On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2014.

IJM Plantations Berhad unrelentingly focused on its four (4) pillars of nurturing sustainability encompassing productivity and innovations, care for its people, environment and community. The objective is to sustain "Profit" and continue to enhance value for the shareholders while living the shared value to strive for a balance of operational agenda with socio-environmental stewardship involving "People and Planet". The Group appreciates that production of sustainable palm products involves implementing best management practices while ensuring that the environment is protected and enhanced with conservation initiatives. Along with this, the Group continued to ensure the basic well-being of its employees are taken care while pursuing various social contributions for the surrounding local communities.

INDUSTRY REVIEW

The financial year 2014 saw a mixed performance in the palm oil industry. Crude palm oil ("CPO") prices started with bearish sentiment due to high inventory levels and weaker than anticipated demand arising from the global economic slowdown. The global economic slowdown had affected vegetable oil demand which subsequently triggered a downward pressure on CPO prices. As a result, the average selling prices per metric tonne ("mt") of CPO hovered around RM2,200 to RM2,400 for the first three quarters of the financial year. Towards the last quarter of the financial year, CPO prices started to rebound and exceeded RM2,500 per mt due to higher export demand coupled with aggressive domestic mandates for palm biodiesel in Indonesia.

GROUP PERFORMANCE

As a result of the commendable planting progress in the last few years, the Group’s area under production increased by 23% to realise 34,102 hectares (2013: 27,802 hectares). With this, fresh fruit bunches ("FFB") production scaled a new height to achieve 729,801 mt (2013: 692,210 mt). Coupled with a reduction in closing inventories, total revenue of RM646.98 million was a record for the Group. By geographical segment, the Group’s Malaysian operations recorded lower production. FFB harvested declined by 8% from 636,631 mt in 2013 to 585,526 mt. The decline was due to change in cropping pattern. The Group’s Indonesian operations on the other hand delivered 144,275 mt (2013: 55,579 mt) of FFB to register significant growth. This was due to more areas achieving maturity and the oil palms moving towards prime age.

Corresponding to the bearish vegetable oil market, the average CPO price of the Malaysian operations dropped to RM2,385 per mt (2013: RM2,620 per mt). As a result, the financial performance of the Group was impacted. In addition, the performance of the Group was also impacted by the net losses from unrealised foreign exchange translations of US dollar denominated borrowings of RM20.8 million. The Group’s profit before tax declined to RM109.08 million (2013: RM156.61 million). Profit after tax was RM83.09 million (2013: RM118.45 million) while basic earnings per share attributable to shareholders was 11.05 sen (2013: 14.91 sen). Net tangible assets per share as at 31 March 2014 was RM1.72 (2013: RM1.74).

DIVIDEND

The Company is committed to the payment of annual dividends. The quantum of dividends will be determined after taking into account, inter alia, the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements. The adopted policy is a balanced approach between rewarding shareholders and maintaining reserves for future growth.

In respect of the financial year ended 31 March 2013, a single-tier interim dividend of 7 sen per share was paid on 3 July 2013 totaling RM 56.12 million.
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CHAIRMAN’S STATEMENT

In an effort to continuously reward shareholders, the Directors declared a single tier interim dividend on 27 May 2014, amounting to 7 sen per share. The single tier interim dividend was paid on 1 July 2014 to every member who is entitled to receive the dividend as at 5.00 p.m. on 12 June 2014. The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2014.

CORPORATE GOVERNANCE

The Group is committed to good corporate governance which promotes long-term shareholder interests, strengthens Board and management accountability and helps build public trust in the Group. These practices are essential for raising the investors’ confidence in the Group’s overall operations and performance of the business. The Group’s commitment towards these remains strong. Some guiding principles of this commitment are set out in the Statement on Corporate Governance (pages 36 to 44) and Statement on Risk Management & Internal Control (pages 48 to 51).

The Company, its subsidiaries, Directors and Management were not sanctioned and had no material penalties imposed by any relevant regulatory body during the year.

RELATED PARTY TRANSACTIONS

Related party transactions of the Group for the financial year are disclosed in Note 31 to the Financial Statements.

Except for those disclosed in Note 31 to the Financial Statements, there were no material contracts of the Group involving Directors and major shareholders during the reporting period.

CARE FOR THE ENVIRONMENT

The importance of good environmental practices is recognised in the Group. Conscious efforts are taken in daily operations to ensure that it is in harmony with the environment.

The certification of the Group’s Malaysian operations under the MPOB’s Code of Practices (“CoPs”) for quality, food safety and sustainability has ensured that the Group’s operations practices are in line with the industry standards. In the Indonesian operations, the Group has embarked on the mandatory Indonesia Sustainable Palm Oil (ISPO) certification.

The Group continued to emphasise on implementing best management practices in resource stewardship of soil, water, air and waste management. All planting and replanting during the year were carried out in accordance to the Group’s environmental friendly “zero burning policy” and in compliance with the regulations of the Department of Environment. Other key environmental related projects include sustaining and enhancing a centre of excellence called “Hundred Acre Wood” which is dedicated to conservation efforts, in-situ tree planting and biodiversity enhancement.

The Group continued to host numerous stakeholder engagements during the year. These were part of the Group’s initiative to continuously engage with its stakeholders from different disciplines. These engagements enabled the Group to create awareness among relevant stakeholders and strengthen dialogue while obtaining valuable feedback on the Group’s sustainability initiatives.
RETURNING TO COMMUNITY

The Group believes that local community support and involvement is needed to ensure the success and sustainability of its business. Therefore the Group is mindful that its business operations must directly and indirectly contribute to the development of the local communities.

The Group continued to promote sports excellence for youths through rugby as a platform, working in partnership with the Sabah Education Department, Sabah Rugby Union and Eagles Rugby Club of Sandakan. The target group is schoolchildren, both from primary and secondary schools in Sabah.

The Group also continued to support and organise public breast health awareness programmes that focused on grass-root awareness in the schools. The initiatives include talks focused on breast cancer and demonstration of breast self-examination (BSE). Breast health awareness among employees was also carried out during the breast cancer commemoration of “Pink October”. In addition, medical and health outreach in rural villages (kampongs) in the Sugut-Paitan areas continued to be carried out by the in-house medical team.

Basic education which is provided to children of the Group’s guest workers continued to be extended to the surrounding community. This is implemented through the learning centres established in Desa Talisai, Excellent Challenger II and Sg. Sabang estates. This initiative was carried out in collaboration with a social NGO, Borneo Child Aid Society. The centres now cater to more than 500 students.

INVESTOR IN PEOPLE

The success of the Group is unequivocally tied to its people with strong leadership, pioneering spirit and purpose driven culture embodying passion and perseverance. Being a labour-intensive industry, efforts are constantly taken in the Group to improve worker skills and productivity.

The Group ensures continuous investment in human capital, including attracting and developing ways to retain talent. The Group continued with the High Performance Culture (“HPC”) programme, rolled out across the Group’s Malaysian operations in previous year with the aim of encouraging and developing a culture in the organisation that is capable of striving to achieve continuous higher performance and making the Group a better place to work in. New work techniques and methodologies continued to be introduced to employees with the objective of nurturing and providing continuous training as the Group embarked on the journey to successfully cultivate the desired HPC outputs for the Group.

One of the core values adopted by the Group is to ensure that there is a healthy working environment for its employees. This is needed in order to increase their sense of belonging and motivate them to strive for a higher level of productivity. Employees in the operating units were provided with decent living quarters, complete with adequate amenities which include medical care, crèche, recreational and sports facilities thus making each unit a more appealing place for the employees and their families to work and live. As in previous years, the Kaamatan cultural celebration, “Family Day” events and inter-estate games were held where all level of employees participated. These activities have led and encouraged them to lead harmonious and healthier lifestyles. Joint Consultative Committees (“JCC”) established in all operating units continue to play its role to encourage effective communication between employees and the management.
The Group recognises the importance of capacity building along with training and retraining programmes for all levels of its employees. Programmes, both in the form of formal and on-the-job trainings continued to be extended to equip employees with key skills in support of career development goals and targets. The Cadetship programme to support the needs of the Indonesian expansion project form part of this programme. The Group also focused on identifying and developing new and young talents as part of its succession plan. Greater emphasis was placed on employees’ performance. To remain competitive in the evolving job market and in order to retain and motivate the right talents, employees continued to be rewarded with appropriate incentives, including the long term incentive plan introduced by the Group’s parent company comprising of an employee share option scheme and an employees share grant plan.

**PROSPECTS AND OUTLOOK**

The Group anticipates another challenging year in financial year 2015 as uncertainty in the global trading environment continues. Some market analysts have projected a bullish outlook against the backdrop of tight supply arising from weather related factors linked to the El Nino phenomenon while others are more bearish due to scepticism relating to the off-take in palm biodiesel sector. Volatility in the financial market is likely to continue with United States and European nations competing for their space in the global financial stage. This will be set against the changing growth scenarios for Asian and other developing countries while the petroleum market remains exposed to political instability.

FFB production in the Group’s Malaysian operations is expected to be sustained. Higher crops are expected from the young plantings and new areas coming into maturity in Indonesian operations. The Group expects the profitability level for the coming year to be satisfactory, despite the growing pressure in the cost of production. The significant increase in young mature areas in the Indonesian operations will also incur full plantations maintenance and overhead costs set against start-up crop yields. Efforts will be focused on intensifying the harvesting and milling operations in Indonesia while sustaining high yields from the Malaysian operations.

**ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I would like to pay tribute to the management team and all employees for their unremitting commitment and invaluable contribution to the Group amidst a challenging year. I also wish to convey my heartfelt gratitude and appreciation to my distinguished colleagues on the Board for their continued support, perceptive insights and prudent advice and will look forward to another memorable year in 2015. I am confident with a talented team in place coupled with strong governance and supported by passion and commitment, the Group will continue to deliver satisfactory performance in its pursuit to build sustainable value for all stakeholders. Last but not least, I would like to thank all our shareholders, customers, contractors, business partners and all our other stakeholders for their resolute confidence in the Group.
INVESTOR IN PEOPLE

...“Human-Side of Plantation” spotlights on continuous learning, promoting team-work and building One-IJMP family

Humana learning centre for children of guest workers
Medical facilities in operating units
Housing in estates

Kaamatan festival celebration

Skills improvement training
Promotion of sports excellence in operating units