, depreciation and amortisation (“EBITDA”):</b>						
-Malaysia	15,987	10,192	+56.9	28,185	26,400	+6.8
-Indonesia	16,408	4,309	+280.8	33,314	8,480	+292.9
	<u>32,395</u>	<u>14,501</u>	+123.4	<u>61,499</u>	<u>34,880</u>	+76.3
-Finance costs	(9,276)	(17,208)		(15,970)	(35,608)	
-Depreciation and amortisation	(28,073)	(29,042)		(55,866)	(57,290)	
Loss before taxation	<u>(4,954)</u>	<u>(31,749)</u>	-84.3	<u>(10,337)</u>	<u>(58,018)</u>	-82.2
<b>(Loss)/profit before taxation:</b>						
-Malaysia	6,168	(1,461)	+522.2	8,560	4,125	+107.5
-Indonesia	(11,122)	(30,288)	-63.3	(18,897)	(62,143)	-69.6
	<u>(4,954)</u>	<u>(31,749)</u>	-84.4	<u>(10,337)</u>	<u>(58,018)</u>	-82.2
<b>TOTAL ASSETS</b>				<b>As at 30 September 2019 RM'000</b>	<b>As at 31 March 2019 RM'000</b>	
Malaysian Operations				719,336	720,333	
Indonesian Operations				1,666,066	1,534,997	
Unallocated assets				26,639	27,163	
				<u>2,412,041</u>	<u>2,282,493</u>	

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

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

### A11. Significant Subsequent Events to the date of the Statement of Financial Position

There was no significant event subsequent to the date of the unaudited statements of financial position.

## IJM PLANTATIONS BERHAD (133399-A)

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

There were no other changes in the composition of the Group for the current quarter and financial period.

### A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets as at 30 September 2019.

### A14. Capital Commitments

Capital commitments not provided for in the unaudited financial statements as at 30 September 2019 are as follows:

Property, plant, equipment and land use rights:	<b>RM'000</b>
- Approved and contracted for	57,428
- Approved but not contracted for	103,614
	<u>161,042</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 2019, the Group measured and recognised the derivative financial instruments for the crude palm oil pricing swap and interest rate swap contracts at fair value. It was classified by the level of fair value measurement hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>Current Asset:</u>				
Derivative financial instruments	-	3,269	-	3,269
<u>Current Liability:</u>				
Derivative financial instruments	-	268	-	268
<u>Non-Current Liability:</u>				
Derivative financial instruments	-	244	-	244

## IJM PLANTATIONS BERHAD (133399-A)

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

*Current quarter under review – Q2-FY2020*

*Corresponding quarter of the preceding year – Q2-FY2019*

*Immediate preceding quarter – Q1-FY2020*

*Current financial period – Period FY2020*

*Corresponding financial period – Period FY2019*

#### B1. Review of Performance

The results of the Group are tabulated below:

	Individual Quarter		change % +/-	Cumulative Period		change % +/-
	Current year quarter 30/09/2019 RM'000	Preceding year quarter 30/09/2018 RM'000		Current period 30/09/2019 RM'000	Preceding period 30/09/2018 RM'000	
<b>Revenue:</b>						
-Malaysia	72,568	69,248	+ 4.8	137,943	169,842	-18.8
-Indonesia	100,293	70,838	+41.6	167,985	153,387	+9.5
	<u>172,861</u>	<u>140,086</u>	<u>+23.4</u>	<u>305,928</u>	<u>323,229</u>	<u>-5.4</u>
<b>EBITDA:</b>						
-Malaysia	15,987	10,192	+56.9	28,185	26,400	+6.8
-Indonesia	16,408	4,309	+280.8	33,314	8,480	+292.9
	<u>32,395</u>	<u>14,501</u>	<u>+123.4</u>	<u>61,499</u>	<u>34,880</u>	<u>+76.3</u>
<b>(Loss)/profit before taxation:</b>						
-Malaysia	6,168	(1,461)	+522.2	8,560	4,125	+107.5
-Indonesia	(11,122)	(30,288)	-63.3	(18,897)	(62,143)	-69.6
	<u>(4,954)</u>	<u>(31,749)</u>	<u>-84.4</u>	<u>(10,337)</u>	<u>(58,018)</u>	<u>-82.2</u>

#### Individual Quarter -- Q2-FY2020 vs Q2-FY2019

For Q2-FY2020, the Group recorded a 23.4% increase in revenue as compared to Q2-FY2019 mainly due to higher sales volume. The overall FFB production of the Group in Q2-FY2020 improved as a result of the recovery of crop production in the Malaysian operations by 42.3%.

During the current quarter, the Rupiah strengthened against the Japanese Yen whilst it weakened marginally against the US Dollar. This resulted in a net foreign exchange gain of RM0.015 million on the foreign currency denominated borrowings as compared to the significant net foreign exchange losses reported in Q2-FY2019 of RM22.656 million. These net foreign exchange gains or losses which are reported as net other income and finance costs amounted to gains of RM2.724 million (Q2-FY2019: Losses of RM11.831 million) and losses of RM2.709 million (Q2-FY2019: Losses of RM10.825 million) respectively during the current quarter.

With the favourable foreign exchange position and the recovery of the FFB production, the overall financial performance of the Group was an improvement over the Q2-FY2019.

## IJM PLANTATIONS BERHAD (133399-A)

### B1. Review of Performance (continued)

#### Individual Quarter -- Q2-FY2020 vs Q2-FY2019 (continued)

The performance by geographical segments are summarised as follows:

- (a) Revenue for the Malaysian operations was higher due to higher sales volume. With the higher FFB production, higher profit before tax and EBITDA were achieved; and
- (b) Revenue for the Indonesian operations was higher due to the higher sales volume. Due to the foreign exchange gains recorded in the current quarter as compared to the significant foreign exchange losses recorded in Q2-FY2019, the financial performance of the Indonesian operations improved.

#### Cumulative Period -- Period FY 2020 vs Period FY 2019

The revenue of the Group was lower than that of the Period FY2019 due to the weaker commodity prices. The FFB production was higher than that of the Period FY2019 due to the recovery in the Malaysian operations. The higher FFB production coupled with the favorable currency fluctuation of the Rupiah against the US Dollar and the Japanese Yen resulted in a higher EBITDA and an improvement in the overall performance of the Group.

The Group's net foreign exchange gains of RM0.183 million (Period FY 2019: losses of RM53.534 million) on the US Dollar and the Japanese Yen denominated borrowings which are reported as net other income and finance costs amounted to gains of RM2.892 million (Period FY2019: losses of RM30.953 million) and losses of RM2.709 million (Period FY2019: losses of RM22.581 million) respectively.

The performance by geographical segment is summarised as follows:

- (a) Revenue for the Malaysian operations was lower mainly due to lower commodity prices. FFB production was higher due to the crop recovery from the 2015/2016 EL Nino lagged effect. As a result, higher profit before tax and better EBITDA were achieved during the Period FY 2020; and
- (b) Revenue for the Indonesian operations was higher mainly due to higher sales volume. The overall EBITDA and financial performance of Indonesian operations improved as a result of the favorable currency impact on its US Dollar and Japanese Yen denominated borrowings during the Period FY 2020.

## IJM PLANTATIONS BERHAD (133399-A)

### B1. Review of Performance (continued)

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

	Individual Quarter		var % +/-	Cumulative Period		var % +/-
	Current year quarter 30/09/2019	Preceding year quarter 30/09/2018		Current period 30/09/2019	Preceding period 30/09/2018	
	<b>Malaysian Operations</b>					
Own FFB production (mt)	117,497	82,569	+42.3	221,432	169,034	+31.0
Outside FFB crops (mt)	40,107	39,286	+2.1	75,049	72,805	+3.1
CPO production (mt)	31,777	24,737	+28.5	58,965	49,743	+18.5
PKO production (mt)	3,290	2,399	+37.1	5,985	4,650	+28.7
CPO sales (mt)	31,732	26,097	+21.6	61,387	63,293	-3.0
PKO sales (mt)	3,398	2,312	+47.0	5,708	4,590	+24.4
CPO price per mt (RM)	1,983	2,228	-11.0	1,953	2,326	-16.0
PKO price per mt (RM)	2,239	3,513	-36.3	2,231	3,526	-36.7
<b>Indonesian Operations</b>						
Own FFB production (mt)	147,929	145,684	+1.5	275,637	280,272	-1.7
Outside FFB crops (mt)	74,935	34,585	+116.7	132,224	65,187	+102.8
CPO production (mt)	37,239	26,851	+38.7	67,955	52,253	+30.0
PKO production (mt)	2,086	1,837	+13.6	4,050	3,803	+6.5
Own FFB sales (mt)	64,251	65,746	-2.3	120,113	121,677	-1.3
CPO sales (mt)	41,314	22,011	+87.7	64,339	46,522	+38.3
PKO sales (mt)	2,500	1,501	+66.6	4,501	3,002	+49.9
FFB price per mt (RM)	364	377	-3.4	372	411	-9.5
CPO price per mt (RM)	1,740	1,867	-6.8	1,821	1,998	-8.9
PKO price per mt (RM)	1,814	3,010	-39.7	2,343	3,265	-28.2
<b>Closing Exchange Rates</b>			<b>As at 30/09/2019</b>	<b>As at 30/09/2018</b>		
RM : Rupiah			1 : 3,378			1 : 3,597
US Dollar : RM			1 : 4.191			1 : 4.145
US Dollar : Rupiah			1 : 14,174			1 : 14,929
Japanese Yen : Rupiah			100 : 13,136			N/A

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

	Individual Quarter		var % +/-	Cumulative Period		var % +/-
	Current year quarter 30/09/2019	Preceding year quarter 30/09/2018		Current period 30/09/2019	Preceding period 30/09/2018	
	RM'000	RM'000		RM'000	RM'000	
<b>Malaysian Operations</b>						
Sabah sales tax	4,794	4,262	+12.5	9,160	10,821	-15.3
MPOB Cess:						
-Palm Oil Price Stabilisation Fund Order 2001	70	54	+29.6	130	109	+19.3
MPOB Cess:						
-Research & Development, Licensing, Enforcement and Marketing Cess Order 2002	386	298	+29.5	715	598	+19.6
<b>Total</b>	<b>5,250</b>	<b>4,614</b>	<b>+13.8</b>	<b>10,005</b>	<b>11,528</b>	<b>-13.2</b>

## IJM PLANTATIONS BERHAD (133399-A)

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

The results of the Group are tabulated below:

	<b>Individual Quarter</b>		change % +/-
	Current year quarter 30/09/2019 RM'000	Immediate preceding quarter 30/06/2019 RM'000	
<b>Revenue:</b>			
- Malaysia	72,568	65,375	+11.0
- Indonesia	100,293	67,692	+48.2
	172,861	133,067	+29.9
<b>EBITDA:</b>			
- Malaysia	15,987	12,198	+31.1
- Indonesia	16,408	16,906	-2.9
	32,395	29,104	+11.3
<b>(Loss)/profit before taxation:</b>			
- Malaysia	6,168	2,392	+157.9
- Indonesia	(11,122)	(7,775)	+43.0
	(4,954)	(5,383)	-8.0

Revenue for the Q2-FY2020 was higher than Q1-FY2020 mainly due to higher sales volume. During the quarter, net foreign exchange gains on the US Dollar and Japanese Yen denominated borrowings of RM0.015 million were recorded (Q1-FY2020: Gain of RM0.168 million). These net foreign exchange gains which are reported as net other income and finance costs amounted to gains of RM2.724 million (Q1-FY2020: Gain of RM0.168 million) and losses of RM2.709 million (Q1-FY2020: Nil) respectively during the current quarter. The overall financial performance of the Group improved due to the higher sales volume during the current quarter.

The performance by geographical segments are summarised as follows:

- (a) The Malaysian operations recorded higher revenue mainly due to higher sales volume and higher commodity prices. FFB production improved due to the change in cropping pattern. Higher EBITDA and profit before taxation were recorded during the current quarter as a result of; and
- (b) The Indonesian operations recorded higher revenue due to higher sales volume in line with the increase in FFB production. The lower financial performance of the Indonesian operations was mainly due to the lower commodity prices.



## IJM PLANTATIONS BERHAD (133399-A)

### 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:

	<b>Individual Quarter</b>		var % +/-
	Current year quarter 30/09/2019	Immediate preceding quarter 30/06/2019	
<b>Malaysian Operations</b>			
Own FFB production (mt)	117,497	103,935	+13.0
Outside FFB crops (mt)	40,107	34,942	+14.8
CPO production (mt)	31,777	27,188	+16.9
PKO production (mt)	3,290	2,695	+22.1
CPO sales (mt)	31,732	29,655	+7.0
PKO sales (mt)	3,398	2,310	+47.1
CPO price per mt (RM)	1,983	1,921	+3.2
PKO price per mt (RM)	2,239	2,220	+0.9
<b>Indonesian Operations</b>			
Own FFB production (mt)	147,929	127,708	+15.8
Outside FFB crops (mt)	74,935	57,289	+30.8
CPO production (mt)	37,239	30,716	+21.2
PKO production (mt)	2,086	1,964	+6.2
Own FFB sales (mt)	64,251	55,862	+15.0
CPO sales (mt)	41,314	23,025	+79.4
PKO sales (mt)	2,500	2,001	+24.9
FFB price per mt (RM)	364	372	-2.2
CPO price per mt (RM)	1,740	1,821	-4.4
PKO price per mt (RM)	1,814	2,343	-22.6
<b>Closing Exchange Rates</b>			
	<b>As at 30/09/2019</b>	<b>As at 30/06/2019</b>	
RM : Rupiah	1 : 3,378	1 : 3,413	
US Dollar : RM	1 : 4.191	1 : 4.143	
US Dollar : Rupiah	1 : 14,174	1 : 14,141	
Japanese Yen : Rupiah	100 : 13,136	100 : 13,139	

### B3. Prospects for the Current Financial Year

The Group expects a better crop production from both the Malaysian and Indonesian operations for the second half of the financial year. Notwithstanding the Group continuing to face cost pressures arising mainly from wage increases, and the impact of the volatility of foreign exchange rates particularly that of the Rupiah against the US Dollar and Japanese Yen, the continuation of the prevailing commodity prices are expected to contribute to an improved performance for the financial year.

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

Not applicable.

## IJM PLANTATIONS BERHAD (133399-A)

### B5. Income Tax

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

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD 6 MONTHS ENDED 30 SEPTEMBER	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax:				
- Malaysian income tax	2,756	1,315	3,901	4,997
Deferred tax:				
- Reversal of temporary differences	(4,680)	(2,061)	(6,086)	(7,197)
	(1,924)	(746)	(2,185)	(2,200)

The effective tax rate of the Group is impacted by 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 as at 30 September 2019 are as follows:

<b>Short term borrowings</b>	RM'000	
<u>Unsecured:</u>		
- Short term advance facility	83,910	
<u>Secured:</u>		
- Term loans	16,000	
	99,910	
<b>Long term borrowings</b>		
<u>Secured:</u>		
- Term loans	776,261	
	876,171	
<b>Total borrowings</b>	876,171	
Local and foreign currency borrowings included in the above are as follows:		
	Foreign currency '000	
	RM'000 Equivalent	
US Dollar	144,000	604,152
Japanese Yen	5,247,200	204,019
Ringgit Malaysia		68,000
		876,171

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

## IJM PLANTATIONS BERHAD (133399-A)

### B8. Changes in Material Litigation

There was no material litigation since 31 March 2019.

### B9. Dividend Payable

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

### B10. Loss per Share

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD 6 MONTHS ENDED 30 SEPTEMBER	
	2019	2018	2019	2018
<b>Basic loss per share</b>				
Net loss for the period attributable to owners of the Company (RM'000)	(2,323)	(28,295)	(7,099)	(47,872)
Weighted average number of ordinary shares in issue ('000')	880,580	880,580	880,580	880,580
<b>Basic loss per share (sen)</b>	(0.26)	(3.21)	(0.81)	(5.44)

### B11. Notes to the Condensed Statement of Comprehensive Income

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD 6 MONTHS ENDED 30 SEPTEMBER	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income	1,005	1,072	2,415	2,385
Net gains/(losses) - net foreign exchange gains/(losses) from operations	2,724	(11,831)	2,892	(30,953)
Finance costs – net foreign exchange losses on borrowings	(2,709)	(10,825)	(2,709)	(22,581)
Other income	660	1,139	1,598	2,323
Fair value (losses)/gains on crude palm oil pricing swap	(1,405)	999	2,364	1,912
Fair value losses on interest rate swap	(508)	-	(508)	-
Finance costs - interest expense	(6,237)	(6,383)	(12,710)	(13,027)
Finance costs - lease expense	(330)	-	(551)	-
Depreciation and amortisation	(28,073)	(29,042)	(55,866)	(57,290)

The above disclosure is prepared in accordance with 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.

## IJM PLANTATIONS BERHAD (133399-A)

### B12. Derivative Financial Instruments

#### (a) Crude Palm Oil Pricing Swap Contracts

The Group entered into Crude Palm Oil (“CPO”) pricing swap contracts offered by certain reputable banks in Malaysia to mitigate the exposure to fluctuations in the price of CPO in accordance with the guidelines set by the Board of Directors.

As at the date of the statement of financial position, the outstanding notional volume and value of the CPO pricing swap contracts and their fair value are as follows:

CPO pricing swap contracts	Notional volume outstanding as at the date of statement of financial position (Metric tonnes)	Notional value outstanding as at the date of statement of financial position (RM'000)	Fair value of derivative financial asset (RM'000)
- Less than 1 year	26,000	60,822	3,269
- 1 year to 3 years	-	-	-
- More than 3 years	-	-	-

There is no change in the financial risk management and related accounting policy on the CPO pricing swaps since the end of the previous financial year.

#### (b) Interest Rate Swap Contracts

During the quarter, the Group entered into Interest Rate Swap (“IRS”) contracts offered by a reputable bank in Malaysia to mitigate the exposure to fluctuations in the interest rates of its US Dollar borrowings. The Group has entered into IRS to swap a portion of its US Dollar borrowings which is under floating rates to fixed rates.

As at the date of the statement of financial position, the outstanding notional value of the IRS contracts and their fair value are as follows:

Interest rate swap contracts	Base currency	Notional value outstanding as at the date of statement of financial position (RM'000)	Fair value of derivative financial asset/(liability) (RM'000)
- Less than 1 year	USD	163,625	(268)
- 1 year to 3 years	USD	163,625	(244)
- More than 3 years	-	-	-

## IJM PLANTATIONS BERHAD (133399-A)

### B13. Fair Value changes of Financial Instruments

The recognition of the total net fair value gains/(losses) on the derivative financial instruments during the current quarter and the current financial period are detailed as follows:

Type of derivatives	Current year quarter ended 30 September 2019 fair value gains/(losses) RM'000	Current financial period ended 30 September 2019 fair value gains/(losses) RM'000	Basis of fair value measurement	Reasons for the gains/losses
CPO pricing swap	(1,405)	2,364	Price differentials between the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange (“BMDE”) and the fixed contracted CPO prices for specific contracted periods.	Fair value gain is recorded when the average future CPO prices quoted on the BMDE is lower than the contracted fixed CPO prices. Conversely, a fair value loss will be recorded when the average future CPO prices quoted on the BMDE are higher than the contracted fixed CPO prices.
Interest rate swap	(508)	(508)	The difference between floating and fixed interest rates.	Fair value gain is recorded when the floating interest rates are higher than the fixed interest rates. Conversely, a fair value loss is recorded when the floating interest rates are lower than the fixed interest rates.