IOI CORPORATION BERHAD (9027-W)
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Annual Report **2013**

IOI CORPORATION BERHAD (9027-W)

IOI GROUP

EXPANDING OUR REACH

Annual Report **2013**

Cover Rationale

2013 marks a year of growth and expansion for IOI Group as we set our sights on **Expanding our Reach**. By continuously seizing new opportunities, enhancing our product offerings and growing our business portfolio, we have strengthened our competitive edge and delivered added values to our customers and shareholders.

The cover design features IOI Group's three core operations. As we expand our reach in Malaysia and abroad, we are committed to growing sustainably on our journey to become a global leader in our integrated plantation and property businesses.

Our Vision

…is to be a leading corporation in our core businesses by providing products and services of superior values and by sustaining consistent long-term growth in volume and profitability.

We shall strive to achieve responsible commercial success by satisfying our customers' needs, giving superior performance to our shareholders, providing rewarding careers to our people, cultivating mutually beneficial relationship with our business associates, caring for the society and the environment in which we operate and contributing towards the progress of our nation.

Our Core Values

In our pursuit of Vision IOI, we expect our people to uphold, at all times, the IOI Core Values which are expressed as follows:

Integrity
which is essential and cannot be compromised

Commitment
as we do what we say we will do

Loyalty
is crucial because we are one team sharing one vision

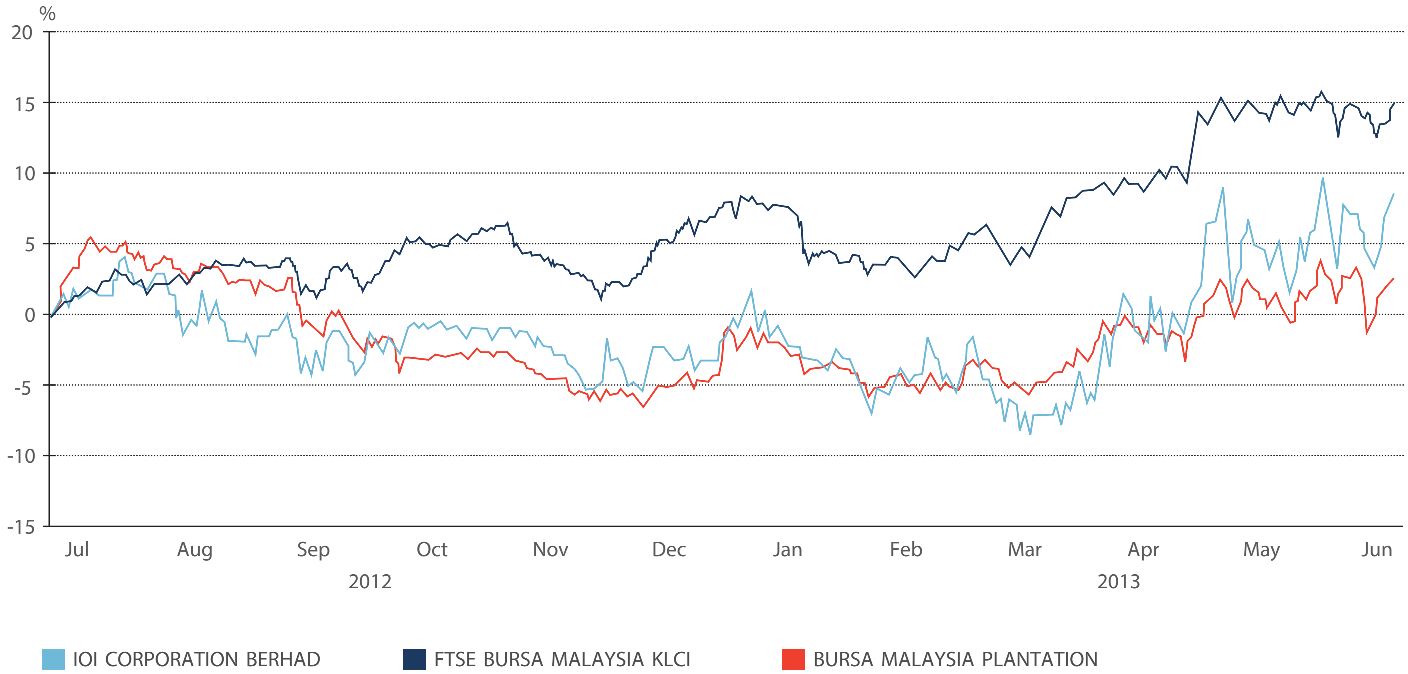
Excellence in Execution
as our commitments can only be realised through actions and results

Speed or Timeliness
in response is important in our ever changing business environment

Innovativeness
to provide us additional competitive edge

Cost Efficiency
is crucial as we need to remain competitive

Key Indicators



We Profit from

2012	2013
RM2.38 billion	RM2.51 billion
27.96 sen	30.83 sen
155.0 %	155.0 %
RM5.19	RM5.44
RM33.21 billion	RM34.74 billion

In RM million unless otherwise stated	2013	2012	2011	2010	2009
FINANCIAL					
Profit before taxation [1]	**2,506.8**	2,378.9	2,863.6	2,550.6	1,550.1
Profit attributable to owners of the parent	**1,970.1**	1,789.4	2,222.9	2,035.7	983.5
Equity attributable to owners of the parent	**13,672.0**	12,627.9	11,999.2	10,780.2	8,346.3
Return on average shareholders' equity (%)	**14.98**	14.53	19.52	21.29	11.75
Basic earnings per share (sen)	**30.83**	27.96	34.75	32.96	16.62
Gross dividend per share (%)	**155.0**	155.0	170.0	170.0	80.0
PLANTATION					
FFB production (MT)	**3,408,935**	3,185,878	3,295,473	3,405,090	3,626,776
Total oil palm area (Ha)	**160,626**	157,752	157,045	154,709	150,931
PROPERTY					
Sales value	**1,709.9**	856.3	942.0	1,045.1	688.5
Sales (unit)	**2,491**	1,412	1,730	2,044	1,465
MANUFACTURING					
OLEOCHEMICAL					
Plant utilisation (%)	**80**	77	82	91	78
Sales (MT)	**561,001**	624,542	618,960	684,389	597,351
REFINERY					
Plant utilisation (%)	**70**	77	72	75	78
Sales (MT)	**3,052,027**	2,919,543	2,640,091	2,533,527	2,817,987
SPECIALTY OILS AND FATS					
Plant utilisation (%)	**56**	88	92	96	100
Sales (MT)	**734,691**	665,785	492,432	511,143	504,317

1 Profit before taxation is before the classification of Discontinued Operations results pursuant to the internal reorganisation and demerger exercise as disclosed in Note 47 to the financial statements.

our Principles

PROFIT BEFORE TAXATION[1]

EARNINGS PER SHARE

GROSS DIVIDEND PER SHARE

SHARE PRICE

MARKET CAPITALISATION

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of IOI Corporation Berhad, I am pleased to present to you the Annual Report of the Company and the Group for the financial year ended 30 June 2013 ("FY2013").

OPERATING ENVIRONMENT

The financial year under review continues to be yet another challenging year. The global economy recovery was fairly sluggish and sporadic. Conversely, the Malaysian economy has continued to hold up well to achieve a consistent Gross Domestic Product ("GDP") growth rate of around 5% per annum. Market sentiments were generally upbeat with low inflationary pressure and Bank Negara Malaysia ("BNM") holding interest rates steady.

In the palm oil sector, Crude Palm Oil ("CPO") prices were relatively low since the last quarter of 2012 but the earlier stock overhang affecting the sector's outlook had reduced substantially. The palm oil downstream industries, on the other hand, have performed relatively well due to lower feedstock prices.

In the domestic property scene, sales of properties at prime areas remained encouraging despite a cautious property market backdrop. Over at the Singapore's property market, the high-end properties segment continues to be affected by the additional buyer's stamp duty imposed as part of the Singapore government's property cooling measures.

REVIEW OF RESULTS

For FY2013, the Group's Earnings Before Interest and Taxation ("EBIT") of RM2.7 billion was 8% higher than the previous year despite lower contribution from the plantation division. The strong performance from both our property and downstream manufacturing divisions, coupled with translational gain on foreign denominated borrowings of approximately RM191.4 million helped to offset the reduced contribution from the plantation division.

Our plantation division reported a 34% decrease in operating profit to RM1,082.9 million in FY2013. The lower profit was due mainly to lower average CPO price realised of RM2,433/MT as compared to FY2012's average CPO price realised of RM3,135/MT. However, fresh fruit bunches ("FFB") production was 7% higher than previous year's production which partly offset the lower CPO price impact. Similarly, the contribution from our associate, Bumitama Agri Ltd ("BAL"), to the Group's plantation profit was also impacted by the lower CPO prices during the financial year under review. However, the aforesaid impact was significantly mitigated by higher FFB production as more mature areas came on-stream.

The resource-based manufacturing division did exceptionally well in an encouraging business environment. The division reported a profit of RM603.5 million in FY2013, 110% higher than the profit of RM287.1 million reported in FY2012. It also reported a RM8.4 million loss on changes in fair value of derivative contracts for FY2013 whilst in FY2012, it registered a fair value loss of RM88.2 million. After excluding these fair value adjustments, the resource-based manufacturing division's profit reported an outstanding result of RM611.9 million, an increase of RM236.6 million or 63% over last year's RM375.3 million. The substantial improvement was contributed by better performance from all sub-segments where higher margins were achieved as a result of lower feedstock cost as well as increased sales volume from the refining and specialty oils and fats sub-segments.

Our property division registered an improvement in operating profit of RM863.1 million in FY2013 against RM704.0 million in FY2012, which is an increase of 22% over the previous year. However, it is worthy to note that after excluding the revaluation gain on investment properties of RM161.7 million and RM165.0 million in FY2013 and FY2012 respectively and a fair value gain of RM21.1 million arising from the revaluation of our jointly controlled entity in China in FY2013, the underlying operating profit for FY2013 is RM680.3 million, which represents an increase of 26% over the same period last year. The overall good performance of the property division was achieved on the back of higher sales in FY2013. In addition, the higher contribution from our property investment portfolio arising from improvements in both rental as well as occupancy rates has also contributed positively to the overall property division's performance.

At net earnings level, the Group posted a net earnings of RM1,970.1 million in FY2013 which is approximately 10% higher than the net earnings of RM1,789.4 million in FY2012. The slightly higher percentage increase at net earnings level as compared to EBIT percentage increase of 8% is mainly due to lower tax expense and minority interest charge.

A more detailed review of the Group's performance is covered under the section on "Management's Discussion and Analysis" in this Annual Report.

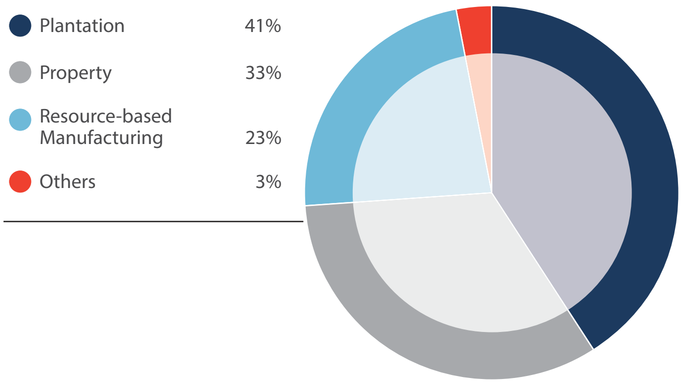
BUSINESS DEVELOPMENTS

On the plantation front, the Group is actively increasing its holdings of planted land by new plantings targeted at around 22,000 hectares per annum (including that by its associate, BAL) over the next three years in Indonesia. As a result of its substantial new and replanting programme over the past several years, the percentage of young plantings (aged seven years and below) has increased to 32% of the Group's total planted areas. As a strategic move into the renewable energy sector, the Group is leveraging on the plantation's biomass by-products and waste by constructing biogas capturing plants in two of its CPO mills, in addition to the biomass power plant that the Group has completed in Sandakan, Sabah.

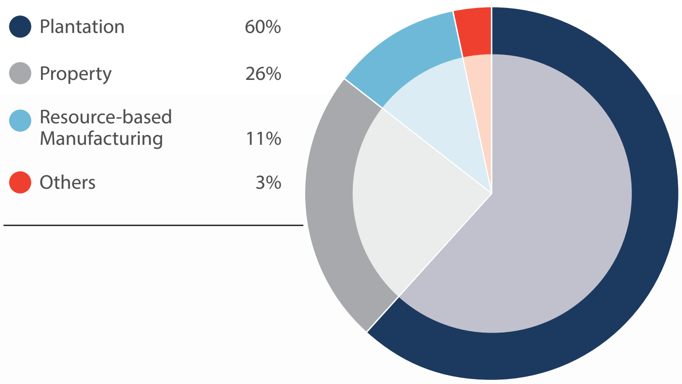
As for our downstream manufacturing business, the Group will be setting up an integrated palm oil processing plant costing approximately RMB355 million (equivalent to approximately RM182 million) in Xiamen, China. This is to cater to the growing demands for specialty oils and fats and palm oil-related products by the huge and increasingly affluent Chinese population.

CONTRIBUTION TO SEGMENT RESULTS

2013



2012



The panoramic view of Pukin Estate, Pahang.

We have also invested in a joint venture with Adeka Corporation of Japan to manufacture premium grade margarine and filling fats in Malaysia. In the oleochemical sub-segment, our state-of-the-art fatty ester plant in Prai, Penang, catering to the cosmetics and food additives industries is scheduled to be completed by the second quarter of 2014.

On the property front, the Group has acquired a few parcels of strategic land bank in Malaysia and China in preparation for the expansion of its property development and investment business.

In the Klang Valley, we acquired a total of 642 acres in the fast-growing areas of Bangi and Dengkil for a total consideration of about RM739 million.

In Johor, we acquired several parcels of land in Medini @ Iskandar Malaysia, Danga Bay area and Kempas for niche developments for a total consideration of RM280 million.

In China, the Group acquired its second piece of land of about 44 acres in Xiamen, in September 2012. This land, which was bought for about RMB1.21 billion (equivalent to approximately RM595 million) will be developed into a mixed-use development comprising a shopping mall, hotel, boutique offices and high-end residences.

CORPORATE DEVELOPMENTS

On 14 May 2013, the Group announced its plan to demerge and separately list its property business. The property business consisting of property development, property investment and leisure and hospitality will be held under the IOI Properties Group; which is expected to be listed on the Bursa Malaysia Securities Berhad by end of 2013.

In addition to the above corporate development, the Group has acquired the remaining 50% stake in a jointly controlled entity, which owns our first property project in Xiamen, China for a total consideration of USD39.5 million (equivalent to approximately RM120 million).

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

The Group integrates sustainability and corporate responsibility into every aspect of its operations and working culture. We are now one of the world's leading suppliers of Certified Sustainable Palm Oil ("CSPO") and have a market-leading position in the supply of segregated Roundtable on Sustainable Palm Oil ("RSPO")-certified palm oil to Europe.

The Group has also made good progress on its sustainability certification endeavours. Ten out of our twelve CPO mill groupings in Malaysia have been certified with the RSPO and International Sustainability and Carbon Certification ("ISCC") certifications. Another mill has been RSPO-audited and pending certification. The Group expects all its mill groupings to achieve full RSPO and ISCC certifications by the end of this year.

In addition to the above, the Group's sustainability pursuit also extends to its effort to have its oil palm milling operations achieve lower emission of greenhouse gas through its methane capture project. In this respect, the Group has commenced construction of a biogas capturing cum power generation plant in one of its mills in Sabah and is planning to build more of such plants in its other CPO mills.

Cape Royale, another one of IOI Properties' luxury condominium developments at Sentosa Cove, provides a unique integrated marina lifestyle for the residents.

Besides driving sustainable profit growth and returns for the shareholders, the Group also undertakes many corporate responsibility ("CR") activities. This is done mainly through Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"), a charitable foundation fully funded by the Group, which has been established since 1994. During FY2013, Yayasan TSLSC committed about RM3.0 million in funding its various projects and activities.

As the Group continues to expand its operations, it will strive to further broaden and deepen its sustainability and CR endeavours.

Key highlights of the Group's many sustainability measures and CR initiatives are covered in the "Sustainability and Corporate Responsibility" section.

DIVIDENDS AND CAPITAL MANAGEMENT

Two interim dividends totalling 15.5 sen per ordinary share amounting to a total payout of approximately RM990.1 million were declared for FY2013. The dividends represented an approximately 50% distribution of the Group's net profit attributable to shareholders.

The company continues to manage its capital in a proactive manner to enhance value to shareholders while optimising gearing levels and providing for funding requirements.

During the year, the Company bought back 18,858,000 ordinary shares of the Company from the open market at an average price of RM5.10 per share, representing 0.3% of the issued and paid-up share capital of the Company.

The Group also continues to maintain a healthy cash and cash equivalents, which as at 30 June 2013 stood at RM3.41 billion, and a net gearing ratio of 32%.

IOI Lipid Enzymtec Plant at Pasir Gudang, Johor is part of the Group's expansion plans to meet the rising demands for specialty oils and fats.

IOI Properties held a groundbreaking ceremony to commence construction of IOI Palm City in Xiamen, China.

PROSPECTS

Given the seasonal higher palm oil production in the second half of 2013, CPO prices are expected to remain at the prevailing level until the fourth quarter of 2013. However, we expect our palm oil production to be higher during the financial year of 2014. We also expect better contribution from our associate company, BAL in Indonesia as more of their palm trees reach prime producing years. Manpower shortage will continue to be a challenge for the plantation industry but the problem can be alleviated by the Malaysian government liberalising the number of source countries from which foreign workers can be recruited. Barring any unforeseen circumstances, our plantation division is expected to perform satisfactorily.

In the resource-based manufacturing division, we expect to face challenges as downstream refining and oleochemical processing facilities in Indonesia will increase significantly year-on-year for the next two years. In the specialty oils and fats sub-segment, we expect an increase in the capacity utilisation of our plant expansions in North America and Malaysia. Overall, we expect to perform satisfactorily due to the CPO export duty structure in Malaysia, resilient demand from the food industry and our established multinational customer base for both our specialty oils and fats and oleochemical businesses.

The Malaysian property market is expected to remain positive especially in the landed property and mid-range condominium segments where the Group has strong presence. As for our development projects in Singapore, the resilient performance of the mass market segment will ensure that the Group's mid-end projects continue to do well, although the high-end market segment is still affected by the cooling measures introduced by the government of Singapore. We also expect strong returns from our foray into Xiamen, China with its impending project launch.

ACKNOWLEDGMENTS

Despite it being a challenging year, with relatively low CPO prices during most of the financial year of 2013, the Group managed to record an overall satisfactory performance. In this respect, I wish to thank the senior management and all the employees for putting in their great effort, perseverance, passion and hard work in contributing to this year's results.

Our independent non-executive director, Mr Quah Poh Keat who has served the Board since 2008, has decided to resign from the Board on 13 September 2013 to pursue a full-time key position outside the Group. His new appointment does not allow him to continue as a director of the Company. Therefore, I wish to take this opportunity to express my sincere thanks and appreciation to Mr Quah for his excellent contribution and invaluable advice to the Group and wish him every success in his future undertakings.

I also wish to thank all our customers, business partners, government authorities, shareholders and fellow Board members for their continued strong support to the Group.

Thank you.

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman

Group Financial Overview

CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

RM million

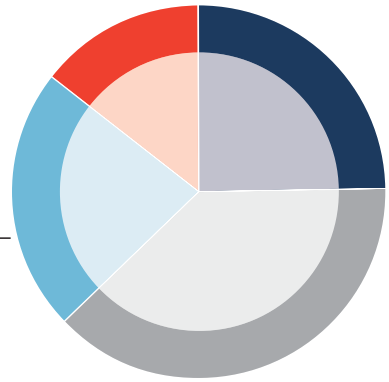
Net operating cash flow	2,775.2
Capital expenditure, net of disposal	(549.1)
Free cash flow from operation	2,226.1
Proceeds from disposal of investments, net of payments for other investments	150.4
Proceeds from issuance of shares	22.4
Advances from non-controlling interests	6.2
Additional interest in subsidiaries	(10.2)
Acquisition of a subsidiary, net of cash balances and borrowings	(91.1)
Share repurchases by the Company	(96.1)
Payment to jointly controlled entities	(129.1)
Interest paid	(287.0)
Investment in investment properties	(450.5)
Investment in development land bank	(1,187.4)
Dividend payments	
– Shareholders of the Company	(990.5)
– Shareholders of subsidiaries	(22.4)
Cash outflow in net borrowings	(859.2)
Accretion of borrowings	(6.3)
Fair value changes of exchangeable bond	(0.4)
Net increase in net borrowings	(865.9)
Net borrowings as at 30.06.12	(3,761.0)
Translation difference	210.8
Net borrowings as at 30.06.13	(4,416.1)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

RM million

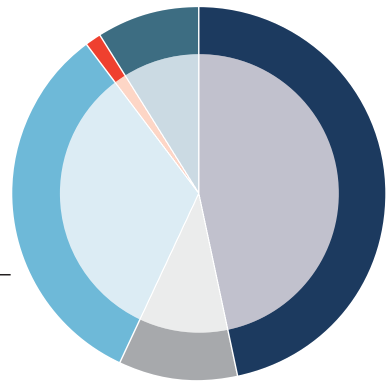
Assets*

Property, plant and equipment	5,928.6
Other long term assets	9,126.4
Other current assets	5,436.1
Cash and cash equivalents (A)	3,410.6



Equity and Liabilities*

Retained earnings	11,179.9
Share capital and other reserves	2,492.1
Borrowings (B)	7,826.7
Non-controlling interests	280.0
Other liabilities	2,123.0



NET BORROWINGS = (B)-(A) = RM4,416.1 MILLION
NET GEARING = 32%

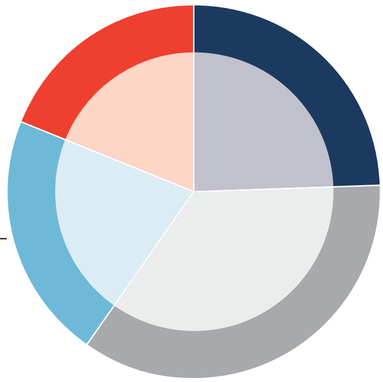
* *Includes respective Assets and Liabilities of Disposal Group Held for Sale/Held for Distribution to Owners as disclosed in Note 33 to the financial statements.*

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

RM million

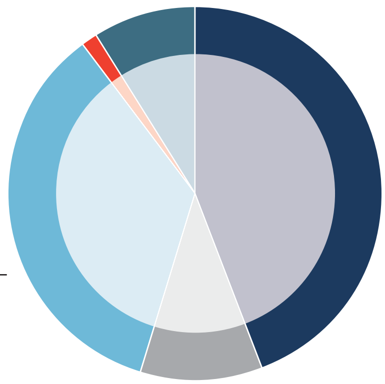
Assets

Property, plant and equipment	5,713.7
Other long term assets	8,165.6
Other current assets	4,824.9
Cash and cash equivalents (C)	4,360.7



Equity and Liabilities

Retained earnings	10,197.5
Share capital and other reserves	2,430.4
Borrowings (D)	8,121.7
Non-controlling interests	288.0
Other liabilities	2,027.3



NET BORROWINGS = (D)-(C) = RM3,761.0 MILLION
NET GEARING = 30%

RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

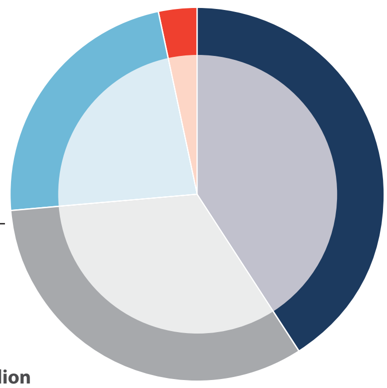
RM million

Segment results	2,635.4
Unallocated corporate income	98.4
Profit before interest and taxation	2,733.8
Net interest expenses	(227.0)
Profit before taxation	2,506.8
Taxation	(512.2)
Profit for the financial year	1,994.6
Less: Attributable to non-controlling interests	(24.5)
Profit for the financial year attributable to owners of the parent	1,970.1
Dividend paid	(990.5)
Changes in equity interest in subsidiaries	2.8
Retained earnings for the financial year	982.4
Retained earnings as at 30.06.12	10,197.5
Retained earnings as at 30.06.13	11,179.9

CONTRIBUTION TO SEGMENT RESULTS

RM million

Plantation	1,082.9
Property	863.1
Resource-based Manufacturing	603.5
Others	85.9



Segment Results: RM2,635.4 million

Group Performance Highlights

In RM million unless otherwise stated	2013	2012	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**13,516.5**	15,640.3	(14)
Profit before interest and taxation	**2,733.8**	2,520.2	8
Profit before taxation	**2,506.8**	2,378.9	5
Net operating profit after taxation ("NOPAT")	**2,204.9**	1,971.8	12
Net profit attributable to owners of the parent	**1,970.1**	1,789.4	10
Average shareholders' equity	**13,150.0**	12,313.6	7
Average capital employed	**22,004.5**	19,875.5	11
Operating margin (%)	**18.79**	15.13	24
Return on average shareholders' equity (%)	**14.98**	14.53	3
NOPAT/Average capital employed (%)	**10.02**	9.92	1
Basic earnings per share (sen)	**30.83**	27.96	10
Dividend per share - gross (sen)	**15.5**	15.5	–
Net assets per share (sen)	**214**	197	8
Dividend cover (number of times)	**1.99**	1.81	10
Interest cover (number of times)	**9.94**	13.45	(26)
PLANTATION PERFORMANCE			
FFB production (MT)	**3,408,935**	3,185,878	7
Yield per mature hectare (MT)	**24.46**	23.18	6
Mill production (MT)			
Crude palm oil	**708,028**	668,177	6
Palm kernel	**179,115**	164,235	9
Oil extraction rate (%)			
Crude palm oil	**20.84**	20.95	(1)
Palm kernel	**5.27**	5.15	2
Average selling price (RM/MT)			
Crude palm oil	**2,433**	3,135	(22)
Palm kernel	**1,241**	1,912	(35)
Operating profit (RM/mature hectare)	**7,398**	11,023	(33)
PROPERTY PERFORMANCE			
Sales value	**1,709.9**	856.3	100
Sales (unit)	**2,491**	1,412	76
Average selling price (RM'000)	**686**	606	13
Progress billings	**1,096.0**	784.1	40
MANUFACTURING PERFORMANCE			
OLEOCHEMICAL			
Plant utilisation (%)	**80**	77	4
Sales (MT)	**561,001**	624,542	(10)
REFINERY			
Plant utilisation (%)	**70**	77	(9)
Sales (MT)	**3,052,027**	2,919,543	5
SPECIALTY OILS AND FATS			
Plant utilisation (%)	**56**	88	(36)
Sales (MT)	**734,691**	665,785	10

Note:
Information of the Group Performance Highlights is before the classification of Discontinued Operations results pursuant to the internal reorganisation and demerger exercise as disclosed in Note 47 to the financial statements.

Group Quarterly Results

In RM million unless otherwise stated	1st Quarter	%	2nd Quarter	%	3rd Quarter	%	4th Quarter	%	2013	%
Revenue	3,370.2	25	3,593.8	26	3,199.1	24	3,353.4	25	13,516.5	100
Operating profit	750.0	30	673.0	26	686.8	27	430.6	17	2,540.4	100
Share of results of associates	30.7	28	32.0	29	23.4	21	25.0	22	111.1	100
Share of results of jointly controlled entities	9.9	12	18.4	22	20.3	25	33.7	41	82.3	100
Profit before interest and taxation	790.6	29	723.4	26	730.5	27	489.3	18	2,733.8	100
Interest income	12.4	23	13.2	25	14.5	27	13.2	25	53.4	100
Finance costs	(72.2)	26	(70.0)	25	(67.9)	24	(70.3)	25	(280.4)	100
Profit before taxation	730.8	29	666.6	27	677.1	27	432.2	17	2,506.8	100
Taxation	(117.1)	23	(126.3)	25	(112.6)	22	(156.1)	30	(512.2)	100
Profit for the financial year	613.7	31	540.3	27	564.5	28	276.1	14	1,994.6	100
Attributable to:										
Owners of the parent	604.3	31	531.0	27	567.8	29	267.1	13	1,970.1	100
Non-controlling interests	9.4	38	9.3	38	(3.3)	(13)	9.0	37	24.5	100
	613.7	31	540.3	27	564.5	28	276.1	14	1,994.6	100
Earnings per share (sen)										
Basic	9.44		8.31		8.89		4.18		30.83	
Diluted	9.41		8.29		8.87		4.17		30.75	
Profit before interest and taxation on segmental basis										
Plantation	401.2	37	304.3	28	208.3	19	169.1	16	1,082.9	100
Property development	111.8	18	140.5	22	181.6	28	203.8	32	637.7	100
Property investment	15.2	7	16.4	7	72.8	32	121.1	54	225.4	100
Manufacturing	73.2	12	174.9	29	226.1	38	129.3	21	603.5	100
Others	24.5	29	27.4	32	13.1	15	20.8	24	85.9	100
Segment results	625.9	24	663.5	25	701.9	27	644.1	24	2,635.4	100
Unallocated corporate income/(expenses)	164.7	167	59.9	61	28.6	29	(154.8)	(157)	98.4	100
Profit before interest and taxation	790.6	29	723.4	26	730.5	27	489.3	18	2,733.8	100

Note:
The Group Quarterly Results are before the classification of Discontinued Operations results pursuant to the internal reorganisation and demerger exercise as disclosed in Note 47 to the financial statements.

Financial Calendar

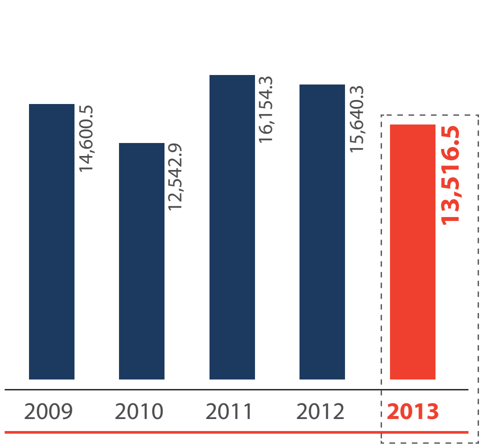
Financial Year End	**30 June 2013**		
Announcement of Results		**Payment of Dividends**	
1st Quarter	19 November 2012	1st Interim	
2nd Quarter	21 February 2013	Declaration	21 February 2013
3rd Quarter	21 May 2013	Book Closure	11 March 2013
4th Quarter	21 August 2013	Payment	20 March 2013
		2nd Interim	
		Declaration	21 August 2013
Notice of Annual General Meeting	27 September 2013	Book Closure	9 September 2013
Annual General Meeting	19 October 2013	Payment	26 September 2013

Five-Year Financial Highlights

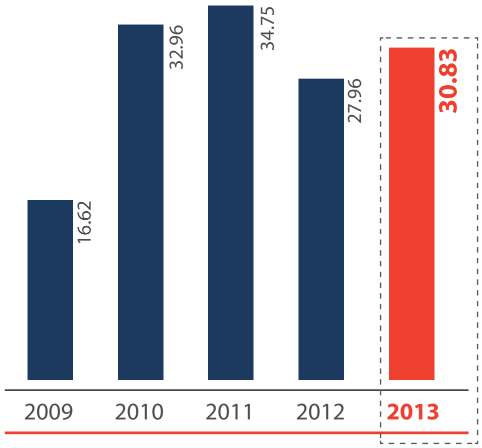
In RM million unless otherwise stated	2013	2012	2011	2010	2009
RESULTS					
Revenue [1]	**13,516.5**	15,640.3	16,154.3	12,542.9	14,600.5
Profit before taxation [1]	**2,506.8**	2,378.9	2,863.6	2,550.6	1,550.1
Taxation [1]	**(512.2)**	(550.4)	(573.1)	(485.5)	(486.9)
Profit for the financial year	**1,994.6**	1,828.5	2,290.5	2,065.1	1,063.2
Attributable to:					
Owners of the parent	**1,970.1**	1,789.4	2,222.9	2,035.7	983.5
Non-controlling interests	**24.5**	39.1	67.6	29.4	79.7
ASSETS [2]					
Property, plant and equipment	**5,928.6**	5,713.7	5,677.5	5,434.9	5,410.9
Prepaid lease payments	**129.2**	29.6	30.0	29.5	31.7
Land held for property development	**1,843.9**	1,858.9	834.5	913.3	866.2
Investment properties	**1,949.2**	1,326.7	1,062.5	1,113.6	1,104.6
Other long term investments	**–**	–	–	29.8	23.1
Associates	**870.9**	817.1	668.1	572.2	536.5
Jointly controlled entities	**3,686.1**	3,483.1	3,099.1	1,549.2	1,436.7
Other assets	**647.1**	650.2	580.3	540.8	564.9
	15,055.0	13,879.3	11,952.0	10,183.3	9,974.6
Current assets	**8,846.7**	9,185.6	7,703.1	7,160.1	6,007.3
	23,901.7	23,064.9	19,655.1	17,343.4	15,981.9
EQUITY AND LIABILITIES [2]					
Share capital	**643.4**	642.7	641.6	667.6	624.7
Reserves	**13,028.6**	11,985.2	11,357.6	10,112.6	7,721.6
	13,672.0	12,627.9	11,999.2	10,780.2	8,346.3
Non-controlling interests	**280.0**	288.0	262.2	289.3	426.1
Total equity	**13,952.0**	12,915.9	12,261.4	11,069.5	8,772.4
Non-current liabilities	**8,280.9**	7,946.5	5,105.7	4,841.3	5,932.4
Current liabilities	**1,668.8**	2,202.5	2,288.0	1,432.6	1,277.1
Total liabilities	**9,949.7**	10,149.0	7,393.7	6,273.9	7,209.5
	23,901.7	23,064.9	19,655.1	17,343.4	15,981.9
Net operating profit after tax ("NOPAT")	**2,204.9**	1,971.8	2,417.9	2,231.0	1,236.3
Average shareholders' equity	**13,150.0**	12,313.6	11,389.7	9,563.3	8,368.8
Average capital employed [3]	**22,004.5**	19,875.5	17,229.2	15,611.9	15,426.1
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**30.83**	27.96	34.75	32.96	16.62
Gross dividend per share (sen)	**15.5**	15.5	17.0	17.0	8.0
Net assets per share (sen)	**214**	197	187	169	140
Return on average shareholders' equity (%)	**14.98**	14.53	19.52	21.29	11.75
NOPAT/Average capital employed (%)	**10.02**	9.92	14.03	14.29	8.01
Net debt/Equity (%) [4]	**32.30**	29.78	21.77	8.16	37.08

1 The results are before the classification of Discontinued Operations results pursuant to the internal reorganisation and demerger exercise as disclosed in Note 47 to the financial statements.
2 Includes respective Assets and Liabilities of Disposal Group Held for Sale/Held for Distribution to Owners as disclosed in Note 33 to the financial statements.
3 Average capital employed comprises shareholders' equity, non-controlling interests, long term liabilities, short term borrowings and deferred taxation.
4 Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.

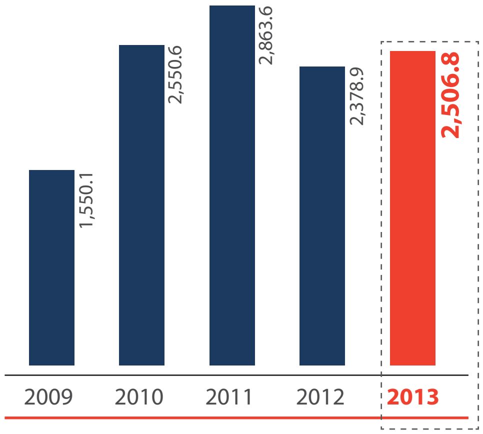
REVENUE
RM million



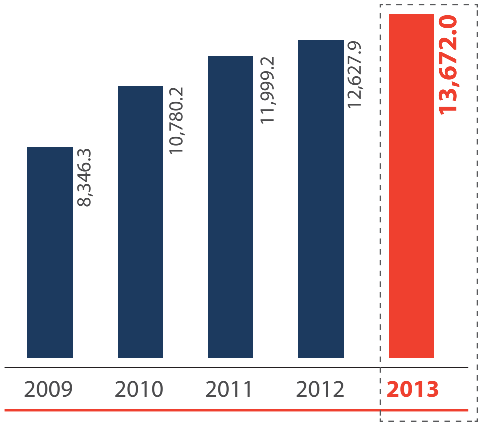
EARNINGS PER SHARE
Sen



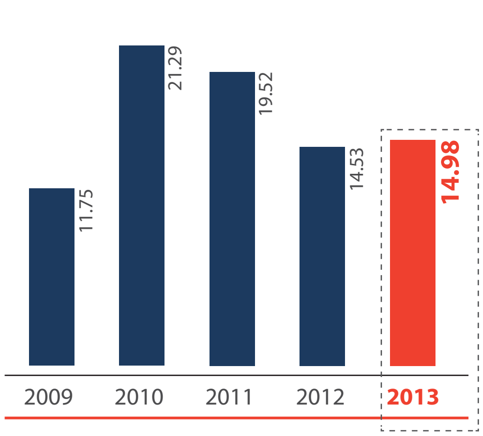
PROFIT BEFORE TAXATION
RM million



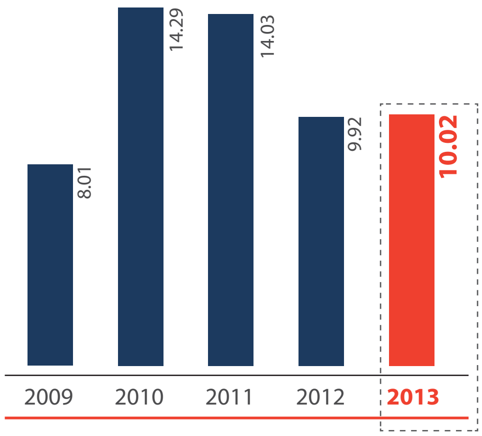
SHAREHOLDERS' EQUITY
RM million



RETURN ON AVERAGE SHAREHOLDERS' EQUITY
%

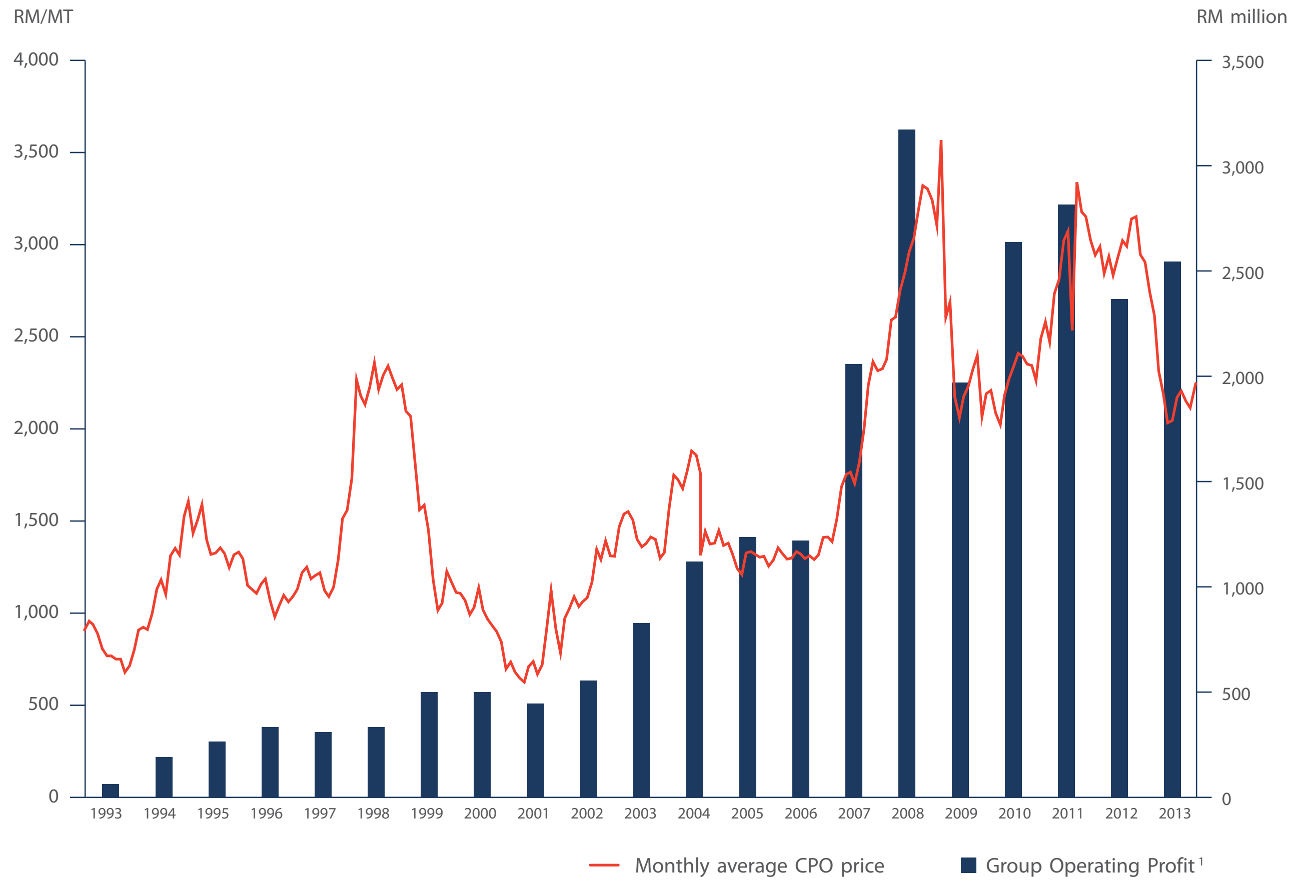


NOPAT/AVERAGE CAPITAL EMPLOYED
%



Management's Discussion and Analysis
Group Financial Review

GROWING THROUGH THE CYCLE



INTRODUCTION

The purpose of this review is to highlight and provide brief insights on key financial and operating information at Group level. A more detailed commentary on operating performance is covered under the respective business segment reports.

KEY FINANCIAL INDICATORS

		2013	2012	Change %
Profit before interest and taxation ("EBIT") [1]	*RM million*	**2,733.8**	2,520.2	8
Pre-tax earnings [1]	*RM million*	**2,506.8**	2,378.9	5
Net earnings	*RM million*	**1,970.1**	1,789.4	10
Return on average shareholders' equity ("ROE")	*%*	**14.98**	14.53	3
Return on average capital employed ("ROCE")	*%*	**10.02**	9.92	1
Net operating profit after taxation ("NOPAT")	*RM million*	**2,204.9**	1,971.8	12
Economic profit	*RM million*	**589.5**	465.0	27
Total return to shareholders				
– Change on share price (per RM0.10 share)	*RM*	**0.25**	(0.11)	327
– Gross dividend (per RM0.10 share)	*sen*	**15.5**	15.5	–
Net cash flow generated from operation	*RM million*	**2,775.2**	2,131.7	30
Net gearing	*%*	**32.3**	29.8	8

1 The results are before the classification of Discontinued Operations results pursuant to the internal reorganisation and demerger exercise as disclosed in Note 47 to the financial statements.

FINANCIAL HIGHLIGHTS AND INSIGHTS

- At Group level, the results for FY2013 versus FY2012 are best compared and explained at three levels, mainly, EBIT, Pre-tax and Net Earnings, as different factors affected the changes between the two fiscal years at the respective levels.

- Looking at **EBIT**, contributions from the segments are as follows:

	2013 RM million	Mix %	2012 RM million	Mix %	Change %
Plantation	**1,082.9**	**40**	1,638.5	65	(34)
Downstream manufacturing	**603.5**	**22**	287.1	11	110
Palm oil – Total	**1,686.4**	**62**	1,925.6	76	(12)
Property	**863.1**	**31**	704.0	28	23
Others including unallocated corporate income/(expenses)	**184.3**	**7**	(109.4)	(4)	268
EBIT	**2,733.8**	**100**	2,520.2	100	8

- Plantation segment's EBIT decreased by 34% to RM1,082.9 million, due mainly to lower CPO and PK prices realised, despite a higher FFB production.

- The downstream manufacturing segment's EBIT increased by 110% to RM603.5 million. The higher profit is mainly due to higher margin from all the sub-segments as well as increase in sales volume from the refining and specialty oils and fats sub-segments.

- The property segment registered an increase of 23% in EBIT to RM863.1 million, due mainly to higher development revenue recognised in the financial year as well as increase in share of results from jointly controlled entities.

- The other segment, including unallocated corporate income and expenses, comprises primarily the gain or loss on translation difference on foreign currency denominated borrowings with gain of RM191.4 million and loss of RM327.1 million registered in FY2013 and FY2012 respectively.

- **Pre-tax Earnings** increased by 5% over the last financial year. The lower percentage increase as compared to EBIT percentage increase is due to higher finance costs.

- At the **Net Earnings level**, profit attributable to owners of the parent increased by 10% to RM1.97 billion.

- For FY2013, the Group recorded a **ROE** of 14.98% based on an average shareholders' equity of RM13.15 billion (FY2012 – RM12.31 billion), improved from 14.53% for the last financial year due mainly to increase in net earnings.

- The **ROCE** of 10.02% for FY2013 improved marginally as compared to 9.92% for FY2012.

- The Group strives to enhance ROE and ROCE by continuous improvement in operating performance and by active management of its capital structure. Initiatives undertaken by the Group include maintaining dividend pay-outs, share buy-back (and cancellation) programme and a continuous review and adjustment of the Group's debt gearing ratio having regard to maintaining stable credit ratings.

FINANCIAL HIGHLIGHTS AND INSIGHTS (CONTINUED)

Equity reduction for the purpose of capital management includes the following:

	2013 RM million	2012 RM million
Total dividend	**990.1**	991.2
Share buy-back	**96.1**	139.6
Total equity repayments	**1,086.2**	1,130.8
% of net earnings for the financial year	**55%**	63%

The Group targets an average equity payout of approximately 50% of net earnings.

- The Group generated an **Operating Cash Flow** of RM2,775.2 million for FY2013 against RM2,131.7 million for the previous financial year. Similarly, **Free Cash Flow** increased from RM1,734.9 million to RM2,226.1 million in line with the stabilisation of working capital requirements.

- For FY2013, the Group spent a total of RM553.5 million (FY2012 – RM399.8 million) for **Capital Expenditure ("Capex")**.

- The Group's **Shareholders' Equity** as at 30 June 2013 stood at RM13.7 billion, an increase of RM1.0 billion or 8% over the previous financial year. The increase was mainly due to net earnings for the financial year of RM1.97 billion, offset by dividend payment of approximately RM1.0 billion.

- The Group's **Net Interest Cover** is 9.9 times as compared to 13.5 times for the last financial year.

- From an economic profit perspective, the Group achieved an economic profit [i.e. a surplus of **NOPAT** over its **Weighted Average Cost of Capital ("WACC")**] of RM589.5 million for FY2013 as compared to RM465.0 million for FY2012. The increase is due to a higher NOPAT of RM2,204.9 million (FY2012 – RM1,971.8 million). The WACC for FY2013 is 7.3% (FY2012 – 7.6%).

RETURNS TO SHAREHOLDERS

Two interim dividends totalling 15.5 sen per ordinary share amounting to a total payout of approximately RM990.1 million were declared for FY2013. The dividends represent an approximately 50% distribution of the Group's net profit attributable to owners of the parent.

If a shareholder had bought 1,000 ordinary shares in the Company when it was listed in 1980 and assuming the shareholder had subscribed for all rights issues to date and had not sold any of the shares, he would have as at 30 June 2013, 76,000 ordinary shares of RM0.10 each worth RM413,440 based on a share price of RM5.44. The appreciation in value together with the dividends received less capital outlay translates to a remarkable compounded annual rate of return of 20.7% for each of the 33 years since the Company was listed.

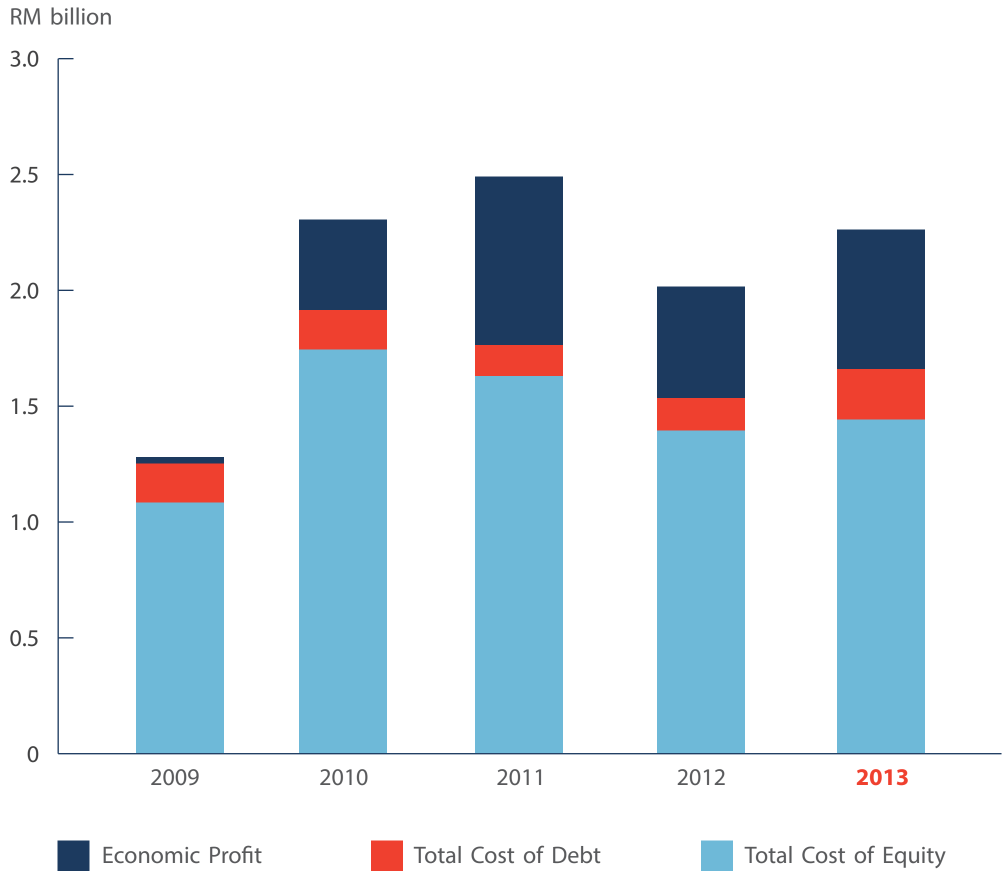
The Company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2013 stood at RM3.4 billion, and a net gearing ratio of 32%.

FIVE-YEAR PROFIT TREND

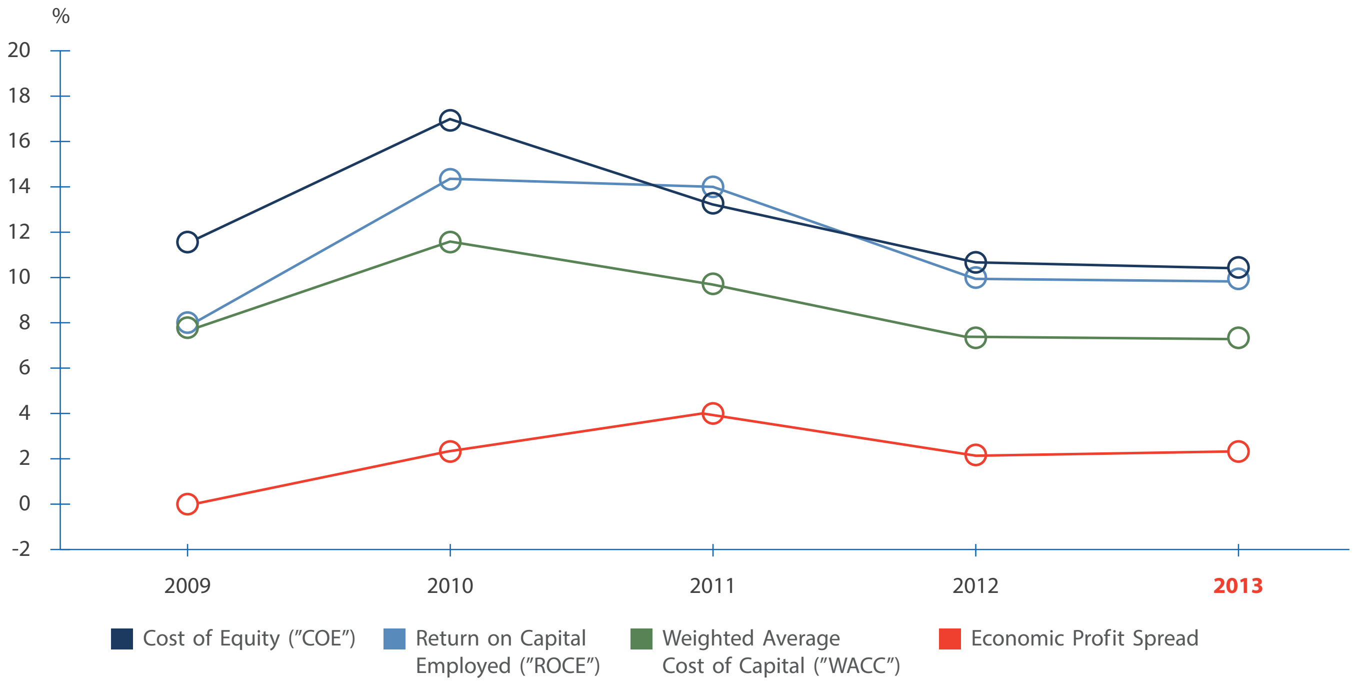
An analysis on the distribution of the Group's NOPAT between cost of debt, cost of equity and economic profit.

In RM million	2009	2010	2011	2012	2013
Economic Profit	15.2	386.6	713.4	465.0	**589.5**
Total Cost of Debt	173.1	165.9	127.4	143.3	**210.3**
Total Cost of Equity	1,048.0	1,678.5	1,577.1	1,363.5	**1,405.1**
NOPAT	1,236.3	2,231.0	2,417.9	1,971.8	**2,204.9**

DISRTRIBUTION OF NOPAT

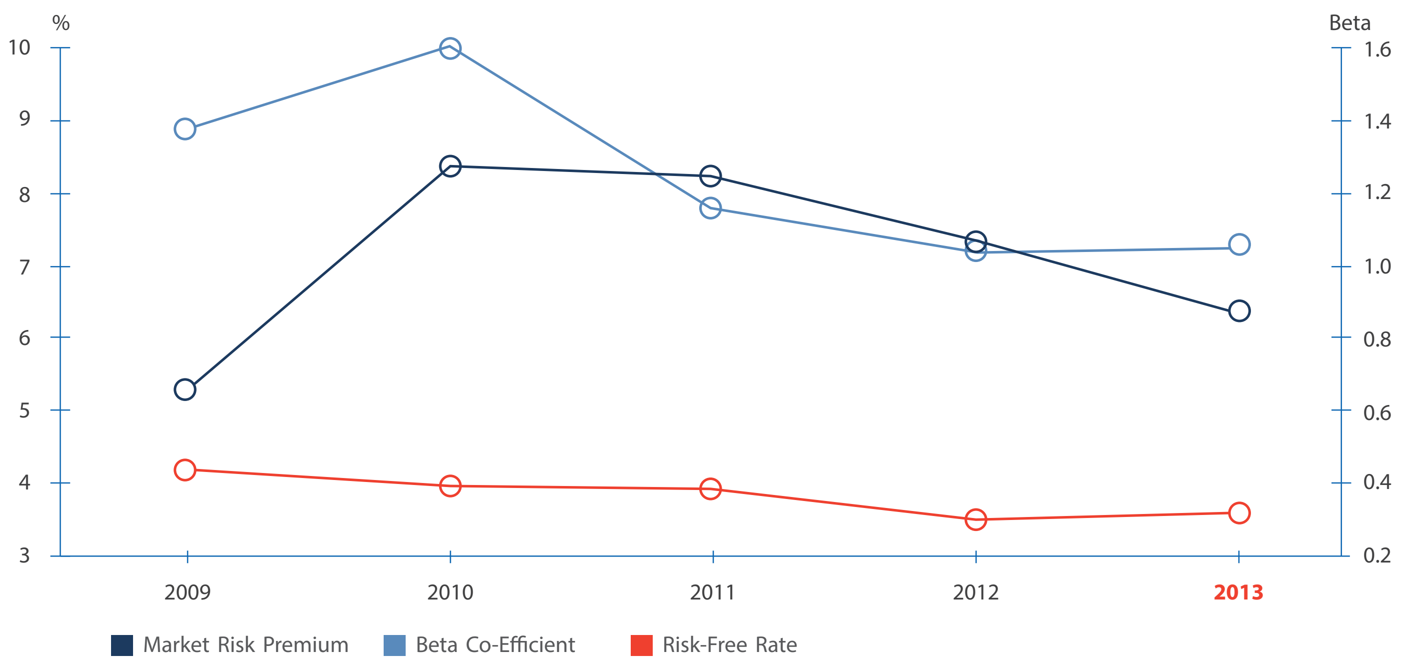


COE, ROCE, WACC AND ECONOMIC PROFIT



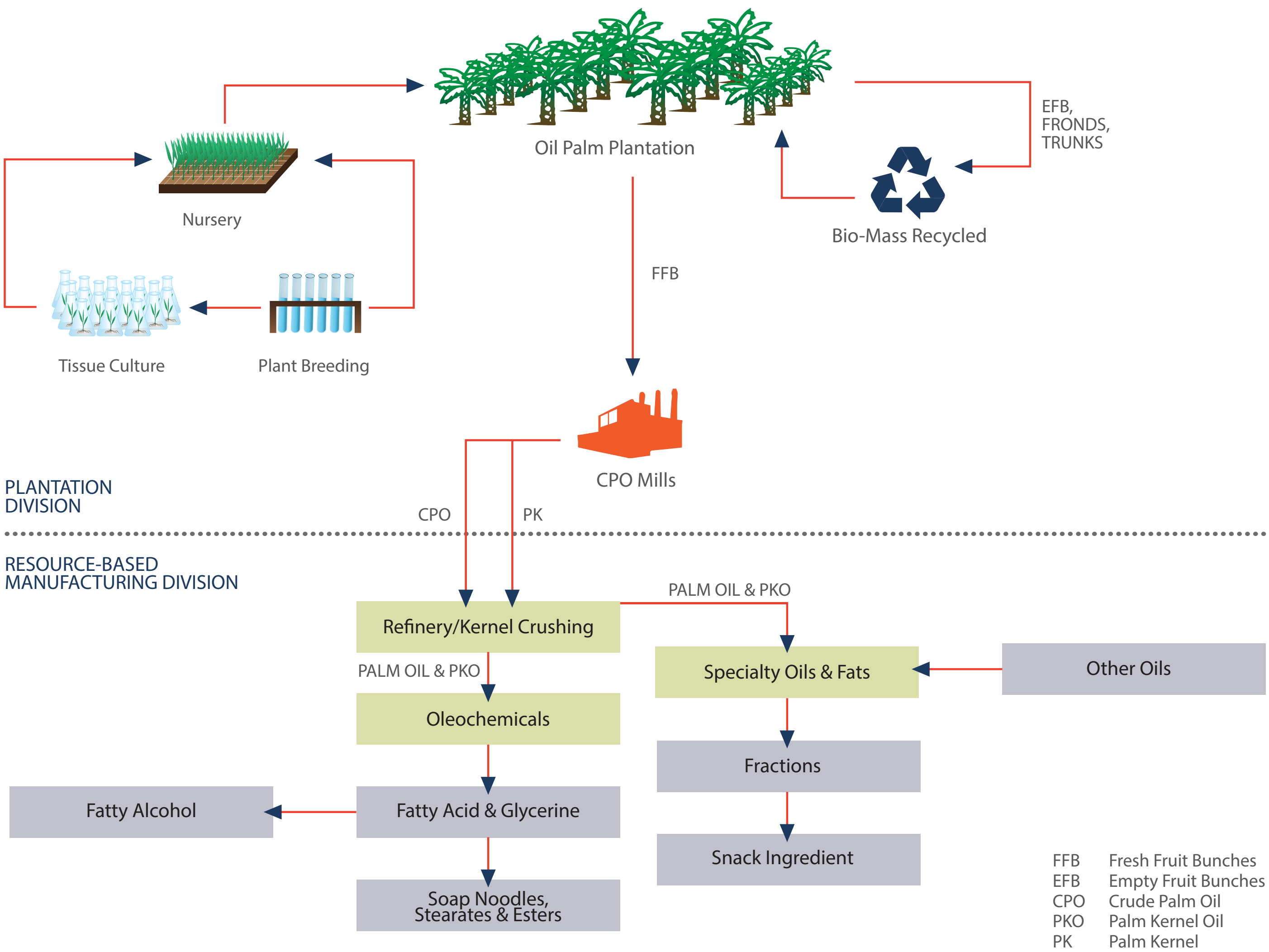
The computations of COE, ROCE and Economic Profit were based on the following parameters:

RISK FREE RATE, MARKET RISK PREMIUM AND BETA CO-EFFICIENT



PALM OIL BUSINESS STREAM

The Group's palm oil business comprises the plantation and downstream resource-based manufacturing divisions. The vertical integration of these two business divisions has increased significantly over the last few years as the Group expanded and moved more aggressively into downstream activities. Consequently, a substantial portion of the Group's plantation produce, i.e. crude palm oil and palm kernel, is being utilised in our downstream manufacturing operations. For the financial year ended 30 June 2013, approximately 93% (FY2012 – 94%) of our plantation revenue of RM2.0 billion comprises sales to our manufacturing division. To supplement downstream requirement, purchase of CPO and PKO are also made from pre-qualified suppliers. The integration of the two business divisions is best illustrated in the following diagrams:



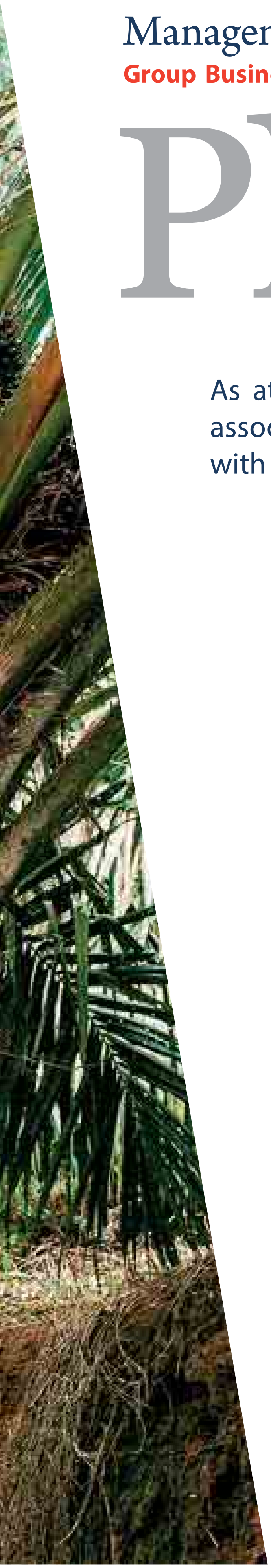
Improving sustainable yields

Our commitment to efficiency and good plantation management practices marks a sustainable journey of improved fresh fruit bunches yields, oil and kernel extraction rates, and overall efficiency of our plantation business. Progressive efforts to cultivate clonal palms with superior traits through tissue culture research and molecular genomic research also ensure a future of productive yields.

Management's Discussion and Analysis

Group Business Review – Plantation

Plantation



As at 30 June 2013, the Group's total planted area – excluding that owned by associate companies – stood at 161,754 hectares (FY2012 – 158,881 hectares) with approximately 99% of the estates' planted area planted with oil palm.

The Group has 84 estates, additional two estates from Indonesia as compared to previous financial year and the total oil palm planted area as at the end of the financial year under review stood at 160,626 hectares, an increase of 2,874 hectares from the previous financial year. Approximately 64% of the Group's oil palm plantation holdings are in East Malaysia, 29% in Peninsular Malaysia and the remaining 7% in Indonesia. The Group's plantation produce are principally processed by its 12 palm oil mills with an annual milling capacity of approximately 4,000,000 tonnes of fresh fruit bunches ("FFB").

The Group's plantation business over the years has been able to sustain as one of the most cost efficient producers in the industry due to management's emphasis on continuous improvement in efficiency and productivity of its operations. Achievements in productivity are the result of years of concerted effort and commitment to good plantation management practices.

Our commitment to quality in the plantation business begins with the use of superior planting materials to ensure high oil yield as well as quality of the palm oil produced. We have a dedicated research team focused on improving FFB yields, the oil and kernel extraction rates and carrying out research involving tissue culture to cultivate clonal palms with superior traits.

Our Tissue Culture Laboratory, with BioNexus status, was originally set up in the late 80s for research and development in large scale tissue culture propagation of high yielding oil palm clones. The expertise and cutting-edge technology for the mass propagation of high yielding oil palm clones had been developed through years of intensive and systematic research. In recent years, the Tissue Culture Laboratory had produced over 800,000 high yielding clonal palms per year. Through our intensive research and development efforts, we expect to increase the production of oil palm clones to a million per year in the coming years. Moving forward, we will continue our research and development efforts including research on oil palm molecular marker and further our international collaboration on palm genome research. We believe that this helps to ensure the high yields of our oil palms and helps to ensure optimum sustainability of our oil palm business.

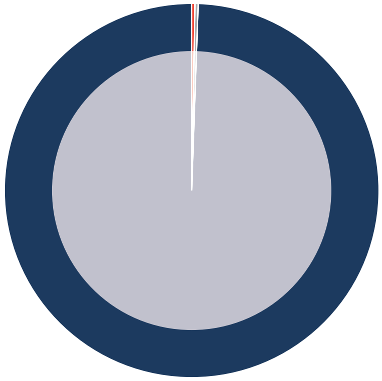
The yields of oil palms also depend on other factors such as soil and climatic conditions, the quality of plantation management, and harvesting and processing of the FFB at the optimum time. In this respect, hands-on management, proactive attitude and attention to details have contributed to higher productivity. In addition, we also have a team of in-house agronomists to conduct various analyses and studies with the objective of ensuring quality palms and fruits, including studies on oil palm nutrient status, palm appearance, ground conditions, pests and diseases affecting palms and pruning methods to ensure that best practices for sustainable agriculture are practised by the Group.

Estate worker harvesting FFB with a chisel.

CROP MIX

Oil Palm	160,626 Ha	99.3%
Rubber	495 Ha	0.3%
Others	633 Ha	0.4%

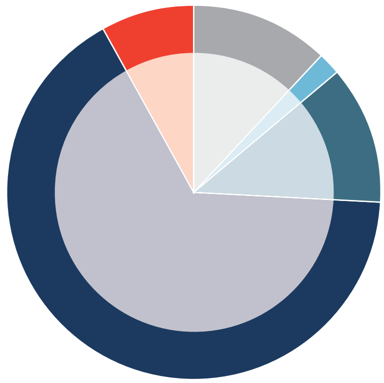
Total Planted Area = 161,754 Ha



OIL PALM HECTARAGE BY AGE

Prime	106,259 Ha	66%
Young	13,543 Ha	8%
Immature	18,551 Ha	12%
Due	3,010 Ha	2%
Past Prime	19,263 Ha	12%

Total Planted Area = 160,626 Ha



PLANTATION STATISTICS

CROP STATEMENT

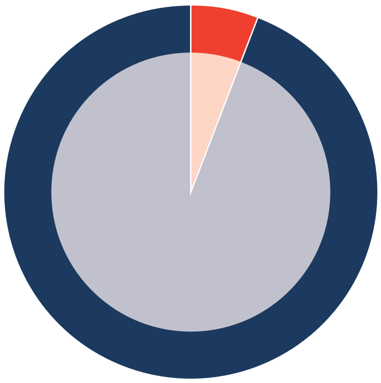
	2013	2012	2011	2010	2009
Oil Palm					
Average mature area harvested (hectare)	**139,379**	137,455	139,072	139,352	139,323
FFB production (tonne)	**3,408,935**	3,185,878	3,295,473	3,405,090	3,626,776
Yield per mature hectare (tonne)	**24.46**	23.18	23.70	24.44	26.03
Mill production (tonne)					
Crude palm oil	**708,028**	668,177	686,917	732,275	777,310
Palm kernel	**179,115**	164,235	165,701	170,876	182,075
Oil extraction rate (%)					
Crude palm oil	**20.84**	20.95	20.88	21.53	21.38
Palm kernel	**5.27**	5.15	5.04	5.02	5.01
Average selling price (RM/tonne)					
Crude palm oil	**2,433**	3,135	2,945	2,372	2,831
Palm kernel	**1,241**	1,912	2,241	1,229	1,279
Operating profit (RM/mature hectare)	**7,398**	11,023	11,075	8,148	11,448
Rubber					
Mature area tapped (hectare)	**–**	–	–	–	200
Rubber production ('000 kg)	**–**	–	–	–	449
Yield per mature hectare (kg)	**–**	–	–	–	2,243
Average selling price (RM/kg)	**–**	–	–	–	3.78
Operating profit (RM/mature hectare)	**–**	–	–	–	8,470

OIL PALM HECTARAGE BY REGION

East Malaysia – 64%

Mature	96,677 Ha	94%
Immature	5,677 Ha	6%

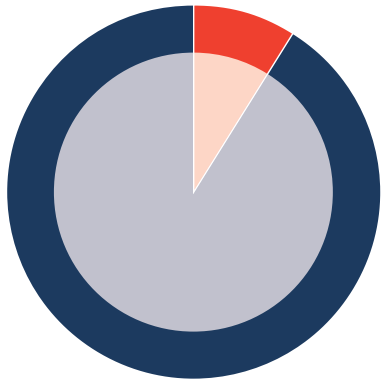
Total Oil Palm Area = 102,354 Ha



Peninsular Malaysia – 29%

Mature	42,475 Ha	91%
Immature	4,300 Ha	9%

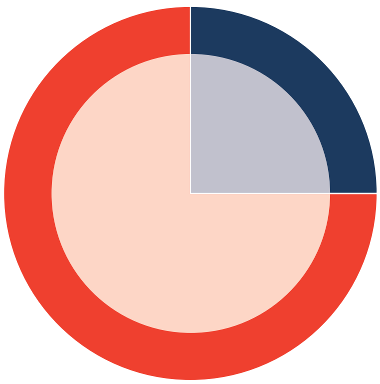
Total Oil Palm Area = 46,775 Ha



Indonesia – 7%

Mature	2,923 Ha	25%
Immature	8,574 Ha	75%

Total Oil Palm Area = 11,497 Ha



AREA STATEMENT

IN HECTARES

	2013	2012	2011	2010	2009
Oil Palm					
Mature	**142,075**	138,892	139,582	138,675	139,597
Immature	**18,551**	18,860	17,463	16,034	11,334
	160,626	157,752	157,045	154,709	150,931
Rubber					
Mature	**–**	–	–	–	–
Immature	**495**	496	496	438	438
	495	496	496	438	438
Others	**633**	633	633	632	622
Total planted area	**161,754**	158,881	158,174	155,779	151,991
Nursery	**114**	129	126	148	119
Estate under development	**2,303**	2,454	3,801	4,694	2,893
Housing projects	**1,242**	1,242	1,242	1,242	1,244
Labour lines, building sites and infrastructure	**17,794**	17,294	16,631	17,021	16,733
Total area	**183,207**	180,000	179,974	178,884	172,980

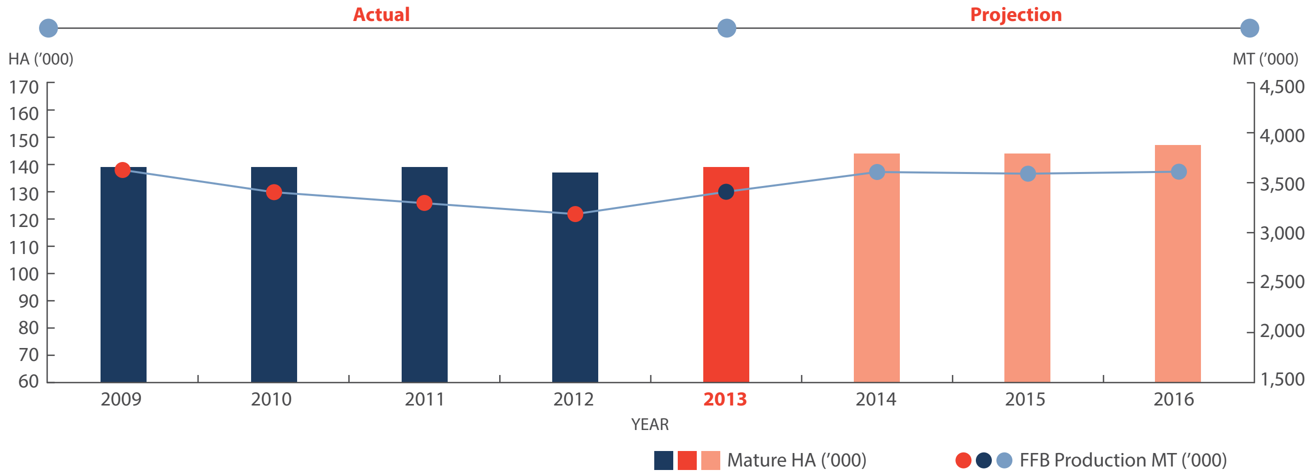
01 *Buffaloes are used to assist estate workers in collecting FFB.*

02 *Ripe FFB to be transported to palm oil mill for processing.*

03 *Cutting-edge research technology facilitates development of high-yielding oil palm clones with desirable traits.*

04 *An overview of Pamol Estate showcasing young oil palm trees (foreground) and mature plantation overlooking the hilly terrains of Mount Kinabalu.*

MATURE OIL PALM AREA/FFB PRODUCTION

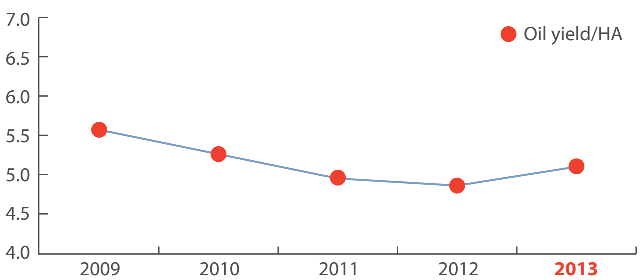


OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.409 million MT of FFB, about 7% higher than the previous year mainly due to improved yield.

The average FFB yield per mature hectare for FY2013 was also approximately 6% higher compared to previous financial year. With higher FFB yield for FY2013 at 24.46 MT (FY2012 – 23.18 MT) per mature hectare and slightly lower oil extraction rate of 20.84% (FY2012 – 20.95%), the average CPO yield has increased to 5.10 MT per mature hectare as compared to a yield of 4.86 MT per mature hectare for FY2012.

OIL YIELD PER MATURE HECTARE



The Group's best performing estate was Moynod Estate in Sabah which achieved a yield of 6.8 MT of CPO per hectare for FY2013.

For FY2013, the Group's plantation division recorded an operating profit of RM1,082.9 million, a decrease of 33.9% from FY2012's RM1,638.5 million. The decrease in profit was due mainly to lower CPO price realised of RM2,433/MT (FY2012 – RM3,135/MT) moderated by higher FFB production.

The cess and tax incurred for the financial year are as follows:

	2013 RM'000	2012 RM'000
MPOB cess	**9,205**	8,687
Windfall profit levy	**3,332**	21,168
Sabah sales tax	**85,279**	104,288
	97,816	134,143

Operating profit per mature hectare of oil palm decreased to RM7,398 per hectare for the financial year under review as compared to RM11,023 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM103.3 million for FY2013 as compared to RM84.3 million for the previous financial year. The capital expenditure was primarily incurred on new planting, staff quarters, road, bridges and agricultural equipment. As for replanting expenditure, RM52.4 million was charged out to the income statement for FY2013 compared to RM55.0 million for the previous financial year.

For FY2013, we have replanted 5,175 hectares of oil palm with our own high yielding material which includes clonal palms. Going forward, we will replant 5,000 to 8,000 hectares per year. As for new planting activities in Indonesia, we have planted 11,497 hectares to-date and we target to plant about 6,000 hectares per year in the next three years.

OUTLOOK & PROSPECTS

After going through a period of relatively low prices since September 2012, palm oil prices are expected to improve in the current FY2014. With the slightly improved labour shortage situation and the maturing age profile of the higher-yielding oil palm trees replanted during the last few years, the Group is confident that its FFB yield and oil extraction rate will see a continuous improvement during the next few years.


creative
studio

RESOURCE-BASED MANUFACTURING

Delivering value through expansion

Our cutting-edge manufacturing facilities demonstrate our relentless pursuit to deliver high quality value-added products to our customers. We have expanded our manufacturing facilities in Malaysia and abroad to meet the growing demands of our global customers. To further boost our global palm oil business, innovative solutions and value-added products are constantly introduced.

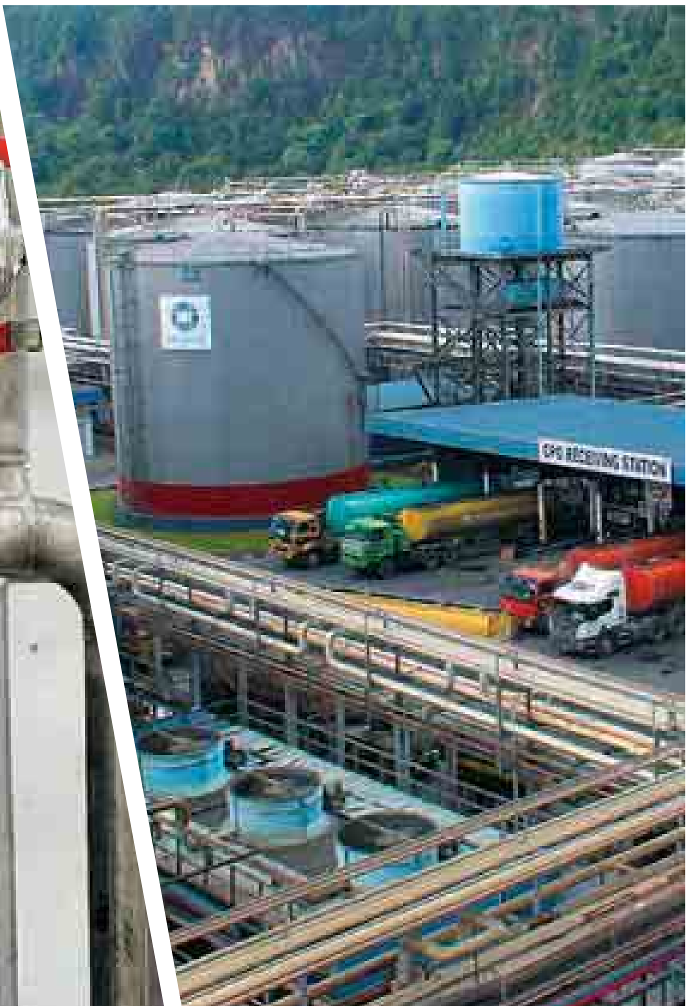
Management's Discussion and Analysis

Group Business Review – Resource-based Manufacturing

Resource-based Manufacturing

The Group's resource-based manufacturing division is an essential segment of our palm oil business and consists of the downstream refining of crude palm oil, and the processing of refined palm oil and palm kernel oil into oleochemicals and specialty oils and fats. Crude palm oil and palm kernel oil are processed into products that are used in various industries including food, personal care, households, pharmaceutical, cosmetics and chemicals.

R&D effort being carried out in IOI Lipid Enzymtec plant to optimise the refining conditions of nutritional lipids and specialty fats.



The CPO receiving station at IOI Edible Oils, Sandakan, Sabah is equipped with separate receiving bays for Certified Sustainable Palm Oil.

REFINING

IOI Group owns four palm oil refineries, three located in Malaysia and one in the Netherlands. They have a combined annual refining capacity of 3,300,000 MT.

In Malaysia, two of the refineries are situated in Pasir Gudang, Johor. They have a combined annual refining capacity of 1,100,000 MT. The third refinery in Malaysia is located in Sandakan, Sabah and has an annual refining capacity of 1,000,000 MT. The fourth refinery located in Rotterdam, Netherlands has an annual refining capacity of 1,200,000 MT. Our refineries are strategically located along the major shipping routes with direct port access.

These refineries produce palm and palm kernel oil fractions for export as well as feedstock for the Group's downstream activities. Our manufacturing premises are ISO 9001:2000 and HACCP-accredited. In addition, in line with the Group's commitment to the Roundtable on Sustainable Palm Oil ("RSPO"), our refineries are RSPO-certified to handle segregated RSPO oil on a large scale.

With the Group's integrated business model from plantation to specialty fats and oleochemicals, our refineries play an important role in the supply chain and we are in a favourable market position to cater to our customers' needs.

01 *IOI Loders Croklaan Europe's plant at Rotterdam is the largest palm oil refinery in the continent and plays a key role in meeting global customers' demand for sustainable palm oil.*

02 *The automated packing assembly line at IOI Oleochemical, Prai increases production efficiency.*

03 *The steam engineer and boilerman closely monitoring the boiler's performance to ensure its optimum working condition.*

OLEOCHEMICALS MANUFACTURING

The principal activities of the oleochemical sub-segment are the manufacturing and sales of fatty acids, glycerine, soap noodles and fatty esters. These versatile products are used in a wide variety of applications, including manufacturing of detergents, surfactants, shampoo, soaps, cosmetics, pharmaceutical products, food additives and plastics. The oleochemical products are exported to more than 60 countries worldwide mainly to Europe, Japan and China. Its customers include some of the world's largest multinational corporations.

The oleochemicals manufacturing activities are undertaken in Penang and Johor by various wholly-owned subsidiaries of IOI Oleochemical Industries Berhad and Pan-Century Oleochemicals Sdn Bhd respectively. With a combined total capacity of 720,000 MT, the oleochemical sub-segment is one of the leading vegetable-based oleochemical producers in the world. IOI Oleochemical Industries Berhad, through its wholly-owned subsidiary Esterchem (M) Sdn Bhd, is also expanding its fatty esters production capacity by another 20,000 MT per annum to come on-stream by the second quarter of 2014.

The successful integration of the overall supply chain and the streamlining of its product branding has enabled the oleochemical sub-segment to attain greater economies of scale and to better meet and satisfy customer needs. This is in line with the Group's business philosophy to develop our existing customers into long-term business partners.

Our manufacturing facilities are the recipients of numerous awards and recognitions at national and international levels, in addition to being certified and accredited by globally recognised bodies in various areas of quality and international standards compliance. These achievements are evidence of our relentless commitment to quality, environmental protection, occupational health and safety.

SPECIALTY OILS AND FATS

The specialty oils and fats manufacturing business of the Group is carried out by IOI Loders Croklaan which is also a downstream refining manufacturer. A global market leader, it has manufacturing operations in the Netherlands, USA, Malaysia, and Canada, and sales to more than 85 countries worldwide. It has one of the most developed specialty oils and fats technology bases in the industry with a corporate history tracing back to 1887, when Loders & Nucolene was founded in London.

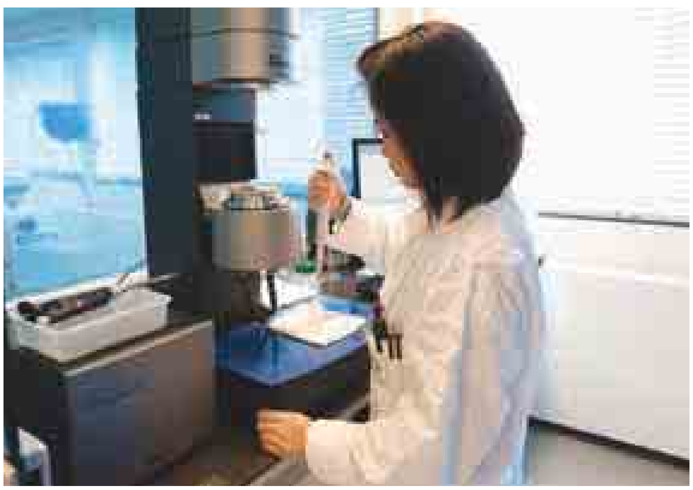
The specialty oils and fats business of IOI Loders Croklaan consists of supplying fractionated oils and blends, specifically formulated as ingredients required by the processed food industry, principally for applications in the bakery, confectionery, frying, margarine and infant nutrition sectors. The products are mainly coating fats (Coberine®, Couva®, CLSP®), filling fats (Creamelt®, Biscuitine®, Prestine®, Freedom®), shortenings (SansTrans®), hard stocks (Crokvitol®), high stability oils (Durkex®) and human milk fat replacer (Betapol®).

In the ten years since IOI acquired the business, IOI Loders Croklaan's capabilities have been transformed with a series of important strategic investments:

- 2004 – Rotterdam Phase 1 bulk oil refinery
- 2005 – Acquisition of Pasir Gudang facility to create IOI Loders Croklaan Asia
- 2005 – Conversion of Channahon plant to a palm oil processing plant and the start of trans fat free solutions for the US market
- 2008 – Rotterdam Phase 2 enzymatic interesterification facility for margarine and bakery applications
- 2010 – IOI Lipid Enzymtec facility in Pasir Gudang providing technologically advanced components for cocoa butter equivalents ("CBEs"), Betapol® and other applications
- 2011 – Channahon expansion, doubling its capacity to meet further growth in demand for trans fat free products in North America
- 2012 – Replacement of deodoriser at Wormerveer, expanding its capacity and improving reliability

These investments in process capabilities, combined with the advantages of a vertically integrated palm oil supply chain, and the technical know-how embedded in IOI Loders Croklaan's culture provide us with competitive advantage. One which allows us to serve over 500 customers worldwide with a diverse product portfolio, provided through an effective and efficient supply chain.

IOI Loders Croklaan has also developed the Creative Studio concept over the last few years, opening branches in Wormerveer, the Netherlands (2010), Pasir Gudang, Malaysia (2011) and most recently in Channahon, USA. Through the Creative Studio concept, IOI Loders Croklaan establishes new partnerships on product development where our customers' food technologists can work collaboratively with our own lipid experts to create innovative solutions specifically for application to their own products.



IOI Loders Croklaan combines technology and human expertise to deliver superior products that give our global customers the competitive advantage.

+110%

FY2013 Net Profit
increased to RM603.5 million.

01


02


03


OPERATIONS REVIEW

The resource-based manufacturing division reported a profit of RM603.5 million in FY2013 which is 110% higher than the reported profit of RM287.1 million in FY2012. The higher profit is mainly due to higher margin from all the sub-segments as well as an increase in sales volume from the refining and specialty oils and fats sub-segments.

For the refining sub-segment, the margins were better from the second quarter onwards due to the sharp drop in CPO price from RM3,100 to a low of RM2,250 within a month caused by high production and rapid stocks build-up. Palm prices have been trading in a sideways mode at between RM2,250 and RM2,500 for the rest of the financial year.

As for the oleochemical sub-segment, it was operating on the back of improved market conditions. While the US and European economies remained uncertain, demand for oleochemical products especially from the North East Asia region surpassed expectations. In addition, lower prices of CPKO and RBDST, the main feedstock for our oleochemicals manufacturing, had resulted in improved competitiveness of our oleochemical products. The sub-segment was also lifted by positive revision of export duty structure by the Malaysian Government and delay in the coming on-stream of new Indonesian oleochemical plants. These factors contributed to an increase in margin growth compared to the previous financial year. This was made possible by focusing more on business segments that gave better overall returns.

In FY2013, the specialty oils and fats sub-segment showed a significant improvement in earnings, with EBIT for the sub-segment rising 109% on an overall volume improvement of 10%. Performance of the Asia and Americas regions showed strong improvements over prior year, while our European operations continue to encounter economic difficulties and posted a performance on par with prior year. With no major new capital expenditure, the sub-segment was able to generate much improved cash flows to the Group.

OUTLOOK & PROSPECTS

In the year ahead, we expect the Group's oleochemical business to continue to perform well due to relatively low feedstock prices. The refining and specialty oils and fats businesses will also perform satisfactorily due to better competitive position as a result of the CPO export duty structure in Malaysia. However, we do expect to face challenges in the downstream activities as Indonesia's aggressive expansion comes on-stream in line with the differentiated export duty structure between crude palm oil and processed palm oils. Reportedly, refining capacities of Indonesia will increase by 25% to 28% every year from 2012 to 2014.

Going forward, the oleochemical sub-segment will commission an additional fatty ester production capacity of 20,000 MT per annum by the second quarter of 2014 in response to the Malaysian Government's call to improve the country's economy under the Economic Transformation Programme. As for the specialty oils and fats sub-segment, we expect continued growth in volumes and earnings in our Asian and American operations as they fill the capacity built over the last few years. An investment in our smaller Toronto operation should also enable growth to resume from a hitherto capacity constrained situation. Combined with a focus on margin growth and cost reduction in our European operations, overall earnings and positive cash flow growth for our specialty oils and fats sub-segment should continue.

04

05

01 *IOI Loders Croklaan is a member of the Global Shea Alliance (GSA) and has been active in making the shea supply chain in Africa to be more transparent and sustainable.*

02 *Betapol® was awarded 17 new patents worldwide for its production processes. It mimics the unique fat composition and structure of human milk, hence becoming the natural standard for high-quality infant formula.*

03 *A view of IOI Loders Croklaan Asia plant in Pasir Gudang, Johor.*

04 *IOI Loders Croklaan Europe commissioned a new deodoriser at its Wormerveer refinery plant in the Netherlands that reduces unit consumption of energy and water, thus contributing to the company's growth and sustainability targets.*

05 *A view of IOI Oleochemical's manufacturing plant in Prai, Penang.*


IOI
RESORT

Growing our global portfolio

IOI Properties has expanded its wings to include projects at prime locations in Singapore. We have also identified China as the second strategic country for our overseas property development expansion. With a proven track record in township development and the recent completion of several niche high-end residences, we are seizing every opportunity to expand our portfolio of properties, not just in Malaysia but beyond our shores.

Management's Discussion and Analysis

Group Business Review – Property

Property

Property development activities contributed approximately 90% of the overall property division's operating profit (excluding fair value adjustments on investment properties). The Group is also increasingly supplemented with stable and recurring rental income from its investment properties comprising mainly retail complexes and office buildings.

The Group has been a successful developer of comprehensive self-contained suburban townships especially along the high growth corridors in Puchong and Southern Johor. The expansionary mode undertaken by the Group has transformed the property division into a formidable player with strong presence both locally and overseas. As at 30 June 2013, our ongoing property development projects, excluding investment development projects and the status of their development, are as follows:

Projects	Year Of Development Commencement	Original Development Land Size (Hectares)	Status	Estimated Gross Value
Bandar Puchong Jaya, Puchong	1990	374	Approaching completion	RM4.2 billion
IOI Resort, Putrajaya	1995	37	Ongoing	RM0.4 billion
Bandar Putra, Kulai	1995	2,299	Ongoing	RM8.7 billion
Bandar Putra, Segamat	1995	198	Ongoing	RM0.7 billion
Bandar Puteri, Puchong	2000	374	Ongoing	RM7.2 billion
Desaria, Sungai Ara, Penang	2001	9.3	Ongoing	RM0.7 billion
Taman Lagenda Putra, Kulai	2006	91	Ongoing	RM0.6 billion
Taman Kempas Utama, Johor	2007	119	Ongoing	RM3.0 billion
16 Sierra, Puchong	2008	217	Ongoing	RM2.8 billion
Seascape @ Sentosa Cove, Singapore	2008	1.5	Completed	SGD1.1 billion
Teluk Kumbar, Barat Daya, Penang	2009	1.3	Ongoing	RM0.1 billion
Cape Royale @ Sentosa Cove, Singapore	2010	2.1	Ongoing	SGD2.0 billion
Cityscape @ Farrer Park, Singapore	2011	0.8	Ongoing	SGD0.4 billion
South Beach @ Beach Road, Singapore	2011	3.5	Ongoing	SGD1.0 billion
The Platino, Johor	2012	2	Ongoing	RM0.4 billion
The Trilinq @ Jalan Lempeng, Singapore	2013	2.4	Ongoing	SGD1.0 billion
IOI Park Bo Bay @ Xiamen, China	2013	3.1	Ongoing	RMB1.2 billion

IOI Palm City, a 44-acre mixed development in Jimei District, Xiamen is IOI Properties' second mega project in China.

Group Business Review – Property

Residents of 16 Sierra, Puchong will enjoy full clubhouse facilities at the contemporary Amigo Clubhouse, complementing their exuberant lifestyle within the safe and secure township.

Seascape, a luxury condominium development at Sentosa Cove, is an epitome of privileged living with exclusive waterfront units amidst lush natural surroundings.

The table below sets forth key information with respect to the performance of our property development business excluding jointly controlled entities:

	2013	2012	2011	2010	2009
Units of property sold	**2,491**	1,412	1,730	2,044	1,465
Total sales (RM million)	**1,709.9**	856.3	942.0	1,045.1	688.5
Revenue (RM million)	**1,098.8**	843.0	971.6	945.5	660.2
EBIT (RM million)	**555.2**	451.2	509.9	532.1	309.6
EBIT margin (%)	**50.53**	53.52	52.48	56.27	46.89

The Group's property investment portfolio comprises mainly retail and office space totalling approximately 242,000 sq. m. of net lettable space. The Group's principal investment properties as at 30 June 2013 are IOI Mall, One and Two IOI Square, Puchong Financial Corporate Centre ("PFCC") and IOI Boulevard. The performance of the property investment business is as follows:

	2013	2012	2011	2010	2009
Revenue (RM million)	**105.6**	95.3	95.7	97.9	81.5
Operating profit excluding fair value gain on investment properties (RM million)	**63.7**	55.1	116.1	49.8	46.6

IOI RIO City, a 72-acre mixed development in Bandar Puteri Puchong offers a gateway to lifestyle living, work and leisure within a safe and friendly environment.

Strategically located within close proximity to the Clementi MRT station, The Trilinq at Jalan Lempeng, Singapore proves to be a hit among property buyers across the Causeway.

OPERATIONS REVIEW

The Group sold a total of 2,491 units of properties with total sales value of RM1,709.9 million in FY2013, an increase of 1,079 units worth RM853.6 million when compared to the previous financial year. In terms of revenue, the Group has achieved RM1.1 billion during the financial year under review.

Property sales for the various projects are summarised as follows:

	Sales Value (RM million)		Units	
Projects	**2013**	**2012**	**2013**	**2012**
The Trilinq @ Jalan Lempeng, Singapore	**354.3**	–	**111**	–
Bandar Puchong Jaya, Puchong	**335.6**	91.8	**540**	127
Bandar Putra, Kulai	**230.7**	160.6	**573**	412
Taman Kempas Utama, Johor	**196.4**	48.7	**331**	68
Bandar Puteri, Puchong	**164.6**	215.8	**134**	177
16 Sierra, Puchong	**130.0**	148.4	**175**	227
Taman Lagenda Putra, Kulai	**79.2**	36.7	**179**	141
IOI Resort, Putrajaya	**76.4**	77.6	**117**	121
The Platino, Johor	**71.9**	–	**143**	–
Bandar Putra, Segamat	**32.7**	23.6	**131**	111
Others	**38.1**	53.1	**57**	28
Total	**1,709.9**	**856.3**	**2,491**	**1,412**

During the financial year under review, the Group provided quality high-rise properties to the middle income group apart from the traditional landed homes to both the local and overseas markets. The sales mix recorded for unit price above RM500,000 was 15% higher than the previous financial year. The average price achieved per unit has increased by 13% from RM606,000 to RM686,000. The increase in average unit price is due to the launch of The Trilinq condominium project in Singapore and the new benchmark prices registered for landed and commercial properties locally.

The property sales mix by price range is as follows:

	2013		2012	
Price Range	**(RM million)**	**%**	**(RM million)**	**%**
Below RM250,000	**88.5**	**5**	77.9	9
Between RM250,000 and RM500,000	**283.6**	**17**	235.7	28
Between RM500,000 and RM750,000	**511.8**	**30**	154.9	18
Between RM750,000 and RM1,000,000	**213.2**	**12**	86.4	10
Between RM1,000,000 and RM1,500,000	**30.0**	**2**	18.5	2
Between RM1,500,000 and RM2,000,000	**43.9**	**3**	44.6	5
Above RM2,000,000	**538.9**	**31**	238.3	28
Total	**1,709.9**	**100**	**856.3**	**100**

Property development revenue and EBIT in FY2013, excluding jointly controlled entities, have increased by 30% to RM1.1 billion and 23% from RM451.2 million to RM555.2 million respectively. The increase in revenue is mainly due to higher sales registered during the financial year.

The property investment segment's operating profit of RM225.4 million for FY2013 is higher than FY2012 by 2%. Excluding the net fair value gain on investment properties amounting to RM161.7 million (FY2012 - RM165.0 million), the segment's profit registered an increase of 15% or RM8.6 million as compared to the previous financial year. This is mainly due to the increase in both occupancy and rental rates for our investment properties, especially retail complexes and purpose-built office buildings.

Our Singapore joint venture development project, Cityscape @ Farrer Park has achieved sales of SGD237.0 million in FY2013 (FY2012 - SGD28.9 million). Seascape @ Sentosa Cove has also contributed sales of SGD21.4 million in FY2013 (FY2012 - SGD64.4 million). Consequently, the share of results of jointly controlled entities has increased 152% from RM32.7 million reported in FY2012 to RM82.5 million reported in FY2013.

An icon for corporate excellence, Puchong Financial Corporate Centre ("PFCC") is set to be one of the main hubs for work and leisure in Puchong.

Prospective property buyers and investors are equally excited with the upcoming IOI City Mall that is targeted to complete by end-2014.

OUTLOOK & PROSPECTS

Overall, the housing sector continued to perform well in FY2013 and this momentum is expected to sustain in FY2014. The prevailing low interest rate, relatively low unemployment rate and the impetus provided by government infrastructure projects such as the LRT and the MRT projects are some contributory factors for this optimism.

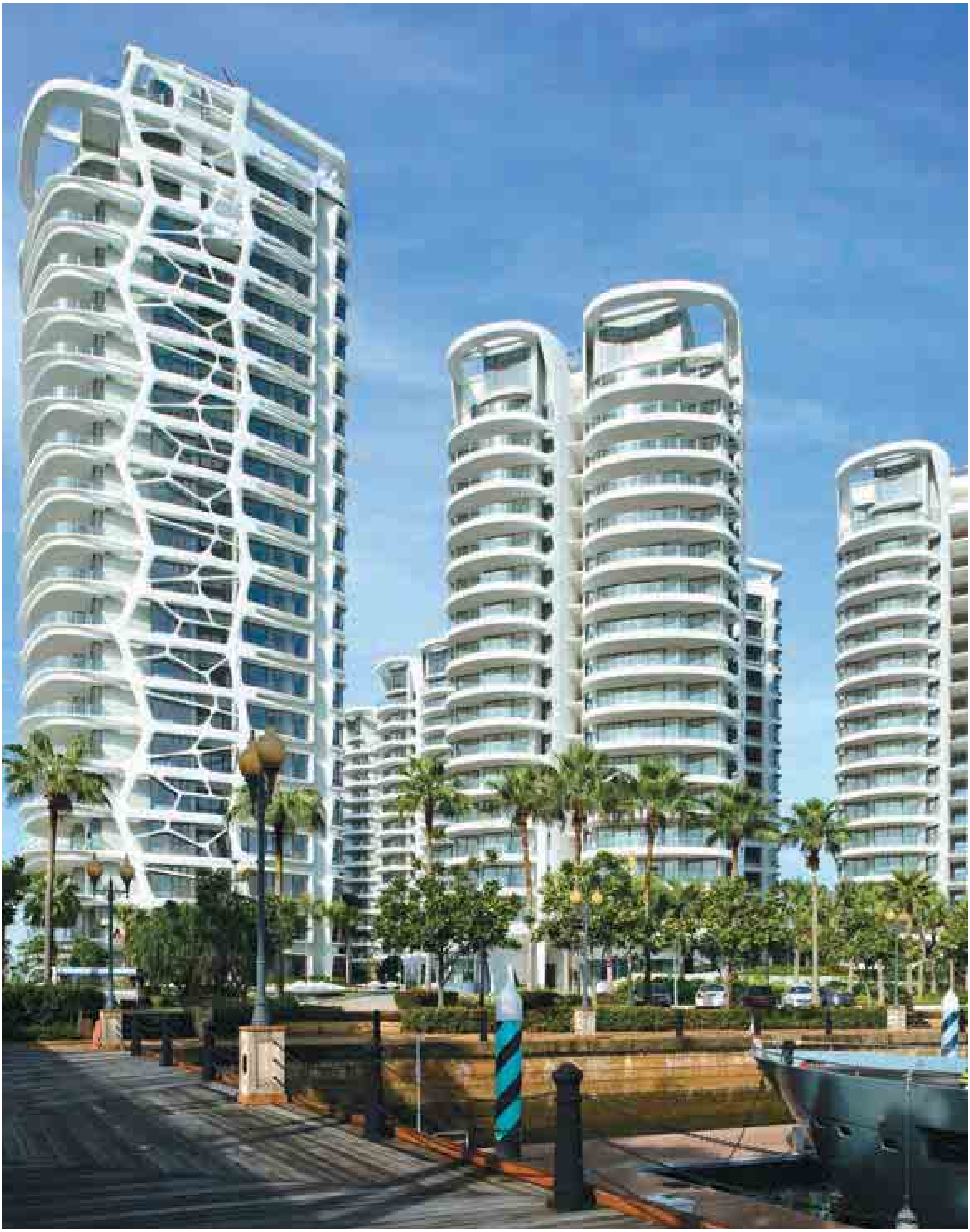
In Johor, there was a record investment in excess of RM5 billion in Iskandar Malaysia within the first three months of 2013 despite a globally challenging investment climate. The increase of Singapore's small and medium enterprises in setting up operations in Johor would also have a positive pull factor on the overall Johor market. Other positive factors such as the MRT system linking Johor and Singapore and the recently announced KL-Singapore high-speed rail are expected to further enhance Johor's prospect as a high growth area for property. All these factors will bolster the Group's sales from its sizeable land bank in Senai, Kulai and other pocket developments in the Iskandar Malaysia region.

In 2013, the market outlook for the affordable housing segment and developments with unique concepts at prime areas remains positive. Hence, IOI Properties will focus more on providing quality high-rise properties with good amenities and doorstep conveniences that will appeal to the large middle income group. This will help to fill the absolute price gap between terrace houses and high-rise homes. FY2014 is expected to be a better year as more projects will be approved and construction stages will be sufficiently advanced to be ready for launch.

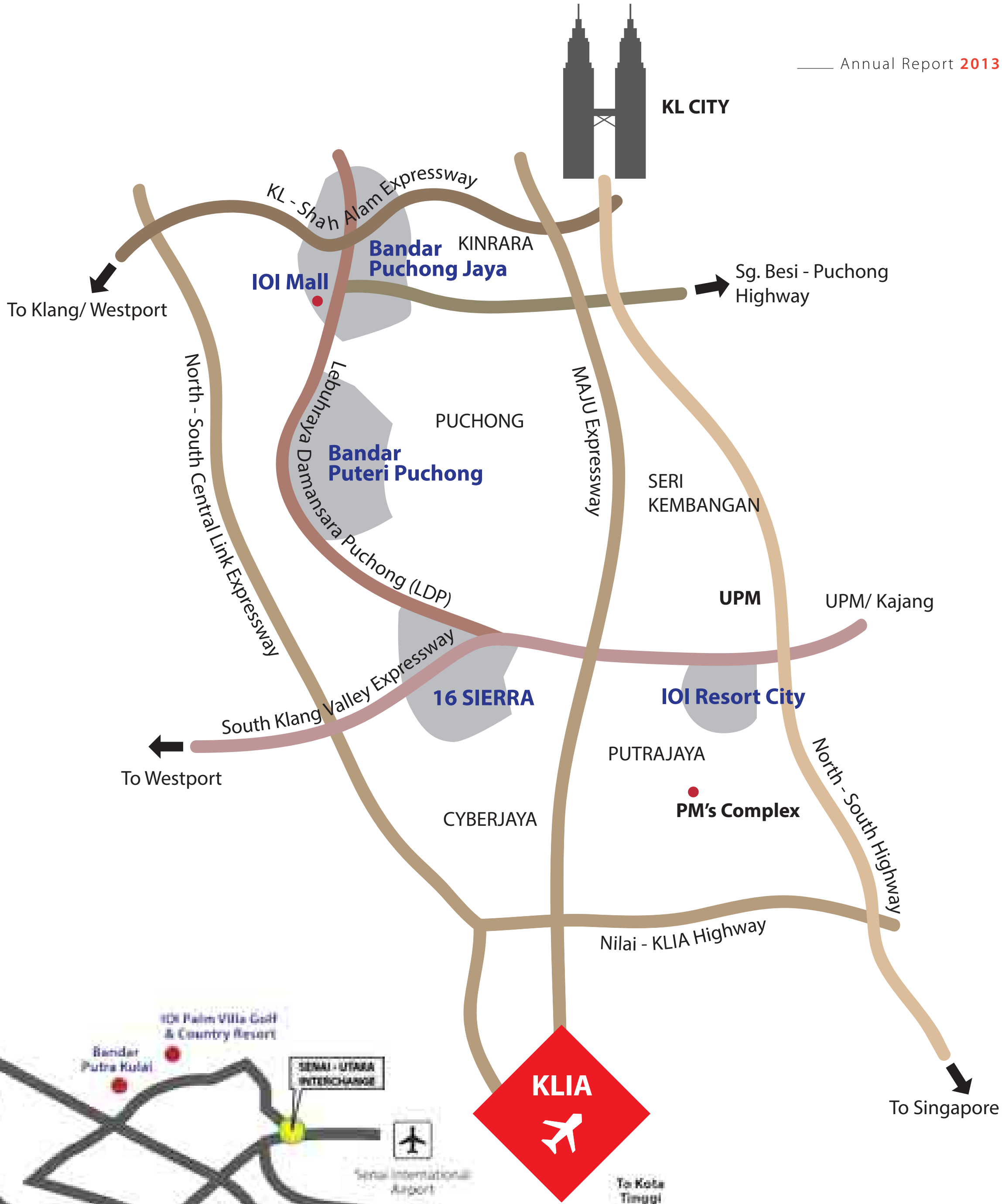
IOI's overseas development properties namely The Trilinq at Jalan Lempeng, Singapore and IOI Park Bo Bay in Xiamen, China have commenced active development and their respective revenues will come on-stream from FY2014 onwards.

IOI has made further inroads into Xiamen, China where it successfully bid for a 43.55-acre site in Jimei District in Xiamen for RMB1.2 billion in September 2012. It is slated for a mixed development comprising a shopping mall, boutique offices, a 5-star luxury hotel and luxury high-rise residences. Upon completion, it will add sizable lettable areas in both retail and office space to the Group's existing property investment portfolio.

IOI Properties' first foray into Xiamen, China, IOI Park Bo Bay is set to be the next preferred address with high-end residential duplex town villas, condominiums and commercial units.



Cape Royale is a desirable residential address prominently located at the water way entrance to Sentosa Cove and Marina.


KL CITY
KL - Shah Alam Expressway
KINRARA
Bandar Puchong Jaya
IOI Mall
To Klang/ Westport
Sg. Besi - Puchong Highway
North - South Central Link Expressway
Lebuhraya Damansara Puchong (LDP)
PUCHONG
Bandar Puteri Puchong
MAJU Expressway
SERI KEMBANGAN
UPM
UPM/ Kajang
South Klang Valley Expressway
16 SIERRA
IOI Resort City
To Westport
PUTRAJAYA
PM's Complex
CYBERJAYA
North - South Highway
Nilai - KLIA Highway
KLIA
To Singapore


To Kuala Lumpur
To Ayer Hitam
IOI Palm Villa Golf & Country Resort
Bandar Putra Kulai
Taman Lagenda Putra
KULAI
SENAI - UTARA INTERCHANGE
Senai International Airport
To Kota Tinggi
SENAI - UTARA INTERCHANGE
SENAI
Taman Kempas Utama
UTM
The Platino
PERLING INTERCHANGE
ISKANDAR MALAYSIA
JOHOR BAHRU CITY CENTRE
CIQ
MEDINI
CIQ
SECOND LINK BRIDGE
SINGAPORE

Sustainability and Corporate Responsibility

The Group has embraced the values of sustainability and corporate responsibility ("CR") since the early days and embedded them in the Core Values, policy statements and work practices across its global operations.

The Group has made continued progress on its sustainability certification endeavours and reinforced its good agricultural practices and sustainability measures in all its divisions, while increasing its community development initiatives.

THE MACRO PICTURE

Malaysia is a firm supporter of sustainable development. As one of the biggest producers and exporters of palm oil and palm oil products, Malaysia plays an important role in fulfilling the growing global need for sustainable oils and fats, and advocating the worldwide usage of Certified Sustainable Palm Oil ("CSPO"). In line with this move, IOI Group, a founding member of the Roundtable on Sustainable Palm Oil ("RSPO") and one of the top CSPO producers in Malaysia, continues its efforts in producing sustainable palm oil to meet the needs of the growing palm oil market.

In the Western market, traceability is the new buzzword in the food supply chain. The Group provides traceability to its multinational customers with the adoption of sustainable practices in its estates, and a controlled upstream and downstream supply chain. Furthermore, IOI Loders Croklaan is implementing a sourcing policy that will ensure that palm oil purchased for downstream processing in its plants can be traced to a specified group of originating mills. IOI Loders Croklaan actively engages with customers and other market partners to further increase the transparency of its palm oil supply chain.

Over in Europe, sustainability and CR are of utmost importance to the Group's customers and key stakeholders. The vast and developed oils and fats market is fuelled by a rapidly growing interest in sustainably-sourced raw materials. The increasing demand for CSPO has led to an ambitious goal of "100% CSPO by 2015" for all palm oil consumed in the Netherlands, with Belgium and the United Kingdom closely following suit. The Group offers both RSPO-certified Mass Balance and Segregated products for its European markets. As a leading supplier of CSPO products in Europe, IOI Loders Croklaan has expanded its refining and processing capacities, allowing the supply of substantial volumes of segregated CSPO while reducing unit consumption of energy and water.

In the American market, sustainability and health issues are rising concerns. There is rising demand for sustainable palm oil products in both the bakery and confectionery segments and from both multinational and regional customers. While demand for Mass Balance is higher than Segregated products in the American market, IOI Loders Croklaan Americas' complete expansion of its Channahon plant enabled it to double its production capacity of trans-free functional shortenings and oils and allowed it to offer a wide selection of functional fats and oils based on CSPO to the food industry.

Demand for certified sustainable materials remains low in Asia Pacific, Middle East and African markets. Though usage of sustainable certified palm oil is still very limited, demand for sustainably-sourced products is expected to increase with the rise in income levels, awareness and demand driven by multinational food companies and global retailers.

SUSTAINABLE BUSINESS PRACTICES

IOI Group believes that the sustainability of its businesses is interdependent with the sustainability of the ecosystem surrounding its operations. For years, the Group has been following a number of criteria that were later codified by the RSPO, with excellent success.

Beneficial plants are part of IOI's integrated pest management to minimise use of pesticide.

The key sustainability issue is safeguarding the environment by increasing production without increasing land footprint. The Group is still widely recognised for having the highest yields of oil per hectare in the industry as a result of its good plantation management practices that include the development of high yielding oil palm clones, precision agronomy and new planting procedures. The Group's best performing estate achieved a yield of 6.8 MT this year. To spur other estates in achieving high yields, the corporate target has recently been set at 6 MT.

The high yielding oil palm clones are developed through intensive and systematic research by its research and development ("R&D") arm, IOI Palm Biotech. Substantial areas of IOI Group's plantations planted with the high yielding clonal palms have shown great increase in oil extraction rates and oil yields from the fresh fruit bunches ("FFB") produced. More areas are expected to be replanted with these high yielding clonal palms to further boost the productivity of the estates.

The use of precision agronomy is on the increase, with GPS and satellite imagery becoming standard tools to help design and manage estate blocks as efficiently as possible. The Group has adopted its use to boost yields further whereby palms are now replanted 29 feet apart (148 palms/ha), compared to 30 feet apart (136 palms/ha) previously.

This efficient use of land translates into lower fertilisers, pesticides and energy usage as well as lower greenhouse gas ("GHG") emissions which in turn deliver significant benefits to the environment.

When it comes to new planting and replanting, the Group practises zero-burning technique in all its plantations where old palm stands are felled, chipped and left to decompose at site. This technique, which is regulated under the Environmental Quality (Clean Air) Regulations 1978, is designed to totally overcome smoke and mitigate GHG emissions commonly associated with land clearing via slash-and-burn and to return all organic matter to the soil. Independent social and environmental impact assessments are also carried out ahead of any new plantings.

The quality of soil can be impacted by cultivation. Erosion and surface run-off are two main factors affecting the soil's water-holding capacity and soil fertility due to nutrient loss. Terracing is carried out in undulating or hilly areas to conserve soil, water and nutrients effectively. Legume cover crops ("LCC") are established immediately after planting to minimise soil erosion, conserve soil moisture and improve soil fertility. In mature areas, fronds and empty fruit bunches ("EFB") are placed in inter-rows to allow the slow release of inorganic fertilisers while minimising soil erosion and degradation. To further enhance its soil conservation measures, the Group does not cultivate oil palms on marginal and fragile soils (deep peat), riverine riparian reserves, on hill slopes exceeding 25 degrees or on High Conservation Value ("HCV") areas.

IOI Group practises integrated pest management to minimise use of chemicals by depending on biological alternatives. Beneficial plants (e.g. *Cassia cobanensis* and *Tunera spp*.) are planted to attract natural predators for biological control of bagworms and other leaf-eating caterpillars which are major insect pests in oil palm plantations while barn owls have been effective in controlling rat population in estates. LCC are established in estates to suppress the growth of noxious weeds which may result in crop loss. LCC also enhance soil nutrients, improve soil structure and return organic matter to the soil environment. The Group has fully phased out the use of paraquat by end of 2011 in an environmental and socially responsible initiative that surpassed RSPO's current no time-bound requirement.

Buffaloes are used wherever practical instead of mechanical machines to transport FFB from infields. By recycling EFB to fuel mills and using other methods to minimise usage of fossil fuel, the Group reduces the amount of GHG emissions and pollutants produced from daily operations.

INTERNATIONAL SUSTAINABILITY BENCHMARKS

RSPO Certification

As a founding member of the RSPO, IOI Group has played an active role in promoting sustainable practices since its inception in 2004. The Group also advocates sustainable agricultural practices in its estates to bring growth and use of CSPO to the world market. As of 30 June 2013, ten out of twelve IOI Group's mills and their supply bases have been RSPO-certified. The Group is set to achieve 100% certification by end of 2013.

In addition, all of IOI Group's operating units and supply chain units in Malaysia and overseas have successfully obtained the RSPO Supply Chain Certification.

ISCC Certification

In addition to the RSPO certification, the Group is also diligently pursuing the International Sustainability and Carbon Certification ("ISCC"), which is the first international certification system that can be used to prove sustainability and GHG savings for biomass and bioenergy. It is recognised by the European Commission for all member countries, specifically Germany and the Netherlands.

To date, nine of the Group's palm oil mills and their supply bases in Peninsular Malaysia and Sabah have been awarded the ISCC certification. The achievement signifies that IOI Group's products comply with the strict sustainability criteria for the use of biomass in renewable energy application set by the European Commission.

Challenges

Amid continuing challenges from a complex business environment, the Group has made progress in the inherited land dispute case with natives in Sarawak. RSPO has lifted the suspension on IOI's certification process in view of IOI Group's commitment to resolve the ongoing dispute. Following the affirmation of Federal Court, the highest court in Malaysia, that the disputed land is without native rights encumbrances, the Group is committed to improve the relationship with the local communities through continuous dialogue.

SUSTAINABLE DEVELOPMENTS

The Group's property business is undertaken by IOI Properties and its subsidiaries ("IOIP Group") which is committed to promote sustainability in its developments and deliver value creation to its customers by:

a) Incorporating design principles and adopting work practices with due consideration for energy conservation and the environment;

b) Promoting activities which contribute to the safety and vibrancy of its communities.

In line with the policy, IOIP Group sources construction materials and products locally which reduce transportation cost and air pollution, adopts design features which harness natural light, encourage cross and natural ventilation, reduces dependency on mechanical systems which consume energy and incorporates energy management systems to help reduce overall energy consumption and carbon footprints. The following sustainability aims and features are incorporated within IOIP Group's developments:

Commercial High-Rise Buildings

- To obtain Green Building Index ("GBI") or Green Mark Certification.
- To orientate buildings towards North South direction to reduce heat and sun glare.
- To incorporate energy management modules in its building automation system.

Residential Buildings

- To adopt cross ventilation designs where applicable.
- To naturally ventilate all bathrooms without the use of exhaust fans through strategically-placed windows.
- To adopt an open concept with high ceilings to enhance natural lighting and ventilation.
- To orientate buildings towards North South direction to reduce heat and sun glare.
- To incorporate vertical plantings to enhance beauty aesthetics and reduce carbon footprints.
- To incorporate solar water heating systems.
- To install rainwater harvesting systems for irrigation purposes.

Other than incorporating environmentally-neutral design principles and fittings in IOIP Group's buildings, the same considerations are given to projects which are mainly non-building based. For example, in the course of refurbishing IOI's Palm Garden Golf Club, rigorous considerations were given to minimise impact to the existing environment. More than 85% (or 2,191 trees) of the trees at the old site were transplanted to the new site and the trees achieved a remarkable survival rate of more than 95%. Besides that, more than 80% of the planting material requirements for the course was sourced, propagated and/or transplanted at site. The onsite propagation helped to reduce fuel consumption and air pollution which would otherwise have resulted from the need to buy and transport these materials over long distances.

ENVIRONMENT

IOI Group's plantation operations produce a vast amount of biomass by-products, some of which are used to generate energy. Presently, the Group's energy for steam generation at all its mills comes from these renewable resources. For example, the 15 MW Biomass Co-Gen Power Plant in its refinery complex at Sandakan, Sabah uses kernel shells and EFB from its own mills to satisfy almost all the steam and electricity requirements of the complex.

In its efforts to mitigate GHG emissions, IOI Group has initiated a pilot project to capture methane gas from palm oil mill effluent ("POME"), for utilisation in boilers for steam generation or biogas for power generation. This methane capture project which is being developed for the Group's two largest mills in Peninsular Malaysia and Sabah, will be rolled out to the ten other mills. Currently POME represents up to 50% of all GHG emissions along the entire palm supply chain and the target is to achieve 100% methane capturing or cutting the carbon footprint by up to 50%.

The Group is also exploring other possible biomass value addition options as usage of biomass can be shifted over time from lower value activities to higher value bioenergy, biofuels and bio-based chemicals.

On top of that, the Group continually invests in other green technology such as new milling technology to reduce effluent and pollutant output, and waste-water treatment facility to minimise impact on the environment. Geotubes have also been employed as another green innovative solution to trap effluent solids in the avoidance of GHG emissions.

Since 2011, IOI Group has been working on a satellite imagery pilot project with SarVision, a Dutch-based research company, to improve and use satellite imagery techniques to identify high carbon stock areas in potential growing regions in order to avoid or minimise GHG emissions due to land conversion.

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01 *A wide landscaped pedestrian "green axis" extending from the MRT station's exit is one of the green features of South Beach, Singapore.*

02 *The 15 MW Biomass Co-Gen Power Plant in Sandakan, Sabah generates steam and electricity using kernel shells and EFB.*

A waterfall at Syarimo Estate in Sabah is conserved to preserve and rehabilitate bio-diversity and ecology surrounding IOI Group's estates.

IOI Group's sustainability team engaging with a local community head to learn about their welfare needs.

The project had produced high quality satellite image maps of IOI estates in Ketapang region in West Kalimantan and helped SarVision to further develop the technique which will benefit the oil palm plantation industry. The second phase of collaboration with SarVision utilising the latest satellite technology of 'cloud-free' satellite imagery complemented by low level 'drone' proving of canopy covers, is planned to kick off in the second half of 2013.

In addition to earlier contributions to nature conservation projects including the Orangutan Foundation International ("OFI")'s Care Centre and Quarantine facility in Pangkalan Bun, Kalimantan, IOI Group and Malua Biobank also signed the Malua Wildlife Conservation Agreement in November 2012 to preserve the wildlife in the Malua forest reserve.

In the Group's downstream operation, IOI Oleochemicals has started work with the Advanced Oleochemical Technology Division ("AOTD") of the Malaysian Palm Oil Board ("MPOB") to make available the gate-to-gate life cycle impact assessment ("LCIA"). Environmental consequences from the production of its products can then be estimated using a weight attribution of LCIA approach.

IOI Oleochemicals has also embarked on Green Energy by harvesting solar energy for electricity generation. It has obtained the grant from the Sustainable Energy Development Authority ("SEDA") for 0.5 MW generation with a feed-in tariff ("FiT") commencing on 30 November 2013.

Over at IOI Loders Croklaan, new deodorisers have been installed in the Channahon plant in USA and the Wormerveer plant in the Netherlands which will help reduce the carbon footprints of products sold by substantially reducing consumption of water and electricity.

MARKETPLACE

The Group practises strong leadership through sound corporate governance and ethical business conducts. Apart from adhering to rules and regulations, the Group has refreshed its principles and standards of good governance and business ethics in line with its commitment to effective corporate governance. On top of that, it has also established secure whistleblowing channels to help its stakeholders or employees raise concern on any observed conduct found to be inconsistent with its general standards and business ethics in IOI Group. The Group's commitment to corporate governance is detailed in the Statement on Corporate Governance within this Annual Report from pages 92 to 105.

As part of the Group's transparent governance procedures, IOI Loders Croklaan has published its ethical standards using the internationally-recognised Supplier Ethical Data Exchange ("Sedex") format for its global operations. This initiative has been very well received by IOI Group's multinational customers.

The effort to extend sustainability compliance to the entire palm oil supply chain is also undertaken by IOI Oleochemicals through its lead role in drafting the RSPO rules for the physical transition of sustainable oleochemicals and its derivatives with other ASEAN Oleochemical Manufacturers Group ("AOMG") members. The rules have been presented to the RSPO Working Committee in RSPO RT10 Meeting in Singapore in October 2012 and have garnered the support of the RSPO Trade and Traceability Standing Committee for submission to the RSPO Executive Board for approval.

A charity visit by Yayasan TSLSC brought cheer to residents of Persatuan Rumah Amal Murni, Kajang (PRAM).

Students under the SAP with their new school bags.

IOI Group recognises the importance of stakeholder engagement to the long-term sustainability of its businesses. A variety of engagement initiatives including direct meetings and dialogues with clients and NGOs are constantly conducted to obtain honest and reliable information for the input of new and productive ways to steer the Group towards a more successful and sustainable business model.

Productive efforts have also been made to engage with customers via IOIP's efforts that include a Customer Relations Unit ("CRU") which builds sustainable relationships between the developer and the community and takes care of customers' needs. Some of its initiatives on improving customers' satisfaction include the IOI Customer Service Champions and Customer Survey while its community engagement efforts include the Reach Out community newsletter, myioi.com community website, IOI Privilege Card and "Go Green" campaign.

COMMUNITY

Education

IOI Group believes that education is an integral component in empowering and enlightening the young to become leaders of tomorrow. Its community outreach programmes which centre on education and human capital development, and corporate philanthropic initiatives are mainly undertaken by its charity arm, the Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"). Since its establishment in 1994, Yayasan TSLSC has contributed millions of ringgit to various schools, hospitals, welfare homes and charitable bodies and has given scholarships and grants to a few hundred schools and university students.

a) Scholarship Awards

Scholarships and career opportunities are awarded to academically outstanding students pursuing full-time undergraduate studies related to the Group's business nature. Yayasan TSLSC deems it as a great investment to support qualified Malaysian youths and to help build the nation's human capital through the scholarships.

b) Student Adoption Programme

The Student Adoption Programme ("SAP") was launched in 2008 by the Deputy Minister of Education YB Dr Wee Ka Siong to provide underprivileged children with equal access to a good basic education as a platform to a brighter future. The adopted students will receive financial assistance and school bags from Yayasan TSLSC until he or she completes primary or secondary education. Since its inception, the SAP has benefited more than 721 students from more than 196 schools in Peninsular Malaysia and Sabah.

c) School Adoption Programme

The School Adoption Programme was launched in 2007 to create a conducive learning environment for students from deprived schools in the rural areas. Financial assistance is given to these adopted schools to upgrade their facilities such as building new classrooms, new halls, libraries, perimeter fences, IT and sports facilities in order to improve the learning environment. To date, six adopted primary and secondary schools in or near IOI Group's oil palm estates in Sabah have been adopted under this scheme. From time to time, financial assistance is extended to improve and upgrade their school buildings.

d) Young Achievers' Awards

The Young Achievers' Awards was introduced by Yayasan TSLSC in 1999 to invigorate and motivate young students to strive for excellence in their studies. Cash awards, plaques and certificates of achievement are given out annually to reward bright students from primary to upper secondary levels who excel academically, possess high leadership qualities and who are active in their extra-curricular activities.

e) Partnership with HUMANA

IOI Group partners with the Borneo Child Aid Society, Sabah (HUMANA) to provide basic education and care for children of foreign plantation workers who are unable to enrol into national schools in Malaysia.

To date, IOI has built 22 HUMANA learning centres in Sabah that benefit about 2,000 children annually. Besides bearing the operating cost of these centres and providing accommodation for the teachers, IOI also sponsors computers, projectors, sound system, school bags, socks and stationery items to the learning centres and their students.

Community Outreach

Besides Human Capital Development programmes, the Group also encourages and provides ample opportunities for employees to volunteer their time and actively participate in various CR activities organised under Yayasan TSLSC. Some of these activities include bringing cheer to residents at old folks' homes and organising outdoor teambuilding sessions for children from orphanages.

In the Group's downstream business, IOI Loders Croklaan Americas sponsored an annual charity golf event hosted by the Carmelite Sisters for the aged and infirm. All donations collected were channeled towards the upkeep of the Catholic Nursing Home consisting of 2,300 residents in a community close to its Channahon plant.

Over in the Netherlands, IOI Loders Croklaan Europe continued their support of the fight against multiple sclerosis ("MS") by involving their employees in sponsoring the "Move for MS" foundation. It also made a donation to the European Child Aid Foundation that gives opportunity for underprivileged children to enjoy holidays.

CONCLUSION

IOI Group integrates sustainability and social well-being into every aspect of its operations and its working culture. The Group's countless efforts on sustainability and CR prove its commitment to uphold its Vision IOI and Core Values. As the Group expands its wings, it will continue to strive to broaden and deepen its sustainability and CR efforts.

HUMANA Learning Centre in Pamol Estate, Sandakan, Sabah.

IOI Loders Croklaan Europe participated in a charity run to raise funds for "Move for MS" (multiple sclerosis) foundation.

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01 *Students of HUMANA Learning Centres, located in IOI's plantation estates in Sabah, are provided with basic education and care.*

02 *Clinics and medical care facilities are set up in all estates to ensure the welfare of estate workers is taken care of.*

03 *Places of worships of different faiths are built in every IOI Group's estate to cater to the needs of various communities.*

04 *Recreational activities are encouraged to foster closer ties between the estate workers.*

JULY 2012

The 8th IOI Bandar Putra Charity Run attracted more than 3,000 runners from Bandar Putra community and nearby townships. Organised by IOI Properties Bhd ("IOIP"), Kulai, the event was officially flagged off by the President of Johor Athletic Association Dato' Haji Mohd Rashidi Bin Mohd Noor. Proceeds totalling RM58,000 were donated to Pertubuhan Kebajikan Amitabha.

AUGUST 2012

Palm Garden Hotel invited 156 children from Sekolah Menengah Pendidikan Khas (Cacat Penglihatan) to its Hari Raya Charity Open House. While enjoying sumptuous Raya delicacies, the children were entertained by stage performances and received *duit raya* and goodie bags.

NOVEMBER 2012

Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC") awarded record RM1,334,960 to 25 scholarship recipients in recognition of their excellent academic results, strong leadership and active participation in extra-curricular activities. This was the highest scholarship contribution since it started in 1998.

DECEMBER 2012

IOI Mall Kulai organised "YOUTHAIDS 2012" with several government and non-governmental organisations in conjunction with World AIDS Day. The two-day event saw public participating in AIDS awareness exhibition and talk, Red Ribbon Message Wall, Red Ribbon Riding and many others.

DECEMBER 2012

IOI Group Executive Director Dato' Lee Yeow Chor together with 30 volunteers from the Group and Yayasan TSLSC visited the 26 residents of Persatuan Rumah Amal Murni, Kajang during the Winter Solstice celebration, and cheered them with *tong yuen*, performances and goodies. The home also received a donation from Yayasan TSLSC.

JANUARY 2013

20 IOI Loders Croklaan Europe employees participated in the Egmond Half Marathon to support the fight against Multiple Sclerosis (MS) by raising money for the "Move for MS" foundation. Earlier in December 2012, IOI Loders Croklaan Europe had sponsored a corporate donation amounting to €2.759,97 to the foundation which raises money for research against MS by taking part in all kinds of events where it literally "moves" to collect funds such as running, skating and cycling.

JANUARY 2013

Yayasan TSLSC adopted 460 students from 167 primary and secondary schools nationwide under its Student Adoption Programme ("SAP") with contributions amounting to RM453,293. The students received RM800 cash donation and a school bag each.

FEBRUARY 2013

Yayasan TSLSC contributed a total of RM40,000 and 50 school bags to four new schools in Bahau under its SAP. The schools are SMJK Chi Wen, SJK(C) Bahau, SJK(C) Kg Baru Mah San and SJK(C) Chi Wen.

FEBRUARY 2013

Putrajaya Marriott Hotel & Spa hosted the Chinese New Year Charity and Corporate Appreciation Luncheon 2013 and invited senior citizens from Little Sisters of the Poor and Persatuan Rumah Caring Kajang. Feted to a sumptuous meal, they also happily received an *angpow* and goodie bag each.

MARCH 2013

Once again, IOI Group observed Earth Hour on 23 March. All non-essential lightings were switched off for one hour at IOI headquarters and its site offices. IOI Mall Kulai and Palm Garden Hotel also joined the global Earth Hour movement and held activities to create public awareness to save Mother Earth.

APRIL 2013

IOI Group handed over 2.27 hectares of its land at Bandar Putra, Kulai to SJK (C) Pei Cheng in a groundbreaking ceremony witnessed by Johor's Menteri Besar Datuk Abdul Ghani, Deputy Education Minister Datuk Dr Wee Ka Siong and IOI Group Executive Director Mr Lee Yeow Seng.

The land will be used for the construction of the school which is expected to benefit approximately 1,100 students in its first enrolment in 2014.

MAY 2013

101 students who excelled in their UPSR, PMR, SPM, O-Levels and STPM examinations and extra-curricular activities received the Young Achievers' Awards from Yayasan TSLSC, plus cash prizes, plaques and certificates worth RM42,950.

32 recipients attended the presentation ceremony in Palm Garden Hotel while other high achievers were recognised at IOI Loders Croklaan Asia, IOI Oleochemical Industries Bhd, Pan-Century Oleochemicals Sdn Bhd and IOIP, Kulai.

Social Contributions

JUNE 2013

To commemorate the World Environment Day, IOI Mall Kulai launched a two-month i-Cubic Recycled Project to educate the public on environment protection and instil a recycling culture among the shoppers in collaboration with Southern University College's Faculty of Art and Design. The mall collected recyclable materials from shoppers to be made into furniture, wall, walkway decorations and benches to be showcased at its i-Cubic retail area.

JUNE 2013

IOI Corporation Bhd partnered with Inti College Sabah (ICS) to acknowledge ICS's outstanding business and hospitality students. The IOI Most Outstanding Student Award is testament to the long-standing relationship between IOI and ICS to produce high quality students and employable graduates.

JUNE 2013

Yayasan TSLSC's Executive Director Datin Joanne Wong together with 20 volunteers from Yayasan TSLSC and the Group brought cheer to more than 110 women in a protection shelter in Kuala Lumpur. The volunteers spent time teaching the ladies how to make chocolate cornflakes cookies and homemade facial mask. The residents were then treated to a delicious buffet lunch and given souvenirs by Yayasan TSLSC.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
TAN SRI DATO' LEE SHIN CHENG
PSM, DPMS, JP

Executive Director
DATO' LEE YEOW CHOR
DSAP

Executive Director
LEE YEOW SENG

Executive Director
LEE CHENG LEANG

Senior Independent Non-Executive Director
DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
PJN, DSPN, JSM

Independent Non-Executive Director
DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY
DSDK, DMSM, KMN, AMN

Independent Non-Executive Director
QUAH POH KEAT
(Resigned on 13 September 2013)

Independent Non-Executive Director
CHEAH TEK KUANG
JP

Non-Independent Non-Executive Director
LIM TUANG OOI

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR*
PJN, DSPN, JSM

DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY*
DSDK, DMSM, KMN, AMN

CHEAH TEK KUANG*
JP
(Appointed on 13 September 2013)

QUAH POH KEAT*
(MIA 2022)
(Resigned on 13 September 2013)

** Independent Non-Executive Directors*

CHARTERED SECRETARY

TAN CHOONG KHIANG
(MAICSA 7018448)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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REGISTRAR

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Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel +60 3 2264 3883
Fax +60 3 2282 1886

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITES

www.ioigroup.com
www.ioiproperties.com.my
www.myioi.com
www.ioioleo.com
www.croklaan.com

EMAIL ADDRESS

corp@ioigroup.com

BOARD OF DIRECTORS

FROM LEFT TO RIGHT:

Lee Cheng Leang *(Executive Director)*, **Dato' Lee Yeow Chor** *(Executive Director)*, **Tan Sri Dato' Lee Shin Cheng** *(Executive Chairman)*, **Lee Yeow Seng** *(Executive Director)*, **Cheah Tek Kuang** *(Independent Non-Executive Director)*, **Datuk Hj Mohd Khalil B Dato' Hj Mohd Noor** *(Senior Independent Non-Executive Director)*, **Datuk Karownakaran @ Karunakaran A/L Ramasamy** *(Independent Non-Executive Director)*, **Quah Poh Keat** *(Independent Non-Executive Director)*, **Lim Tuang Ooi** *(Non-Independent Non-Executive Director)*

Profile of Directors

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman, Malaysian, Age 74

Tan Sri Dato' Lee Shin Cheng was first appointed to the Board on 21 July 1981. He is also the founder of IOI Group. Tan Sri is pivotal to the operations of IOI Group, having founded the plantation and property businesses more than 25 years ago. Through his entrepreneurial leadership and stewardship, strategic vision, guidance, wisdom as well as his vast experience, IOI Group has grown in tandem to become one of the leading plantation and property groups in Malaysia. As Executive Chairman and Chief Executive Officer, he actively oversees the day-to-day operations to ensure smooth and effective running of the Group. In recognition of Tan Sri's immense contributions to the evolving needs and aspirations of the property industry in Malaysia, Tan Sri was bestowed the singular honour of FIABCI Malaysia Property Man of the Year 2001 Award. In February 2002, Tan Sri was conferred the Honorary Doctorate Degree in Agriculture by Universiti Putra Malaysia in recognition of his contributions to the palm oil industry. In 2006, Tan Sri was conferred the Fellowship of the Incorporated Society of Planters ("FISP") by Malaysia's ISP. In October 2008, Tan Sri was conferred Honorary Fellowship of the Malaysian Oil Scientists' and Technologists' Association ("MOSTA") for his outstanding contributions to agriculture, in particular the oleochemical and specialty oils and fats. Tan Sri Lee was also awarded the prestigious Malaysian Palm Oil Association ("MPOA") Recognition Award 2011 for his outstanding contributions and leadership in the plantation industry. Tan Sri is currently a Council Member of the East Coast Economic Region Development Council ("ECERDC") for the Government. Tan Sri is also active in providing his advice and guidance to a large number of industry groupings, associations and social organisations. He serves as, among others, the Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM").

Tan Sri is the father of Dato' Lee Yeow Chor and Lee Yeow Seng, and the brother of Lee Cheng Leang, all Executive Directors of the Company.

Tan Sri is deemed in conflict of interest with the Group by virtue of his interest in certain privately-owned companies which are also involved in and have similar business as property investment and property development. For certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Tan Sri is deemed to be interested as disclosed under Other Information section of the Annual Report, there are no other business arrangements with the Company in which he has personal interest.

Tan Sri attended eight (8) out of the nine (9) Board Meetings held during the financial year ended 30 June 2013.

DATO' LEE YEOW CHOR

Executive Director, Malaysian, Age 47

Dato' Lee Yeow Chor was first appointed to the Board on 25 April 1996. He is responsible in overseeing the operations of all the Group's core business segments.

Dato' Lee is a barrister from Gray's Inn, London and holds a LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from London School of Economics. Prior to joining IOI Group as a General Manager in 1994, he served in various capacities in the Attorney General's Chambers and the Malaysian Judiciary service for about four (4) years. His last posting was as a Magistrate.

Dato' Lee is the Chairman of the Malaysian Palm Oil Council ("MPOC") and also serves as a Council Member in the Malaysian Palm Oil Association ("MPOA"). He was a Director of the Malaysian Green Technology Corporation from 2011 to 2013, and served on the National Council of the Real Estate and Housing Developers' Association ("REHDA") Malaysia from 2000 to 2006.

Dato' Lee is the eldest son of Tan Sri Dato' Lee Shin Cheng and the brother of Lee Yeow Seng.

Dato' Lee is deemed in conflict of interest with the Group by virtue of his interest in certain privately-owned companies which are also involved in and have similar business as property investment and property development. For certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Dato' Lee is deemed to be interested as disclosed under Other Information section of the Annual Report, there are no other business arrangements with the Company in which he has personal interest.

Dato' Lee attended all the nine (9) Board Meetings held during the financial year ended 30 June 2013.

Profile of Directors

LEE CHENG LEANG
Executive Director, Malaysian, Age 65

Lee Cheng Leang was first appointed to the Board on 21 July 1981. He has considerable experience in the hardware, chemical and industrial gas industry.

Lee Cheng Leang is the brother of Tan Sri Dato' Lee Shin Cheng.

Lee Cheng Leang attended all the nine (9) Board Meetings held during the financial year ended 30 June 2013.

LEE YEOW SENG
Executive Director, Malaysian, Age 35

Lee Yeow Seng was first appointed to the Board on 3 June 2008. Since joining the IOI Group, he is actively involved in corporate affairs and general management within the IOI Group.

Lee Yeow Seng holds a LLB (Honours) from King's College London and was admitted to the Bar of England & Wales by Inner Temple.

Lee Yeow Seng is the youngest son of Tan Sri Dato' Lee Shin Cheng and the brother of Dato' Lee Yeow Chor.

Lee Yeow Seng is deemed in conflict of interest with the Group by virtue of his interest in certain privately-owned companies which are also involved in and have similar business as property investment and property development. For certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Lee Yeow Seng is deemed to be interested as disclosed under Other Information section of the Annual Report, there are no other business arrangements with the Company in which he has personal interest.

Lee Yeow Seng attended eight (8) out of the nine (9) Board Meetings held during the financial year ended 30 June 2013.

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR

Senior Independent Non-Executive Director, Malaysian, Age 72

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor was first appointed to the Board on 18 February 2000. He holds a B.A. (Honours) in Economics & Islamic Studies from the University of Malaya and Diploma in Commercial Policy from Geneva. He is a former public servant and his last post in the public service was Auditor General Malaysia (1994-2000). During his 36 years of distinguished service in the public sector, among the many appointments he held were those of Secretary of the Foreign Investment Committee, Under-Secretary Finance Division in the Ministry of Finance, Deputy Secretary General of the Ministry of Trade and Industry, and Secretary General of the Ministry of Works.

Datuk Hj Mohd Khalil is also the Chairman of the Audit and Risk Management Committee and Nominating Committee and a member of the Remuneration Committee of the Company. He is also the Chairman of TIME Engineering Berhad and a Director of MNRB Holdings Berhad, Malaysian Re-insurance Berhad and MNRB Retakaful Berhad. Datuk Hj Mohd Khalil is a Trustee of Yayasan Tan Sri Lee Shin Cheng.

Datuk Hj Mohd Khalil attended all the nine (9) Board Meetings held during the financial year ended 30 June 2013.

DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY

Independent Non-Executive Director, Malaysian, Age 63

Datuk Karownakaran @ Karunakaran a/l Ramasamy was first appointed to the Board on 17 January 2011. Datuk R. Karunakaran obtained a Bachelor of Economics (Accounting) (Honours) degree from the University of Malaya in 1972. He joined the Malaysian Industrial Development Authority ("MIDA") in August 1972 and served in various positions including Deputy Director, Director, Deputy Director-General and Director-General. He also served as the Director of MIDA Singapore, Cologne (Germany) and London. Having served MIDA for about 36 years, Datuk R. Karunakaran retired as the Director-General of MIDA in June 2008, a position he held for about four (4) years. During his service with MIDA, he was responsible for the promotion and coordination of the development of the manufacturing and services sectors in Malaysia including promoting domestic and foreign investment in Malaysia.

Datuk R. Karunakaran is the Chairman of the Remuneration Committee and also a member of the Audit and Risk Management Committee as well as Nominating Committee of the Company. He is the Chairman of Integrated Logistics Berhad and a Director of Lion Corporation Berhad, Chemical Company of Malaysia Berhad, Maybank Investment Bank Berhad, Maybank Asset Management Group Berhad, Maybank (Cambodia) Plc, Etiqa Insurance Berhad and Bursa Malaysia Berhad. He is also a Director of several private limited companies.

Datuk R. Karunakaran attended eight (8) out of the nine (9) Board Meetings held during the financial year ended 30 June 2013.

QUAH POH KEAT
Independent Non-Executive Director, Malaysian, Age 61

Quah Poh Keat was first appointed to the Board on 2 January 2008. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Chartered Institute of Management Accountants, and Fellow of the Malaysian Institute of Taxation and Association of Chartered Certified Accountants. He served as a past Vice-President of the Malaysian Institute of Taxation.

Quah Poh Keat had been a partner of KPMG since 1 October 1982 and was the Senior Partner of the Firm responsible for the daily operations of KPMG Malaysia from 1 October 2000 until 30 September 2007. Prior to taking up the position of Senior Partner (also known as Managing Partner in other practices), he was in charge of the Tax Practice and the Japanese Practice in KPMG Malaysia. He was also a member of the KPMG Japanese Practice Council, the governing body within KPMG International, which looks after the Japanese Practices in the KPMG world. He was a Board Member of KPMG Asia Pacific that oversees KPMG operations in Asia Pacific and a Member of KPMG International Council that oversees KPMG's global operations.

Quah Poh Keat had experience in Audition, Taxation, and Insolvency Practices and worked in both the Malaysian Firm and two (2) years with the UK Firm. He retired from KPMG Malaysia on 31 December 2007.

Quah Poh Keat is also a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee of the Company. He is also a Director of Telekom Malaysia Berhad, Public Bank Berhad, Public Investment Bank Berhad, Public Mutual Berhad, Public Islamic Bank Berhad, Public Finance Ltd, Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd, Cambodian Public Bank Plc, Lonpac Insurance Berhad, Campu Lonpac Insurance Plc, Campu Securities Plc, LPI Capital Berhad and On-Going Holdings Sdn Bhd. He is a Trustee of Yayasan Tan Sri Lee Shin Cheng.

Quah Poh Keat attended all the nine (9) Board Meetings held during the financial year ended 30 June 2013.

CHEAH TEK KUANG
Independent Non-Executive Director, Malaysian, Age 66

Cheah Tek Kuang was first appointed to the Board on 22 August 2012. He graduated with a Bachelor of Economics degree from University of Malaya and is a Fellow of the Institute of Bankers Malaysia. He joined AmInvestment Bank Berhad in 1978 and held the position of Managing Director since 1994. He was re-designated to Group Managing Director of AMMB Holdings Berhad on 1 January 2005 and subsequently retired on 1 April 2012. Prior to joining the AmBank Group, he was with the then Malaysian Industrial Development Authority (now known as Malaysian Investment Development Authority).

Cheah Tek Kuang is also a member of the Audit and Risk Management Committee, Nominating and Remuneration Committees of the Company. He is presently the Independent Non-Executive Chairman of Berjaya Sports Toto Berhad, the deputy Chairman and Non-Executive Director of AmInvestment Bank Berhad and AmBank (M) Berhad. He is also a Director of AmIslamic Bank Berhad, Cagamas Holdings Berhad, UMW Oil & Gas Corporation Bhd, Danajamin Nasional Berhad, Malaysian Institute of Art and a Member of Investment Panel in Kumpulan Wang Persaraan (Diperbadankan) [Retirement Fund Incorporated]. He had served as an Independent Non-Executive Director of Bursa Malaysia Berhad (2004 to 2013).

Cheah Tek Kuang attended all eight (8) Board Meetings held after his appointment during the financial year ended 30 June 2013.

LIM TUANG OOI

Non-Independent Non-Executive Director, Malaysian, Age 51

Lim Tuang Ooi was first appointed to the Board on 17 January 2011. He is the Senior General Manager and Head of the Risk Management Department of the Employees Provident Fund of Malaysia ("EPF"). He is a Certified Public Accountant and a Chartered Accountant by profession. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Lim Tuang Ooi has more than 28 years experience in the financial, risk and accounting industry. He joined EPF in November 2007 and prior to that he was the Chief Financial Officer of Hong Leong Bank where he oversaw the Financial Management, Accounting Operations, Tax Management, Strategic Planning and Risk Management functions. He was with Citibank for more than 15 years and held many roles covering Risk Management, Credit Risk, Collections, Service, Quality, Business Banking, Credit Analytics and Credit Operations. He spent seven (7) years with KPMG where he qualified as a professional accountant and worked in the areas of Audit, Tax and Consultancy.

Lim Tuang Ooi attended eight (8) out of the nine (9) Board Meetings held during the financial year ended 30 June 2013.

Notes:

1. *Save as disclosed above, none of the Directors have:*
    a. *any family relationship with any directors and/or substantial shareholders of the Company; and*
    b. *any conflict of interest with the Company.*
2. *None of the Directors have any conviction for offences within the past ten (10) years.*

SENIOR MANAGEMENT TEAM

Group Chief Executive Officer
TAN SRI DATO' LEE SHIN CHENG

Group Executive Directors
DATO' LEE YEOW CHOR
LEE YEOW SENG
LEE CHENG LEANG

CORPORATE

Senior Group Financial Controller
KEVIN WONG TACK WEE

Group Financial Controller
LIM LAI SENG

Chartered Secretary
TAN CHOONG KHIANG

PLANTATION

Group Plantation Director
DATO' FOONG LAI CHOONG

Senior General Manager, Group Engineering
WONG CHEE KUAN

General Manager, Finance
LIM EIK HOY

General Manager, Peninsular
TAY CHING AN

General Manager, Keratong
TEE KE HOI

General Manager, Lahad Datu
RAGUPATHY A/L SELVARAJ

General Manager, Sandakan
SUDHAKARAN A/L NOTTATH BHASKARAN

General Manager, Indonesia
GOH HOCK SIN

COMMODITY MARKETING

Head of Group Commodity Marketing
LEE YOKE HUI

OLEOCHEMICALS

Executive Director
TAN KEAN HUA

Chief Financial Officer
KHOO TIANG CHENG

Head of Operations, Johor
GURDEV SINGH A/L DARSHAN SINGH

SPECIALTY OILS AND FATS

Group Chief Executive Officer
JULIAN VEITCH

Chief Operating Officer, Americas
BILL TROY

Chief Operating Officer, Europe
DR LOEK FAVRE

Chief Operating Officer, Asia
MICHAEL VAN SALLANDT

Group Chief Financial Officer
VINCENT GEERTS

REFINERY

General Manager
SHYAM A/L M. K. LAKSHMANAN

PROPERTY

Property Director
TEH CHIN GUAN

Senior General Managers
LEE YOKE HAR
SIMON HENG
TAN KENG SENG

General Managers
LIM BENG YEANG
HO KWOK WING
IR CHOO KAY BOON
LOH CHIN YEAN
LEE MAN CHONG
LEE YEAN PIN (LI YANPING)

General Manager, IOI Mall
RONNIE ARTHUR FRANCIS

Acting General Manager, Johor
LOU FU LEONG

Assistant General Manager, Xiamen
OOI WOOI YAW

Financial Controller
BETTY LAU SUI HING

HOTELS AND GOLF CLUB

General Managers
SIMON YONG
BRANDON CHIN

GROUP BUSINESS ACTIVITIES

PLANTATION

IOI CORPORATION BERHAD*
PLANTATION SUBSIDIARIES
Oil Palm
Rubber
Crude Palm Oil Mill

RESOURCE-BASED MANUFACTURING

IOI OLEOCHEMICAL INDUSTRIES BERHAD GROUP
Oleochemicals

IOI EDIBLE OILS GROUP
Palm Oil Refinery
Palm Kernel Crushing

IOI LODERS CROKLAAN GROUP
Specialty Oils and Fats
Palm Oil Refinery and Fractionation

PAN-CENTURY GROUP
Oleochemicals
Refinery

IOI LIPID ENZYMTEC
Specialty Oils and Fats

PROPERTY DEVELOPMENT & INVESTMENT

IOI PROPERTIES BERHAD GROUP
PROPERTY SUBSIDIARIES
Township Development
Apartments
Shopping Malls
Office Complexes
Hotels
Resorts

** Listed on the Main Market of Bursa Malaysia Securities Berhad*

GLOBAL PRESENCE

PLANTATION

PROPERTIES

RESOURCE-BASED MANUFACTURING

RESOURCE-BASED MANUFACTURING SALES OFFICE


NETHERLANDS
WORMERVEER &
ROTTERDAM
RUSSIA
MOSCOW
POLAND
WARSAW
ENGLAND
ESSEX
ITALY
MILAN
EGYPT
CAIRO
CHINA
SHANGHAI
XIAMEN
MALAYSIA
SINGAPORE
INDONESIA
KALIMANTAN

LOCATION OF OPERATIONS IN

MALAYSIA

PLANTATION (PENINSULAR)

1. Bukit Dinding Estate
2. Detas Estate
3. Bukit Leelau Estate
4. Mekassar Estate & Merchong Estate
5. Leepang A Estate & Laukin A Estate
6. Pukin Estate
7. Shahzan IOI Estate
8. Bahau Estate & Kuala Jelei Estate
9. IOI Research Centre & Regent Estate
10. Gomali Estate, Paya Lang Estate & Tambang Estate
11. Bukit Serampang Estate & Sagil Estate
12. Segamat Estate
13. Kahang Estate
14. Pamol Kluang Estate
15. Swee Lam Estate

PLANTATION (EAST MALAYSIA)

16. Baturong Estate
17. Cantawan Estate
18. Halusah Estate
19. Tas Estate
20. Morisem Estate
21. Leepang Estate
22. Permodalan Estate
23. Syarimo Estate

24a. Tangkulap Estate

24b. Bimbingan Estate

25. Mayvin Estate
26. Laukin Estate
27. Ladang Sabah Estate, IOI Lab & Sandakan Regional Office
28. Linbar Estate
29. Sakilan Estate
30. Pamol Sabah Estate
31. Sugut Estate
32. Sejap Estate & Tegai Estate

PROPERTY DEVELOPMENT

33. Bandar Puchong Jaya & Bandar Puteri Puchong
34. Bandar Putra Kulai & Taman Lagenda Putra
35. Bandar Putra Segamat
36. 16 Sierra, Puchong
37. Desaria, Sungai Ara
38. IOI Resort City, Putrajaya
39. Taman Kempas Utama & The Platino

RESORT

38. Putrajaya Marriott Hotel & Spa, Palm Garden Hotel & Palm Garden Golf Club

RESOURCE-BASED MANUFACTURING

40. IOI Oleochemical Operations
41. IOI Palm Oil Refinery/ Kernel Crushing Plant
42. IOI Loders Croklaan Refinery/ Specialty Fats Operations
43. Pan-Century Oleochemicals & Refinery Operations
44. IOI Lipid Enzymtec Plant

Corporate Calendar

JULY 2012

IOI Group Executive Chairman Tan Sri Dato' Lee Shin Cheng was conferred Certificate of Appreciation and presented with a memento award from Inspector-General of Police Tan Sri Ismail Omar during Balai League Table (BLT) Series 1/2012 award ceremony. The award was given for Tan Sri's outstanding crime prevention efforts for the community.

JULY 2012

IOI Properties Bhd ("IOIP") and Rafflesia Education Group signed an agreement to bring quality education to 16 Sierra and its surrounding townships. The international school will commence its operation in September 2013.

OCTOBER 2012

Bumitama Agri Limited ("BAL"), IOI Group's associate company, was the runner-up for the Most Transparent Company – New Issues Category during the 13th SIAS (Securities Investor Association Singapore) Investors' Choice Awards 2012 in Singapore.

MALAYSIA'S MOST VALUABLE BRANDS '12

OCTOBER 2012

IOI Group was ranked 13th in Malaysia's Most Valuable Brands ("MMVB") 2012 for its brand building efforts and progress on all business fronts, namely plantation, property and resource-based manufacturing.

OCTOBER 2012

Seascape, a luxury condominium development at Sentosa Cove, emerged winner for the Residential (Low Rise) category in the prestigious FIABCI Singapore Property Awards 2012. It was judged based on criteria such as design, aesthetics, functionality and contribution to the built environment and community.

OCTOBER 2012

IOI Loders Croklaan Europe unveiled a new deodoriser at its Wormerveer plant in the Netherlands to further increase product quality with lower environmental impact. Using less energy and cooling water, while reducing losses of precious raw materials, it contributes to both growth and sustainability targets.

NOVEMBER 2012

IOI Corporation Bhd with Malua Biobank along with three palm oil companies signed the Malua Wildlife Conservation Agreement to protect the threatened wildlife in the heart of Borneo. The agreement was the first step in implementing the findings of a study funded by Malaysian Palm Oil Board ("MPOB") that suggested a need for cooperative effort to prevent illegal hunting and poaching in the Malua forest reserve.

DECEMBER 2012

IOI Oleochemical Industries Bhd, Prai was recognised as the Best-in-Class Palm-Based Oleochemical Company in Malaysia in the *Anugerah Industri Sawit* (Palm Industry Award) by MPOB.

DECEMBER 2012

Acidchem International Sdn Bhd, a subsidiary of IOI Oleochemical Industries Bhd, Prai won two Gold Awards (Pollution Prevention Code; and Distribution Code) and three Silver Awards (Process Safety; Employee Safety and Health; Community Awareness and Emergency Response) in the Chemical Industries Council of Malaysia ("CICM") Responsible Care Awards.

FEBRUARY 2013

IOI Loders Croklaan Oils and IOI Lipid Enzymtec were certified for Food Safety System Certification 22000 ("FSSC 22000") by Global Food Safety Initiative ("GFSI") which represents one of the most comprehensive approaches to food safety management system for manufacturers of food items.

MARCH 2013

Dreammont Development Sdn Bhd, a wholly-owned subsidiary of IOI Corporation Bhd, confirmed Parkson Corporation Sdn Bhd and Golden Screen Cinemas Sdn Bhd as the upcoming IOI City Mall's anchor tenants with the signing of lease agreement.

MARCH 2013

One of IOI Loders Croklaan's groundbreaking innovations, Betapol® has been awarded 17 patents worldwide for the product's production processes. Betapol® is the first fat blend to mimic human milk fat for infant formula and with the patents, IOI Loders Croklaan assures the authenticity and quality of the product for customers.

APRIL 2013

Bahau Estate was certified with the Certification of Code of Good Nursery Practice for Oil Palm Nurseries ("CoPN") by MPOB for its good management and practices in the operation of its oil palm nursery.

APRIL 2013

IOI Loders Croklaan Americas won the Innovation Award for collaborating with General Mills to deliver an innovative solution that removed trans fat from their frosting line resulting in £80 million of new business. The new improved frosting line will be unveiled in mid-2014.

APRIL 2013

The newly-refurbished 18-hole Palm Garden Golf Club was voted the Best New Golf Course by golfing experts and aficionados in an online poll conducted by ParGolf Magazine. The premier golf course which opened for play last year is renowned for its undulating fairways, flashed-up bunkering and stunning landscaping.

MAY 2013

Paya Lang Estate was awarded the Good Occupational Safety & Health Managing System in Plantation Sector for Segamat District distinction by the Ministry of Human Resources for its commendable safety and health practices.

MAY 2013

IOIP garnered three Asia Pacific Property Awards – Best Retail Development (Malaysia) for IOI City Mall, Best Golf Development (Malaysia) for Palm Garden Golf Club and Highly Commended: Commercial High-Rise Development (Malaysia) for Puchong Financial Corporate Centre ("PFCC") – at the Asia Pacific Property Awards 2013-2014.

MAY 2013

IOI Corporation Bhd announced its proposal to demerge its property business and relist it on the Main Market of Bursa Malaysia Securities. The proposed demerger is to unlock the value of its property business. It is expected to result in greater visibility on separate performance of IOI Corporation Bhd's plantation business and property-related business.

MAY 2013

IOIP won the British Construction Industry ("BCI") Asia Top 10 Developers Award 2013 for the third consecutive year at the BCI Asia Awards 2013. The awards were presented to ten top property developers and architectural firms with the highest value portfolio of projects in Malaysia, Hong Kong SAR, Indonesia, the Philippines, Singapore, Thailand and Vietnam.

BCI ASIA AWARDS 2013

MAY 2013

Bukit Leelau Mill's efficient management was recognised and awarded Best Mill Award 2012 by the Department of Environment, Pahang. The award covered five criteria – Best Effluent Management, Best Scheduled Waste Management, Best Smoke Emission Control, Best Report Submission and Best Cleanliness.

JUNE 2013

IOI Group successfully attained two more Roundtable on Sustainable Palm Oil ("RSPO") certification for its Plantation Management Unit Ladang Sabah Grouping and Syarimo Grouping.

In addition, Syarimo Palm Oil Mill joined eight other IOI Group's palm oil mills and their supporting estates to be accredited by International Sustainability and Carbon Certification ("ISCC").

JUNE 2013

IOI Oleochemical Industries Bhd, Prai bagged the Gold Award for Team Excellence at the Innovative & Creative Circle ("ICC") Northern Regional Convention 2013 organised by Malaysia Productivity Corporation ("MPC").

Similarly, Pan-Century Oleochemicals Sdn Bhd overcame 54 teams and swept the Gold Award for Team Excellence at the ICC Southern Regional Convention with its creative idea of improving the quality of sweet water.

JUNE 2013

IOIP wowed judges with its Orchid Voila garden design to win the Gold Award in the Floria Garden (Corporate) category at the annual Putrajaya Flower & Garden Festival ("Floria Putrajaya 2013").

JUNE 2013

IOI Oleochemical Industries Bhd, Prai achieved a safety milestone as it crossed its first one millionth accident-free hours, counting from January 2013 to June 2013 – owing to the commitment and adherence to safe work practices by its employees and contractors.

Audit and Risk Management Committee Report

The Board of Directors of IOI Corporation Berhad is pleased to present the report on the Audit and Risk Management Committee (the "Committee") of the Board for the financial year ended 30 June 2013.

The Audit Committee was established on 24 March 1994 in line with Bursa Malaysia Securities Berhad's Main Market Listing Requirements. With effect from 6 September 2012, the Audit Committee was renamed as the Audit and Risk Management Committee.

A MEMBERS

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
Chairman
Senior Independent Non-Executive Director

Datuk Karownakaran @ Karunakaran a/l Ramasamy
Member/Independent Non-Executive Director

Cheah Tek Kuang
Member
Independent Non-Executive Director
(Appointed on 13 September 2013)

Quah Poh Keat
CPA (M), CA (M), FCCA, ACMA, MIT (M)
Member
Independent Non-Executive Director
(Resigned on 13 September 2013)

B COMPOSITION AND TERMS OF REFERENCE

1 Membership

The Committee shall be appointed by the Board of Directors from amongst the Directors and shall consist of no fewer than three (3) members. All the Committee members must be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

All the Committee members should be financially literate with at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively a person who must have the following qualifications are also acceptable:-

(a) either one of the following qualifications and at least three (3) years' post-qualification experience in accounting or finance:

  (i) a degree/masters/doctorate in accounting or finance; or

  (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or

(b) at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The Committee shall elect a Chairman from among its members who is an Independent Non-Executive Director.

In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

2 Objectives

The primary objectives of the Committee are to:

i Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiaries' accounting and management controls, financial reporting and business ethics policies.

ii Provide greater emphasis on the audit function by serving as the focal point for communication between Non-Committee Directors, the external auditors, internal auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

iii Undertake such additional duties as may be appropriate and necessary to assist the Board.

3 Authority

The Committee is authorised by the Board to:

i Investigate any matter within its terms of reference and have full and unrestricted access to any information pertaining to the Company and the Group.

ii Have direct communication channels with both the external auditors and internal auditors.

iii Full access to any employee or member of the management.

iv Be able to convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees, whenever deemed necessary.

The Committee is also authorised by the Board to have the necessary resources and to obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

4 Duties and Responsibilities

In fulfilling its primary objectives, the Committee will need to undertake the following duties and responsibilities summarised below:

i To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.

ii To consider the appointment of the external auditors, the terms of reference of their appointment, the audit fee and any questions of resignation or dismissal.

iii To review with the external auditors their audit plan, scope and nature of the audit for the Company and the Group.

iv To review the external auditors' management letter and management's response.

v To review with the external auditors with regard to problems and reservations arising from their interim and final audits.

vi To review with the external auditors the audit report and their evaluation of the system of internal controls.

vii To review the assistance given by employees of the Company or Group to the external auditors.

viii To do the following, in relation to the internal audit function:

- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- review any appraisal or assessment of the performance of members of the internal audit function.
- approve any appointment or termination of senior staff members of the internal audit function.
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

ix To review the Company and the Group's quarterly financial statements and annual financial statements before submission to the Board.

The review shall focus on:

- any changes in or implementation of major accounting policies and practices.
- significant and unusual events.
- significant adjustments and issues arising from the audit.
- the going concern assumption.
- compliance with the applicable approved accounting standards and other legal requirements.

x To review any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

xi To undertake such other responsibilities as may be agreed to by the Committee and the Board.

xii To consider the report, major findings and management's response of any internal investigations carried out by the internal auditors.

xiii To verify the allocation of options pursuant to Executive Share Option Scheme ("ESOS") in compliance with the criteria of the ESOS at the end of each financial year.

5 Conduct of Meetings

Number of Meetings

The Committee shall meet at least five (5) times a year. The Chairman shall also convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

Attendance of Meetings

The head of finance and head of internal audit division and representatives of the external auditors shall normally be invited to attend meetings of the Committee. However, the Committee shall meet with the external auditors without executive board members present at least twice a year. The Committee may also invite other Directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised.

Quorum

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).

6 Secretary to the Committee and Minutes

The Company Secretary shall be the secretary of the Committee and as a reporting procedure, the minutes shall be circulated to all members of the Board.

C ACTIVITIES

During the financial year ended 30 June 2013, the Committee discharged its duties and responsibilities in accordance with its terms of reference.

The main activities undertaken by the Committee were as follows:

i Review of the external auditors' scope of work and their audit plan and discuss results of their examinations and recommendations.

ii Review with the external auditors the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.

iii Review the audited financial statements before recommending them for the Board of Directors' approval.

iv Review the Company's compliance, in particular the quarterly and year end financial statements with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

v Review of the quarterly unaudited financial results announcements of the Group and the Company prior to recommending them to the Board for consideration and approval.

vi Review of the Internal Audit Department's resource requirement, programmes and plan for the financial year to ensure adequate coverage over the activities of the respective business units and the annual assessment of the Internal Audit Department's performance.

vii Review of the audit reports presented by Internal Audit Department on findings and recommendations and management's responses thereto and ensure that material findings are adequately addressed by management.

viii Review of the following related party transactions:

a) proposed acquisition of 10% equity interest in Property Village Berhad and Property Skyline Sdn Bhd respectively by IOI Properties Group Berhad from Summervest Sdn Bhd.

b) proposed acquisition of the remaining 39% equity interest in Future Link Properties Pte Ltd by IOI Properties Berhad.

ix Review and assess the risk management activities and risk review reports of the Group, as follows:

- Bi-annual risk review reports compiled by the respective operating units' Risk Management Committees, and annual presentation to and discussion with the Committee.
- Operating units' CEO/CFO's Internal Control Certification and Assessment Disclosure.
- Operating unit's response to the Questionnaire on Control and Regulations.

x Review of the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Statement on Corporate Governance and Statement on Risk Management and Internal Control pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

xi Review of whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.

Number of Meetings and Details of Attendance

Eight (8) meetings were held during the financial year ended 30 June 2013. The attendance record of each member was as follows:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	8	8
Datuk Karownakaran @ Karunakaran a/l Ramasamy	8	8
Quah Poh Keat *(Resigned on 13 September 2013)*	8	8

Three (3) meetings were held subsequent to the financial year end to the date of Directors' Report and were attended by the following members:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	3	3
Datuk Karownakaran @ Karunakaran a/l Ramasamy	3	3
Quah Poh Keat *(Resigned on 13 September 2013)*	3	3

D INTERNAL AUDIT FUNCTION

The annual Internal Audit plan is approved by the Committee at the beginning of each financial year.

The Internal Audit Department performs routine audit on and reviews all operating units within the Group, with emphasis on principal risk areas. Internal Audit adopts a risk-based approach towards planning and conduct of audits, which is partly guided by an Enterprise Risk Management ("ERM") framework. Impact on IOI's vision is taken into consideration in determining the risk level as a holistic approach in contributing to the achievement of the Group's objective and in enhancing shareholders' value.

140 audit assignments were completed during the financial year on various operating units of the Group covering plantation, properties, manufacturing, hotels and other sectors. Audit reports were issued to the Committee and Board incorporating findings, recommendations to improve on the weaknesses noted in the course of the audits and management's comments on the findings. An established system has been put in place to ensure that all remedial actions have been taken on the agreed audit issues and recommendations highlighted in the audit reports. Significant issues and matters unsatisfactorily resolved would be highlighted to the Committee quarterly.

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2013 was RM3,205,000 (2012: RM2,878,000).

E RISK MANAGEMENT

The Board and Management drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture through education. Regular risk awareness sessions are conducted at the operational level to promote the understanding of risk management principles and practices across different functions within the Group. In addition, a risk-based approach is embedded into existing key processes as well as new key projects, and is compatible with the Group's internal control systems.

This is elaborated in details under a separate statement called "Statement on Risk Management and Internal Control" on pages 106 to 108.

Statement on Corporate Governance

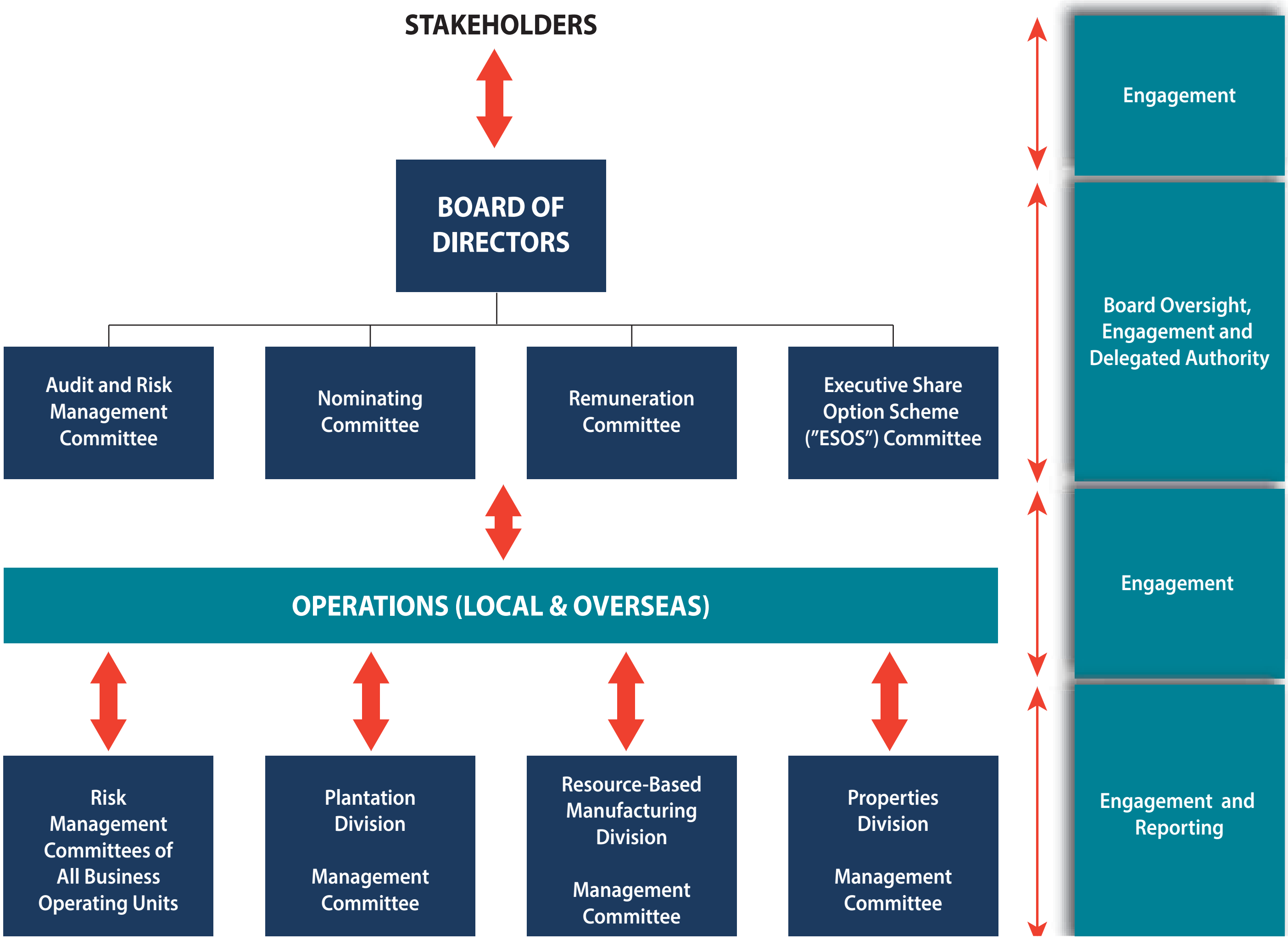
INTRODUCTION

The Board recognises the paramount importance of good corporate governance to the success of the Group. It strives to ensure that a high standard of corporate governance is being practised throughout the Group in ensuring continuous and sustainable growth for the interests of all its stakeholders.

The Group's corporate governance practices are guided by its "Vision IOI" whereby responsible and balanced commercial success is to be achieved by addressing the interests of all stakeholders. A set of core values guides our employees at all levels in the conduct and management of the business and affairs of the Group. We believe that good corporate governance results in quantifiable and sustainable long term success and value for shareholders as well as all other stakeholders, as reflected by our performance and track record over the years. During the financial year, the Group has received numerous accolades and awards in recognition of its efforts.

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of the Group. The paragraphs that follow in this Statement outline the governance framework of the Group and explain how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

GOVERNANCE FRAMEWORK



The Group has complied with the principles and recommendations of the Code save for the following recommendations and will further review its corporate governance practices to bring the same in line with the recommendations under the Code:

The Code Recommendations	Compliance	Explanation
Recommendation 3.2 Tenure of independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the Director's re-designation as a non-independent director	Do not comply	The Nominating Committee (save for Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor being interested Director who had abstained from all deliberations) and the Board have determined at the annual assessment carried out that Datuk Hj Mohd Khalil, who has served on the Board for 13 years remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not interfere with his exercise of independent judgement and he acts in the best interest of the Group, notably as Chairman of both Audit and Risk Management Committee ("ARMC") and Nominating Committee. All Independent Directors including Datuk Hj Mohd Khalil have provided an annual confirmation of their independence to the Board. Ordinary resolution 5 retaining Datuk Hj Mohd Khalil as Independent Director has been proposed for shareholders' approval at the Forty-Fourth Annual General Meeting of the Company. pursuant to the Recommendation 3.3 of the Code.
Recommendation 3.4 The positions of Chairman and Chief Executive Officer ("CEO") should be held by different individuals, and the Chairman must be a non-executive independent member of the Board	Do not comply	In his capacity as Executive Chairman, Tan Sri Dato' Lee Shin Cheng essentially functions both as CEO and Chairman of the Board. The Board is mindful that convergence of the two (2) roles is not in compliance with best practice, but takes into consideration the fact that as Tan Sri is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement.
Recommendation 3.5 The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director	Do not comply	The Board comprises eight (8) members, of whom four (4) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. Our Non-Independent Non-Executive Director is a nominee representative of Employees Provident Fund Board ("EPF") and he may nevertheless be considered as an "Independent Director" because EPF is not our promoter with 10.16% equity stake (as at 30 August 2013) in the Company under Paragraph 3.2, Practice Note 13 of the Main Market Listing Requirements of Bursa Securities.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

Roles and Principal Duties

The Board takes full responsibility for the overall performance of the Company and of the Group. The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. The Board Charter can be viewed on our website.

The Board Charter comprises, among others, the following areas:

- Roles of the Board and Board Committees
- Role of individual Directors
- Role of Senior Independent Non-Executive Director
- Role of Chairman
- Roles of CEO
- Board Composition and Balance
- Board Evaluation
- Meetings
- Company Secretary
- Stakeholders Communication
- Code of Business Conduct and Ethics
- Conflict of Interest

The Board also has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notations, as the case may be.

The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group's resources towards realising Vision IOI. It focuses mainly on strategies, financial performance and critical and material business issues in specific areas such as principal risks and their management, internal control system, succession planning for senior management, investor relations programme and shareholders' communication policy.

The Executive Directors take on primary responsibility for managing the Group's day-to-day business and resources. Their intimate knowledge of the business and their "hands-on" management practices have enabled the Group to have leadership positions in its chosen industries.

The Independent Non-Executive Directors are actively involved in various Board committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals sponsored by the Executive Directors.

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the ARMC, the Nominating Committee, the Remuneration Committee and the Executive Share Option ("ESOS") Committee, all collectively referred to hereafter as the "Committees". Clear written terms of reference for the Committees set out the authority and duties of the Committees. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance.

Board Composition and Balance

Presently, the Board comprises eight (8) members, of whom three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Board composition complies with the Main Market Listing Requirements of Bursa Securities that require a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.

Other than the three (3) Independent Non-Executive Directors, Mr Lim Tuang Ooi, a representative from the EPF which is a substantial shareholder of the Company was appointed as Non-Independent Non-Executive Director.

Although a relatively mid-sized Board, it provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting), legal and technical areas of the industries the Group is involved in. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current composition and size of the Board provide for sufficient diversity and yet allow for effective decision-making.

Key Information on Directors

A brief profile of each Director is presented on pages 66 to 73 of the Annual Report, and the Notice of Annual General Meeting ("AGM") for Directors proposed for re-election and re-appointment at the 2013 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

Code of Business Conduct and Ethics

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Group communicates the Code of Ethics for Directors and Code of Business Conduct and Ethics (collectively, the "Code of Ethics") to all Directors and employees upon their appointment/ employment. The Code of Ethics can be viewed on our website.

Diversity

This year, for the first time, our Company is required to report on diversity targets. We are committed to diversity and have had an equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business, in place for some time. For various reasons set out in the corporate governance section of this Annual Report, the Board has not set specific gender diversity targets at this time. We have a relatively even spread of employees across all age brackets which is reflective of our culture of teamwork and respect. Below is a summary of the gender mix of our team (excluding foreign workers):

Employees located in Malaysia - Diversity gender disclosure

Age Bracket	Headcount of All Employees	% of All Employees	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
20–29	1,652	31.02	1,055	28.97	597	35.43
30–39	1,719	32.27	1,102	30.26	617	36.62
40–49	1,266	23.77	921	25.29	345	20.47
50–59	632	11.86	511	14.03	121	7.18
60–69	53	0.99	48	1.32	5	0.30
70 & above	5	0.09	5	0.13	–	–
Grand Total	**5,327**	**100.00**	**3,642**	**100.00**	**1,685**	**100.00**

Management Position and Directors on the Board of IOI

Category	Total Headcount	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
In Management position (Manager & above)	576	368	64	208	36
Directors on the Board	8	8	–	–	–

Sustainability and Corporate Responsibility

IOI Group takes its commitment to sustainable palm oil industry practices seriously. The Company is a founding member of the Roundtable on Sustainable Palm Oil (RSPO) which functions as a standards-setter for the global industry. We aim to meet the objective for all IOI estates and palm oil mills in Malaysia to be certified by RSPO and International Sustainability & Carbon Certification (ISCC).

Various Sustainability Policies of the Group have been formulated and documented. Sustainability strategies are also encapsulated in IOI Vision and form part of Sustainability and Corporate Responsibility Statement.

Whistleblowing Policy

IOI Group is committed to achieving and maintaining the highest standard of work ethics in the conduct of business in line with IOI Group's Code of Business Conduct and Ethics and good corporate governance practices.

IOI Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of IOI Group's Code of Business Conduct and Ethics and to disclose any improper conduct or other malpractices within IOI Group (i.e. whistleblowing) in an appropriate way.

The policy is to provide an avenue for all employees of IOI Group and all agents, vendors, contractors, suppliers, consultants and customers of IOI Group and members of public to raise concerns about any improper conduct within IOI Group without fear of retaliation and to offer protection for such persons (including the employees of IOI Group) who report such allegations.

Any employee or member of the public who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed within IOI Group is encouraged to make disclosure by filling a prescribed Whistleblower Report Form and submit it through any of the following reporting channels:

a) E-mail to whistleblowing@ioigroup.com

b) Fax to +(603) 8948 8233. Whistleblowing Secretariat – Group Internal Audit, Tel: +(603) 8947 8888 (General line)

c) In person to the respective Head of Business/Operating Unit, or its Head of Human Resource

d) In writing to one or more of the following persons as appropriate at: IOI Group, Level 10, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia

POSITION	NAME	TEL NO.
Chairman of ARMC	Dato' Hj Mohd Khalil b Dato' Hj Mohd Noor	+(603) 8947 8953
Head of Group Internal Audit	Frank Chin Suan Yong	+(603) 8947 8949
Group Executive Chairman	Tan Sri Dato' Lee Shin Cheng	
Group Executive Director	Dato' Lee Yeow Chor	
Group Executive Director	Lee Yeow Seng	
Group Plantation Director	Dato' Foong Lai Choong	
Property Director	Teh Chin Guan	
Executive Director, Oleochemicals	Tan Kean Hua	

Company Secretary

The Company Secretary, Vincent Tan Choong Khiang, assumed his role in 2011, having 16 years experience in corporate secretarial practice. He is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). He is also a member of Technical & Public Practice and Continuing Professional Development Committees of MAICSA.

The Board has direct access to the advice and services of a Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretary is also charged with highlighting all compliance and governance issues which they feel ought to be brought to the Board's attention.

The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management. In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretary has oversight on overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise members who bring value to Board deliberations.

Appointment to the Board and the effectiveness of the Board

The Nominating Committee of the Board compose exclusively three (3) Independent Non-Executive Directors. The Nominating Committee is responsible to make independent recommendations for appointments to the Board.

The Nominating Committee of the Board comprises of the following Directors:

1. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
2. Datuk Karownakaran @ Karunakaran a/l Ramasamy *(appointed on 13 September 2013)*
3. Cheah Tek Kuang *(appointed on 13 September 2013)*
4. Quah Poh Keat *(resigned on 13 September 2013)*

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries, and finance, legal and accounting professions. The Nominating Committee meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Committees.

In reviewing and recommending to the Board any new Director appointments, the Nominating Committee considers: (a) the candidate's independence, in the case of the appointment of an Independent Non-Executive Director; (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); (c) the candidate's age, track record, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other relevant factors as may be determined by the Nominating Committee which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Board through the Nominating Committee also annually reviews its required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. The Board has also implemented a process to be carried out by the Nominating Committee annually for continuous assessment and feedback to the Board on the effectiveness of the Board as a whole, the Board committees and the contribution of each individual Director.

When deliberating on the performance of a particular Director who is also a member of the Nominating Committee, that member abstains from the discussions in order to avoid any conflict of interests. The results of the individual evaluation of the Directors are also used by the Nominating Committee, in its consultation with the Chairman of the Board, to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria

The qualitative criteria is set out in a questionnaire covering four (4) main areas relating to board structure, board operations, board roles and responsibilities, board chairman's role and responsibilities.

Individual Director Evaluation Criteria

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Committee meetings including his contribution to Board processes and the business strategies and performance of the Group.

Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM provided always that all Directors including the Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The Directors due for re-election by rotation pursuant to Article 101 of the Articles at the forthcoming Forty-Fourth AGM are Datuk Karownakaran @ Karunakaran a/l Ramasamy and Mr Lim Tuang Ooi. The profiles of the Directors who are due for re-election are set out on pages 70 and 73.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 at the forthcoming Forty-Fourth AGM are Tan Sri Dato' Lee Shin Cheng and Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor. Their profiles are set out on pages 66 and 69.

Directors' Remuneration

The Company's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities.

The Remuneration Committee of the Board comprises of the following Directors:

1. Datuk Karownakaran @ Karunakaran a/l Ramasamy (Chairman) *(appointed on 13 September 2013)*
2. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
3. Cheah Tek Kuang *(appointed on 13 September 2013)*
4. Tan Sri Dato' Lee Shin Cheng *(resigned on 13 September 2013)*
5. Quah Poh Keat *(resigned on 13 September 2013)*

The Remuneration Committee reviews and submits recommendation to the Board on remuneration packages of Directors in accordance with the Company's policy guidelines which sets a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performance, experience and the level of responsibilities. All Directors are paid annual fees. The members of the ARMC receive additional fees taking into consideration the nature of their responsibilities. Members of other Board Committees do not receive any additional fees. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

No Director is involved in deciding his own remuneration. The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2013 are as follows:

1. Aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits-in-kind RM'000	EPF RM'000	Others RM'000	Total RM'000
Executive Directors	444	8,746	40,474	141	5,917	213	55,935
Non-executive Directors	454	–	–	21	–	160	635

2. Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
Range of Remuneration	Executive	Non-executive
RM1 to RM50,000	–	–
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	3
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	–	1
RM250,001 to RM400,000	–	–
RM400,001 to RM450,000	1	–
RM450,001 to RM1,250,000	–	–
RM1,250,001 to RM1,300,000	1	–
RM1,300,001 to RM2,100,000	–	–
RM2,100,001 to RM2,150,000	1	–
RM2,150,001 to RM52,100,000	–	–
RM52,100,001 to RM52,150,000	1	–

For financial year ended 30 June 2013, none of the directors were offered share options under the Company's ESOS.

The Board is mindful of the requirement under the Code for the disclosure of details of the remuneration of each Director. The Company complies with the disclosure requirements under the Main Market Listing Requirements of Bursa Securities i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the above band disclosure.

PRINCIPLE 3: REINFORCE INDEPENDENCE

The Board should have policies and procedures to ensure effectiveness of Independent Directors.

Annual Review of Directors' Independence

The Nominating Committee reviews the independence of Directors annually according to the criteria on independence set out in the Main Market Listing Requirements and Practice Notes of Bursa Securities on independence.

In addition to the annual review by the Nominating Committee of the Directors' independence, each Independent Non-Executive Director also submits an annual declaration regarding his independence.

All of the Independent Non-Executive Directors are also independent from the substantial shareholders of the Company, not being substantial shareholders themselves nor directly associated with any substantial shareholder.

Taking cognisance of the non-separation of the roles of the Chairman of the Board and the Chief Executive Officer, the Board has identified Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor as the Senior Independent Non-Executive Director of the Board to whom concerns (of shareholders, management or others) may be conveyed. The Senior Independent Non-Executive Director may be contacted at tel: +(603) 8947 8953 and email: datuk.mohd.khalil@ioigroup.com.

PRINCIPLE 4: FOSTER COMMITMENT

Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills.

Board Meeting

The Board is satisfied with the level of time commitment by each of the Directors towards fulfilling their roles on the Board and Board Committees.

The Board has at least five (5) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings bring an independent judgement to bear on issues of strategies, risks, performance, resources and standards of conduct.

Nine (9) Board meetings were held during the financial year ended 30 June 2013. The attendance record of each Director since the last financial year was as follows:

	Total Number of Meetings	Number of Meetings Attended
Executive Directors		
Tan Sri Dato' Lee Shin Cheng	9	8
Dato' Lee Yeow Chor	9	9
Lee Yeow Seng	9	8
Lee Cheng Leang	9	9
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	9	9
Datuk Karownakaran @ Karunakaran a/l Ramasamy	9	8
Quah Poh Keat *(resigned on 13 September 2013)*	9	9
Lim Tuang Ooi	9	8
Cheah Tek Kuang *(appointed on 22 August 2012)*	8	8

Supply of Information

All Board members are supplied with information in a timely manner. Board reports are circulated prior to the Board meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports include, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that require Board's approval.

Detailed periodic briefings on industry outlook, company performance and forward previews (forecasts) are also conducted for the Directors to ensure that the Board is well informed of the latest market and industry trends and developments.

Training and Development of Directors

Training needs as deemed appropriate by individual Board members are provided. Board members keep abreast with general economic, industry and technical developments by their attendances at appropriate conferences, seminars and briefings.

All the Directors had completed the Mandatory Accreditation Programme as specified by Bursa Securities. During the financial year, members of the Board who have attended various training programmes, forums, conferences and seminars are as follows:

Tan Sri Dato' Lee Shin Cheng	16th China International Fair For Investment & Trade	8 September 2012
	Stakeholders Engagement Workshop	16 November 2012
	7th World Fujian Convention Economic Forum: Asia Pacific Economic Outlook and Challenges - An Asian Perspective	25 November 2012
	24th Annual Palm and Lauric Oils Conference & Exhibition: Price Outlook 2013/2014	5 March 2013
	Palm International Nutra-Cosmeceutical Conference (PINC) 2013	20 May 2013
	Invest Malaysia Conference 2013	14 June 2013

Dato' Lee Yeow Chor	Harvard Business School Seminar: Challenges for Managers in a Turbulent Environment	4 July 2012
	Asian Strategy and Leadership Institute (ASLI) National Housing Summit	28 August 2012
	Malaysian Palm Oil Council (MPOC) Sustainability Conference	10 September 2012
	Economic and Promotion Mission to Belgium, Germany, France and Romania by the Minister of Plantation Industries and Commodities	16 September 2012 to 19 September 2012
	Palm Oil Trade Seminar, Kuala Lumpur	15 October 2012 to 16 October 2012
	Stakeholders Engagement Workshop	16 November 2012
	Palm Oil Trade Seminar, Beijing	28 November 2012 to 1 December 2012
	Ministry of Plantation Industries and Commodities (MPIC) Workshop: Branding of Malaysian Palm Oil	21 January 2013 to 22 January 2013
	Global Leadership Conference by the Young President Organisation at Istanbul, Turkey	26 February 2013 to 2 March 2013
	Leaders Developing Leaders Workshop	11 April 2013
	Succession Planning Workshop	16 May 2013
	Palm International Nutra-Cosmeceutical Conference (PINC) 2013	20 May 2013 to 21 May 2013
	Invest Malaysia Conference 2013	13 June 2013 to 14 June 2013
	Palm Oil Trade Seminar, Myanmar	27 June 2013 to 28 June 2013

Lee Yeow Seng	OCBC Global Treasury Regional Forum 2012	20 July 2012
	Morgan Stanley 11th Annual Asia Pacific Summit	7 November 2012 to 8 November 2012
	Stakeholders Engagement Workshop	16 November 2012
	Leaders Developing Leaders Workshop	11 April 2013
	Invest Malaysia Conference 2013	14 June 2013

Lee Cheng Leang	Director Duties, Regulatory Updates and Governance Seminar for Directors of Public Listed Companies 2013	29 January 2013
	Nominating Committee Program by the Iclif Leadership and Governance Centre and Bursa Malaysia	22 May 2013

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	MNRB Holdings Berhad (MNRB) Directors' Training: The Thai Flood Catastrophe and An Internal Capital Adequacy Assessment Process (ICAAP) Overview at Bangkok, Thailand	6 July 2012
	MNRB Group Chief Executive Officer (CEO) Conference 2012	8 October 2012
	Risk Management Forum: Embracing Risks for Long Term Corporate Success - Boosting your Risk Governance	4 June 2013
	MNRB Directors' Training: Risk Appetite and Risk Tolerance	29 June 2013

Datuk Karownakaran @ Karunakaran a/l Ramasamy	Half Day Governance Programme: Governance, Risk Management and Compliance - What Directors Should Know	8 August 2012
	MSC Malaysia International Advisory Panel (IAP) 2012 Meeting chaired by the Prime Minister	9 October 2012
	Training on Highlights of Key Provisions in the Proposed Companies Bill 2012	19 October 2012
	Talk on Towers Watson 2012 Global Insurance Enterprise Risk Management (ERM) Survey Results	10 January 2013
	Launch of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers	16 January 2013
	Training on Corporate Governance/ERM, Personal Data Protection Act, 2010 and Competition Act, 2010	25 April 2013
	Seminar on The Malaysian Code of Corporate Governance 2012 and Statement on Risk Management and Internal Controls	17 May 2013

Quah Poh Keat	Managing the Risks of Fraud by KPMG	31 January 2013
	Malaysian Financial Reporting Standards (MFRS) Update 2012/ 2013 by KPMG	21 March 2013
	Forensic Accounting Course by The Minority Shareholder Watchdog Group (MSWG)	8 May 2013 to 9 May 2013

Cheah Tek Kuang	Update on Directors' Duties and Obligations and Competition Law: How It May Impact The Way We Do Business	15 July 2012
	International Malaysia Law Conference 2012	26 September 2012 to 28 September 2012
	Financial Institutions Directors' Education (FIDE) Elective Program: The Nomination and Remuneration Committees	1 April 2013 to 2 April 2013
	Invest Malaysia Conference 2013	13 June 2013 to 14 June 2013

Lim Tuang Ooi	Employees Provident Fund Board ("EPF") Crisis Simulation	14 July 2012
	EPF Senior Leadership Program	23 October 2012
	EPF Senior Leadership Program	30 October 2012
	Risk Management Event: Best Risk Management Practices	1 November 2012
	EPF Investment Seminar	24 November 2012
	EPF Leadership Talk Series	26 November 2012
	Counselling Awareness Course for Head of Departments	3 December 2012
	EPF Group Coaching Course	19 December 2012
	EPF Management Conference 2013	17 March 2013 to 20 March 2013
	EPF Global Private Equity Summit	25 March 2013 to 26 March 2013

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

Audit and Risk Management Committee ("ARMC")

The Company has an ARMC whose composition meets the Main Market Listing Requirements of Bursa Securities and comprises of Independent Non-Executive Directors of whom a member is a qualified accountant.

The ARMC meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the ARMC. At least twice a year, the ARMC meets with the external auditors without executive Board members present.

The ARMC is able to obtain external professional advice and to invite any outsider with relevant experience to attend its meeting, if necessary.

The non-statutory audit fees incurred for services rendered to the Group by BDO Malaysia and its affiliates for the financial year ended 30 June 2013 was RM1,115,000 (2012: RM387,000).

The role of the ARMC in relation to the external auditors and the number of meetings held during the financial year as well as the attendance record of each member are shown in the ARMC Report.

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements of Bursa Securities.

The Directors are satisfied that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and comprehensible assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Securities within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the ARMC.

The Financial Statements is prepared on a going concern basis and give a true and fair view of the financial position of the Group as at 30 June 2013.

In addition to the Chairman's Statement, the Annual Report of the Company contains the following additional non-mandatory information to enhance shareholders' understanding of the business operations of the Group:

- Management's discussion and analysis.
- Financial trends and highlights, key performance indicators and other background industry notes deemed necessary.

External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors. The ARMC undertook a review of the independence of Messrs BDO ("BDO") and gave careful consideration to the Group's relationships with them during 2013. In determining the independence of BDO, the ARMC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and BDO relating to audit independence.

The Company requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. This is consistent with current By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board should establish a sound risk management framework and internal controls system.

Risk Management and Internal Control

The Board has established a framework to formulate and review risk management policies and risk strategies. Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control.

Internal Audit Function

The Group's internal audit function is carried out by the Internal Audit ("IA") Department, which reports directly to the ARMC on its activities based on the approved annual Internal Audit Plan.

The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the ARMC. The ARMC also provides input on the annual performance appraisal of the Head of IA. The Head of IA has unfettered access to the ARMC, the Board and Management. The Head of IA and a number of internal auditors of the IA Department are members of The Institute of Internal Auditors Malaysia.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosure.

Timely and High Quality Disclosure

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via BURSA LINK on a timely basis to ensure effective dissemination of information relating to the Group.

To ensure that communications to the public regarding IOI Group are timely, factual, accurate, and complete, we have put in place a Media Disclosure Policy which outlines the central principles and practices in communicating with the media.

This Media Disclosure Policy is applicable to all Directors, those authorised to speak on IOI Group's behalf as well as all the employees of IOI. It covers Media Guidelines comprising media protocols to engage with the media in a responsible, productive, and positive manner whilst keeping the integrity of IOI Group in mind.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board should facilitate the exercise of ownership rights by shareholders.

Annual General Meeting and Other Communications with Shareholders

All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released via BURSA LINK. The chairmen of the ARMC, Nominating Committee and Remuneration Committee and the external auditors were present at the last AGM, and will endeavour to be present at the 2013 AGM to assist the Directors in addressing queries raised by the shareholders. Historically, the Company's AGMs have been well attended. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.

The Company provides for separate resolutions at general meetings on each substantial issue. Pursuant to the Articles of Association of the Company, all resolutions put to the vote at a general meeting of the Company shall be decided on a show of hands unless before or upon the declaration of the result, a poll is demanded as follows:

(i) by the Chairman of the meeting; or

(ii) by not less than two (2) members present in person or by proxy and entitled to vote at the meeting; or

(iii) by a member or members present in person or by proxy and representing not less than 10% of the total voting rights of all members having the right to vote at the meeting; or

(iv) by a member or members present in person or by proxy and representing not less that 10% of the total number of paid-up shares of the Company (excluding treasury shares).

Pursuant to Paragraph 10.08(7A), Chapter 10 of the Main Market Listing Requirements of Bursa Securities, the Chairman of the Meeting will be exercising his rights under Article 55 of the Company's Articles of Association for resolution approving related party transactions at the general meetings and at any adjournment thereof to be put to the vote by way of poll.

Dialogue Between the Company and Investors

The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Company uses the following key investor relation activities in its interaction with investors:

- Meeting with analysts and institutional fund managers;
- Participating in roadshows and investors conferences, both domestically and internationally; and
- Participating in teleconferences with investors and analysts.

The Group has also established several websites with the main one being www.ioigroup.com for shareholders and the public to access corporate information, financial statements, news and events related to the Group on a timely basis. Material facts and presentation materials given out at above functions are made available on the Group's website to provide equal opportunity of access for other shareholders and the investing public and to allow them to write in to the Group if they have questions.

During the financial year, the Group had approximately 40 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

Besides the above, management believes that the Company's Annual Report is a vital and convenient source of essential information for existing and potential investors and other stakeholders. Accordingly, the Company strives to provide a high level of reporting and transparency that goes beyond mandatory requirements in order to provide value for users.

Statement on Risk Management and Internal Control

INTRODUCTION

This statement is in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance 2012.

ACKNOWLEDGEMENT OF RESPONSIBILITIES

The Board of Directors affirms that it is ultimately responsible for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. However, it should be noted that control systems are designed to manage rather than to totally eliminate associated risks; and as such, can only provide reasonable but not absolute assurance against material loss or failure.

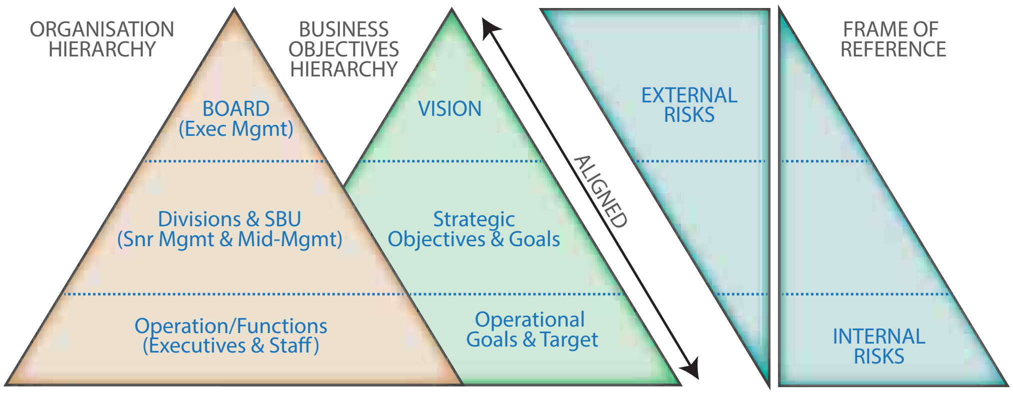
The Board has established a process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in its achievement of objectives and strategies. This process has been in place for the year under review and up to the date of approval of this statement.

RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework which was formalised in 2002 and is consistent with the Committee of Sponsoring Organisations of the Treadway Commission (COSO)'s ERM framework, the Institute of Internal Auditors Malaysia's Internal Control Guidance, and Bursa Malaysia's Corporate Governance Guide. The ERM framework essentially links the Group's objectives and goals (that are aligned to its Vision) to principal risks; and the principal risks to controls and opportunities that are translated to actions and programmes. The framework also outlines the Group's approach to its risk management policies:

i) Embrace risks that offer opportunities for superior returns

By linking risks to capital, the Group establishes risk-adjusted-return thresholds and targets that commensurate with varying risk levels assumed by its businesses. Superior risk management and other corporate governance practices are also promoted as contributing factors to lowering long-term cost of funds and boosting economic returns through an optimal balance between control costs and benefits.



ii) Risk Management as a collective responsibility

By engaging every level of the organisation as risk owners of their immediate sphere of risks (as shown in the illustration), the Group aims to approach risk management holistically.

This is managed through an oversight structure involving the Board, Audit and Risk Management Committee, Internal Audit, Executive Management and business units' Risk Management Committees.

iii) Risk forbearance shall not exceed capabilities and capacity to manage

Any business risk to be assumed shall be within the Group's core competencies to manage. Hence, the continuous effort in building of risk management capabilities and capacity are key components of the Group's ERM effort. The Group's overall risk appetite is based on assessments of the Group's risk management capabilities and capacity.

iv) To apply as both a control and strategic tool

As a control tool, the Group ensures that the intensity and types of controls commensurate with assessed risk rankings. The Group also applies risk management as a strategic tool in scoping opportunities, investment and resource allocation, strategy formulation and performance measurement.

The Board conducts periodic reviews on the adequacy and integrity of the Group's ERM framework and policies, particularly in relation to the mechanisms for principal risks identification, assessment, response and control, communication and monitoring.

The Group's activities expose it to a variety of risks, including operating and financial risks. The Group's overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

Under the Group's ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:

I) OPERATING RISK

- The Group's policy is to assume operating risks that are within its core businesses and competencies to manage. Operating risk management ranges from managing strategic operating risks to managing diverse day-to-day operational risks.

- The management of the Group's day-to-day operational risks (such as those relating to health and safety, quality, production, marketing and distribution, and statutory compliance) is mainly decentralised at the business unit level and guided by approved standard operating procedures. Operational risks that cut across the organisation (such as those relating to supply chain, environmental sustainability, integrated systems, transfer pricing and reputation) are coordinated centrally.

II) FINANCIAL RISK

- The Group is exposed to various financial risks relating to credit, liquidity, interest rates, foreign currency exchange rates, and commodity prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 45 to the financial statements on pages 219 to 248.

CONTROL ENVIRONMENT

- The Group's corporate culture is embedded in its core values of integrity, commitment, loyalty, excellence in execution, speed or timeliness, innovativeness and cost efficiency – to achieve the Group's vision and support the business objectives, risk management and internal control system.

- The Code of Business Conduct and Ethics reinforces the Group's core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees in following the laws, policies, standards and procedures.

- Board committees such as the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee are established by the Board of Directors, and they are governed by clearly defined terms of reference and authority for areas within their scope.

- The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels.

CONTROL ACTIVITIES

- Policies and procedures have been established for key business processes and support functions. The Group has in place a system to ensure that there are adequate risk management, financial and operational policies, procedures and rules relating to the delegation and segregation of duties.

- Annual business plans and operating budgets are prepared by business and operating units, and are approved by the Board. Actual performance and significant variances against budget are monitored on an ongoing basis.

INFORMATION AND COMMUNICATION PROCESSES

- Management and the Board receive timely, relevant and reliable management and financial reports which are reviewed on a regular basis.

- The Group has in place a Management Information System that captures, compiles, analyses and reports relevant data, which enables management to make business decisions in an accurate and timely manner.

- A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing, in a transparent and confidential manner. It outlines the Group's commitment to encourage its employees and stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Group's Code of Business Conduct and Ethics, and to disclose any improper conduct or other malpractices within the Group (i.e. whistleblowing) in an appropriate way.

MONITORING

- The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.

- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are conducted by senior management which comprises Executive Directors and divisional heads.

- The Group's Internal Audit function reports to the Audit and Risk Management Committee and is guided by an Internal Audit Charter that is approved by the Board of Directors. The Internal Audit function monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits and continuous assessment. Significant audit findings and recommendations for improvement are highlighted to senior management and the Audit and Risk Management Committee, with periodic follow-up reviews of the implementation of corrective action plans.

REVIEW FOR THE FINANCIAL YEAR

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each business unit, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising personnel at all levels carried out the following areas of work:

- Conducted reviews and updates of risk profiles including emerging risks and re-rated principal risks.

- Evaluated the adequacy of key processes, systems, and internal controls in relation to the rated principal risks, and established strategic responses, actionable programmes and tasks to manage the aforementioned and/or eliminate performance gaps.

- Ensured internal audit programmes covered identified principal risks. Audit findings throughout the financial period served as key feedback to validate effectiveness of risk management activities and embedded internal controls.

- Reviewed implementation progress of previously outlined actionable programmes, and evaluated post-implementation effectiveness.

- Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment.

The review includes the following:

- Regular internal audit reports and periodic discussions with the Audit and Risk Management Committee.

- Bi-annual risk reviews compiled by the respective units' Risk Management Committees, and annual presentation to and discussion with the Audit and Risk Management Committee, the Board, internal auditors, and external auditors.

- Operating units' CEO/CFO's Internal Control Certification and Assessment disclosure.

- Operating units' response to the Questionnaire on Control and Regulations.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors ("BDO") have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 30 June 2013. Their review was conducted in accordance with Recommended Practice Guide ("RPG") 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control, issued by the Malaysian Institute of Accountants ("MIA"). RPG 5 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Group Chief Executive Officer and Senior Group Financial Controller that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 3 September 2013.

Statement of Directors' Interests

In The Company And Its Related Corporations As At 30 August 2013

(Based on the Register of Directors' Shareholdings)

Name of Directors	Direct	%	Indirect	%
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	62,630,600	0.98	2,866,297,980[1]	44.87
Dato' Lee Yeow Chor	8,340,400	0.13	2,854,712,680[2]	44.69
Lee Yeow Seng	953,800	0.01	2,854,712,680[2]	44.69
Lee Cheng Leang	–	–	–	–
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	0.01	–	–
Datuk Karownakaran @ Karunakaran a/l Ramasamy	–	–	–	–
Quah Poh Keat	–	–	–	–
Cheah Tek Kuang	–	–	12,000[3]	*
Lim Tuang Ooi	–	–	–	–
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	–	1,111,111	10.00
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	–	1,000,000	10.00

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Mr Lee Yeow Seng are also deemed to be interested in the ordinary shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Notes:

1 *Deemed interested by virtue of his interest in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC") and shares held by his children, Dato' Lee Yeow Chor, Lee Yeow Seng, Lee Yoke Ling, Lee Yoke Har, Lee Yoke Hean and Lee Yoke Hui*

2 *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC*

3 *Interest in the Company held by his spouse, Ooi Siew Cheng pursuant to Section 134(12) of the Companies Act, 1965*

* *Negligible*

Shareholdings of Senior Management Team

Based on the Record of Depositors as at 30 August 2013, the details of shareholdings of our senior management team are as follows:

Name	Direct	%	Indirect	%
1. Kevin Wong Tack Wee	–	–	–	–
2. Lim Lai Seng	1,100	*	–	–
3. Tan Choong Khiang	–	–	–	–
4. Dato' Foong Lai Choong	1,968,100	0.03	–	–
5. Wong Chee Kuan	100,000	*	–	–
6. Lim Eik Hoy	359,700	0.01	–	–
7. Tay Ching An	407,857	0.01	–	–
8. Tee Ke Hoi	131,720	*	–	–
9. Ragupathy a/l Selvaraj	701,000	0.01	–	–
10. Sudhakaran a/l Nottath Bhaskar	176,000	*	–	–
11. Goh Hock Sin	–	–	–	–
12. Lee Yoke Hui	685,900	0.01	–	–
13. Tan Kean Hua	91,400	*	–	–
14. Khoo Tiang Cheng	60,000	*	–	–
15. Gurdev Singh a/l Darshan Singh	–	–	–	–
16. Julian Veitch	–	–	–	–
17. Bill Troy	–	–	–	–
18. Dr Loek Favre	–	–	–	–
19. Michael van Sallandt	–	–	–	–
20. Vincent Geerts	–	–	–	–
21. Shyam a/l M. K. Lakshmanan	–	–	–	–
22. Teh Chin Guan	29,000	*	–	–
23. Lee Yoke Har	625,400	0.01	–	–
24. Simon Heng	174,000	*	–	–
25. Tan Keng Seng	10,000	*	–	–
26. Lim Beng Yeang	–	–	–	–
27. Ho Kwok Wing	–	–	–	–
28. Ir Choo Kay Boon	–	–	–	–
29. Loh Chin Yean	–	–	–	–
30. Lee Man Chong	–	–	–	–
31. Lee Yean Pin (Li Yanping)	39,900	*	–	–
32. Ronnie Arthur Francis	25,600	*	–	–
33. Lou Fu Leong	18,000	*	–	–
34. Ooi Wooi Yaw	–	–	–	–
35. Betty Lau Sui Hing	–	–	–	–
36. Simon Yong	–	–	–	–
37. Brandon Chin	–	–	–	–

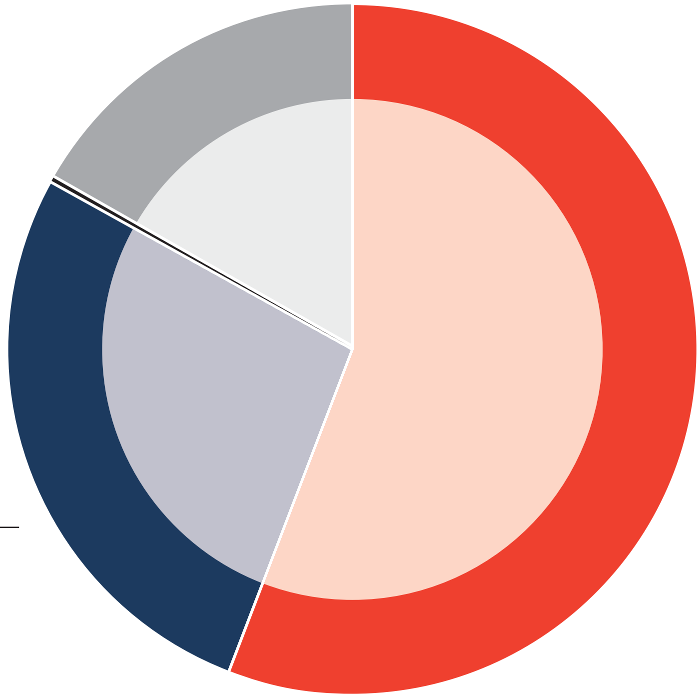
Note:
* *Negligible*

Other Information

COMPOSITION OF SHAREHOLDERS

As at 30 August 2013

- Malaysian Substantial Shareholders - 55.98%
- Malaysian Bodies Corporate and Individuals - 27.27%
- Government and other Government related agencies - 0.08%
- Foreigners - 16.67%



MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2013 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

Recurrent related party transactions of a revenue nature of IOI Corporation Berhad ("IOI") Group conducted pursuant to shareholders' mandate for the financial year ended 30 June 2013 are as follows:

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/Major Shareholders and Persons Connected	Value of Transactions RM million
Malayapine Estates Sdn Bhd ("MESB")[1]	Property project management services by Pilihan Megah Sdn Bhd ("PMSB")[1]	• Vertical Capacity Sdn Bhd ("VCSB")[2] • Progressive Holdings Sdn Bhd ("PHSB")[3] • Tan Sri Dato' Lee Shin Cheng[4] • Puan Sri Datin Hoong May Kuan[5] • Dato' Lee Yeow Chor[6] • Lee Yeow Seng[7]	3.7
Nice Frontier Sdn Bhd ("NFSB")[1]	Purchase of estate produce by Pamol Plantations Sdn Bhd ("PPSB")[1]	• Vertical Capacity Sdn Bhd[8] • Progressive Holdings Sdn Bhd[9] • Tan Sri Dato' Lee Shin Cheng[10] • Puan Sri Datin Hoong May Kuan[11] • Dato' Lee Yeow Chor[12] • Lee Yeow Seng[13]	14.3

Notes:

(1) Details of the transacting parties

Name of Company	Effective Equity (%)	Principal Activities
MESB, a subsidiary of VCSB and a company connected to Tan Sri Dato' Lee Shin Cheng	Not Applicable	Property development, property investment and investment holding
NFSB	92.28	Property development, property investment and cultivation of oil palm
PMSB	99.77	Property development, property investment, investment holding and provision of management services
PPSB	100.00	Cultivation of oil palm, processing of palm oil and investment holding

(2) VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOI and MESB and a deemed Major Shareholder of PMSB.

(3) PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOI, MESB and PMSB.

(4) Tan Sri Dato' Lee Shin Cheng is the Executive Chairman/Director and a deemed Major Shareholder of IOI and MESB.

(5) Puan Sri Datin Hoong May Kuan is a deemed Major Shareholder of IOI and MESB and person connected to Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng.

(6) Dato' Lee Yeow Chor is an Executive Director/Director and a deemed Major Shareholder of IOI and MESB and person connected to Tan Sri Dato' Lee Shin Cheng as he is the son of both Tan Sri Dato' Lee Shin Cheng and Puan Sri Datin Hoong May Kuan.

(7) Lee Yeow Seng is an Executive Director of IOI and a Director of MESB and a deemed Major Shareholder of IOI and MESB and person connected to Tan Sri Dato' Lee Shin Cheng as he is the son of both Tan Sri Dato' Lee Shin Cheng and Puan Sri Datin Hoong May Kuan and the brother of Dato' Lee Yeow Chor.

(8) VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOI and a deemed Major Shareholder of NFSB and PPSB.

(9) PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOI, NFSB and PPSB.

(10) Tan Sri Dato' Lee Shin Cheng is the Executive Chairman and a deemed Major Shareholder of IOI. He is also a Director of PPSB.

(11) Puan Sri Datin Hoong May Kuan is a deemed Major Shareholder of IOI and person connected to Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng.

(12) Dato' Lee Yeow Chor is an Executive Director and a deemed Major Shareholder of IOI and person connected to Tan Sri Dato' Lee Shin Cheng as he is the son of both Tan Sri Dato' Lee Shin Cheng and Puan Sri Datin Hoong May Kuan. He has common directorships in both NFSB and PPSB.

(13) Lee Yeow Seng is an Executive Director and a deemed Major Shareholder of IOI and person connected to Tan Sri Dato' Lee Shin Cheng as he is the son of both Tan Sri Dato' Lee Shin Cheng and Puan Sri Datin Hoong May Kuan and the brother of Dato' Lee Yeow Chor. He is also a Director of NFSB.

- *Notwithstanding the related party disclosure already presented in the financial statements in accordance with Financial Reporting Standards No. 124 ("FRS 124"), the above disclosures are made in order to comply with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") with regard to the value of related party transactions of a revenue nature conducted pursuant to shareholders' mandate during the financial year, as the scope of related party relationships and disclosure contemplated by the Listing Requirements are, to certain extent, different from those of FRS 124.*
- *The shareholdings of the respective interested Directors/Major shareholders and the effective equity interest of the transacting parties as shown above are based on information disclosed in the Circular to Shareholders in relation to the Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature dated 28 September 2012.*

PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 30 June 2013, which have material impact on the operations or financial position of the Group.


Financial
Reports

Directors' Report

The Directors of IOI Corporation Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the cultivation of oil palm and processing of palm oil.

The principal activities of the subsidiaries, associates and jointly controlled entities are set out in Note 49 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year are as follows:

In RM million	Group	Company
Continuing operations		
Profit before taxation	1,599.2	1,168.9
Taxation	(319.5)	14.5
Profit for the financial year from continuing operations	1,279.7	1,183.4
Discontinued operations		
Profit for the financial year from discontinued operations, net of tax	714.9	42.5
Profit for the financial year	1,994.6	1,225.9
Attributable to:		
Owners of the parent	1,970.1	1,225.9
Non-controlling interests	24.5	–
	1,994.6	1,225.9

DIVIDENDS

Dividends declared and paid since the end of the previous financial year were as follows:

In RM million	Company
In respect of the financial year ended 30 June 2012	
Second interim single tier dividend of 8.5 sen per ordinary share, paid on 4 October 2012	543.3
In respect of the financial year ended 30 June 2013	
First interim single tier dividend of 7.0 sen per ordinary share, paid on 20 March 2013	447.2
	990.5

DIVIDENDS (Continued)

The Directors have declared a second interim single tier dividend of 8.5 sen per ordinary share, amounting to RM542.9 million in respect of the financial year ended 30 June 2013. The dividend is payable on 26 September 2013 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 9 September 2013.

No final dividend has been recommended for the financial year ended 30 June 2013.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i. 4,516,500 new ordinary shares of RM0.10 each for cash at RM2.44 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme;

ii. 2,688,500 new ordinary shares of RM0.10 each for cash at RM4.19 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme; and

iii. 35,000 new ordinary shares of RM0.10 each for cash at RM5.00 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme.

The newly issued ordinary shares rank pari passu in all respects with the existing issued ordinary shares of the Company.

There was no issue of debentures by the Company during the financial year.

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings of the Company, including the last meeting held on 29 October 2012.

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 18,858,000 ordinary shares of RM0.10 each of its issued shares from the open market. The average price paid for the ordinary shares repurchased was RM5.10 per ordinary share. The repurchase transactions were financed by internally generated funds. The ordinary shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased had been sold as at 30 June 2013.

At the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 6,386,692,195 ordinary shares of RM0.10 each.

USD600 MILLION ZERO COUPON GUARANTEED EXCHANGEABLE BONDS DUE 2013 ("3RD EXCHANGEABLE BONDS")

On 15 January 2008, the Company's wholly-owned subsidiary, IOI Resources (L) Berhad ("IOI Resources"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD600 million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds"). The 3rd Exchangeable Bonds were issued at 100% of the principal amount and listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange and has matured on 15 January 2013. The 3rd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

The salient features of the 3rd Exchangeable Bonds are disclosed in Note 37.3 to the financial statements.

IOI Resources had on the maturity date of the 3rd Exchangeable Bonds, 15 January 2013, redeemed and settled in full the outstanding 3rd Exchangeable Bonds of USD4,102,000 (equivalent to RM12,392,143) at their accreted principal amount of 106.43%, which amounted to USD4,365,705 (equivalent to RM13,188,796). Following from the redemption, the 3rd Exchangeable Bonds ceased to be quoted on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

An Executive Share Option Scheme ("ESOS") was established on 23 November 2005 for the benefit of the executives and full time Executive Directors of the Group.

The salient features of the ESOS are as follows:

a) Maximum number of shares available under the ESOS

The total number of new ordinary shares in the Company ("IOI Shares"), which may be made available under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time an offer of options is made in writing by a committee appointed by the Board to administer the ESOS ("Option Committee").

b) Eligibility

Save for executives who are employed by the foreign subsidiaries of the Company (including the Malaysian subsidiaries of such foreign subsidiaries), and executives who are employed by subsidiaries of the Company, of which the Company holds less than 75% of the issued and paid-up share capital, any executive (including Executive Director) of the Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the executive:

i. has attained the age of 18 years;

ii. is in the full time employment and payroll of a company within the Group (other than a company which is dormant) for at least 3 years; and

iii. falls within such other categories and criteria that the Option Committee may from time to time at its absolute discretion determine.

(The eligible employees above are hereinafter referred to as "Eligible Executive(s)")

No executive of the Group shall participate at any time in more than one ESOS implemented by any company within the Group. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issue of any other company.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (Continued)

c) Maximum allowable allotment and basis of allocation

i. The aggregate maximum number of new IOI Shares that may be offered and allotted to any of the Eligible Executives of the Group shall not exceed the maximum allowable allotment set out in the Bye-Laws and subject to the following:

- the number of new IOI Shares allotted, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total new IOI Shares that are available to be issued under the ESOS; and
- the number of new IOI Shares allotted to any individual Eligible Executive, who either singularly or collectively through persons connected with him/her (as defined under the Listing Requirements of Bursa Malaysia Securities Berhad) holds 20% or more in the issued and paid-up capital of the Company, shall not exceed 10% of the total new IOI Shares that are available to be issued under the ESOS.

ii. The number of new IOI Shares that may be offered and allotted to any of the Eligible Executive shall, subject to the maximum allowable allotment, be at the sole and absolute discretion of the Option Committee after taking into consideration the length of service and the performance of the Eligible Executive in the Group as provided in the Bye-Laws or such other matters, which the Option Committee may in its sole and absolute discretion deem fit.

d) Subscription price

The subscription price shall be higher of the following:

i. the weighted average market price of the IOI Shares for the 5 market days immediately preceding the Offer Date; or

ii. the par value of the IOI Shares;

and subject to adjustments stipulated in the Bye-Laws, where applicable.

e) Duration and termination of the ESOS

i. The ESOS came into force on 23 November 2005 and shall be for a duration of 10 years.

ii. The ESOS may be terminated by the Company prior to the expiry of its duration or tenure provided that the following conditions have been satisfied:

- the consent from the Company's shareholders by ordinary resolution at a general meeting have been obtained; and
- the written consent from all Grantees who have yet to exercise their Option, either in part or in whole, has been obtained.

f) Exercise of option

i. Options are exercisable only upon the expiry of the first anniversary of the Offer Date.

ii. Options which are the subject of the same Offer shall be exercisable only in 4 tranches over 4 years with a maximum of 25% of such options exercisable in any year.

iii. Where the maximum of 25% within a particular year has not been exercised by the Grantee, the percentage unexercised shall be carried forward to subsequent years and shall not be subject to the maximum percentage for the following year provided that such unexercised options shall not be carried forward beyond the option period.

iv. The Grantee shall be entitled to exercise all remaining options after the 9th anniversary of the ESOS.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (Continued)

g) Rights attaching to the IOI Shares

The new IOI Shares to be allotted upon any exercise of the option shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company save and except that the new IOI Shares will not be entitled to participate in any dividends, rights, allotments and/or other distributions that may be declared, where the record date precedes the date of allotment of the said shares. The option shall not carry any right to vote at a general meeting of the Company.

The movements of the options over the unissued ordinary shares of RM0.10 each in the Company granted under the ESOS during the financial year were as follows:

		No. of options over ordinary shares			
Option price *RM*	**Date of offer**	**As at 1 July 2012**	**Exercised**	**Lapsed**	**As at 30 June 2013**
2.44	12 January 2006	26,154,600	(4,516,500)	(1,065,800)	20,572,300
4.19	2 April 2007	20,254,500	(2,688,500)	(975,400)	16,590,600
5.00	6 July 2010	16,395,900	(35,000)	(2,915,000)	13,445,900
Total		62,805,000	(7,240,000)	(4,956,200)	50,608,800

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Tan Sri Dato' Lee Shin Cheng
Dato' Lee Yeow Chor
Lee Yeow Seng
Lee Cheng Leang
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Quah Poh Keat
Cheah Tek Kuang
Lim Tuang Ooi

In accordance with Article 101 of the Company's Articles of Association, Mr Quah Poh Keat and Datuk Karownakaran @ Karunakaran a/l Ramasamy retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Lee Shin Cheng and Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor who have attained the age of seventy, retire in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting. The Directors recommend that they be re-appointed in accordance with Section 129(6) of the said Act and to hold office until the conclusion of the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia are as follows:

	As at 1 July 2012/ Date of Appointment+	Acquired*	Transferred	As at 30 June 2013
Direct Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	62,530,600	100,000	–	62,630,600
Dato' Lee Yeow Chor	8,240,400	100,000	–	8,340,400
Lee Yeow Seng	953,800	–	–	953,800
Lee Cheng Leang	–	820,400*	–	820,400
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	–	–	329,333

Note:
** Acquired through the exercise of share options*

	As at 1 July 2012/ Date of Appointment+	Acquired*	Transferred	As at 30 June 2013
Indirect Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,750,752,580	115,645,400	(100,000)	2,866,297,980
Dato' Lee Yeow Chor	2,739,780,580	114,932,100	–	2,854,712,680
Lee Yeow Seng	2,739,780,580	114,932,100	–	2,854,712,680
Cheah Tek Kuang	10,000+	2,000	–	12,000
Subsidiaries				
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,111,111	–	–	1,111,111
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,000,000	–	–	1,000,000

The movements of the options over the unissued ordinary shares of RM0.10 each in the Company granted under the ESOS to the Directors in office at the end of the financial year were as follows:

	Option Price *RM*	No. of options over ordinary shares: As at 1 July 2012	Exercised	As at 30 June 2013
Direct Interests				
Tan Sri Dato' Lee Shin Cheng	2.44	3,845,700	–	3,845,700
Lee Yeow Seng	4.19	576,600	–	576,600
Lee Yeow Seng	5.00	2,650,000	–	2,650,000
Lee Cheng Leang	2.44	820,400	(820,400)	–

DIRECTORS' INTERESTS (Continued)

	Option Price *RM*	No. of options over ordinary shares As at 1 July 2012	Exercised	As at 30 June 2013
Indirect Interests				
Tan Sri Dato' Lee Shin Cheng	2.44	2,378,500	(543,400)	1,835,100
Tan Sri Dato' Lee Shin Cheng	4.19	1,530,500	(69,900)	1,460,600
Tan Sri Dato' Lee Shin Cheng	5.00	2,813,000	–	2,813,000

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Mr Lee Yeow Seng are also deemed to be interested in the ordinary shares of all the subsidiaries of the Company to the extent that the Company has an interest.

The other Directors holding office at the end of the financial year namely, Mr Quah Poh Keat, Mr Lim Tuang Ooi, Datuk Karownakaran @ Karunakaran a/l Ramasamy and Mr Cheah Tek Kuang did not have any direct interest in ordinary shares or options over ordinary shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits as disclosed in Note 42 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 42 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the share options granted to the Directors of the Company pursuant to the Company's ESOS.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY

Before the statements of profit or loss, statements of other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

ii. to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which they might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY (Continued)

As at the date of this report, the Directors are not aware of any circumstances:

i. which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

As at the date of this report, there does not exist:

i. any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year, which in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION

As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

i. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to local requirements, seven (7) indirect subsidiaries of the Company, Loders Croklaan (Shanghai) Trading Co. Ltd, Tianjin Palmco Oil And Fats Co. Ltd, Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda, Loders Croklaan Burkina Faso S. A. R. L, IOI (Xiamen) Edible Oils Co. Ltd, IOI (Xiamen) Properties Co. Ltd and Xiamen Double Prosperous Real Estate Development Co. Ltd are adopting a 31 December financial year end, which does not coincide with that of the Company. The Directors of the Company have been granted approvals under Section 168(3) of the Companies Act, 1965 in Malaysia by the Companies Commission of Malaysia for the aforementioned subsidiaries to have different financial year end from that of the Company for the financial year ended 30 June 2013.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Internal Reorganisation and Demerger Exercise

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two separate and independent listed entities with distinct businesses; namely, IOI Properties Group Berhad ("ListCo"), to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group.

The above proposal will entail the following:

i. Proposed Internal Reorganisation (as defined herein) involving the following:

- Proposed disposal by the Company of its entire equity interest in IOI Properties Berhad Group ("IOIP Group") to ListCo for a total consideration of RM9,769.0 million to be satisfied via the issuance of up to 2,196.4 million new ordinary shares of RM1.00 each in ListCo ("ListCo Shares") to the Company;
- Proposed disposal by the Company of other direct and indirect property related subsidiaries ("Other Property Companies") to ListCo for a total consideration of RM2,581.3 million to be satisfied via the issuance of up to 580.4 million ListCo Shares to the Company;
- Proposed disposal by the Company of (2) two parcels of agricultural land (to be converted to commercial/residential use) to ListCo for a total consideration of RM276.2 million to be satisfied via the issuance of up to 62.1 million ListCo Shares to the Company;
- Proposed acquisition by ListCo of 10% equity interest in Property Village Berhad and Property Skyline Sdn Bhd, respectively from Summervest Sdn Bhd ("Summervest") (a company controlled by Tan Sri Dato' Lee Shin Cheng, a major shareholder of the Company) for an aggregate consideration of RM196.3 million to be satisfied via the issuance of up to 44.1 million ListCo Shares to Summervest; and
- Proposed capitalisation of approximately RM1.8 billion, being an amount owing by IOIP Group and the Other Property Companies to the Company by way of issuance of up to 404.7 million ListCo Shares to the Company;

ii. Proposed distribution of up to 2,162.4 million ListCo Shares to be held by the Company to all its entitled shareholders post Proposed Internal Reorganisation by way of distribution-in-specie on the basis of one (1) ListCo share for every three (3) ordinary shares held in the Company ("IOIC Shares), which indicatively amounts to approximately 66% of the enlarged ListCo Shares ("Proposed Distribution");

iii. Proposed non-renounceable restricted offer for sale of all the remaining ListCo Shares to be held by the Company after the Proposed Distribution amounting up to 1,081.2 million ListCo Shares, to the entitled shareholders of the Company on the basis of one (1) ListCo share for every six (6) IOIC Shares, at an offer price to be determined later, which indicatively amounts to approximately 33% of the enlarged ListCo Shares;

iv. Proposed listing and quotation for the entire enlarged issued and paid-up share capital of ListCo on the Official List of Main Market of Bursa Malaysia Securities Berhad.

(Collectively to be referred to as "Proposals")

The Proposals have been approved by the Securities Commission Malaysia on 21 August 2013, and are now pending approvals from the other relevant authorities, shareholders of the Company, lenders/note holders of the Group as well as High Court of Malaya for Proposed Distribution.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Directors who served as members of the Audit and Risk Management Committee since the date of the last report are as follows:

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor *(Chairman)*
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Quah Poh Keat (MIA 2022)

NOMINATING COMMITTEE

The Directors who served as members of the Nominating Committee since the date of the last report are as follows:

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor *(Chairman)*
Cheah Tek Kuang
Quah Poh Keat

REMUNERATION COMMITTEE

The Directors who served as members of the Remuneration Committee since the date of the last report are as follows:

Tan Sri Dato' Lee Shin Cheng *(Chairman)*
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
Quah Poh Keat

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors:

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
3 September 2013

Statements of Profit or Loss

For the financial year ended 30 June 2013

In RM million	Note	Group 2013	Group 2012	Company 2013	Company 2012
Continuing operations					
Revenue	6	**12,198.5**	14,598.9	**1,350.1**	1,288.8
Cost of sales		**(9,987.8)**	(12,014.2)	**(119.8)**	(123.4)
Gross profit		**2,210.7**	2,584.7	**1,230.3**	1,165.4
Other operating income	7	**975.5**	1,056.2	**142.7**	87.5
Marketing and selling expenses		**(266.3)**	(254.3)	**(0.4)**	(0.3)
Administration expenses		**(508.5)**	(482.7)	**(83.8)**	(81.7)
Other operating expenses	8	**(696.7)**	(1,255.5)	**(30.5)**	(383.3)
Operating profit	9	**1,714.7**	1,648.4	**1,258.3**	787.6
Share of results of associates		**104.2**	112.8	**–**	–
Share of results of jointly controlled entities		**(0.2)**	–	**–**	–
Profit before interest and taxation		**1,818.7**	1,761.2	**1,258.3**	787.6
Interest income	10	**59.6**	18.9	**111.3**	94.7
Finance costs	11	**(279.1)**	(187.8)	**(200.7)**	(209.9)
Profit before taxation		**1,599.2**	1,592.3	**1,168.9**	672.4
Taxation	12	**(319.5)**	(404.3)	**14.5**	(52.6)
Profit for the financial year from continuing operations		**1,279.7**	1,188.0	**1,183.4**	619.8
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	13	**714.9**	640.5	**42.5**	70.9
Profit for the financial year		**1,994.6**	1,828.5	**1,225.9**	690.7
Attributable to owners of the parent					
From continuing operations		**1,276.5**	1,161.4	**1,183.4**	619.8
From discontinued operations		**693.6**	628.0	**42.5**	70.9
		1,970.1	1,789.4	**1,225.9**	690.7
Attributable to non-controlling interests		**24.5**	39.1	**–**	–
		1,994.6	1,828.5	**1,225.9**	690.7

The notes on pages 135 to 270 form an integral part of the financial statements.

In sen	Note	Group 2013	Group 2012	Company 2013	Company 2012
Earnings per ordinary share attributable to owners of the parent	14				
Basic earnings per share					
From continuing operations		**19.98**	18.15		
From discontinued operations		**10.85**	9.81		
		30.83	27.96		
Diluted earnings per share					
From continuing operations		**19.92**	18.10		
From discontinued operations		**10.83**	9.78		
		30.75	27.88		
Gross dividend per ordinary share of RM0.10 each	15				
First interim single tier dividend		**7.0**	7.0	**7.0**	7.0
Second interim single tier dividend		**8.5**	8.5	**8.5**	8.5
Total		**15.5**	15.5	**15.5**	15.5

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Other Comprehensive Income

For the financial year ended 30 June 2013

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Profit for the financial year	**1,994.6**	1,828.5	**1,225.9**	690.7
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss when specific conditions are met				
Exchange differences on translation of foreign operations	**134.1**	(36.4)	**–**	–
Share of other comprehensive income/(loss) of associates	**1.5**	(0.2)	**–**	–
Other comprehensive income/(loss) for the financial year, net of tax	**135.6**	(36.6)	**–**	–
Total comprehensive income for the financial year	**2,130.2**	1,791.9	**1,225.9**	690.7
Total comprehensive income attributable to:				
Owners of the parent	**2,105.3**	1,752.3	**1,225.9**	690.7
Non-controlling interests	**24.9**	39.6	**–**	–
	2,130.2	1,791.9	**1,225.9**	690.7

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Financial Position

As at 30 June 2013

In RM million	Note	Group 2013	Group 2012	Company 2013	Company 2012
ASSETS					
Non-current assets					
Property, plant and equipment	16	**5,293.8**	5,713.7	**430.7**	441.0
Prepaid lease payments	17	**29.8**	29.6	**–**	–
Land held for property development	18	**–**	1,858.9	**–**	–
Investment properties	19	**7.3**	1,326.7	**–**	–
Goodwill on consolidation	20	**429.0**	512.0	**–**	–
Investments in subsidiaries	21	**–**	–	**4,362.7**	7,956.5
Investments in associates	22	**797.3**	817.1	**20.4**	20.4
Interests in jointly controlled entities	23	**8.8**	3,483.1	**9.0**	–
Derivative assets	24	**45.3**	67.1	**–**	14.6
Deferred tax assets	25	**57.3**	71.1	**–**	–
		6,668.6	13,879.3	**4,822.8**	8,432.5
Current assets					
Property development costs	26	**–**	362.4	**–**	–
Inventories	27	**1,753.8**	2,511.4	**13.8**	15.5
Trade and other receivables	28	**1,052.1**	1,686.6	**20.2**	28.6
Amounts due from subsidiaries	21	**–**	–	**3,068.6**	2,165.5
Amounts due from associates	22	**0.5**	0.3	**–**	0.1
Derivative assets	24	**59.3**	171.9	**–**	–
Current tax assets		**51.6**	17.1	**42.5**	8.7
Other investments	29	**72.6**	75.2	**6.5**	6.5
Short term funds	30	**1,826.4**	1,775.2	**–**	1,042.0
Deposits with financial institutions	31	**264.1**	2,024.0	**40.4**	211.1
Cash and bank balances	32	**878.9**	561.5	**7.7**	4.2
		5,959.3	9,185.6	**3,199.7**	3,482.2
Assets of disposal group held for sale/ held for distribution to owners	33	**11,273.8**	–	**3,739.2**	–
TOTAL ASSETS		**23,901.7**	23,064.9	**11,761.7**	11,914.7

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Financial Position

As at 30 June 2013

In RM million	Note	Group 2013	Group 2012	Company 2013	Company 2012
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	34	**643.4**	642.7	**643.4**	642.7
Reserves	35	**1,848.7**	1,787.7	**1,897.1**	1,971.3
Retained earnings	36	**11,179.9**	10,197.5	**4,214.4**	3,979.0
		13,672.0	12,627.9	**6,754.9**	6,593.0
Non-controlling interests		**280.0**	288.0	**–**	–
Total equity		**13,952.0**	12,915.9	**6,754.9**	6,593.0
LIABILITIES					
Non-current liabilities					
Borrowings	37	**7,104.9**	7,291.7	**1,901.0**	1,906.3
Derivative liabilities	24	**55.9**	79.8	**52.8**	74.9
Amounts due to subsidiaries	21	**–**	–	**2,602.9**	2,630.9
Other long term liabilities	38	**18.0**	147.3	**0.9**	0.9
Deferred tax liabilities	25	**398.4**	427.7	**6.4**	6.1
		7,577.2	7,946.5	**4,564.0**	4,619.1
Current liabilities					
Trade and other payables	39	**744.7**	1,107.8	**88.2**	83.4
Borrowings	37	**219.4**	830.0	**–**	–
Amounts due to subsidiaries	21	**–**	–	**348.4**	588.8
Amounts due to associates	22	**45.5**	6.9	**–**	–
Derivative liabilities	24	**96.3**	202.8	**–**	–
Current tax liabilities		**26.5**	55.0	**5.2**	30.4
		1,132.4	2,202.5	**441.8**	702.6
Liabilities of disposal group held for sale/ held for distribution to owners	33	**1,240.1**	–	**1.0**	–
Total liabilities		**9,949.7**	10,149.0	**5,006.8**	5,321.7
TOTAL EQUITY AND LIABILITIES		**23,901.7**	23,064.9	**11,761.7**	11,914.7

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 June 2013

In RM million	Share capital	Share premium	Capital reserves	Foreign currency translation reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	Non-distributable					Distributable			
Group									
As at 1 July 2011	641.6	1,944.3	142.1	(154.3)	–	9,425.5	11,999.2	262.2	12,261.4
Profit for the financial year	–	–	–	–	–	1,789.4	1,789.4	39.1	1,828.5
Exchange differences on translation of foreign operations	–	–	–	(36.9)	–	–	(36.9)	0.5	(36.4)
Share of other comprehensive loss of associates	–	–	–	(0.2)	–	–	(0.2)	–	(0.2)
Total comprehensive (loss)/income	–	–	–	(37.1)	–	1,789.4	1,752.3	39.6	1,791.9
Transactions with owners									
Recognition of share option expenses (Note 9 (b))	–	–	4.3	–	–	–	4.3	–	4.3
Exercise of share options	1.1	41.6	(8.8)	–	–	–	33.9	–	33.9
Termination of share options in a subsidiary	–	–	(4.8)	–	–	4.8	–	–	–
Repurchase of shares (Note 35.2)	–	–	–	–	(139.6)	–	(139.6)	–	(139.6)
Dividends paid in respect of current financial year (Note 15)	–	–	–	–	–	(447.9)	(447.9)	–	(447.9)
Dividends paid in respect of previous financial year (Note 15)	–	–	–	–	–	(575.6)	(575.6)	–	(575.6)
Capital repayment to non-controlling interests	–	–	–	–	–	–	–	(0.3)	(0.3)
Incorporation of a subsidiary	–	–	–	–	–	–	–	0.3	0.3
Changes in equity interest in subsidiaries	–	–	–	–	–	1.3	1.3	(1.5)	(0.2)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(12.3)	(12.3)
As at 30 June 2012	642.7	1,985.9	132.8	(191.4)	(139.6)	10,197.5	12,627.9	288.0	12,915.9

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 June 2013

In RM million	Share capital	Share premium	Capital reserves	Foreign currency translation reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	Non-distributable					Distributable			
Group									
As at 1 July 2012	**642.7**	**1,985.9**	**132.8**	**(191.4)**	**(139.6)**	**10,197.5**	**12,627.9**	**288.0**	**12,915.9**
Profit for the financial year	–	–	–	–	–	1,970.1	1,970.1	24.5	1,994.6
Exchange differences on translation of foreign operations	–	–	–	133.7	–	–	133.7	0.4	134.1
Share of other comprehensive income of associates	–	–	–	1.5	–	–	1.5	–	1.5
Total comprehensive income	–	–	–	135.2	–	1,970.1	2,105.3	24.9	2,130.2
Transactions with owners									
Recognition of share option expenses (Note 9 (b))	–	–	0.2	–	–	–	0.2	–	0.2
Exercise of share options	0.7	27.5	(5.8)	–	–	–	22.4	–	22.4
Repurchase of shares (Note 35.2)	–	–	–	–	(96.1)	–	(96.1)	–	(96.1)
Dividends paid in respect of current financial year (Note 15)	–	–	–	–	–	(447.2)	(447.2)	–	(447.2)
Dividends paid in respect of previous financial year (Note 15)	–	–	–	–	–	(543.3)	(543.3)	–	(543.3)
Changes in equity interest in subsidiaries	–	–	–	–	–	2.8	2.8	(10.5)	(7.7)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(22.4)	(22.4)
As at 30 June 2013	**643.4**	**2,013.4**	**127.2**	**(56.2)**	**(235.7)**	**11,179.9**	**13,672.0**	**280.0**	**13,952.0**

The notes on pages 135 to 270 form an integral part of the financial statements.

In RM million	Share capital	Share premium	Capital reserves	Treasury shares	Retained earnings	Total equity
		Non Distributable			Distributable	
Company						
As at 1 July 2011	641.6	1,944.3	129.5	–	4,311.8	7,027.2
Profit for the financial year	–	–	–	–	690.7	690.7
Total comprehensive income	–	–	–	–	690.7	690.7
Transactions with owners						
Recognition of share option expenses (Note 9 (b))	–	–	4.3	–	–	4.3
Exercise of share options	1.1	41.6	(8.8)	–	–	33.9
Repurchase of shares (Note 35.2)	–	–	–	(139.6)	–	(139.6)
Dividends paid in respect of current financial year (Note 15)	–	–	–	–	(447.9)	(447.9)
Dividends paid in respect of previous financial year (Note 15)	–	–	–	–	(575.6)	(575.6)
As at 30 June 2012	642.7	1,985.9	125.0	(139.6)	3,979.0	6,593.0
As at 1 July 2012	**642.7**	**1,985.9**	**125.0**	**(139.6)**	**3,979.0**	**6,593.0**
Profit for the financial year	**–**	**–**	**–**	**–**	**1,225.9**	**1,225.9**
Total comprehensive income	**–**	**–**	**–**	**–**	**1,225.9**	**1,225.9**
Transactions with owners						
Recognition of share option expenses (Note 9 (b))	**–**	**–**	**0.2**	**–**	**–**	**0.2**
Exercise of share options	**0.7**	**27.5**	**(5.8)**	**–**	**–**	**22.4**
Repurchase of shares (Note 35.2)	**–**	**–**	**–**	**(96.1)**	**–**	**(96.1)**
Dividends paid in respect of current financial year (Note 15)	**–**	**–**	**–**	**–**	**(447.2)**	**(447.2)**
Dividends paid in respect of previous financial year (Note 15)	**–**	**–**	**–**	**–**	**(543.3)**	**(543.3)**
As at 30 June 2013	**643.4**	**2,013.4**	**119.4**	**(235.7)**	**4,214.4**	**6,754.9**

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 30 June 2013

		Group		Company	
In RM million	Note	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation					
From continuing operations		**1,599.2**	1,592.3	**1,168.9**	672.4
From discontinued operations	13	**907.6**	786.6	**46.0**	73.1
		2,506.8	2,378.9	**1,214.9**	745.5
Adjustments for:					
Interest expenses		**280.4**	191.0	**200.8**	211.3
Depreciation of property, plant and equipment	16	**248.1**	252.5	**4.6**	4.1
Expenses for retirement benefits	38.1	**27.2**	25.0	**–**	0.1
Net loss/(gain) arising from changes in interests in associates		**13.8**	(115.3)	**–**	–
Impairment losses on receivables		**10.5**	3.1	**–**	0.6
Property, plant and equipment written off	16	**8.8**	5.9	**0.7**	0.1
Amortisation of prepaid lease payments	17	**2.8**	2.8	**–**	–
Bad debts written off		**1.4**	0.1	**0.6**	–
Net fair value loss/(gain) on other investments		**1.1**	(11.3)	**(0.8)**	0.4
Net fair value loss/(gain) on financial liabilities		**0.4**	(33.3)	**–**	–
Share option expenses	9(b)	**0.2**	4.3	**0.2**	4.3
Net inventories written down to net realisable values		**0.1**	39.3	**–**	–
Gain on disposal of land from compulsory acquisition		**–**	(13.7)	**–**	–
Gain on disposal of investment properties		**(0.2)**	(0.7)	**–**	–
Realised foreign currency translation (gain)/loss on borrowings		**(0.7)**	63.5	**–**	48.8
Impairment losses on receivables written back		**(0.9)**	(0.5)	**–**	–
Dividend income from other investments		**(1.3)**	(5.1)	**(0.2)**	(0.3)
Net gain on disposal of property, plant and equipment		**(2.0)**	(1.4)	**(19.8)**	(1.3)
Fair value (gain)/loss on derivative financial instruments		**(3.1)**	63.6	**(14.2)**	(5.4)
Gain on revaluation of existing equity interest upon acquisition	40.1	**(21.1)**	–	**–**	–
Interest income		**(53.4)**	(49.7)	**(111.7)**	(95.0)
Dividend income from short term funds		**(58.8)**	(51.7)	**(9.4)**	(33.3)
Share of results of jointly controlled entities		**(82.3)**	(32.7)	**–**	–
Share of results of associates		**(111.1)**	(121.0)	**–**	–
Fair value gain on investment properties	19	**(161.7)**	(165.0)	**–**	–
Net unrealised foreign currency translation (gain)/loss		**(219.9)**	222.7	**(61.5)**	264.0
Loss on liquidation of an associate		**–**	0.3	**–**	0.3
Loss on liquidation of subsidiaries	40.2	**–**	0.1	**–**	–
Gain on disposal of land held for property development		**–**	(2.4)	**–**	–
Net fair value gain on financial assets		**–**	(4.6)	**–**	–
Fair value loss/(gain) on amounts due to subsidiaries		**–**	–	**0.4**	(33.4)
Dividend income from associates		**–**	–	**(3.4)**	(12.0)
Dividend income from subsidiaries		**–**	–	**(1,078.2)**	(927.6)
Operating profit before working capital changes		**2,385.1**	2,644.7	**123.0**	171.2
Decrease in inventories		**784.7**	165.4	**1.7**	3.8
Increase/(decrease) in other payables and accruals		**152.3**	(36.3)	**6.5**	(13.3)
Decrease in trade receivables		**125.0**	107.9	**0.1**	0.1

The notes on pages 135 to 270 form an integral part of the financial statements.

In RM million	Note	Group 2013	Group 2012	Company 2013	Company 2012
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)					
Decrease/(increase) in other receivables, deposits and prepayments		**51.0**	(18.0)	**14.3**	(4.9)
Decrease/(increase) in amounts due from customers on contracts		**0.1**	(0.3)	**–**	–
(Decrease)/increase in trade payables		**(28.4)**	(7.3)	**(1.9)**	1.6
Increase in property development costs		**(134.1)**	(69.6)	**–**	–
Cash generated from operations		**3,335.7**	2,786.5	**143.7**	158.5
Retirement benefits paid	38.1	**(1.4)**	(1.0)	**–**	(0.1)
Tax paid		**(579.5)**	(656.3)	**(37.9)**	(57.3)
Tax refunded		**47.2**	27.5	**–**	14.2
Club membership deposits refunded		**–**	(0.1)	**–**	–
Retirement benefits contributed	38.1	**(26.8)**	(24.9)	**–**	–
Net cash from operating activities		**2,775.2**	2,131.7	**105.8**	115.3
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from associates		**64.7**	88.3	**3.4**	12.0
Dividends received from short term funds		**58.8**	51.7	**9.4**	33.3
Payments from associates		**38.6**	3.2	**–**	0.3
Interest received		**23.9**	22.0	**2.6**	4.1
Proceeds from disposal of property, plant and equipment		**4.4**	3.0	**20.4**	1.3
Proceeds from disposal of land from compulsory acquisition		**3.7**	14.1	**–**	–
Proceeds from disposal of shares in a subsidiary		**2.6**	–	**–**	–
Proceeds from disposal of investment properties		**1.6**	7.1	**–**	–
Dividends received from other investments		**1.3**	5.1	**0.2**	0.3
Proceeds from disposal of other investments		**0.9**	3.4	**0.9**	0.2
Additions to other investments		**(0.5)**	(1.6)	**–**	–
Acquisitions of additional interest in subsidiaries		**(10.2)**	(0.3)	**–**	(0.3)
Addition to associates		**(19.7)**	–	**–**	–
Investments in jointly controlled entities		**(25.5)**	(30.0)	**(9.0)**	–
Deposits paid for the purchase of land		**(30.8)**	(20.9)	**–**	–
Acquisition of a subsidiary	40.1	**(91.1)**	–	**–**	–
Additions to prepaid lease payments	17	**(102.5)**	(2.5)	**–**	–
Advances to jointly controlled entities		**(129.1)**	(236.8)	**–**	–
Additions to investment properties	19	**(450.5)**	(75.3)	**–**	–
Additions to property, plant and equipment	16	**(451.0)**	(397.2)	**(9.6)**	(8.6)
Additions to land held for property development		**(1,156.6)**	(1,183.5)	**–**	–
Proceeds from disposal of land held for property development		**–**	3.3	**–**	–
Dividends received from subsidiaries		**–**	–	**1,068.5**	919.4
Investment in subsidiaries		**–**	–	**(39.5)**	–
Payments (to)/from subsidiaries		**–**	–	**(1,240.7)**	96.6
Net cash (used in)/from investing activities		**(2,267.0)**	(1,746.9)	**(193.4)**	1,058.6

The notes on pages 135 to 270 form an integral part of the financial statements.

Statements of Cash Flows
For the financial year ended 30 June 2013

In RM million	Note	Group 2013	Group 2012	Company 2013	Company 2012
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loans		**502.4**	1,009.3	**–**	–
Proceeds from issuance of shares		**22.4**	33.9	**22.4**	33.9
Advances from non-controlling interests		**6.2**	129.7	**–**	–
Repayments of finance lease obligations		**(0.5)**	(0.1)	**–**	–
Redemption of 3rd Exchangeable Bonds	37.3	**(13.2)**	–	**–**	–
Dividends paid to non-controlling interests		**(22.4)**	(12.3)	**–**	–
Repurchase of shares	35.2	**(96.1)**	(139.6)	**(96.1)**	(139.6)
(Repayments)/proceeds from short term borrowings		**(103.5)**	88.2	**–**	–
Interest paid		**(287.0)**	(197.8)	**(57.4)**	(65.8)
Repayments of term loans		**(502.4)**	(351.5)	**–**	(351.5)
Dividends paid	15	**(990.5)**	(1,023.5)	**(990.5)**	(1,023.5)
Proceeds from issuance of Notes	37.5	**–**	1,894.7	**–**	–
Proceeds from issuance of shares to non-controlling interests		**–**	0.3	**–**	–
Capital repayment to non-controlling interests		**–**	(0.3)	**–**	–
Redemption of 2nd Exchangeable Bonds	37.2	**–**	(236.5)	**–**	–
Net cash (used in)/from financing activities		**(1,484.6)**	1,194.5	**(1,121.6)**	(1,546.5)
Net (decrease)/increase in cash and cash equivalents		**(976.4)**	1,579.3	**(1,209.2)**	(372.6)
Cash and cash equivalents at beginning of financial year		**4,360.7**	2,785.5	**1,257.3**	1,629.9
Effect of exchange rate changes		**26.3**	(4.1)	**–**	–
		3,410.6	4,360.7	**48.1**	1,257.3
Cash and cash equivalents transferred to disposal group held for sale/held for distribution to owners		**(441.2)**	–	**–**	–
Cash and cash equivalents at end of financial year	41	**2,969.4**	4,360.7	**48.1**	1,257.3

The notes on pages 135 to 270 form an integral part of the financial statements.

Notes to the Financial Statements

1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the cultivation of oil palm and processing of palm oil.

The principal activities of the subsidiaries, associates and jointly controlled entities are set out in Note 49 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 52 to the financial statements has been prepared in accordance with 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

2.2 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

2.3 Presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and all financial information presented in RM are rounded to the nearest million, except where otherwise stated.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

3.1 New FRSs adopted during the current financial year

Title	Effective Date
FRS 124 *Related Party Disclosures*	1 January 2012
Amendments to FRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7 *Disclosures – Transfers of Financial Assets*	1 January 2012
Amendments to FRS 112 *Deferred tax: Recovery of Underlying Assets*	1 January 2012
Mandatory Effective Date of FRS 9 and Transitional Disclosures	1 March 2012
Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012

There is no material impact upon adoption of the above FRSs and Amendments to FRSs during the current financial year.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.2 New FRSs that have been issued, but not yet effective and not yet adopted

Title	Effective Date
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to FRS 1 *Government Loans*	1 January 2013
Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs (2012)	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 10, FRS 12, FRS 127 *Investment Entities*	1 January 2014
FRS 9 *Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of the adoption of these FRSs, Amendments to FRSs and IC Interpretations since the effects would only be observable in future financial years.

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") announced the issuance of the new MFRS Framework that is applicable to entities other than private entities. However, the MASB deferred the effective date of MFRS Framework for transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*) from 1 January 2013 to 1 January 2015. The Group would subsequently adopt the MFRS Framework for the financial year ending 30 June 2016 as it is a transitioning entity.

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2014, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 30 June 2015 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 30 June 2016 respectively.

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
MFRS 2 *Share-based Payment*
MFRS 3 *Business Combinations*
MFRS 4 *Insurance Contracts*
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
MFRS 6 *Exploration for and Evaluation of Mineral Resources*
MFRS 7 *Financial Instruments: Disclosures*
MFRS 8 *Operating Segments*
MFRS 9 *Financial Instruments*

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (Continued)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows (Continued):

MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 101 *Presentation of Financial Statements*
MFRS 102 *Inventories*
MFRS 107 *Statement of Cash Flows*
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
MFRS 110 *Events After the Reporting Period*
MFRS 111 *Construction Contracts*
MFRS 112 *Income Taxes*
MFRS 116 *Property, Plant and Equipment*
MFRS 117 *Leases*
MFRS 118 *Revenue*
MFRS 119 *Employee Benefits*
MFRS 119 *Employee Benefits (revised)*
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*
MFRS 123 *Borrowing Costs*
MFRS 124 *Related Party Disclosures*
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
MFRS 127 *Separate Financial Statements*
MFRS 128 *Investments in Associates and Joint Ventures*
MFRS 129 *Financial Reporting in Hyperinflationary Economies*
MFRS 132 *Financial Instruments: Presentation*
MFRS 133 *Earnings Per Share*
MFRS 134 *Interim Financial Reporting*
MFRS 136 *Impairment of Assets*
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
MFRS 138 *Intangible Assets*
MFRS 139 *Financial Instruments: Recognition and Measurement*
MFRS 140 *Investment Property*
MFRS 141 *Agriculture*
Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 1 *Government Loans*
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*
Improvements to MFRSs (2008)
Improvements to MFRSs (2009)
Improvements to MFRSs (2010)
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 4 *Determining whether an Arrangement Contains a Lease*
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (Continued)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows (Continued):

IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 13 *Customer Loyalty Programmes*
IC Interpretation 14 *MFRS 119 Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 15 *Agreements for the Construction of Real Estate*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 18 *Transfers of Assets from Customers*
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
IC Interpretation 107 *Introduction of the Euro*
IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*
IC Interpretation 112 *Consolidation – Special Purpose Entities*
IC Interpretation 113 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*
IC Interpretation 115 *Operating Leases – Incentives*
IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
IC Interpretation 129 *Service Concession Arrangements: Disclosures*
IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*
IC Interpretation 132 *Intangible Assets – Web Site Costs*

The Group is in the process of assessing the impact on the financial statements arising from the transition from FRSs to MFRSs. However, some of the known effects are described as follows:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

This Standard requires an opening MFRS statement of financial position at the date of transition to reflect the retrospective effects of implementing the MFRS Framework for the first time. However, it also provides some exceptions and exemptions to an entity from full retrospective application of MFRSs.

The Group is in the process of assessing the impact of implementing the MFRS Framework since the effects would only be observable for the financial year ending 30 June 2016.

MFRS 141 *Agriculture*

This Standard prescribes the accounting treatment, financial statements presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured realiably on initial recognition. This Standard requires that subsequent change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 30 June 2016.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (Continued)

IC Interpretation 15 *Agreements for the Construction of Real Estate*

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the entity may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be splited into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with MFRS 111 *Construction Contracts* if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with MFRS 118 *Revenue*. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of MFRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

At the end of the financial year, the Group recognised revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no material changes in estimates during the financial year.

4.2 Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

4.2.1 Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rental or for both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

4.2.2 Contingent liabilities

The determination and treatment of contingent liabilities are based on management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.3.1 Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the Cash-generating Units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 20 to the financial statements.

4.3.2 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.3.3 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

4.3.4 Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

4.3.5 Valuation of investment properties

The fair value of investment property is arrived at by reference to market evidence of transaction prices for similar property and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

5.1 Basis of Consolidation

5.1.1 Business Combinations

Business combinations from 1 July 2010 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

i. deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

ii. liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

iii. assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

i. if the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and

ii. subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 5.12. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.1 Business Combinations (Continued)

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 5.12 to the financial statements on goodwill). If the cost of a business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

i. reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

ii. recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

5.1.2 Subsidiaries

Subsidiaries are entities (including special purpose entities) in which the Group and the Company have the ability to control the financial and operating policies so as to obtain benefits from their activities. Control exists when the Group has the power to govern the financial and operating policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the existence of control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the reporting period, using consistent accounting policies.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to consolidate until the date that such control ceases.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstance, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.2 Subsidiaries (Continued)

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary as a result of a transaction, event or other circumstance, profit or loss on disposal is calculated as the difference between:

i. the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

ii. the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.3 Associates

Associates are entities in which the Group and the Company have significant influence and that are neither subsidiaries nor interest in jointly controlled entities. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is not control or joint control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the latest financial statements of the associates concerned, from the date significant influence commences until the date the Group ceases to have significant influence over the associates. The investments in associates in the consolidated statement of financial position are initially recognised at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the investments.

The interest in associates is the carrying amount of the investments in associates under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associates.

The excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition represents goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the net assets of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in consolidated profit or loss.

The Group's share of results of the associates during the financial year is recognised in consolidated profit or loss, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign currency translation differences. The Group's share of those changes is recognised directly in equity of the Group.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associates are used by the Group in applying the equity method. Where the reporting period of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in reporting period is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.4 Jointly controlled entities

Jointly controlled entities are joint ventures that involve the establishment of a corporation, partnership or other entity over which there is a contractually agreed sharing or joint control over the economic activities of the entities. Joint control exists when strategic financial and operational decisions relating to the activities require the unanimous consent of all the parties sharing control.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses, if any.

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the jointly controlled entity arising from changes in the jointly controlled entity's equity that have not been recognised in the jointly controlled entity's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

5.1.5 Transactions eliminated on consolidation

Intragroup transactions and balances and the resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

Unrealised profits arising on transactions between the Group and its associates and jointly controlled entities, which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates and jointly controlled entities. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.2 Foreign Currency

5.2.1 Functional and presentation currency

The separate financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

5.2.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into the relevant functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into the relevant functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

5.2.3 Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

5.3 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the cost will flow to the Group and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment are charged to profit or loss during the financial year in which they are incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3 Property, Plant and Equipment and Depreciation (Continued)

Freehold land has an unlimited useful life and therefore is not depreciated.

Construction in progress is also not depreciated until such time when the asset is available for use.

Other property, plant and equipment are depreciated on the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal depreciation periods and annual rates are as follows:

Long term leasehold land	over the lease period up to 99 years
Golf course development expenditure	2% – 2.5%
Buildings and improvements	2% – 10%
Plant and machinery	4% – 20%
Motor vehicles	10% – 20%
Furniture, fittings and equipment	5% – 33%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors. The Group anticipates that the residual values of its property, plant and equipment will be insignificant.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately in profit or loss.

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of plant and equipment is the estimated amount for which a plant and equipment could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

5.4 New Planting and Replanting Expenditure

New planting expenditure, which represents the total cost incurred from land clearing to the point of harvesting, is capitalised under plantation development expenditure and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to profit or loss in the financial year it is incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.5 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.6 Leases

5.6.1 Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Assets acquired under finance leases are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are included in borrowings. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Note 5.3 to the financial statements.

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations.

Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and the rewards are classified as operating leases other than the following:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

5.6.2 Operating lease – the Group as lessee

Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

5.6.3 Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element at the inception of the lease.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, except for leasehold land that is classified as an investment property or an asset held under property development.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.6 Leases (Continued)

5.6.3 Lease of land and building (Continued)

For leases of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

5.7 Property Development Activities

5.7.1 Land held for property development

Land held for property development consists of land where no significant development activity have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duty, commission, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

5.7.2 Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project.

Property development costs not recognised as an expense is recognised as an asset and is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables.

5.8 Investment Properties

Investment properties are properties, which are held either to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued and where appropriate, on the investment method.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.8 Investment Properties (Continued)

Properties that are occupied by companies in the Group are accounted for as owner-occupied rather than as investment properties in the consolidated financial statements.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

When the use of a property changes from investment property to owner-occupied, the property is remeasured to fair value and reclassified as property, plant and equipment. Any gain or loss arising on remeasurement is recognised directly in profit or loss.

5.9 Construction Contracts

Contract cost comprises cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract. Contract cost includes direct materials, expenses, labour and an appropriate proportion of construction overheads.

The aggregate costs incurred and profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts.

5.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of produce and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads.

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and other related development costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

5.11 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments and short term funds with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.12 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets and liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

5.13 Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories, deferred tax assets, assets arising from construction contracts, assets arising from employee benefits, investment properties, property development costs, non-current assets (or disposal groups) held for sale/held for distribution to owners and financial assets (other than investments in subsidiaries, associates and jointly controlled entities) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

For goodwill, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the Cash-generating Unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of the CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments*.

Recoverable amount is the higher of net selling price and value-in-use, which is measured by reference to discounted future cash flows. In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.13 Impairment of Non-financial Assets (Continued)

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it will be charged to equity.

Impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

5.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

5.14.1 Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.1 Financial assets (Continued)

i. Financial assets at fair value through profit or loss (Continued)

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

Financial assets classified as financial assets at fair value through profit or loss include short term investment and short term funds.

ii. Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

iii. Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

iv. Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

ii. Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All financial liabilities of the Group are measured at amortised cost except for financial liabilities at fair value through profit or loss, which are held for trading (including derivatives) or designated at fair value through profit or loss upon initial recognition. Financial liabilities designated at fair value through profit or loss include exchangeable bonds.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are classified as equity and are recorded at their nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon approval by shareholders in a general meeting.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction, which would otherwise have been avoided.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs, is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

5.14.4 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Any gains or losses arising from changes in the fair value of these contracts are recognised in profit or loss.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

5.15 Impairment of Financial Assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

i. Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.15 Impairment of Financial Assets (Continued)

ii. Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

5.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

5.17 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclosed its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair values at the acquisition dates.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.18 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the entities and the amount of the revenue can be measured reliably.

5.18.1 Commodities, other products and services

Revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts.

5.18.2 Property development

Revenue from property development is recognised based on the “percentage of completion” method in respect of all units that have been sold. The percentage of completion is determined based on the proportion of property development costs incurred for work performed up to the end of the reporting period over the estimated total property development costs.

When the outcome of a development activity cannot be reliably estimated, the property development revenue shall be recognised only to the extent of property development costs incurred that is probable to be recoverable and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

5.18.3 Construction contracts

Revenue from work done on construction contracts is recognised based on the “percentage of completion” method. The percentage of completion is determined based on the proportion of contract costs incurred for work performed up to the reporting period over the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue shall be recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately.

5.18.4 Dividend income

Dividend income is recognised when shareholder’s right to receive payment is established.

5.18.5 Rental income

Rental income from investment properties is recognised based on the accruals basis.

5.18.6 Interest income

Interest income is recognised in profit or loss as it accrues.

5.18.7 Management fees

Management fees are recognised when services are rendered.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits

5.19.1 Short term employee benefits

Wages, salaries, other monetary and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive, obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.19.2 Retirement benefits

The Group has various retirement benefit plans in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines the amount of pension benefit to be provided, usually as a function of one or more factors such as age and years of service.

5.19.2.1 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. Contributions to defined contribution plans are recognised as an expense in the period in which the employees render their services. Once the contributions have been paid, the Group has no further payment obligations.

5.19.2.2 Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service cost.

If the amount calculated results in an asset, the Group measures the resulting asset at the lower of the amount calculated and the net total of any cumulative unrecognised actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at the end of the reporting period for high quality corporate bonds or government bonds.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.2 Retirement benefits (Continued)

5.19.2.2 Defined benefit plans (Continued)

Actuarial gains and losses resulting from changes in the present value of the plan assets are recognised as income or expense over the expected average remaining working lives of the employees participating in that plan when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the higher of:

i. 10% of the present value of the defined benefit obligations at that date (before deducting plan assets); and

ii. 10% of the fair value of any plan assets at that date.

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in profit or loss.

The Group recognises gain or losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

If the Group has an unconditional right to a refund during the life of the plan, it would recognise an asset measured as the amount of the surplus at the reporting date that it has a right to receive a refund which would be the fair value of the plan assets less the present value of the defined benefits obligation, less any associated costs, such as taxes. If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, the Group would make no adjustment for the time value of money, even if the refund is realisable only at a future date.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity for each period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume that there would be no change to the benefits provided by a plan in the future until the plan is amended and a stable workforce unless it is demonstrably committed at the reporting dates to make a reduction in the number of employees covered by the plan.

5.19.3 Equity compensation benefits

The Group operates equity-settled share-based compensation plans, allowing certain employees of the Group to acquire ordinary share of the Company at pre-determined prices. The compensation expense relating to share options is now recognised within staff costs in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a binomial options pricing model performed by an actuary.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.3 Equity compensation benefits (Continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in capital reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

In the event that modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the Group includes the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

If the Group modifies the terms and conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employees, the Group continues to account for the revised services received as consideration for the equity instruments granted as if that modification had not occurred, other than a cancellation of some or all of the equity instruments granted.

5.20 Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associates or jointly controlled entities on distributions to the Group and Company, and real property gains taxes, if any.

Taxation in profit or loss comprises current and deferred tax.

5.20.1 Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

5.20.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.20 Income Taxes (Continued)

5.20.2 Deferred tax (Continued)

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

i. the same taxable entity; or

ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantial effect of actual enactment by the end of the reporting period.

5.21 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners and discontinued operations

5.21.1 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss as an impairment loss.

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.21 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners and discontinued operations (Continued)

5.21.1 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners (Continued)

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset (or disposal group) classified as held for sale is presented separately.

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale. The Group shall measure a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

i. its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

ii. its recoverable amount at the date of the subsequent decision not to sell.

5.21.2 Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

5.22 Earnings Per Share

The Group presents basic and diluted earnings per shares (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit and loss attributable to owners of the parent and weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

5.23 Operating Segments

Operating segments are defined as components of the Group that:

i. engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

ii. whose operating results are regularly reviewed by the Group’s chief operating decision maker (i.e. the Group’s Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

iii. for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.23 Operating Segments (Continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

i. The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

ii. The absolute amount of reported profit or loss is ten (10) per cent or more, in absolute terms of the greater of:

   a. the combined reported profit of all operating segments that did not report a loss; and

   b. the combined reported loss of all operating segments that reported a loss.

iii. The assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior year's segment data for comparative purposes.

6. REVENUE

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Sales of plantation produce and related products	**146.9**	151.4	**297.6**	364.2
Sales of development properties	**5.9**	6.2	**–**	–
Sales of specialty oils and fats and related products	**3,386.3**	3,553.4	**–**	–
Sales of oleochemicals and related products	**2,372.5**	2,462.6	**–**	–
Sales of refined palm oil and related products	**6,225.9**	8,377.8	**–**	–
Rental income from investment properties	**0.4**	0.3	**–**	–
Rendering of services	**7.6**	7.2	**–**	–
Dividends income	**53.0**	40.0	**1,052.5**	924.6
	12,198.5	14,598.9	**1,350.1**	1,288.8

7. OTHER OPERATING INCOME

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Unrealised foreign currency translation gain	**260.9**	128.5	**61.3**	12.0
Realised foreign currency translation gain	**61.1**	84.8	**3.8**	–
Realised fair value gain on derivative financial instruments	**487.2**	483.5	**–**	–
Fair value gain of investment properties	**0.4**	1.1	**–**	–
Fair value gain on short term funds	**2.9**	3.0	**–**	3.0
Fair value gain on other investments	**0.8**	13.0	**0.8**	–
Fair value gain on derivative financial instruments	**129.3**	154.3	**22.1**	8.0
Fair value gain on financial assets	**–**	4.6	**–**	–
Fair value gain on financial liabilities	**–**	33.3	**–**	–
Fair value gain on amounts due to subsidiaries	**–**	–	**–**	33.4
Gain on disposal of property, plant and equipment	**2.4**	1.8	**19.8**	1.3
Gain arising from dilution of interest in an associate	**–**	124.5	**–**	–
Management fees	**–**	–	**28.1**	28.5
Bad debts recovered	**–**	0.1	**–**	–
Others	**30.5**	23.7	**6.8**	1.3
	975.5	1,056.2	**142.7**	87.5

8. OTHER OPERATING EXPENSES

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Depreciation of property, plant and equipment	**89.8**	115.2	**1.4**	1.8
Rental expenses	**8.4**	13.8	**–**	1.3
Replanting expenditure	**41.1**	35.8	**–**	10.0
Research and development expenses	**3.1**	5.2	**1.5**	1.4
Realised foreign currency translation loss	**100.3**	132.8	**–**	71.1
Unrealised foreign currency translation loss	**41.0**	351.3	**0.1**	276.0
Realised fair value loss on derivative financial instruments	**236.6**	369.5	**–**	–
Fair value loss on other investments	**2.0**	0.4	**–**	0.4
Fair value loss on derivative financial instruments	**126.2**	217.9	**7.9**	2.6
Fair value loss on short term funds	**6.2**	–	**0.6**	–
Fair value loss on financial liabilities	**0.4**	–	**–**	–
Fair value loss on amounts due to subsidiaries	**–**	–	**0.4**	–
Loss on disposal of property, plant and equipment	**0.7**	0.7	**–**	–
Loss on liquidation of an associate	**–**	0.3	**–**	0.3
Loss on liquidation of subsidiaries (Note 40.2)	**–**	0.1	**–**	–
Property, plant and equipment written off	**8.7**	–	**0.1**	–
Impairment losses on receivables	**9.2**	1.6	**–**	0.6
Loss arising from acquisition of interest in an associate	**13.8**	9.2	**–**	–
Others	**9.2**	1.8	**18.5**	17.8
	696.7	1,255.6	**30.5**	383.3

9. OPERATING PROFIT

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
a) Other than those disclosed in Note 7 and Note 8, operating profit has been arrived at after charging:				
Amortisation of prepaid lease payments (Note 17)	**2.8**	2.8	**–**	–
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**0.9**	0.8	**0.1**	0.1
Non-statutory audit				
– tax compliance and advisory services	**0.2**	0.2	**–**	–
– others	**0.8**	0.1	**–**	–
Member firms of BDO International				
Statutory audit	**0.8**	1.2	**–**	–
Other auditors				
Statutory audit	**0.5**	0.6	**–**	–
Bad debts written off	**1.3**	0.1	**0.6**	–
Depreciation of property, plant and equipment	**229.8**	232.9	**4.6**	4.1
Expenses for retirement benefits (Note 38.1)	**27.2**	25.0	**–**	0.1
Hire of plant and machinery	**6.3**	11.6	**–**	–
Property, plant and equipment written off	**8.8**	3.0	**0.7**	0.1
Rental of premises	**0.5**	0.6	**1.3**	1.3
Lease of land	**1.6**	1.6	**–**	–
Inventories written down to net realisable values	**8.1**	39.1	**–**	–
Share option expenses (Note 9(b))	**0.2**	4.3	**0.2**	4.3
and crediting:				
Reversal of inventories written down to net realisable values	**7.8**	–	**–**	–
Impairment losses on receivables written back	**0.9**	0.5	**–**	–
Gross dividends received from:				
– short term funds quoted in Malaysia	**51.7**	36.6	**9.4**	33.3
– other quoted investments in Malaysia	**1.3**	3.4	**0.2**	0.3
– unquoted subsidiaries	**–**	–	**1,039.5**	879.1
– unquoted associates	**–**	–	**3.4**	12.0
Rental income from plant and machinery	**0.1**	6.7	**–**	–
Rental income from:				
– investment properties	**0.4**	0.4	**39.0**	–
– rendering of services	**9.0**	–	**–**	–
– others	**1.3**	1.4	**0.1**	0.1

Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM5,501.3 million (2012 – RM8,536.8 million) and RM13.4 million (2012 – RM15.4 million) respectively.

9. OPERATING PROFIT (Continued)

b) Employee information

The employee benefits costs are as follows:

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Wages, salaries and others	**730.9**	639.8	**107.2**	96.4
Contributions to Employee's Provident Fund	**49.4**	43.9	**8.8**	7.8
Expenses for retirement benefits (Note 38.1)	**27.2**	25.0	**–**	0.1
Share option expenses	**0.2**	4.3	**0.2**	4.3
	807.7	713.0	**116.2**	108.6

10. INTEREST INCOME

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Short term deposits	**18.9**	11.8	**1.8**	3.7
Subsidiaries	**–**	–	**108.8**	90.7
Disposal group	**39.6**	1.5	**–**	–
Others	**1.1**	5.6	**0.7**	0.3
	59.6	18.9	**111.3**	94.7

11. FINANCE COSTS

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Interest expenses				
Term loans	**110.0**	105.3	**57.5**	65.8
Guaranteed notes	**81.3**	80.7	**–**	–
Notes	**85.6**	–	**–**	–
Short term loans	**5.4**	4.2	**–**	–
Subsidiaries	**–**	–	**141.3**	143.7
Disposal group	**0.3**	1.4	**–**	–
Others	**2.7**	2.6	**1.9**	0.4
	285.3	194.2	**200.7**	209.9
Less: Interest capitalised	**(6.2)**	(6.4)	**–**	–
	279.1	187.8	**200.7**	209.9

12. TAXATION

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Current year				
Malaysian income taxation	**343.0**	419.5	**37.2**	52.8
Foreign taxation	**26.8**	3.8	**–**	–
Deferred taxation	**(12.6)**	(24.5)	**0.3**	0.1
	357.2	398.8	**37.5**	52.9
Prior years				
Malaysian income taxation	**(47.0)**	(0.8)	**(52.1)**	–
Foreign taxation	**(0.2)**	12.4	**–**	–
Deferred taxation	**9.5**	(6.1)	**0.1**	(0.3)
	(37.7)	5.5	**(52.0)**	(0.3)
	319.5	404.3	**(14.5)**	52.6

A numerical reconciliation between average effective tax rate and applicable tax rate of the Group and of the Company is as follows:

%	Group 2013	Group 2012	Company 2013	Company 2012
Applicable tax rate	**25.00**	25.00	**25.00**	25.00
Tax effects in respect of:				
Non allowable expenses	**6.44**	10.44	**3.95**	21.00
Non-taxable income	**(5.45)**	(7.10)	**(3.23)**	(4.95)
Revenue expenses capitalised	**(0.01)**	(0.02)	**–**	–
Tax exempt income	**(1.51)**	(0.25)	**(22.51)**	(33.19)
Tax incentives and allowances	**(0.31)**	(0.55)	**–**	–
Utilisation of previously unrecognised tax losses and capital allowances	**(0.15)**	(0.06)	**–**	–
Different tax rates in foreign jurisdiction	**0.70**	0.27	**–**	–
Share of post-tax results of associates	**(1.63)**	(1.77)	**–**	–
Other items	**(0.75)**	(0.91)	**–**	–
	22.33	25.05	**3.21**	7.86
(Over)/under provision in prior years	**(2.35)**	0.34	**(4.45)**	(0.04)
	19.98	25.39	**(1.24)**	7.82

12. TAXATION (Continued)

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM2.3 million (2012 – RM0.3 million).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM59.2 million (2012 – RM68.5 million), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory rate of 25% (2012 – 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

13. DISCONTINUED OPERATIONS

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two separate and independent listed entities with distinct businesses; namely, IOI Properties Group Berhad ("ListCo"), to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group as disclosed in Note 47 ("Proposed Demerger").

The Proposed Demerger is expected to be completed within the next twelve (12) months and the businesses to be held by the ListCo are now presented as discontinued operations.

The analysis of the results of the discontinued operations is as follows:

		Group		Company	
In RM million	Note	2013	2012	2013	2012
Revenue	13.1	**1,355.0**	1,078.3	**48.8**	59.5
Cost of sales		**(525.3)**	(387.9)	**(3.2)**	(2.9)
Gross profit		**829.7**	690.4	**45.6**	56.6
Other operating income		**242.5**	210.0	**0.4**	17.6
Marketing and selling expenses		**(44.4)**	(22.7)	**–**	–
Administration expenses		**(71.5)**	(74.0)	**–**	–
Other operating expenses		**(130.6)**	(85.6)	**(0.3)**	–
Operating profit from discontinued operations	13.2	**825.7**	718.1	**45.7**	74.2
Share of result of associate		**6.9**	8.2	**–**	–
Share of results of jointly controlled entities		**82.5**	32.7	**–**	–
Profit before interest and taxation		**915.1**	759.0	**45.7**	74.2
Interest income		**33.7**	33.7	**0.4**	0.3
Finance costs		**(41.2)**	(6.1)	**(0.1)**	(1.4)
Profit before taxation from discontinued operations		**907.6**	786.6	**46.0**	73.1
Taxation	13.3	**(192.7)**	(146.1)	**(3.5)**	(2.2)
Profit for the financial year from discontinued operations		**714.9**	640.5	**42.5**	70.9

13. DISCONTINUED OPERATIONS (Continued)

13.1 Revenue from discontinued operations

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Sales of plantation produce and related products	**35.4**	38.5	**10.1**	11.0
Sales of development properties	**1,103.4**	836.8	**–**	–
Rental income from investment properties	**106.6**	95.0	**–**	–
Rendering of services	**102.5**	91.2	**–**	–
Dividends income	**7.1**	16.8	**38.7**	48.5
	1,355.0	1,078.3	**48.8**	59.5

13.2 Operating profit from discontinued operations

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Operating profit from discontinued operations has been arrived at after charging:				
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**0.4**	0.4	**–**	–
Other auditors				
Non-statutory audit				
– tax compliance and advisory services	**0.2**	0.3	**–**	–
Bad debts written off	**0.1**	–	**–**	–
Depreciation of property, plant and equipment	**18.3**	19.6	**–**	–
Direct operating expenses of investment properties	**27.7**	28.1	**–**	–
Realised foreign currency translation loss	**8.6**	–	**–**	–
Fair value loss on other investment	**–**	1.3	**–**	–
Fair value loss on investment properties	**38.1**	–	**–**	–
Impairment losses on receivables	**1.3**	1.5	**–**	–
Inventories written down to net realisable values	**–**	0.2	**–**	–
Loss on disposal of property, plant and equipment	**0.2**	–	**–**	–
Property, plant and equipment written off	**–**	2.9	**–**	–
Rental of premises	**0.3**	0.2	**–**	–

13. DISCONTINUED OPERATIONS (Continued)

13.2 Operating profit from discontinued operations (Continued)

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
and crediting:				
Fair value gain on investment properties	**199.4**	163.9	**–**	–
Fair value gain on other investment	**0.1**	–	**–**	–
Gain on disposal of investment properties	**0.2**	0.7	**–**	–
Gain on disposal of land from compulsory acquisition	**–**	13.7	**–**	–
Gain on disposal of land held for property development	**–**	2.4	**–**	–
Gain on disposal of property, plant and equipment	**0.5**	0.3	**–**	–
Gain on revaluation of existing equity interest upon acquisition	**21.1**	–	**–**	–
Gross dividends received from:				
– short term funds quoted in Malaysia	**7.1**	15.1	**–**	–
– other quoted investments in Malaysia	**–**	1.7	**–**	–
– unquoted subsidiaries	**–**	–	**38.7**	48.5
Rental income from:				
– investment properties	**105.3**	95.0	**–**	–
– rendering of services	**8.8**	8.8	**–**	–
– others	**1.2**	1.5	**–**	–
Reversal of inventories written down to net realisable values	**0.2**	–	**–**	–
Realised foreign currency translation gain	**–**	–	**–**	17.7
Unrealised foreign currency translation gain	**–**	0.1	**0.3**	–

13.3 Taxation for discontinued operations

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Current year				
Malaysian income taxation	**189.0**	149.6	**3.5**	2.2
Foreign taxation	**0.3**	0.2	**–**	–
Deferred taxation	**–**	(2.8)	**–**	–
	189.3	147.0	**3.5**	2.2
Prior years				
Malaysian income taxation	**1.2**	0.3	**–**	–
Deferred taxation	**2.2**	(1.2)	**–**	–
	3.4	(0.9)	**–**	–
	192.7	146.1	**3.5**	2.2

13. DISCONTINUED OPERATIONS (Continued)

13.4 Cash flows attributable to discontinued operations

	Group		Company	
In RM million	2013	2012	2013	2012
Net cash from/(used in) operating activities	**504.4**	408.3	**(38.7)**	(48.5)
Net cash (used in)/from investing activities	**(2,300.2)**	(747.2)	**38.7**	48.5
Net cash from financing activities	**1,601.4**	125.9	**–**	–
	(194.4)	213.0	**–**	–

14. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share of the Group is calculated based on the profit for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

	Group	
In RM million	2013	2012
Profit for the financial year attributable to owners of the parent		
From continuing operations	**1,276.5**	1,161.4
From discontinued operations	**693.6**	628.0
	1,970.1	1,789.4
In million		
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares	**6,391.3**	6,399.4
In sen		
Basic earnings per ordinary share		
From continuing operations	**19.98**	18.15
From discontinued operations	**10.85**	9.81
	30.83	27.96

14. EARNINGS PER ORDINARY SHARE (Continued)

Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group are calculated based on the profit for the financial year attributable to owners of the parent divided by the adjusted weighted average number of ordinary shares after taking into consideration all potential dilutive ordinary shares.

	Group	
In RM million	**2013**	**2012**
Profit for the financial year attributable to owners of the parent		
From continuing operations	**1,276.5**	1,161.4
From discontinued operations	**693.6**	628.0
	1,970.1	1,789.4

The adjusted weighted average number of ordinary shares for the computation of diluted earnings per ordinary share is arrived at as follows:

In million		
Weighted average number of ordinary shares in issue after deducting the treasury shares	**6,391.3**	6,399.4
Adjustments for share option granted to executives of the Group	**15.3**	19.8
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	**6,406.6**	6,419.2

In sen		
Diluted earnings per ordinary share		
From continuing operations	**19.92**	18.10
From discontinued operations	**10.83**	9.78
	30.75	27.88

15. DIVIDENDS

	Group and Company	
In RM million	**2013**	**2012**
Second interim single tier dividend in respect of financial year ended 30 June 2012 declared and paid of 8.5 sen per ordinary share	**543.3**	–
First interim single tier dividend in respect of financial year ended 30 June 2013 declared and paid of 7.0 sen per ordinary share	**447.2**	–
Second interim single tier dividend in respect of financial year ended 30 June 2011 declared and paid of 9.0 sen per ordinary share	**–**	575.6
First interim single tier dividend in respect of financial year ended 30 June 2012 declared and paid of 7.0 sen per ordinary share	**–**	447.9
	990.5	1,023.5

The Directors have declared a second interim single tier dividend of 8.5 sen per ordinary share, amounting to RM542.9 million in respect of the financial year ended 30 June 2013. The dividend is payable on 26 September 2013 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 9 September 2013.

No final dividend has been recommended for the financial year ended 30 June 2013.

16. PROPERTY, PLANT AND EQUIPMENT

Group
2013

In RM million	At beginning of financial year	Additions	Disposals	Foreign currency translation differences	Write-offs	Transferred from/(to) Investment properties	Transferred from/(to) Land held for property development	Reclassifications	Reclassified to disposal group held for sale/ held for distribution to owners	At end of financial year
At cost										
Freehold land	506.7	0.3	–	1.6	–	42.9	4.3	–	(65.8)	490.0
Leasehold land	949.5	0.2	–	0.3	–	–	–	–	–	950.0
Plantation development expenditure	1,803.4	43.1	–	(5.0)	(0.6)	–	(0.2)	–	(4.5)	1,836.2
Golf course development expenditure	86.0	10.4	–	–	–	–	–	(20.0)	(76.4)	–
Buildings and improvements	1,534.2	34.7	(0.2)	20.1	(1.7)	–	–	32.2	(215.4)	1,403.9
Plant and machinery	3,070.4	63.7	(4.0)	34.6	(15.5)	–	–	38.4	(99.0)	3,088.6
Motor vehicles	94.9	9.6	(5.3)	–	(0.7)	–	–	0.7	(19.6)	79.6
Furniture, fittings and equipment	231.4	9.8	(2.1)	2.2	(3.4)	–	–	5.8	(83.1)	160.6
Construction in progress	185.5	285.7	–	1.5	–	(59.7)	–	(57.1)	(275.3)	80.6
	8,462.0	457.5	(11.6)	55.3	(21.9)	(16.8)	4.1	–	(839.1)	8,089.5

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Foreign currency translation differences	Write-offs	Reclassifications	Reclassified to disposal group held for sale/ held for distribution to owners	At end of financial year
Accumulated depreciation								
Leasehold land	133.6	11.0	–	0.1	–	–	–	144.7
Golf course development expenditure	1.6	0.3	–	–	–	0.5	(2.4)	–
Buildings and improvements	528.3	50.5	–	5.7	(0.9)	(0.5)	(48.2)	534.9
Plant and machinery	1,842.7	163.1	(2.8)	18.3	(8.3)	–	(75.8)	1,937.2
Motor vehicles	69.6	6.9	(5.0)	–	(0.6)	–	(13.0)	57.9
Furniture, fittings and equipment	172.5	16.3	(1.4)	1.8	(3.3)	–	(64.9)	121.0
	2,748.3	248.1	(9.2)	25.9	(13.1)	–	(204.3)	2,795.7

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group
2012

In RM million	At beginning of financial year	Additions	Disposals	Foreign currency translation differences	Write-offs	Transferred to investment properties	Reclassifications	At end of financial year
At cost								
Freehold land	541.9	5.7	(0.2)	(3.9)	–	(36.8)	–	506.7
Leasehold land	944.6	5.1	–	(0.1)	(0.1)	–	–	949.5
Plantation development expenditure	1,764.9	40.8	–	(2.5)	–	–	0.2	1,803.4
Golf course development expenditure	17.2	–	–	–	(2.8)	–	71.6	86.0
Buildings and improvements	1,435.3	40.2	(1.2)	(39.9)	(7.4)	–	107.2	1,534.2
Plant and machinery	2,823.4	137.8	(9.4)	(62.5)	(5.4)	(0.2)	186.7	3,070.4
Motor vehicles	89.0	9.4	(3.2)	–	(0.6)	–	0.3	94.9
Furniture, fittings and equipment	225.4	11.8	(2.1)	(4.8)	(1.3)	–	2.4	231.4
Construction in progress	400.9	152.9	–	0.1	–	–	(368.4)	185.5
	8,242.6	403.7	(16.1)	(113.6)	(17.6)	(37.0)	–	8,462.0

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Foreign currency translation differences	Write-offs	At end of financial year
Accumulated depreciation						
Leasehold land	123.5	10.1	–	–	–	133.6
Golf course development expenditure	1.6	0.4	–	–	(0.4)	1.6
Buildings and improvements	494.4	49.2	(0.7)	(10.0)	(4.6)	528.3
Plant and machinery	1,718.1	168.4	(9.2)	(29.8)	(4.8)	1,842.7
Motor vehicles	66.2	6.9	(2.9)	–	(0.6)	69.6
Furniture, fittings and equipment	161.4	17.5	(1.7)	(3.4)	(1.3)	172.5
	2,565.2	252.5	(14.5)	(43.2)	(11.7)	2,748.3

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company
2013

In RM million	At beginning of financial year	Additions	Reclassifications	Disposals	Write-offs	Reclassified to disposal group held for sale/ held for distribution to owners	At end of financial year
At cost							
Freehold land	212.7	–	–	(0.5)	–	(9.6)	202.6
Leasehold land	9.7	–	–	–	–	–	9.7
Plantation development expenditure	187.5	0.9	–	(0.1)	(0.6)	(4.4)	183.3
Buildings and improvements	36.7	2.0	1.0	–	(0.2)	–	39.5
Plant and machinery	37.4	2.8	–	(0.2)	(0.8)	–	39.2
Motor vehicles	10.8	2.0	–	(0.8)	(0.2)	–	11.8
Furniture, fittings and equipment	13.9	0.7	–	–	(0.2)	–	14.4
Construction in progress	1.0	1.2	(1.0)	–	–	–	1.2
	509.7	9.6	–	(1.6)	(2.0)	(14.0)	501.7

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
Accumulated depreciation					
Leasehold land	2.2	0.1	–	–	2.3
Buildings and improvements	17.1	1.4	–	(0.1)	18.4
Plant and machinery	30.5	1.5	(0.2)	(0.8)	31.0
Motor vehicles	7.7	0.9	(0.8)	(0.2)	7.6
Furniture, fittings and equipment	11.2	0.7	–	(0.2)	11.7
	68.7	4.6	(1.0)	(1.3)	71.0

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company
2012

In RM million	At beginning of financial year	Additions	Reclassifications	Disposals	Write-offs	At end of financial year
At cost						
Freehold land	212.7	–	–	–	–	212.7
Leasehold land	9.7	–	–	–	–	9.7
Plantation development expenditure	185.7	1.8	–	–	–	187.5
Buildings and improvements	35.2	1.0	0.6	–	(0.1)	36.7
Plant and machinery	36.3	1.3	–	–	(0.2)	37.4
Motor vehicles	8.8	2.5	–	(0.5)	–	10.8
Furniture, fittings and equipment	13.0	1.0	–	–	(0.1)	13.9
Construction in progress	0.6	1.0	(0.6)	–	–	1.0
	502.0	8.6	–	(0.5)	(0.4)	509.7

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
Accumulated depreciation					
Leasehold land	2.1	0.1	–	–	2.2
Buildings and improvements	15.8	1.3	–	–	17.1
Plant and machinery	29.4	1.3	–	(0.2)	30.5
Motor vehicles	7.5	0.7	(0.5)	–	7.7
Furniture, fittings and equipment	10.6	0.7	–	(0.1)	11.2
	65.4	4.1	(0.5)	(0.3)	68.7

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Carrying amount				
Freehold land	**490.0**	506.7	**202.6**	212.7
Leasehold land	**805.3**	815.9	**7.4**	7.5
Plantation development expenditure	**1,836.2**	1,803.4	**183.3**	187.5
Golf course development expenditure	**–**	84.4	**–**	–
Buildings and improvements	**869.0**	1,005.9	**21.1**	19.6
Plant and machinery	**1,151.4**	1,227.7	**8.2**	6.9
Motor vehicles	**21.7**	25.3	**4.2**	3.1
Furniture, fittings and equipment	**39.6**	58.9	**2.7**	2.7
Construction in progress	**80.6**	185.5	**1.2**	1.0
	5,293.8	5,713.7	**430.7**	441.0

Included in the Group's plantation development expenditure and construction in progress is an amount of interest expense capitalised during the financial year amounting to RM6.5 million (2012 – RM6.4 million).

Interest is capitalised at the rate 4.50% to 5.33% (2012 – 4.50% to 7.30%) per annum.

Included in property, plant and equipment are the carrying amounts of assets acquired under finance lease as follows:

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Plant and machinery	**–**	0.6	**–**	–

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Additions to property, plant and equipment	**457.5**	403.7	**9.6**	8.6
Interest capitalised	**(6.5)**	(6.4)	**–**	–
Financed by finance lease arrangement	**–**	(0.1)	**–**	–
Cash payments on purchase of property, plant and equipment	**451.0**	397.2	**9.6**	8.6

17. PREPAID LEASE PAYMENTS

In RM million	Long term leasehold land	Short term leasehold land	Total
Group			
2013			
At cost			
At beginning of financial year	**59.2**	**3.3**	**62.5**
Additions	**2.6**	**99.9**	**102.5**
Exchange difference	**–**	**(0.1)**	**(0.1)**
Reclassified to disposal group held for sale/held for distribution to owners	**–**	**(99.4)**	**(99.4)**
At end of financial year	**61.8**	**3.7**	**65.5**
Accumulated amortisation			
At beginning of financial year	**32.5**	**0.4**	**32.9**
Current year amortisation	**2.8**	**–**	**2.8**
At end of financial year	**35.3**	**0.4**	**35.7**
Carrying amount			
At end of financial year	**26.5**	**3.3**	**29.8**
2012			
At cost			
At beginning of financial year	56.7	3.4	60.1
Additions	2.5	–	2.5
Exchange difference	–	(0.1)	(0.1)
At end of financial year	59.2	3.3	62.5
Accumulated amortisation			
At beginning of financial year	29.7	0.4	30.1
Current year amortisation	2.8	–	2.8
At end of financial year	32.5	0.4	32.9
Carrying amount			
At end of financial year	26.7	2.9	29.6

18. LAND HELD FOR PROPERTY DEVELOPMENT

In RM million	Freehold land	Long term leasehold land	Short term leasehold land	Development costs	Total
Group					
2013					
At cost					
At beginning of financial year	**1,467.3**	**100.9**	**0.2**	**290.5**	**1,858.9**
Costs incurred	**695.8**	**307.5**	**–**	**186.5**	**1,189.8**
Acquisition of a subsidiary (Note 40.1)	**–**	**215.5**	**–**	**6.0**	**221.5**
Transfer to property development costs (Note 26)	**(1,065.1)**	**(223.9)**	**–**	**(149.8)**	**(1,438.8)**
Transfer to property, plant and equipment (Note 16)	**(4.1)**	**–**	**–**	**–**	**(4.1)**
Foreign currency translation differences	**4.7**	**8.5**	**–**	**3.4**	**16.6**
Reclassified to disposal group held for sale/held for distribution to owners	**(1,098.6)**	**(408.5)**	**(0.2)**	**(336.6)**	**(1,843.9)**
At end of financial year	**–**	**–**	**–**	**–**	**–**
2012					
At cost					
At beginning of financial year	419.7	113.4	0.2	301.2	834.5
Costs incurred	1,076.9	0.1	–	106.5	1,183.5
Transfer to investment properties (Note 19)	(0.1)	–	–	(0.6)	(0.7)
Transfer to property development costs (Note 26)	(19.5)	(12.3)	–	(116.0)	(147.8)
Disposals	(0.4)	(0.3)	–	(0.6)	(1.3)
Foreign currency translation differences	(9.3)	–	–	–	(9.3)
At end of financial year	1,467.3	100.9	0.2	290.5	1,858.9

Included in land held for property development of the Group for the previous financial year were plantation land with a carrying amount of RM94.8 million, but which were intended to be used for property development. The subsidiaries were harvesting oil palm crops from the said land.

Included in land held for property development of the Group is an amount of interest expense capitalised during the financial year amounting to RM4.2 million (2012 – Nil).

19. INVESTMENT PROPERTIES

In RM million	At beginning of financial year	Transfer from property, plant and equipment	Transfer to property development cost	Transfer from land held for property development	Fair value adjustments	Additions	Disposals	Reclassified to disposal group held for sale/held for distribution to owners	At end of financial year
Group									
2013									
At fair value									
Freehold land and buildings	**1,326.7**	**16.8**	**–**	**–**	**158.6**	**161.8**	**(6.5)**	**(1,650.1)**	**7.3**
Leasehold land	**–**	**–**	**–**	**–**	**3.1**	**288.7**	**–**	**(291.8)**	**–**
	1,326.7	**16.8**	**–**	**–**	**161.7**	**450.5**	**(6.5)**	**(1,941.9)**	**7.3**
2012									
At fair value									
Freehold land and buildings	1,062.5	37.0	(7.4)	0.7	165.0	75.3	(6.4)	–	1,326.7
	1,062.5	37.0	(7.4)	0.7	165.0	75.3	(6.4)	–	1,326.7

The fair values of the investment properties above were estimated based on valuations by independent registered valuers. Valuations were based on market evidence of transaction prices for similar properties for certain properties and where appropriate, the investment method reflecting receipts of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates is used. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Investment properties comprise:

Continuing operations

Name of building/location	Description	Tenure of land	Net lettable area
No. 7, Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	3½ storey shop office	Freehold	1,650 sq. m.
No. 12, Jalan Anggerik Mokara 31/62 Kota Kemuning Seksyen 31 Shah Alam Selangor Darul Ehsan	1½ storey terrace factory lot	Freehold	307 sq. m.

19. INVESTMENT PROPERTIES (Continued)

Investment properties comprise (Continued):

Discontinued operations

Name of building/location	Description	Tenure of land	Net lettable area
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	57,588 sq. m.
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	22,662 sq. m.
Puchong Financial Corporate Centre (“PFCC”) Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	34,980 sq. m.
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	104 units of commercial lot	Freehold	26,184 sq. m.
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	11 units of commercial lot and 902 car park bays	Freehold	1,649 sq. m.
Lot No. 40338 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	1,699 sq. m.
HS(D) 41529 PT No. 9411 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	2,690 sq. m.
PT No. 82181 Lebuh Putra Utama Bandar Putra, Kulai Johor Darul Takzim	Commercial land	Freehold	2,323 sq. m.
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	3 storey shopping mall	Freehold	23,027 sq. m.
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi-wet market retail complex	Freehold	7,057 sq. m.
IOI Square IOI Resort Putrajaya	2 blocks of 12 storey office building	Freehold	30,852 sq. m.

19. INVESTMENT PROPERTIES (Continued)

Investment properties comprise (Continued):

Discontinued operations (Continued)

Name of building/location	Description	Tenure of land	Net lettable area
IOI Resort Putrajaya	37 units of residential bungalow houses	Freehold	24,909 sq. m.
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1½ storey semi-wet market	Freehold	4,265 sq. m.
Bandar Baru Salak Tinggi District of Sepang Selangor Darul Ehsan	Vacant land	99 years leasehold	N/A
Lot No. 2012JP01 Jimei District, Xiamen Fujian Province The People's Republic of China	Vacant land for the proposed commercial and office development	40 years leasehold	N/A

Investment properties under construction

Name of building/location	Description	Tenure of land	Net lettable area
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Purpose-built office building	Freehold	N/A
IOI City Development IOI Resort Putrajaya	Integrated mixed development including shopping mall and office building	Freehold	N/A

20. GOODWILL ON CONSOLIDATION

	Group	
In RM million	**2013**	**2012**
At beginning of a financial year	**512.0**	512.0
Acquisition of a subsidiary (Note 40.1)	**2.6**	–
Reclassified to disposal group held for sale/held for distribution to owners	**(85.6)**	–
At end of financial year	**429.0**	512.0

The goodwill recognised on the acquisitions in previous years was attributable mainly to the skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing business.

20. GOODWILL ON CONSOLIDATION (Continued)

For the purpose of impairment testing, goodwill is allocated to the Group's Cash-generating Units ("CGUs") identified according to the operating segments as follows:

	Group	
In RM million	2013	2012
Plantation	**93.0**	93.0
Property	**–**	83.0
Resource-based manufacturing	**336.0**	336.0
	429.0	512.0

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash flows are projected based on the management's most recent three-year business plan and extrapolated to a period of ten (10) years (the average economic useful lives of the assets) for all companies with the exception of plantation companies. For plantation companies, cash flows are projected for a period of twenty-five (25) years (the average life cycle of oil palm trees).

ii. Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 10.00%.

iii. Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments.

iv. Profit margins are projected based on the industry trends, historical profit margin achieved or pre-determined profit margin for property projects.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

21. SUBSIDIARIES

21.1 Investments in subsidiaries

	Company	
In RM million	2013	2012
At cost		
Unquoted shares in Malaysia	**1,972.2**	5,605.5
Unquoted shares outside Malaysia	**2,396.1**	2,356.6
	4,368.3	7,962.1
Less: Accumulated impairment losses	**(5.6)**	(5.6)
	4,362.7	7,956.5

21. SUBSIDIARIES (Continued)

21.1 Investments in subsidiaries (Continued)

Details of the subsidiaries are set out in Note 49 to the financial statements.

2013

During the financial year, the Company:

i. acquired 4,000 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIP") ("IOIP Shares") at an average price of RM2.90 per IOIP Shares with cash payments of RM11,600. The acquisition has no material impact on the Group's financial statements.

ii. acquired 99,460,000 ordinary shares of HKD1.00 each in IOI Edible Oils (HK) Ltd at par value with cash payments of HKD99.46 million (equivalent to RM39.5 million). The acquisition has no material impact on the Group's financial statements.

iii. acquired 2 ordinary shares of RM1.00 each in IOI Corporate Services Sdn Bhd at par value with cash payments of RM2.00. The acquisition has no material impact on the Group's financial statements.

iv. acquired 2 ordinary shares of RM1.00 each in IOI Plantation Services Sdn Bhd at par value with cash payments of RM2.00. The acquisition has no material impact on the Group's financial statements.

v. acquired 2 ordinary shares of RM1.00 each in IOI Properties Group Berhad at par value with cash payments of RM2.00. The acquisition has no material impact on the Group's financial statements.

vi. acquired 2 ordinary shares of RM1.00 each in IOI City Holdings Sdn Bhd (formerly known as IOI Properties Holdings Sdn Bhd) at par value with cash payments of RM2.00. The acquisition has no material impact on the Group's financial statements.

2012

During the previous financial year, the Company:

i. acquired 79,700 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIP") ("IOIP Shares") at an average price of RM3.33 per IOIP Shares with cash payments of RM265,580. The acquisition had no material impact to the Group's financial statements.

ii. subscribed for an additional 2,500,000 ordinary shares of RM1.00 each in IOI Management Sdn Bhd at par value. The consideration for the subscription was settled by offsetting the amount due from IOI Management Sdn Bhd to the Company.

iii. received RM4,265 upon liquidation of a subsidiary, Tampoi Development Sdn Bhd. Total gain recognised from the liquidation was RM4,263.

iv. redeemed 55,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Golf Course Development Sdn Bhd ("RVGCDSB"). The total redemption amount of RM5.5 million was settled by offsetting the amount due to RVGCDSB.

v. subscribed for 100,000,000 redeemable preference shares of RM1.00 each in Dreammont Development Sdn Bhd at par value. The consideration for the subscription was settled by offsetting the amount due from Dreammont Development Sdn Bhd to the Company.

vi. subscribed for 593,611,489 redeemable preference shares of SGD1.00 each (equivalent to RM1,474.6 million in total) in IOI Consolidated (Singapore) Pte Ltd at par value. The consideration for the subscription was settled by offsetting the amount due from IOI Consolidated (Singapore) Pte Ltd to the Company.

The effect of the liquidation of subsidiary is disclosed in Note 40 to the financial statements.

21. SUBSIDIARIES (Continued)

21.2 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of or by subsidiaries. These amounts are unsecured and bear interest at rates ranging from 0% to 7.60% (2012 – 0% to 7.30%) per annum.

The non-current amounts due to subsidiaries are payable on a back-to-back basis with the corresponding borrowings of the Group. The current amounts due from and to subsidiaries are payable upon demand in cash and cash equivalents.

22. ASSOCIATES

22.1 Investments in associates

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
At cost				
Shares quoted outside Malaysia	**414.4**	394.7	**–**	–
Unquoted shares in Malaysia	**42.0**	89.1	**20.4**	20.4
Negative goodwill recognised in prior years	**34.4**	44.1	**–**	–
	490.8	527.9	**20.4**	20.4
Share of post acquisition results and reserves	**306.5**	289.2	**–**	–
	797.3	817.1	**20.4**	20.4
At Market Value				
Shares quoted outside Malaysia	**1,378.0**	1,323.0	**–**	–

Details of the associates are set out in Note 49 to the financial statements.

An associate of the Group was listed on the Singapore Stock Exchange Limited on 12 April 2012. The listing of this associate had resulted in a dilution of IOI Group's interest in the associate from 36.05% to 30.44%. In relation to this, the Group had recorded a gain on dilution of interest in associate amounting to approximately RM124.5 million in its consolidated statement of profit or loss for the previous financial year.

22.2 Summary of financial information of associates

In RM million	**2013**	**2012**
Assets and liabilities		
Total assets	**4,145.7**	3,942.2
Total liabilities	**1,703.6**	1,309.1
Results		
Revenue	**1,715.2**	2,589.4
Profit for the financial year	**220.1**	367.1

22. ASSOCIATES (Continued)

22.3 Amounts due from and to associates

Amounts due from and to associates represent outstanding amounts arising from agency income, purchases and payments made on behalf of or by associates, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

23. JOINTLY CONTROLLED ENTITIES

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group as disclosed in Note 47. The jointly controlled entities formed part of the assets to be demerged and is now classified as a disposal group held for sale/held for distribution to owners in Note 33.

23.1 Interests in jointly controlled entities

	Group		Company	
In RM million	2013	2012	2013	2012
Unquoted shares, at cost	**9.0**	942.6	**9.0**	–
Share of post acquisition results and reserves	**(0.2)**	(98.4)	**–**	–
	8.8	844.2	**9.0**	–
Amounts due from jointly controlled entities	**–**	2,638.9	**–**	–
	8.8	3,483.1	**9.0**	–

Details of the jointly controlled entities are set out in Note 49 to the financial statements.

During the previous financial year, amounts due from jointly controlled entities represented outstanding amounts arising from the proportionate advances for the acquisitions and development of land in Singapore and China and for development expenses and working capital, which were unsecured, bore interest at rates ranging from 0.90% to 2.05% per annum and were not repayable within the next twelve (12) months.

During the previous financial year, guarantees given proportionally by the Group and the Company for credit facilities of jointly controlled entities amounted to RM1,044.1 million and RM907.7 million respectively.

23. JOINTLY CONTROLLED ENTITIES (Continued)

23.1 Interests in jointly controlled entities (Continued)

The Group's share of assets, liabilities, income and expenses of the jointly controlled entities were as follows:

	Group	
In RM million	2013	2012
Assets and liabilities		
Non-current assets	–	1.1
Current assets	**8.8**	5,777.5
Total assets	**8.8**	5,778.6
Current liabilities	–	2,157.3
Non-current liabilities	–	2,777.1
Total liabilities	–	4,934.4
Results		
Revenue	–	–
Expenses, including finance costs and taxation	**(0.2)**	–

23.2 Capital commitment of jointly controlled entities

	Group	
In RM million	2013	2012
Authorised capital expenditure of jointly controlled entities		
Contracted		
– Property, plant and equipment	**85.3**	–
– Construction in progress	–	1,234.4

24. DERIVATIVE FINANCIAL INSTRUMENTS

In RM million	Contract/ Notional amount Net long/(short)	Fair value Financial Assets	Fair value Financial Liabilities
Group			
2013			
Forward foreign exchange contracts	**(1,542.3)**	**13.0**	**66.6**
Commodity forward contracts	**41.0**	**43.4**	**26.1**
Commodity futures	**112.8**	**2.9**	**3.6**
Cross currency swap contracts	**1,492.4**	**45.3**	**–**
Interest rate swap contracts	**2,145.3**	**–**	**55.9**
Total derivative financial instruments	**2,249.2**	**104.6**	**152.2**
Less: Current portion		**(59.3)**	**(96.3)**
Non-current portion		**45.3**	**55.9**
2012			
Forward foreign exchange contracts	(2,106.9)	38.4	110.2
Commodity forward contracts	441.3	119.9	86.5
Commodity futures	(122.2)	13.6	6.1
Cross currency swap contracts	1,982.5	67.1	–
Interest rate swap contracts	2,153.4	–	79.8
Total derivative financial instruments	2,348.1	239.0	282.6
Less: Current portion		(171.9)	(202.8)
Non-current portion		67.1	79.8

24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

In RM million	Contract/ Notional amount Net long	Fair value Financial Assets	Fair value Financial Liabilities
Company			
2013			
Interest rate swap contracts	**1,909.8**	**–**	**52.8**
Total derivative financial instruments	**1,909.8**	**–**	**52.8**
Less: Current portion		**–**	**–**
Non-current portion		**–**	**52.8**
2012			
Cross currency swap contracts	318.2	14.6	–
Interest rate swap contracts	1,917.0	–	74.9
Total derivative financial instruments	2,235.2	14.6	74.9
Less: Current portion		–	–
Non-current portion		14.6	74.9

i. Forward foreign exchange contracts

Forward foreign exchange contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currencies denominated financial assets and financial liabilities.

ii. Commodity forward contracts, swap contracts and futures

The commodities forward contracts, swap contracts and futures were entered into with the objective of managing and hedging the respective exposure of the Group's plantation segment and resource-based manufacturing segment to adverse price movements in vegetable oil commodities. The fair values of these components have been determined based on published market prices or quoted prices from reputable financial institutions.

iii. Cross currency swap contracts

Currency swap contracts are used to hedge foreign currency exposures of borrowings.

iv. Interest rate swap contracts

Interest rate swap contracts are used to hedge the Group's exposures to movements in interest rates.

All the above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

During the financial year, the Group and the Company recognised total fair value gains of RM130.4 million (2012 – loss of RM73.7 million) and RM22.1 million (2012 – loss of RM2.8 million) respectively arising from fair value changes of derivative liabilities. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 45.6.

25. DEFERRED TAXATION

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
At beginning of financial year	**356.6**	403.3	**6.1**	6.3
Recognised in profit or loss				
– Current year	**(12.6)**	(27.3)	**0.2**	0.1
– Prior years	**11.7**	(7.3)	**0.1**	(0.3)
	(0.9)	(34.6)	**0.3**	(0.2)
Acquisition of a subsidiary (Note 40.1)	**14.1**	–	**–**	–
Reclassified to disposal group held for sale/held for distribution to owners	**(32.8)**	–	**–**	–
Foreign currency translation differences	**4.1**	(12.1)	**–**	–
At end of financial year	**341.1**	356.6	**6.4**	6.1

Presented after appropriate offsetting as follows:

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Deferred tax liabilities	**398.4**	427.7	**6.4**	6.1
Deferred tax assets	**(57.3)**	(71.1)	**–**	–
	341.1	356.6	**6.4**	6.1

25. DEFERRED TAXATION (Continued)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
At beginning of financial year	**427.7**	453.0	**6.1**	6.3
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	**2.4**	(11.5)	**0.3**	(0.2)
Temporary differences on prepaid lease rental	**–**	0.2	**–**	–
Temporary differences on recognition of project expenses	**(0.1)**	(0.1)	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**(3.2)**	(9.3)	**–**	–
Temporary differences on fair value adjustments on investment properties	**13.7**	3.0	**–**	–
Other temporary differences	**1.4**	0.1	**–**	–
	14.2	(17.6)	**0.3**	(0.2)
Acquisition of a subsidiary (Note 40.1)	**14.1**	–	**–**	–
Reclassified to liabilities of disposal group held for sale/held for distribution to owners	**(62.7)**	–	**–**	–
Foreign currency translation differences	**5.1**	(7.5)	**–**	–
Reclassification	**–**	(0.2)	**–**	–
At end of financial year	**398.4**	427.7	**6.4**	6.1

Deferred tax assets

	Group	
In RM million	**2013**	**2012**
At beginning of financial year	**71.1**	49.7
Recognised in profit or loss		
Temporary differences on unutilised tax losses	**2.7**	21.5
Temporary differences on unabsorbed capital allowances	**0.1**	0.1
Retirement benefit obligation	**0.2**	0.1
Unrealised profits on inventories	**3.5**	(10.4)
Other deductible temporary differences	**8.6**	5.7
	15.1	17.0
Reclassified to liabilities of disposal group held for sale/held for distribution to owners	**(29.9)**	–
Foreign currency translation differences	**1.0**	4.6
Reclassification	**–**	(0.2)
At end of financial year	**57.3**	71.1

25. DEFERRED TAXATION (Continued)

The components of deferred tax liabilities and assets at the end of the financial year comprise the tax effects of:

Deferred tax liabilities

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Temporary differences on accelerated capital allowances	**291.3**	302.1	**6.4**	6.1
Temporary differences on prepaid lease rental	**3.3**	3.3	**–**	–
Other taxable temporary differences	**7.4**	5.1	**–**	–
Temporary differences on fair value adjustments on investment properties	**–**	4.8	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**96.4**	112.4	**–**	–
	398.4	427.7	**6.4**	6.1

Deferred tax assets

In RM million	Group 2013	Group 2012
Unutilised tax losses	**26.8**	26.2
Unabsorbed capital allowances	**8.8**	9.3
Retirement benefit obligations	**5.1**	4.9
Unrealised profits on inventories	**8.0**	4.5
Provision for liabilities	**–**	2.1
Other deductible temporary differences	**8.6**	24.1
	57.3	71.1

The following deferred tax assets have not been recognised:

In RM million	Group 2013	Group 2012
Unutilised tax losses	**14.8**	17.1
Unabsorbed capital allowances	**10.3**	17.6
Other deductible temporary differences	**1.2**	1.1
	26.3	35.8

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

26. PROPERTY DEVELOPMENT COSTS

In RM million	Freehold land	Long term leasehold land	Development costs	Accumulated cost charged to profit or loss	Total
Group					
2013					
At cost					
At beginning of financial year	**327.0**	**22.4**	**4,315.5**	**(4,302.5)**	**362.4**
Costs incurred	**2.5**	**–**	**498.8**	**–**	**501.3**
Transfer from land held for property development (Note 18)	**1,065.1**	**223.9**	**149.8**	**–**	**1,438.8**
Transfer to inventories	**(6.0)**	**(0.7)**	**(81.1)**	**–**	**(87.8)**
Recognised as expense in profit or loss as part of cost of sales	**–**	**–**	**–**	**(367.2)**	**(367.2)**
Reclassified to disposal group held for sale/held for distribution to owners	**(1,388.6)**	**(245.6)**	**(4,883.0)**	**4,669.7**	**(1,847.5)**
At end of financial year	**–**	**–**	**–**	**–**	**–**
2012					
At cost					
At beginning of financial year	303.6	10.5	3,928.9	(4,007.0)	236.0
Costs incurred	3.0	–	362.0	–	365.0
Transfer from land held for property development (Note 18)	19.5	12.3	116.0	–	147.8
Transfer to inventories	(6.5)	(0.4)	(91.4)	–	(98.3)
Transfer from investment properties (Note 19)	7.4	–	–	–	7.4
Recognised as expense in profit or loss as part of cost of sales	–	–	–	(295.5)	(295.5)
At end of financial year	327.0	22.4	4,315.5	(4,302.5)	362.4

27. INVENTORIES

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
At cost				
Plantation produce	**34.9**	63.8	**3.0**	3.7
Raw materials and consumables	**1,075.2**	1,347.8	**4.8**	6.4
Completed development properties	**–**	137.3	**–**	–
Nursery inventories	**44.7**	48.2	**5.8**	5.2
Trading inventories	**23.2**	25.0	**–**	–
Finished goods	**383.8**	283.7	**–**	–
Others	**53.5**	106.1	**0.2**	0.2
	1,615.3	2,011.9	**13.8**	15.5
At net realisable value				
Raw materials and consumables	**27.9**	120.1	**–**	–
Completed development properties	**–**	0.4	**–**	–
Finished goods	**110.6**	379.0	**–**	–
	138.5	499.5	**–**	–
	1,753.8	2,511.4	**13.8**	15.5

28. TRADE AND OTHER RECEIVABLES

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Trade receivables (Note 28.1)	**979.3**	1,346.4	**0.2**	0.3
Other receivables, deposits and prepayments (Note 28.2)	**71.6**	166.4	**20.0**	28.3
Accrued billings	**1.2**	172.8	**–**	–
Amounts due from customers (Note 28.3)	**–**	1.0	**–**	–
	1,052.1	1,686.6	**20.2**	28.6

28.1 Trade receivables

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Trade receivables	**990.6**	1,354.4	**0.2**	0.9
Less: Impairment losses	**(11.3)**	(8.0)	**–**	(0.6)
	979.3	1,346.4	**0.2**	0.3

i. The normal trade credit terms granted by the Group and the Company range from 7 to 120 days. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

28. TRADE AND OTHER RECEIVABLES (Continued)

28.1 Trade receivables (Continued)

ii. The reconciliation of movements in the impairment losses of trade receivables is as follows:

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
At beginning of financial year	**8.0**	6.2	**0.6**	–
Charge for the financial year	**10.5**	2.7	**–**	0.6
Written back	**(0.9)**	(0.4)	**–**	–
Written off	**(1.4)**	(0.1)	**(0.6)**	–
Foreign currency translation differences	**–**	(0.4)	**–**	–
Reclassified to disposal group held for sale/held for distribution to owners	**(4.9)**	–	**–**	–
At end of financial year	**11.3**	8.0	**–**	0.6

28.2 Other receivables, deposits and prepayments

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Other receivables	**25.9**	68.8	**1.0**	7.5
Less: Impairment losses	**(0.1)**	(1.6)	**–**	–
	25.8	67.2	**1.0**	7.5
Deposits	**18.4**	61.3	**15.2**	15.8
Prepayments	**27.4**	37.9	**3.8**	5.0
	71.6	166.4	**20.0**	28.3

i. Included in other receivables of the Group for the previous financial year was an amount due from affiliates of RM2.5 million for property project management services provided by a subsidiary, which were unsecured, interest-free and payable within the credit period in cash and cash equivalents.

ii. The reconciliation of movements in the impairment losses of other receivables is as follows:

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
At beginning of financial year	**1.6**	1.3	**–**	–
Charge for the financial year	**–**	0.4	**–**	–
Written back	**–**	(0.1)	**–**	–
Reclassified to disposal group held for sale/held for distribution to owners	**(1.5)**	–	**–**	–
At end of financial year	**0.1**	1.6	**–**	–

28. TRADE AND OTHER RECEIVABLES (Continued)

28.3 Amounts due from customers

In RM million	Group 2013	Group 2012
Aggregate costs incurred to date	–	25.9
Recognised profit	–	5.8
	–	31.7
Progress billings	–	(30.7)
Amounts due from customers on contracts	–	1.0

29. OTHER INVESTMENTS

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
At fair value through profit or loss				
In Malaysia				
– Quoted shares	**60.7**	62.6	**6.5**	6.5
– Quoted warrants	**1.3**	1.5	**–**	–
– Unquoted shares	**6.2**	6.3	**–**	–
Outside Malaysia				
– Quoted shares	**4.4**	4.4	**–**	–
– Quoted warrants	**–**	0.4	**–**	–
	72.6	75.2	**6.5**	6.5

30. SHORT TERM FUNDS

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
At fair value through profit or loss				
Investments in fixed income trust funds in Malaysia	**1,826.4**	1,775.2	**–**	1,042.0

Investments in fixed income trust funds in Malaysia represent investments in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

31. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
In RM million	2013	2012	2013	2012
Deposits with licensed banks	**251.1**	2,004.3	**40.4**	211.1
Deposits with discount houses	**13.0**	19.7	**–**	–
	264.1	2,024.0	**40.4**	211.1

32. CASH AND BANK BALANCES

Included in the Group's cash and bank balances for the previous financial year was an amount of RM82.8 million held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002, which is not available for general use by the Group.

33. DISPOSAL GROUP HELD FOR SALE/HELD FOR DISTRIBUTION TO OWNERS

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two separate and independent listed entities with distinct businesses; namely, IOI Properties Group Berhad ("ListCo"), to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group as disclosed in Note 47 ("Proposed Demerger").

The Proposed Demerger is expected to be completed within the next twelve (12) months and the businesses to be held by the ListCo are now classified as disposal group held for sale/held for distribution to owners.

As at 30 June 2013, the assets and liabilities of disposal group held for sale/held for distribution to owners are as follows:

In RM million	Group	Company
Assets of disposal group held for sale/held for distribution to owners		
Property, plant and equipment	**634.8**	**14.0**
Prepaid lease payments	**99.4**	**–**
Land held for property development	**1,843.9**	**–**
Investment properties	**1,941.9**	**–**
Goodwill on consolidation	**85.6**	**–**
Investments in subsidiaries	**–**	**3,633.3**
Investments in associates	**73.6**	**–**
Interests in jointly controlled entities	**3,677.3**	**–**
Deferred tax assets	**29.9**	**–**
Property development costs	**1,847.5**	**–**
Inventories	**122.3**	**–**
Trade and other receivables	**475.3**	**–**
Amounts due from subsidiaries	**–**	**91.9**
Other investments	**1.1**	**–**
Short term funds	**59.9**	**–**
Deposits with financial institutions	**99.5**	**–**
Cash and bank balances	**281.8**	**–**
	11,273.8	**3,739.2**

33. DISPOSAL GROUP HELD FOR SALE/HELD FOR DISTRIBUTION TO OWNERS (Continued)

As at 30 June 2013, the assets and liabilities of disposal group held for sale/held for distribution to owners are as follows (Continued):

In RM million	Group	Company
Liabilities of disposal group held for sale/held for distribution to owners		
Borrowings	**502.4**	–
Other long term liabilities	**138.6**	–
Deferred tax liabilities	**62.7**	–
Trade and other payables	**490.2**	–
Amounts due to subsidiaries	–	**1.0**
Current tax liabilities	**46.2**	–
	1,240.1	**1.0**

34. SHARE CAPITAL

	2013		2012	
	No. of shares	Amount *RM million*	No. of shares	Amount *RM million*
Group and Company				
Authorised				
Ordinary shares of RM0.10 each	**7,500,000,000**	**750.0**	7,500,000,000	750.0
Issued and fully paid-up				
Ordinary shares of RM0.10 each				
At beginning of financial year	**6,427,251,295**	**642.7**	6,416,032,495	641.6
Issue of shares arising from the exercise of ESOS				
At RM2.44 per ordinary share	**4,516,500**	**0.4**	7,486,900	0.7
At RM4.19 per ordinary share	**2,688,500**	**0.3**	3,731,900	0.4
At RM5.00 per ordinary share	**35,000**	**–**	–	–
At end of financial year	**6,434,491,295**	**643.4**	6,427,251,295	642.7

i. The owners of the parent are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

ii. Of the total 6,434,491,295 (2012 – 6,427,251,295) issued and fully paid-up ordinary shares of RM0.10 each, 47,799,100 shares (2012 – 28,941,100) are held as treasury shares as disclosed in Note 35.2 to the financial statements. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at end of the financial year is 6,386,692,195 (2012 – 6,398,310,195) ordinary shares of RM0.10 each.

34. SHARE CAPITAL (Continued)

34.1 Executive Share Option Scheme

An Executive Share Option Scheme ("ESOS") was established on 23 November 2005 for the benefit of the executives and full time Executive Directors of the Group.

The salient features of the ESOS are as follows:

a) Maximum number of shares available under the ESOS

The total number of new ordinary shares in the Company ("IOI Shares"), which may be made available under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time an offer of options is made in writing by a committee appointed by the Board to administer the ESOS ("Option Committee").

b) Eligibility

Save for executives who are employed by the foreign subsidiaries of the Company (including the Malaysian subsidiaries of such foreign subsidiaries), and executives who are employed by subsidiaries of the Company, of which the Company holds less than 75% of the issued and paid-up share capital, any executive (including Executive Director) of the Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the executive:

i. has attained the age of 18 years;

ii. is in the full time employment and payroll of a company within the Group (other than a company which is dormant) for at least 3 years; and

iii. falls within such other categories and criteria that the Option Committee may from time to time at its absolute discretion determine.

(The eligible employees above are hereinafter referred to as "Eligible Executive(s)")

No executive of the Group shall participate at any time in more than one ESOS implemented by any company within the Group. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issue of any other company.

c) Maximum allowable allotment and basis of allocation

i. The aggregate maximum number of new IOI Shares that may be offered and allotted to any of the Eligible Executives of the Group shall not exceed the maximum allowable allotment set out in the Bye-Laws and subject to the following:

- the number of new IOI Shares allotted, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total new IOI Shares that are available to be issued under the ESOS; and
- the number of new IOI Shares allotted to any individual Eligible Executive, who either singularly or collectively through persons connected with him/her (as defined under the Listing Requirements of Bursa Malaysia Securities Berhad) holds 20% or more in the issued and paid-up capital of the Company, shall not exceed 10% of the total new IOI Shares that are available to be issued under the ESOS.

ii. The number of new IOI Shares that may be offered and allotted to any of the Eligible Executive shall, subject to the maximum allowable allotment, be at the sole and absolute discretion of the Option Committee after taking into consideration the length of service and the performance of the Eligible Executive in the Group as provided in the Bye-Laws or such other matters which the Option Committee may in its sole and absolute discretion deem fit.

34. SHARE CAPITAL (Continued)

34.1 Executive Share Option Scheme (Continued)

d) Subscription price

The subscription price shall be higher of the following:

i. the weighted average market price of the IOI Shares for the 5 market days immediately preceding the Offer Date; or

ii. the par value of the IOI Shares;

and subject to adjustments stipulated in the Bye-Laws, where applicable.

e) Duration and termination of the ESOS

i. The ESOS came into force on 23 November 2005 and shall be for a duration of 10 years.

ii. The ESOS may be terminated by the Company prior to the expiry of its duration or tenure provided that the following conditions have been satisfied:

- the consent from the Company's shareholders by ordinary resolution at a general meeting have been obtained; and
- the written consent from all Grantees who have yet to exercise their Option, either in part or in whole, has been obtained.

f) Exercise of option

i. Options are exercisable only upon the expiry of the first anniversary of the Offer Date.

ii. Options which are the subject of the same Offer shall be exercisable only in 4 tranches over 4 years with a maximum of 25% of such options exercisable in any year.

iii. Where the maximum of 25% within a particular year has not been exercised by the Grantee, the percentage unexercised shall be carried forward to subsequent years and shall not be subject to the maximum percentage for the following year provided that such unexercised options shall not be carried forward beyond the option period.

iv. The Grantee shall be entitled to exercise all remaining options after the 9th anniversary of the ESOS.

g) Rights attaching to the IOI Shares

The new IOI Shares to be allotted upon any exercise of the option shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company save and except that the new IOI Shares will not be entitled to participate in any dividends, rights, allotments and/or other distributions that may be declared, where the record date precedes the date of allotment of the said shares. The option shall not carry any right to vote at a general meeting of the Company.

34. SHARE CAPITAL (Continued)

34.1 Executive Share Option Scheme (Continued)

The movements of options over unissued ordinary shares of RM0.10 each in the Company and the weighted average exercise price during the financial year are as follows:

Option price *RM*	Date of offer	No. of options over ordinary shares: Outstanding as at beginning of the financial year	Exercised	Lapsed	Outstanding as at end of the financial year	Exercisable as at end of the financial year
2013						
2.44	12 January 2006	**26,154,600**	**(4,516,500)**	**(1,065,800)**	**20,572,300**	**20,572,300**
4.19	2 April 2007	**20,254,500**	**(2,688,500)**	**(975,400)**	**16,590,600**	**16,590,600**
5.00	6 July 2010	**16,395,900**	**(35,000)**	**(2,915,000)**	**13,445,900**	**9,666,792**
		62,805,000	**(7,240,000)**	**(4,956,200)**	**50,608,800**	**46,829,692**
Weighted average exercise price *(RM)*		**3.67**	**3.10**	**4.29**	**3.69**	**3.59**
2012						
2.44	12 January 2006	35,438,200	(7,486,900)	(1,796,700)	26,154,600	26,154,600
4.19	2 April 2007	26,161,600	(3,731,900)	(2,175,200)	20,254,500	20,254,500
5.00	6 July 2010	17,965,900	–	(1,570,000)	16,395,900	6,242,646
		79,565,700	(11,218,800)	(5,541,900)	62,805,000	52,651,746
Weighted average exercise price *(RM)*		3.59	3.02	3.85	3.67	3.42

34.1.1 Share options outstanding at the end of the reporting period

Option price *RM*	No. of share options	Weighted average exercise price *RM*	Exercisable period
2013			
2.44	**20,572,300**	**2.44**	12 January 2007 – 23 November 2015
4.19	**16,590,600**	**4.19**	2 April 2008 – 23 November 2015
5.00	**13,445,900**	**5.00**	6 July 2011 – 23 November 2015
	50,608,800	**3.69**	
2012			
2.44	26,154,600	2.44	12 January 2007 – 23 November 2015
4.19	20,254,500	4.19	2 April 2008 – 23 November 2015
5.00	16,395,900	5.00	6 July 2011 – 23 November 2015
	62,805,000	3.67	

34. SHARE CAPITAL (Continued)

34.1 Executive Share Option Scheme (Continued)

34.1.2 Share options exercised during the financial year

Option price	No. of share options exercised			Weighted average share price
RM	2.44	4.19	5.00	*RM*
2013				
July 2012	**335,000**	**846,800**	**–**	**5.34**
September 2012	**464,000**	**54,000**	**–**	**4.98**
October 2012	**390,000**	**289,200**	**–**	**5.06**
November 2012	**530,300**	**390,000**	**–**	**4.96**
December 2012	**161,600**	**77,000**	**–**	**5.10**
February 2013	**239,000**	**352,000**	**–**	**4.90**
April 2013	**406,000**	**156,000**	**–**	**5.03**
May 2013	**256,000**	**–**	**–**	**5.10**
June 2013	**1,734,600**	**523,500**	**35,000**	**5.44**
	4,516,500	**2,688,500**	**35,000**	**5.06**
2012				
July 2011	139,000	–	–	5.15
September 2011	4,909,100	984,900	–	4.65
November 2011	540,300	–	–	5.01
December 2011	234,900	449,300	–	5.38
February 2012	565,500	984,900	–	5.40
March 2012	14,000	508,200	–	5.34
April 2012	383,800	132,000	–	5.22
June 2012	700,300	672,600	–	5.19
	7,486,900	3,731,900	–	5.12

35. RESERVES

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Share premium	**2,013.4**	1,985.9	**2,013.4**	1,985.9
Capital reserves (Note 35.1)	**127.2**	132.8	**119.4**	125.0
Treasury shares, at cost (Note 35.2)	**(235.7)**	(139.6)	**(235.7)**	(139.6)
Foreign currency translation reserve (Note 35.3)	**(56.2)**	(191.4)	**–**	–
	1,848.7	1,787.7	**1,897.1**	1,971.3

The movements in reserves are shown in the statements of changes in equity.

35. RESERVES (Continued)

35.1 Capital reserves

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling shareholders	**7.8**	7.8	**–**	–
Capital redemption reserves arising from the cancellation of treasury shares	**64.3**	64.3	**64.3**	64.3
Share option reserves	**55.1**	60.7	**55.1**	60.7
	127.2	132.8	**119.4**	125.0

35.2 Treasury shares

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings of the Company, including the last meeting held on 29 October 2012.

The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended.

During the financial year, the Company repurchased its issued ordinary shares of RM0.10 each from the open market as follows:

	No. of Shares	Cost RM million	Purchase Price* Highest RM	Purchase Price* Lowest RM	Purchase Price* Average RM
2013					
At beginning of financial year	**28,941,100**	**139.6**	**5.16**	**4.42**	**4.82**
Purchased during the financial year					
August 2012	**120,500**	**0.6**	**5.07**	**5.07**	**5.07**
September 2012	**8,282,400**	**41.4**	**5.05**	**4.98**	**5.01**
October 2012	**1,100,000**	**5.5**	**5.03**	**5.03**	**5.03**
November 2012	**4,617,600**	**23.0**	**5.03**	**4.95**	**4.97**
February 2013	**117,500**	**0.6**	**4.81**	**4.81**	**4.81**
May 2013	**4,620,000**	**25.0**	**5.48**	**5.30**	**5.40**
	18,858,000	**96.1**	**5.48**	**4.81**	**5.10**
At end of financial year	**47,799,100**	**235.7**	**5.48**	**4.42**	**4.93**

35. RESERVES (Continued)

35.2 Treasury shares (Continued)

During the financial year, the Company repurchased its issued ordinary shares of RM0.10 each from the open market as follows (Continued):

	No. of Shares	Cost RM million	Purchase Price* Highest RM	Purchase Price* Lowest RM	Purchase Price* Average RM
2012					
At beginning of financial year	–	–	–	–	–
Purchased during the financial year					
July 2011	788,000	4.0	5.13	5.13	5.13
August 2011	26,047,200	125.0	5.16	4.42	4.80
November 2011	200,000	1.0	5.02	5.02	5.02
May 2012	1,905,900	9.6	5.02	5.02	5.02
	28,941,100	139.6	5.16	4.42	4.82
At end of financial year	28,941,100	139.6	5.16	4.42	4.82

** Purchase price includes stamp duty, brokerage and clearing fees.*

The transactions under Share Buy Back were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965 in Malaysia.

35.3 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

36. RETAINED EARNINGS

The Company is under the single tier system and as a result, there is no restriction on the Company to declare the payment of dividends out of its entire retained earnings as at the end of the financial year.

37. BORROWINGS

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Non-current liabilities				
Secured				
Finance lease obligation (Note 37.7)	–	0.5	–	–
Less: Portion due within 12 months included under short term borrowings	–	(0.2)	–	–
	–	0.3	–	–
Unsecured				
Term loans (Note 37.1)	**3,621.9**	4,297.4	**1,901.0**	1,906.3
Less: Portion due within 12 months included under short term borrowings	–	(499.4)	–	–
	3,621.9	3,798.0	**1,091.0**	1,906.3
Guaranteed Notes (Note 37.4)	**1,589.2**	1,593.9	–	–
Notes (Note 37.5)	**1,893.8**	1,899.5	–	–
	7,104.9	7,291.7	**1,901.0**	1,906.3
Current liabilities				
Secured				
Finance lease obligation (Note 37.7)	–	0.2	–	–
	–	0.2	–	–
Unsecured				
Trade financing (Note 37.6)	**219.4**	316.9	–	–
Term loans – portion due within 12 months (Note 37.1)	–	499.4	–	–
	219.4	816.3	–	–
3rd Exchangeable Bonds (Note 37.3)	–	13.5	–	–
	219.4	830.0	–	–
Total borrowings	**7,324.3**	8,121.7	**1,901.0**	1,906.3

37. BORROWINGS (Continued)

37.1 Term loans

The term loans of the Group include:

Unsecured

i. 30-year JPY15.0 billion fixed-rate loan due 2037 that was drawn down on 22 January 2007 by a wholly-owned subsidiary incorporated in Labuan. The outstanding amount as at the end of the financial year is JPY15.0 billion (2012 – JPY15.0 billion). This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

ii. 30-year JPY6.0 billion fixed-rate loan due 2038 that was drawn down on 5 February 2008 by a wholly-owned subsidiary incorporated in Labuan. The outstanding amount as at end of the financial year is JPY6.0 billion (2012 – JPY6.0 billion). This fixed-rate loan bears interest at 4.50% per annum and is repayable in full on 5 February 2038.

iii. USD600.0 million term loan, which was drawn down by the Company during the previous financial year. The outstanding amount as at end of the financial year is USD600.0 million (2012 – USD600.0 million). This floating-rate term loan bears interest at 1.30% plus BBA-LIBOR per annum and is repayable in 4 annual instalments of RM150.0 million each commencing 48 months from drawn date in January 2011.

iv. USD330.0 million term loan, which was drawn down by a subsidiary during the previous financial year. The outstanding amount as at end of the financial year is USD330.0 million (2012 – USD330.0 million). This floating-rate term loan bears interest at 0.82% plus BBA-LIBOR per annum and is repayable in 5 years from the first drawn down date in December 2011.

v. SGD200.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the previous financial year was SGD200.0 million. This floating-rate term loan bore interest at 0.50% plus Swap Offer Rate ("SOR") per annum and was repaid in May 2013.

The term loans are repayable by instalments of varying amounts or upon maturity over the following periods:

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Less than 1 year	**–**	499.4	**–**	–
1 – 2 years	**475.2**	–	**475.2**	–
2 – 3 years	**475.2**	476.6	**475.2**	476.6
3 – 4 years	**1,518.6**	476.6	**475.2**	476.6
4 – 5 years	**475.3**	1,521.9	**475.4**	476.6
More than 5 years	**677.6**	1,322.9	**–**	476.5
	3,621.9	4,297.4	**1,901.0**	1,906.3

37.2 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds")

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad (the "Issuer"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD370 million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds"). The 2nd Exchangeable Bonds were issued at 100% of the principal amount and listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange and has matured on 18 December 2011. The 2nd Exchangeable Bonds were unconditionally and irrevocably guaranteed by the Company.

37. BORROWINGS (Continued)

37.2 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") (Continued)

The salient features of the 2nd Exchangeable Bonds were as follows:

i. The 2nd Exchangeable Bonds were exchangeable at any time on and after 28 January 2007 and prior to 3 December 2011 by holders of the 2nd Exchangeable Bonds (the "Bondholders") into newly issued ordinary shares of the Company (the "IOI Shares") only, at an initial exchange price of RM23.50 per ordinary share of RM0.50 each with a fixed exchange rate of USD1.00 = RM3.54 (the "Exchange Price"). The Exchange Price was subject to adjustment in certain circumstances.

ii. The Issuer or the Company might, at its option, satisfy its obligation to deliver IOI Shares pursuant to the exercise of the right of exchange by a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in US Dollar equal to the product of the number of IOI Shares otherwise deliverable and the volume weighted average of the closing price of the IOI Shares for each day during the 10 trading days immediately before the exchange date.

iii. The 2nd Exchangeable Bonds were redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 3.0% compounded semi-annually ("Accreted Principal Amount"):

   a) on or after 18 December 2008, if:

      - the closing price of the IOI Shares translated into US Dollar at the prevailing screen rate, was at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; and
      - the closing price of the IOI Shares was at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; or

   b) at any time, if less than USD40 million in aggregate principal amount of the 2nd Exchangeable Bonds remain outstanding.

iv. Unless the 2nd Exchangeable Bonds had been previously redeemed, repurchased and cancelled or exchanged, each Bondholder has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 2nd Exchangeable Bonds at the Accreted Principal Amount on 18 December 2009.

v. Unless previously redeemed, repurchased and cancelled or exchanged, the 2nd Exchangeable Bonds would be redeemed at their Accreted Principal Amount of 116.05% on 18 December 2011.

   On 18 December 2011, the Group redeemed and settled in full the outstanding Bonds of USD63,975,000 (equivalent to RM203,784,215) at their Accreted Principal Amount of 116.05%, which amounted to USD74,245,598 (equivalent to RM236,499,896). Following from the redemption, the Bonds ceased to be quoted on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange.

In the financial year ended 30 June 2007, the initial exchange price of RM23.50 per ordinary share of RM0.50 each was adjusted to RM4.70 per ordinary share of RM0.10 each pursuant to the completion of the share split exercise by the Company on 6 June 2007.

In the financial year ended 30 June 2010, the exchange price was further adjusted to RM4.58 per ordinary share of RM0.10 following the completion of the Renounceable Rights Issue.

37. BORROWINGS (Continued)

37.2 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") (Continued)

The movements of the 2nd Exchangeable Bonds during the previous financial year were as follows:

	Group
In RM million	2012
At beginning of financial year	255.2
Fair value adjustment	(33.4)
Foreign currency translation differences	14.7
Redemption	(236.5)
At end of financial year	–

37.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds")

On 15 January 2008, the Company's wholly-owned subsidiary, IOI Resources (L) Berhad (the "Issuer"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD600 million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds"). The 3rd Exchangeable Bonds were issued at 100% of the principal amount and listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange and has matured on 15 January 2013. The 3rd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

The salient features of the 3rd Exchangeable Bonds are as follows:

i. The 3rd Exchangeable Bonds are exchangeable at any time on and after 25 February 2008 and prior to 31 December 2012 by holders of the 3rd Exchangeable Bonds (the "Bondholders") into newly issued ordinary shares of the Company (the "IOI Shares") only, at an initial exchange price of RM11.00 per ordinary share of RM0.10 each at a fixed exchange rate of USD1.00 = RM3.28 (the "Exchange Price"). The Exchange Price is subject to adjustment in certain circumstances.

ii. The Issuer or the Company may, at its option, satisfy its obligation to deliver IOI Shares pursuant to the exercise of the right of exchange by a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in US Dollar equal to the product of the number of IOI Shares otherwise deliverable and the volume weighted average of the closing price of the IOI Shares for each day during the 10 trading days immediately before the exchange date.

iii. The 3rd Exchangeable Bonds are redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 1.25% compounded semi-annually ("Accreted Principal Amount"):

  a) on or after 15 January 2010, if:

    - the closing price of the IOI Shares translated into US Dollar at the prevailing screen rate, is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; and
    - the closing price of the IOI Shares is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; or

  b) at any time, if less than USD60 million in aggregate principal amount of the 3rd Exchangeable Bonds remain outstanding.

37. BORROWINGS (Continued)

37.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (Continued)

iv. Unless the 3rd Exchangeable Bonds have been previously redeemed, repurchased and cancelled or exchanged, each Bondholder has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 3rd Exchangeable Bonds at the Accreted Principal Amount on 15 January 2011.

During the financial year ended 30 June 2011, the Group repurchased and cancelled part of the 3rd Exchangeable Bonds of USD21,650,000 (equivalent to RM69,122,000) from the open market. On 15 January 2011, the Bondholders had exercised their options to require the Issuer to redeem USD440,770,000 (equivalent to RM1,345,891,000) of the 3rd Exchangeable Bonds at their Accreted Principal Amount of 103.81%, which amounted to USD457,559,370 (equivalent to RM1,397,158,000). Subsequent to the redemption, the balance of the 3rd Exchangeable Bonds outstanding was USD4,102,000 (equivalent to RM12,847,000).

v. Unless previously redeemed, repurchased and cancelled or exchanged, the 3rd Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 106.43% on 15 January 2013.

On 15 January 2013, the Group redeemed and settled in full the outstanding 3rd Exchangeable Bonds of USD4,102,000 (equivalent to RM12,392,143) at their accreted principal amount of 106.43%, which amounted to USD4,365,705 (equivalent to RM13,188,796). Following from the redemption, the 3rd Exchangeable Bonds ceased to be quoted on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange.

In the financial year ended 30 June 2010, the initial exchange price of RM11.00 per ordinary share of RM0.10 was adjusted to RM10.73 per ordinary share of RM0.10 following the completion of the Renounceable Rights Issue.

The movements of the 3rd Exchangeable Bonds during the financial year are as follows:

	Group	
In RM million	**2013**	**2012**
At beginning of financial year	**13.5**	12.8
Fair value adjustment	**0.4**	–
Foreign currency translation differences	**(0.7)**	0.7
Redemption	**(13.2)**	–
At end of financial year	**–**	13.5

37.4 USD500 Million 5.25% Guaranteed Notes due 2015 ("Guaranteed Notes")

On 16 March 2005, the Company's wholly-owned subsidiary, IOI Ventures (L) Berhad, a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued a 10-year USD500 million Guaranteed Notes at an issue price of 99.294% (the "Guaranteed Notes"). The Guaranteed Notes are listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange. The Guaranteed Notes carry an interest rate of 5.25% per annum payable semi-annually in arrears on 16 March and 16 September commencing 16 March 2005 and will mature on 16 March 2015. The Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company.

37. BORROWINGS (Continued)

37.4 USD500 Million 5.25% Guaranteed Notes due 2015 ("Guaranteed Notes") (Continued)

At initial recognition, the Guaranteed Notes were recognised in the Group's statement of financial position as follows:

In RM million	Group
Principal amount	1,900.0
Discount on issue price	(13.4)
Net proceeds received	1,886.6

The movements of the Guaranteed Notes during the financial year are as follows:

	Group	
In RM million	2013	2012
At beginning of financial year	**1,593.9**	1,508.9
Foreign currency translation differences	**(6.0)**	83.8
Interest expense	**1.3**	1.2
At end of financial year	**1,589.2**	1,593.9

37.5 USD600 Million 4.375% Guaranteed Notes due 2022 ("Notes")

On 15 May 2012, the Company's wholly-owned subsidiary, IOI Investment (L) Berhad ("IOI Investment"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, established a Euro Medium Term Note Programme, with an initial programme size of USD1.5 billion ("EMTN Programme").

Subsequently, on 27 June 2012, IOI Investment issued USD600 million 4.375% Notes due 2022 at an issue price of 99.288% ("Notes") under the EMTN Programme. The Notes are listed on the Singapore Exchange Securities Trading Limited. The Notes carry an interest rate of 4.375% per annum payable semi-annually in arrears on 27 June and 27 December commencing 27 December 2012 and will mature on 27 June 2022. The Notes are unconditionally and irrevocably guaranteed by the Company.

At initial recognition, the Notes were recognised in the Group's statement of financial position as follows:

In RM million	Group
Principal amount	**1,912.2**
Discount on issue price	**(13.7)**
Net proceeds received	**1,898.5**
Transaction cost	**(3.8)**
	1,894.7

37. BORROWINGS (Continued)

37.5 USD600 Million 4.375% Guaranteed Notes due 2022 ("Notes") (Continued)

The movements of the Notes during the financial year are as follows:

	Group	
In RM million	2013	2012
At beginning of financial year	**1,899.5**	–
Drawdown	**–**	1,894.7
Foreign currency translation differences	**(7.1)**	4.8
Interest expense	**1.4**	–
At end of financial year	**1,893.8**	1,899.5

37.6 Trade financing

Unsecured

Trade financing utilised during the financial year is subject to interest rates ranging from 0.50% to 3.57% (2012 – 0.52% to 3.53%) per annum.

37.7 Finance lease obligation

Finance lease obligation is payable as follows:

	Group	
In RM million	2013	2012
Minimum lease payments		
– not later than 1 year	**–**	0.3
– later than 1 year and not later than 5 years	**–**	0.3
	–	0.6
Less: Unexpired finance charges	**–**	(0.1)
	–	0.5
Present value of finance lease obligations		
– not later than 1 year	**–**	0.2
– later than 1 year and not later than 5 years	**–**	0.3
	–	0.5

Finance lease obligation for the previous financial year was subject to fixed interest rate of 8.00% per annum.

38. OTHER LONG TERM LIABILITIES

	Group		Company	
In RM million	2013	2012	2013	2012
Retirement benefits (Note 38.1)	**18.0**	17.6	**0.9**	0.9
Advances from non-controlling interests (Note 38.2)	**–**	129.7	**–**	–
	18.0	147.3	**0.9**	0.9

38.1 Retirement benefits

	Group		Company	
In RM million	2013	2012	2013	2012
Present value of funded obligations	**448.1**	396.3	**–**	–
Fair value of plan assets	**(425.6)**	(371.2)	**–**	–
	22.5	25.1	**–**	–
Present value of unfunded obligations	**22.0**	20.4	**0.9**	0.9
Present value of net obligations	**44.5**	45.5	**0.9**	0.9
Unrecognised actuarial losses	**(27.9)**	(30.4)	**–**	–
Unrecognised past service cost	**1.4**	2.5	**–**	–
Recognised liability for defined benefit obligations	**18.0**	17.6	**0.9**	0.9

The Company and certain subsidiaries operate various defined benefit plans. The plans of the Company and Malaysian subsidiaries are operated on an unfunded basis whilst certain foreign subsidiaries are operating funded defined benefit plans. The benefits payable on retirement are generally based on the length of service and average salary of the eligible employees.

The last actuarial valuations for the unfunded and funded plans were carried out on 30 June 2012 and 30 June 2013 respectively.

Movements in the net liability recognised in the statements of financial position:

	Group		Company	
In RM million	2013	2012	2013	2012
Net liability at beginning of financial year	**17.6**	26.2	**0.9**	0.9
Contributions to funded plans	**(26.8)**	(24.9)	**–**	–
Benefits paid for unfunded plans	**(1.4)**	(1.0)	**–**	(0.1)
Expense recognised in profit or loss (Note 9(b))	**27.2**	25.0	**–**	0.1
Foreign currency translation differences	**1.4**	(7.7)	**–**	–
Net liability at end of financial year	**18.0**	17.6	**0.9**	0.9

38. OTHER LONG TERM LIABILITIES (Continued)

38.1 Retirement benefits (Continued)

Expense recognised in profit or loss:

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Current service cost	**22.6**	15.4	**–**	0.1
Interest cost	**15.7**	18.1	**–**	–
Expected return on plan assets	**(15.4)**	(18.3)	**–**	–
Net actuarial loss	**4.3**	10.7	**–**	–
Past service cost	**–**	(0.9)	**–**	–
	27.2	25.0	**–**	0.1

The expense is recognised in the following line items in profit or loss:

In RM million	Group 2013	Group 2012	Company 2013	Company 2012
Cost of sales	**12.3**	10.8	**–**	0.1
Marketing and selling expenses	**2.1**	1.9	**–**	–
Administration expenses	**12.8**	12.3	**–**	–
	27.2	25.0	**–**	0.1
Actual gain on plan assets	**14.6**	43.1	**–**	–

Liability for defined benefit obligations

Principal actuarial assumptions used at the reporting period (expressed as weighted averages):

	Group and Company 2013	Group and Company 2012
Discount rate	**3.5%**	3.7%
Expected return on plan assets	**–**	3.6%
Future salary increases	**3.1%**	3.2%

38.2 Advances from non-controlling interests

The advances from non-controlling interest during the previous financial year were unsecured, bore interest at rates ranging from 1.41% to 1.56% per annum and were not repayable within the next twelve (12) months.

39. TRADE AND OTHER PAYABLES

	Group		Company	
In RM million	2013	2012	2013	2012
Trade payables (Note 39.1)	**336.1**	627.8	**9.3**	11.1
Other payables and accruals (Note 39.2)	**408.6**	476.7	**78.9**	72.3
Progress billings	**–**	3.3	**–**	–
	744.7	1,107.8	**88.2**	83.4

39.1 Trade payables

Included in trade payables of the Group for the previous financial year was retention monies of RM74.5 million.

Credit terms of trade payables vary from 14 to 60 days from date of invoice and progress claim. The retention monies were repayable upon expiry of the defect liability period of 12 to 18 months.

39.2 Other payables and accruals

	Group		Company	
In RM million	2013	2012	2013	2012
Other payables	**127.7**	212.1	**10.4**	11.2
Customer deposits and other deposits	**1.4**	33.6	**0.8**	0.6
Accruals	**279.5**	231.0	**67.7**	60.5
	408.6	476.7	**78.9**	72.3

40. ACQUISITION/LIQUIDATION OF SUBSIDIARIES

40.1 Acquisition of a subsidiary

2013

Prime Joy Investment Ltd

On 8 January 2013, Palmy Max Ltd, an indirect subsidiary of the Company acquired 5,000 ordinary shares representing 50% equity interest held by Teijan Management Ltd ("Teijan Management") in a jointly controlled entity, Prime Joy Investments Ltd ("Prime Joy") for a total cash consideration of USD9.3 million (equivalent to RM28.2 million). The acquisition also entails the full settlement of shareholders' advances of USD30.2 million (equivalent to RM91.8 million) owing by Prime Joy to Teijan Management.

The analysis of the above acquisition is summarised as follows:

Fair value of the identifiable assets and liabilities of Prime Joy at the date of acquisition

In RM million	
Land held for property development	**221.5**
Cash and bank balances	**28.9**
Amount due to immediate holding company	**(92.5)**
Amounts due to shareholders	**(92.5)**
Deferred tax liabilities	**(14.1)**
Total identifiable net assets	**51.3**

40. ACQUISITION/LIQUIDATION OF SUBSIDIARIES (Continued)

40.1 Acquisition of a subsidiary (Continued)

Net cash outflow arising from the acquisition

In RM million	
Total identifiable net assets	**51.3**
Less: 50% interest previously held as jointly controlled entity	**(25.7)**
Goodwill arising from acquisition	**2.6**
Purchase consideration discharged by cash	**28.2**
Settlement of shareholders' advances to vendor	**91.8**
	120.0
Less: Cash and cash equivalents acquired	**(28.9)**
Cash outflow on the acquisition of a subsidiary	**91.1**

Gain on revaluation of existing equity interest upon acquisition of the remaining interest

In RM million	
Fair value of initial 50% shareholding at date of acquisition	**25.7**
Carrying amount at date of acquisition	**4.6**
Gain on revaluation of existing equity interest upon acquisition	**21.1**

The above acquisition has no material effect on the financial results of the Group for the current financial year as Prime Joy's contribution to the Group's result since acquisition date is only loss of RM1.7 million.

40.2 Liquidation of a subsidiary

2012

Tampoi Development Sdn Bhd

A subsidiary of the Company, Tampoi Development Sdn Bhd was liquidated during the previous financial year and the analysis of the liquidation was summarised as follows:

In RM million	Group	Company
Net proceeds from liquidation	–	–
Group share of net assets liquidated	(0.1)	–
Loss on liquidation of a subsidiary	(0.1)	–

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
In RM million	2013	2012	2013	2012
Short term funds (Note 30)	**1,826.4**	1,775.2	**–**	1,042.0
Deposits with financial institutions (Note 31)	**264.1**	2,024.0	**40.4**	211.1
Cash and bank balances (Note 32)	**878.9**	561.5	**7.7**	4.2
	2,969.4	4,360.7	**48.1**	1,257.3

The Group has undrawn borrowing facilities of RM3,791.8 million (2012 – RM3,449.0 million) at end of the financial year.

42. SIGNIFICANT RELATED PARTY DISCLOSURES

42.1 Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of the Group include:

i. Direct and indirect subsidiaries as disclosed in Note 49 to the financial statements;

ii. Vertical Capacity Sdn Bhd and its holding company, Progressive Holdings Sdn Bhd, the major corporate shareholders of the Company;

iii. Associates and jointly controlled entities as disclosed in Note 49 to the financial statements;

iv. Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

v. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

42.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

In RM million	2013	2012
Group		
Associates		
Sales of oleochemical products and palm kernel oil	**486.6**	749.7
Purchases of oleochemical products	**8.8**	12.2
Purchases of palm products	**20.8**	31.0
Agency fees income	**0.9**	1.6
Rental income on storage tank	**6.7**	6.7
Affiliates		
Property project management services	**3.7**	5.7

42. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

42.2 Significant related party transactions (Continued)

In RM million	2013	2012
Company		
Subsidiaries		
Sales of palm products	**297.1**	366.6
Purchases of palm products	**12.7**	13.1
Agency fees income	**2.3**	1.5
Management fees	**28.1**	28.5
Interest income	**109.2**	91.0
Interest expense	**141.5**	143.7

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2013 are disclosed in Note 21.2, Note 22.3 and Note 23.1 to the financial statements.

42.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
In RM million	2013	2012	2013	2012
Directors				
Fees	**0.9**	0.8	**0.8**	0.7
Remuneration	**49.6**	45.2	**46.5**	40.5
Estimated monetary value of benefits-in-kind	**0.2**	0.3	**0.1**	0.1
Total short term employee benefits	**50.7**	46.3	**47.4**	41.3
Post employment benefits	**5.9**	5.4	**5.5**	5.1
Share option expenses	**0.4**	0.8	**0.4**	0.8
	57.0	52.5	**53.3**	47.2
Other key management personnel				
Short term employee benefits	**3.3**	3.3	**–**	–
Post employment benefits	**0.2**	0.3	**–**	–
Share option expenses	**–**	0.6	**–**	–
	3.5	4.2	**–**	–

42. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

42.3 Key management personnel compensation (Continued)

Number of share options granted to the key management personnel during the financial year is as follows:

	Group	
In RM million	**2013**	**2012**
Executive Share Option Scheme of the Company		
At beginning of financial year	**11.0**	15.5
Addition arising from promotion	**0.3**	–
Exercised	**(1.3)**	(4.5)
Lapsed	**(2.0)**	–
At end of financial year	**8.0**	11.0

The share options were granted on the same terms and conditions as those granted to other employees of the Group.

43. CONTINGENT LIABILITIES – UNSECURED

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Litigations involving claims for damages and compensation	–	6.0	–	–

In the previous financial year, the Directors were of the opinion that the possibility of any outflow in settlement arising from the litigations involving claims for damages and compensation was remote.

44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity mix. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other long term liabilities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, buy back shares or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's net debt includes borrowings less cash and cash equivalents. The Group has an appropriate target gearing ratio, which is monitored by the Group on an ongoing basis.

44. CAPITAL MANAGEMENT (Continued)

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Borrowings	**7,324.3**	8,121.7	**1,901.0**	1,906.3
Less: Cash and cash equivalents	**(2,969.4)**	(4,360.7)	**(48.1)**	(1,257.3)
Net debt	**4,354.9**	3,761.0	**1,852.9**	649.0
Equity	**13,672.0**	12,627.9	**6,754.9**	6,593.0
Gearing ratio (%)	**31.85**	29.78	**27.43**	9.84

45. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, price fluctuation risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. The Group operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors.

The Group operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines, which are administered via divisional Risk Management Committees. Divisional Risk Management Committees report regularly to the Audit and Risk Management Committee which oversees the management of risk in the Group on behalf of the Board of Directors.

45.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Japanese Yen ("JPY"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

45.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign currency exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts and options on a back-to-back basis.

The downstream segment's forward contractual commitments intended to be physically settled are fully hedged with respect to its currency risk on a back-to-back basis with currency forward contracts. Where the netting of forward sales against forward purchases with matching currency risk characteristics is possible, these would first be netted before hedging the net currency exposure with forward contracts. Currency risk on forward contractual commitments with clear intention for net-cash settlement (i.e. paper trading) are not considered for hedging until the exercising of the net settlement.

45. FINANCIAL INSTRUMENTS (Continued)

45.1 Foreign currency risk (Continued)

45.1.1 Risk management approach (Continued)

The hedging methods that the Group adopts in managing its currency risk depend on the principal forms of foreign currency exposure, as discussed below:

i. Structural foreign currency exposure from its net investment in foreign operations (subsidiaries, associates, and joint ventures)

Background

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at each consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income. Intragroup transactions with foreign operations involving monetary financial instruments will also result in foreign currency translation gain or loss that cannot be eliminated on consolidation, but has to be recognised either in profit or loss or in other comprehensive income. However, non-monetary financial items translated at historical exchange rates will not give rise to foreign currency risk. Resulting from its net investment in foreign operations, the Group's current and future profit stream in various foreign currencies will also be exposed to foreign currency risk.

Hedging method

Where feasible the Group would match its foreign currency borrowing with the functional currency of its foreign operations. Nevertheless, the Group considers such foreign currencies' overall fiscal position and borrowing costs before deciding on the currency major to be carried as debt in its book. In this regard, the Group has major foreign currency borrowings denominated in USD, EUR, SGD and JPY, which do not necessarily match all the functional currencies of its foreign operations. Where appropriate, exposures from mismatch in foreign currency borrowings are hedged with Cross Currency Swap.

ii. Transactional obligations or rights denominated in foreign currency

Background

The majority of the Group's transactional currency risk arises from its foreign currency based forward sales and purchases of commodity items, contracted by its subsidiaries along the palm value chain. These forward commodity contracts for "own use" purposes are non-financial instruments and are generally not recognised in the Statements of Financial Position. However, these non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations. Certain product-streams underlying the forward contracts are net-cash settled or have contract provisions for net-cash settlement, and these are accounted by the Group as financial instruments with fair valuation impact to its financial statements. Regardless of "own use" or fair value through profit or loss, these forward contracts on fulfilment at maturity will result in book receivables or payables in foreign currency.

Hedging method

Intra-day transactions or forward contracts in foreign currencies are first netted based on matching characteristics. The net exposure is then hedged off with vanilla foreign exchange forwards.

In general, currency exposure from foreign investments and borrowings is managed centrally at the Group HQ level, whilst currency exposure arising from transactions or contractual obligations is managed at the respective entity or business unit's level. The Group adopts a uniform Foreign Currency Risk Management Policy and Guide, which sets out the authority and limits for inception of foreign currency derivatives; types of approved foreign currency derivatives; acceptable hedging practices and methods; and over-sight structure and controls. Below are extracts of key policies:

45. FINANCIAL INSTRUMENTS (Continued)

45.1 Foreign currency risk (Continued)

45.1.1 Risk management approach (Continued)

a) Speculative positioning on foreign currency is prohibited;

b) Net currency exposure on trade transactions and forward contracts are to be hedged in full on back-to-back basis. Hedging on portfolio basis (or macro-hedging) comprising of unmatched mixed maturity and amount is disallowed;

c) Inception of foreign currency derivatives as hedging instrument against forecast trade transactions in foreign currency is disallowed;

d) Hedging with foreign currency futures on traded exchanges is generally disallowed;

e) Inception of over-the-counter structures derivatives for hedging purposes are confined to HQ and each contract is subject to executive management's approval; and

f) Subsidiaries inception of foreign currency derivative for hedging purposes are confined to vanilla foreign currency forwards and plain European style foreign currency options.

The Group's entire currency exposure (as hedge items) and corresponding foreign currency derivative hedging instruments are mark-to-market and fair valued once a month primarily for operational hedge effectiveness testing and for executive management reporting and oversight. Weekly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

45.1.2 Foreign currency risk exposure

The analysis of the Group's foreign currencies long-short positions for each class of financial instruments with separate lines on currency derivative is as follows:

Group

Contract based currency	USD		EUR		SGD		JPY		Others	
Maturity	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**
In RM milion										
2013										
Financial assets in foreign currencies										
Cash and bank balances	639.0	–	14.1	–	16.6	–	–	–	5.1	–
Trade and other receivables	586.2	–	321.2	–	–	–	5.6	–	30.2	–
Derivative assets	322.9	–	–	–	–	–	–	–	–	–
Financial liabilities in foreign currencies										
Trade and other payables	(121.9)	–	(153.9)	–	(0.5)	–	–	–	(20.1)	–
Amounts due to associates	–	–	–	–	–	–	–	–	(45.5)	–
Borrowings	(173.0)	(6,461.5)	–	–	–	–	–	(677.6)	–	–
Derivative liabilities	(333.8)	–	–	–	–	–	–	–	–	–
Currency derivatives										
Foreign currency forwards	(1,425.1)	–	(72.3)	–	1.9	–	(19.1)	–	(55.5)	–
Structured and hybrids	–	233.1	–	–	–	(494.1)	–	677.6	–	–
Net exposure	(505.7)	(6,228.4)	109.1	–	18.0	(494.1)	(13.5)	–	(85.8)	–

45. FINANCIAL INSTRUMENTS (Continued)

45.1 Foreign currency risk (Continued)

45.1.2 Foreign currency risk exposure (Continued)

Group

Contract based currency	USD		EUR		SGD		JPY		Others	
Maturity	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**
In RM million										
2012										
Financial assets in foreign currencies										
Cash and bank balances	1,818.3	–	95.1	–	39.9	–	–	–	13.3	–
Trade and other receivables	816.3	–	255.6	–	–	–	11.7	–	14.4	–
Derivative assets	861.2	–	–	–	–	–	–	–	–	–
Financial liabilities in foreign currencies										
Trade and other payables	(170.2)	–	(71.8)	–	(5.3)	–	(0.4)	–	(7.7)	–
Amounts due to associates	–	–	–	–	–	–	–	–	(6.6)	–
Borrowings	(13.9)	(6,485.9)	–	–	(499.3)	–	–	(846.4)	–	–
Advances from non-controlling interests	–	–	–	–	–	(129.7)	–	–	–	–
Derivative liabilities	(564.1)	–	–	–	–	–	–	–	–	–
Currency derivatives										
Foreign currency forwards	(2,663.6)	–	(44.4)	–	–	–	(24.8)	–	(45.3)	–
Structured and hybrids	742.1	566.5	–	(318.2)	–	(491.1)	–	846.4	(12.0)	–
Net exposure	826.1	(5,919.4)	234.5	(318.2)	(464.7)	(620.8)	(13.5)	–	(43.9)	–

45. FINANCIAL INSTRUMENTS (Continued)

45.1 Foreign currency risk (Continued)

45.1.2 Foreign currency risk exposure (Continued)

Company

Contract based currency	USD		EUR		SGD	
Maturity	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**	**<1 year**	**> 1 year**
In RM million						
2013						
Financial assets in foreign currencies						
Cash and bank balances	**40.7**	**–**	**–**	**–**	**–**	**–**
Amounts due from subsidiaries	**267.0**	**–**	**505.3**	**–**	**41.2**	**–**
Financial liabilities in foreign currencies						
Borrowings	**–**	**(1,909.8)**	**–**	**–**	**–**	**–**
Amounts due to subsidiaries	**–**	**(2,346.0)**	**–**	**–**	**–**	**–**
Net exposure	**307.7**	**(4,255.8)**	**505.3**	**–**	**41.2**	**–**
2012						
Financial assets in foreign currencies						
Cash and bank balances	30.7	–	26.9	–	31.0	–
Amounts due from subsidiaries	93.4	–	675.8	–	0.8	–
Financial liabilities in foreign currencies						
Borrowings	–	(1,917.0)	–	–	–	–
Amounts due to subsidiaries	(13.4)	(2,347.8)	–	–	–	–
Currency derivatives						
Structured and hybrids	–	332.5	–	(318.2)	–	–
Net exposure	110.7	(3,932.3)	702.7	(318.2)	31.8	–

i. The Group is net short in USD by USD2.1 billion (equivalent to RM6.7 billion) (2012 – USD1.6 billion (equivalent to RM5.1 billion)) where USD2.0 billion (equivalent to RM6.2 billion) (2012 – USD1.8 billion (equivalent to RM5.9 billion)) is due beyond 12 months. This short position is expected to be met from its future revenue stream mainly denominated in USD;

ii. The foreign currency long-short mismatch between forward commodity contracts (as hedge items) and foreign currency forward derivative (as hedging instruments) is attributed to intragroup forward commodity sales and purchases that give rise to net currency exposure at the entity level. Foreign currency long-short position from forward commodity contracts of both related entities are eliminated on consolidation (but not necessarily its fair value gain or loss arising from foreign currency) i.e. leaving behind the currency long short on foreign currency forward derivative.

45. FINANCIAL INSTRUMENTS (Continued)

45.1 Foreign currency risk (Continued)

45.1.2 Foreign currency risk exposure (Continued)

As at the end of the financial year, the Group and the Company have also entered into the following currency swap contracts:

Group
2013

i. Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

   The Group has received USD2.2 million (equivalent to RM6.7 million) upon successfully unwinding the contract during the financial year.

ii. Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

iii. Cross currency swaps to swap floating rate USD liability of USD100.0 million to fixed rate RM liability of RM302.0 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from March 2012 to December 2016.

iv. Cross currency swap to swap floating rate USD liability of USD156.0 million to floating rate SGD liability of SGD196.7 million. This was entered into to maintain the appropriate amount of liability in SGD as a natural hedge against existing SGD denominated investment. The effective period for this cross currency swap is from April 2012 to December 2016.

2012

i. Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

ii. Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

iii. Cross currency swaps to swap floating rate USD liability of USD100.0 million to fixed rate RM liability of RM302.0 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from March 2012 to December 2016.

iv. Cross currency swap to swap floating rate USD liability of USD156.0 million to floating rate SGD liability of SGD196.7 million. This was entered into to maintain the appropriate amount of liability in SGD as a natural hedge against existing SGD denominated investment. The effective period for this cross currency swap is from April 2012 to December 2016.

45. FINANCIAL INSTRUMENTS (Continued)

45.1 Foreign currency risk (Continued)

45.1.2 Foreign currency risk exposure (Continued)

Company
2013

i. Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

   The Company has received USD2.2 million (equivalent to RM6.7 million) upon successfully unwinding the contract during the financial year.

2012

i. Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

45.1.3 Sensitivity analysis

The Group's exposure to foreign currency risk primarily from foreign currency denominated borrowings. A 1,000 pips increase or decrease in foreign currency rate of foreign currency denominated borrowings would have equally decreased or increased the profit for the Group and the Company by approximately RM200 million (2012 – RM232 million) and RM60 million (2012 – RM60 million) respectively.

45.2 Interest rate risk

The Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in re-pricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

45.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments. Changes in market interest rates will be re-priced immediately into these floating interest bearing financial instruments.

45. FINANCIAL INSTRUMENTS (Continued)

45.2 Interest rate risk (Continued)

45.2.2 Interest rate risk exposure

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the financial year and the remaining repricing brackets of the Group's and Company's financial instruments that are exposed to interest rate risk:

Group 2013 *In RM million*	Note	Repricing Brackets Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total Amount	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	**264.1**	–	–	–	–	**264.1**	***1.59***
Short term funds	30	**1,826.4**	–	–	–	–	**1,826.4**	***2.95***
		2,090.5	–	–	–	–	**2,090.5**	
Floating rate instruments								
Cash and bank balances		**878.9**	–	–	–	–	**878.9**	***1.06***
		878.9	–	–	–	–	**878.9**	
Total assets repricing		**2,969.4**	–	–	–	–	**2,969.4**	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	37.1	–	–	–	–	**677.6**	**677.6**	***5.68***
Guaranteed notes	37.4	–	–	**1,589.2**	–	–	**1,589.2**	***5.34***
Notes	37.5	–	–	–	–	**1,893.8**	**1,893.8**	***4.49***
Trade financing		**219.4**	–	–	–	–	**219.4**	***1.36***
		219.4	–	**1,589.2**	–	**2,571.4**	**4,380.0**	
Floating rate instruments								
Term loans	37.1	**2,944.3**	–	–	–	–	**2,944.3**	***2.70***
		2,944.3	–	–	–	–	**2,944.3**	
Total liabilities repricing		**3,163.7**	–	**1,589.2**	–	**2,571.4**	**7,324.3**	
Net repricing gap		**(194.3)**	–	**(1,589.2)**	–	**(2,571.4)**	**(4,354.9)**	

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Interest rate risk (Continued)

45.2.2 Interest rate risk exposure (Continued)

Group 2012 *In RM million*	Note	Repricing Brackets Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total Amount	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	2,024.0	–	–	–	–	2,024.0	*2.41*
Short term funds	30	1,775.2	–	–	–	–	1,775.2	*2.78*
		3,799.2	–	–	–	–	3,799.2	
Floating rate instruments								
Cash and bank balances		561.5	–	–	–	–	561.5	*1.60*
		561.5	–	–	–	–	561.5	
Total assets repricing		4,360.7	–	–	–	–	4,360.7	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	37.1	–	–	–	–	846.4	846.4	*5.68*
Guaranteed notes	37.4	–	–	–	1,593.9	–	1,593.9	*5.34*
Notes	37.5	–	–	–	–	1,899.5	1,899.5	*4.46*
Trade financing		316.9	–	–	–	–	316.9	*1.83*
Financial lease obligations	37.7	0.2	0.3	–	–	–	0.5	*8.00*
		317.1	0.3	–	1,593.9	2,745.9	4,657.2	
Floating rate instruments								
Advance from non-controlling interests	38.2	129.7	–	–	–	–	129.7	*1.45*
Term loan	37.1	3,451.0	–	–	–	–	3,451.0	*2.78*
		3,580.7	–	–	–	–	3,580.7	
Total liabilities repricing		3,897.8	0.3	–	1,593.9	2,745.9	8,237.9	
Net repricing gap		462.9	(0.3)	–	(1,593.9)	(2,745.9)	(3,877.2)	

45. FINANCIAL INSTRUMENTS (Continued)

45.2 Interest rate risk (Continued)

45.2.2 Interest rate risk exposure (Continued)

Company 2013 *In RM million*	Note	Repricing Brackets Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total Amount	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	**40.4**	–	–	–	–	**40.4**	***1.40***
Amounts due from subsidiaries	21	**3,068.6**	–	–	–	–	**3,068.6**	***4.29***
		3,109.0	–	–	–	–	**3,109.0**	
Floating rate instruments								
Cash and bank balances		**7.7**	–	–	–	–	**7.7**	***1.21***
		7.7	–	–	–	–	**7.7**	
Total assets repricing		**3,116.7**	–	–	–	–	**3,116.7**	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	21	**348.4**	–	–	**537.6**	**2,065.3**	**2,951.3**	***4.51***
		348.4	–	–	**537.6**	**2,065.3**	**2,951.3**	
Floating rate instruments								
Term loans	37.1	**1,901.0**	–	–	–	–	**1,901.0**	***3.12***
		1,901.0	–	–	–	–	**1,901.0**	
Total liabilities repricing		**2,249.4**	–	–	**537.6**	**2,065.3**	**4,852.3**	
Net repricing gap		**867.3**	–	–	**(537.6)**	**(2,065.3)**	**(1,735.6)**	

45. FINANCIAL INSTRUMENTS (Continued)

45.2 Interest rate risk (Continued)

45.2.2 Interest rate risk exposure (Continued)

Company 2012 *In RM million*	Note	Repricing Brackets Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total Amount	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	211.1	–	–	–	–	211.1	*2.83*
Short term funds	30	1,042.0	–	–	–	–	1,042.0	*2.93*
Amounts due from subsidiaries	21	2,165.5	–	–	–	–	2,165.5	*4.62*
		3,418.6	–	–	–	–	3,418.6	
Floating rate instruments								
Cash and bank balances		4.2	–	–	–	–	4.2	*1.23*
		4.2	–	–	–	–	4.2	
Total assets repricing		3,422.8	–	–	–	–	3,422.8	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	21	588.8	13.5	–	–	2,617.4	3,219.7	*4.67*
		588.8	13.5	–	–	2,617.4	3,219.7	
Floating rate instruments								
Term loans	37.1	1,906.3	–	–	–	–	1,906.3	*3.24*
		1,906.3	–	–	–	–	1,906.3	
Total liabilities repricing		2,495.1	13.5	–	–	2,617.4	5,126.0	
Net repricing gap		927.7	(13.5)	–	–	(2,617.4)	(1,703.2)	

45. FINANCIAL INSTRUMENTS (Continued)

45.2 Interest rate risk (Continued)

45.2.2 Interest rate risk exposure (Continued)

As at the end of the financial year, the Group and the Company have also entered into the following interest rate swap contracts:

Group
2013

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

ii. Interest rate swap to swap notional principal amount of USD74 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for this interest rate swap is from December 2011 to December 2016.

2012

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

ii. Interest rate swap to swap notional principal amount of USD74 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for this interest rate swap is from December 2011 to December 2016.

Company
2013

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

2012

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

45.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A 50 basis points increase or decrease in interest rates would have equally increased or decreased profits for the Group and the Company by approximately RM1.9 million (2012 – RM2.3 million) and RM0.6 million (2012 – RM0.7 million) respectively.

45. FINANCIAL INSTRUMENTS (Continued)

45.3 Price fluctuation risk

The Group's plantation and resource-based manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two (2) operating segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

The Group's objective on price risk management is to limit the Group's exposure to fluctuations in market prices and to achieve expected margins on revenue.

45.3.1 Risk management approach

The Group manages its price fluctuation risk by having strict policies and procedures governing forward and futures positions with dynamic limits on volume and tenure, mark-to-market losses, and on approvals. The Group's marketing and trading operations are centralised, and the long-short and mark-to-market positions are monitored daily and reported to Senior Management weekly.

The Group's commodity price risk management activities are integrated with its commodity sales and marketing activities, which is centralised at the corporate level. The operation is governed by formalised policies and procedures of which an outline is extracted below:

i. Forward sales commitment is limited to certain forward periods (generally 2– 5 months, depending on product type);

ii. Volume that can be committed to forward sales is limited to a certain percentage of forecast production (generally not exceeding 70% of monthly production, depending on product type);

iii. Forward contracts can only be incepted with pre-approved counter-parties. (Limits on volume and forward period are further established for each counter-party);

iv. Commodity futures can only be traded by authorised officers with established volume limits; and

v. Each portfolio (by product category and legal entity) is subject to further limits on net volume exposure and net mark-to-market fair value ("MTM FV") loss limit (that serves as trigger for intervention).

Trade positions are compiled daily, and mark-to-market fair value is reviewed weekly. An exposure report on the Group's total long-short position (of all physical contracts, futures contracts and uncommitted inventory) with mark-to-market fair value is produced monthly for executive oversight.

45. FINANCIAL INSTRUMENTS (Continued)

45.3 Price fluctuation risk (Continued)

45.3.2 Price risk exposure

Detailed in the table below is a summary of the Group's financial instruments subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the financial year.

	Contract and Notional value			Fair value attributed to price changes at period closing		
In RM million	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Group						
2013						
Commodity based						
Forward sales contracts	**(910.9)**	**–**	**(910.9)**	**30.8**	**–**	**30.8**
Forward purchase contracts	**951.9**	**–**	**951.9**	**(13.5)**	**–**	**(13.5)**
Commodity derivatives	**112.8**	**–**	**112.8**	**(0.7)**	**–**	**(0.7)**
Equity based						
Other investments	**47.4**	**–**	**47.4**	**72.6**	**–**	**72.6**
				89.2	**–**	**89.2**
2012						
Commodity based						
Forward sales contracts	(769.6)	–	(769.6)	25.3	–	25.3
Forward purchase contracts	1,210.9	–	1,210.9	8.1	–	8.1
Commodity derivatives	(122.2)	–	(122.2)	7.5	–	7.5
Equity based						
Other investments	49.0	–	49.0	75.2	–	75.2
				116.1	–	116.1
Company						
2013						
Equity based						
Other investments	**9.2**	**–**	**9.2**	**6.5**	**–**	**6.5**
				6.5	**–**	**6.5**
2012						
Equity based						
Other investments	9.6	–	9.6	6.5	–	6.5
				6.5	–	6.5

45. FINANCIAL INSTRUMENTS (Continued)

45.3 Price fluctuation risk (Continued)

45.3.2 Price risk exposure (Continued)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value attributed to price changes at period closing			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Group				
2013				
Commodity based				
Forward sales contracts	**30.8**	**–**	**–**	**30.8**
Forward purchase contracts	**(13.5)**	**–**	**–**	**(13.5)**
Commodity derivatives	**(0.7)**	**–**	**–**	**(0.7)**
Equity based				
Other investments	**66.4**	**–**	**6.2**	**72.6**
	83.0	**–**	**6.2**	**89.2**
2012				
Commodity based				
Forward sales contracts	25.3	–	–	25.3
Forward purchase contracts	8.1	–	–	8.1
Commodity derivatives	7.5	–	–	7.5
Equity based				
Other investments	68.9	–	6.3	75.2
	109.8	–	6.3	116.1

There were no transfers between all 3 levels of the fair value hierarchy during the financial year.

45. FINANCIAL INSTRUMENTS (Continued)

45.3 Price fluctuation risk (Continued)

45.3.2 Price risk exposure (Continued)

Fair value hierarchy (Continued)

	Fair value attributed to price changes at period closing			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Company				
2013				
Equity based				
Other investments	**6.5**	**–**	**–**	**6.5**
	6.5	**–**	**–**	**6.5**
2012				
Equity based				
Other investments	6.5	–	–	6.5
	6.5	–	–	6.5

There were no transfers between all 3 levels of the fair value hierarchy during the financial year.

Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as financial assets at fair value through profit or loss classified in Level 3 within the fair value hierarchy.

	Group	
In RM million	2013	2012
Financial assets designated at fair value through profit or loss		
At beginning of financial year	**6.3**	1.9
Total (loss)/gain recognised in profit or loss	**(0.1)**	4.4
At end of financial year	**6.2**	6.3

The fair value measurements in Level 3 are based on the Group's share of net assets of the investees. There are no alternative assumptions that would result in changes in the amount determined and the management believes that its estimates of fair value are appropriate.

45.3.3 Sensitivity analysis

The Group's exposure to price volatility was derived from palm products and other investment. If the price changes by 7.5%, profit or loss for the Group and the Company would have equally increased or decreased by approximately RM16.8 million (2012 – RM29.6 million) and RM0.5 million (2012 – RM0.5 million) respectively.

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk

The Group's credit risk exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro Group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counter parties, credit impairment and unit level credit control performance.

Credit risk from monetary financial assets is generally low as the counter-parties involved are strongly rated financial institutions or authorised exchanges. The Group does not extend any loans or financial guarantees to third parties except for its own subsidiaries and jointly-controlled entities.

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

45.4.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, the Group may obtain collateral from counter parties as a means of mitigating losses in the event of default.

The Group's credit risk varies with the different classes of counter-parties as outlined below:

i. Plantation and resource-based manufacturing

Most of the upstream sales are intragroup to downstream "resource-based manufacturing". Upstream sales to external parties are mainly payment on delivery and/or secured with trade financing documentation. Resource-based manufacturing sales are mostly to external parties with credit terms ranging from 30 to 90 days – and across global markets of varying sovereign risk. The Group also engages in forward sales (and forward procurement of feedstock). Such forward contracts may have positive fair valuation giving rise to counter-party default risk.

Policies and procedures

a) Customers are assessed for credit and sovereign nation risks (where applicable) on both quantitative and qualitative elements prior to the approval of credit exposure and limits. In this regard, external credit rating services such as Standard & Poor or Dun & Bradstreet are used. Where customers are approved for forward physical contracts, limits on contractual forward periods and value are established. Regular reviews are made;

b) Credit risk authority is decentralised to the respective entities' credit committee – but supervised centrally at the corporate level; and

c) Credit exposure is monitored on limits and ageing, managed and reviewed periodically. Customers with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

Collateral and credit enhancement

In general, a combination of:

a) Corporate guarantee may be required for globe-wide credit facilities for multinational corporations;

b) Cash deposits/advance may be required for certain customers or orders;

c) Transactional documentation (i.e. Letter of Credit or Cash against Document) for export sales; and

d) Credit insurance coverage (up to certain established limits) for downstream Oleochemical and Specialty Fats' credit sales – leaving some credit exposure on declined coverage and those beyond approved limits.

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.1 Risk management approach (Continued)

ii. Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. Property investment entails the hospitality sub-segment for which sales are generally cash settled; and the rental property sub-segment which poses a certain degree of collection risk in correlation with the macroeconomic environment.

Policies and procedures

a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;

b) Credit where granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits;

c) All tenants are subjected to deposits requirement averaging 3 months rental; and

d) Credit exposure is monitored on limits and ageing, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

Collateral and credit enhancement

In general, a combination of:

a) Title retention and conveyance on clearance for property development;

b) Cash deposits/advance for hospitality sub-segment; and

c) Deposits for rental sub-segment.

iii. Financial institutions and Exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. The Group also enters into financial derivative contracts with licensed financial institutions, and in commodity futures contracts with licensed Exchanges for hedging purposes. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

Policies and procedures

a) Funds are placed only with licensed financial institutions with credit rating of "A– and above". Similar requirement is enforced on counter-parties for financial derivatives in addition to the mandatory International Swaps and Derivatives Association master agreements;

b) Funds placements are centrally monitored, and where applicable are spread out based on location needs; and

c) Commodity futures are incepted only with main licensed Exchanges.

Collateral and credit enhancement

In general, a combination of:

a) National deposit insurance; and

b) Fidelity guarantee.

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, past due ageing analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.2 Credit risk exposures and concentration

The Group's credit risks are mainly on financial assets relating to trade receivables, cash deposits, and securities placement and investments as summarised in the table below for both the Group and Company level.

In RM million	Note	Maximum exposure	Collateral and enhancement obtained	Net exposure to credit risk	Collateral or credit enhancement obtained
Group					
2013					
Financial assets					
Cash and bank balances		**878.9**	**–**	**878.9**	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	31	**264.1**	**–**	**264.1**	
Trade and other receivables, excluded deposits and prepayments		**1,002.7**	**322.5**	**680.2**	Letter of credit and credit insurance
Other investments	29	**72.6**	**–**	**72.6**	
Short term funds	30	**1,826.4**	**–**	**1,826.4**	
Amounts due from associates		**0.5**	**–**	**0.5**	
Derivative assets	24	**104.6**	**–**	**104.6**	
		4,149.8	**322.5**	**3,827.3**	
2012					
Financial assets					
Cash and bank balances		561.5	–	561.5	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	31	2,024.0	–	2,024.0	
Trade and other receivables, excluded deposits and prepayments		1,427.6	327.5	1,100.1	Letter of credit and credit insurance
Other investments	29	75.2	–	75.2	
Short term funds	30	1,775.2	–	1,775.2	
Amounts due from associates		0.3	–	0.3	
Derivative assets	24	239.0	–	239.0	
		6,102.8	327.5	5,775.3	

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.2 Credit risk exposures and concentration (Continued)

In RM million	Note	Maximum exposure	Collateral and enhancement obtained	Net exposure to credit risk	Collateral or credit enhancement obtained
Company					
2013					
Financial assets					
Cash and bank balances		**7.7**	**–**	**7.7**	
Deposits with financial institutions	31	**40.4**	**–**	**40.4**	
Trade and other receivables, excluded deposits and prepayments		**1.5**	**–**	**1.5**	
Other investments	29	**6.5**	**–**	**6.5**	
Amounts due from subsidiaries		**3,068.6**	**–**	**3,068.6**	
		3,124.7	**–**	**3,124.7**	
2012					
Financial assets					
Cash and bank balances		4.2	–	4.2	
Deposits with financial institutions	31	211.1	–	211.1	
Trade and other receivables, excluded deposits and prepayments		7.8	–	7.8	
Other investments	29	6.5	–	6.5	
Short term funds	30	1,042.0	–	1,042.0	
Amounts due from subsidiaries		2,165.5	–	2,165.5	
Amounts due from associates		0.1	–	0.1	
Derivative assets	24	14.6	–	14.6	
		3,451.8	–	3,451.8	

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.2 Credit risk exposures and concentration (Continued)

The table below outlines the credit quality analysis of the Group's and the Company's financial assets together with the impairment charge for the year.

	Neither past due nor impaired							
In RM million	Strong	Medium	Weak	Renegotiated	Past due not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
Group								
2013								
Cash and bank balances	**878.9**	**–**	**–**	**–**	**–**	**878.9**	**–**	**–**
Deposits with financial institutions	**264.1**	**–**	**–**	**–**	**–**	**264.1**	**–**	**–**
Trade and other receivables, excluded deposits and prepayments	**667.9**	**139.3**	**50.3**	**–**	**145.2**	**1,002.7**	**9.2**	**11.4**
Other investments	**66.4**	**6.2**	**–**	**–**	**–**	**72.6**	**–**	**–**
Short term funds	**1,826.4**	**–**	**–**	**–**	**–**	**1,826.4**	**–**	**–**
Amounts due from associates	**0.5**	**–**	**–**	**–**	**–**	**0.5**	**–**	**–**
Derivative assets	**104.6**	**–**	**–**	**–**	**–**	**104.6**	**–**	**–**
	3,808.8	**145.5**	**50.3**	**–**	**145.2**	**4,149.8**	**9.2**	**11.4**
2012								
Cash and bank balances	561.5	–	–	–	–	561.5	–	–
Deposits with financial institutions	2,024.0	–	–	–	–	2,024.0	–	–
Trade and other receivables, excluded deposits and prepayments	983.1	164.0	11.3	3.5	265.7	1,427.6	3.1	9.6
Other investments	68.9	6.3	–	–	–	75.2	–	–
Short term funds	1,775.2	–	–	–	–	1,775.2	–	–
Amounts due from associates	0.3	–	–	–	–	0.3	–	–
Derivative assets	239.0	–	–	–	–	239.0	–	–
	5,652.0	170.3	11.3	3.5	265.7	6,102.8	3.1	9.6

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.2 Credit risk exposures and concentration (Continued)

In RM million	Neither past due nor impaired			Renegotiated	Past due not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
	Strong	Medium	Weak					
Company								
2013								
Cash and bank balances	**7.7**	**–**	**–**	**–**	**–**	**7.7**	**–**	**–**
Deposits with financial institutions	**40.4**	**–**	**–**	**–**	**–**	**40.4**	**–**	**–**
Trade and other receivables, excluded deposits and prepayments	**1.5**	**–**	**–**	**–**	**–**	**1.5**	**–**	**–**
Other investments	**6.5**	**–**	**–**	**–**	**–**	**6.5**	**–**	**–**
Amounts due from subsidiaries	**3,068.6**	**–**	**–**	**–**	**–**	**3,068.6**	**–**	**5.9**
	3,124.7	**–**	**–**	**–**	**–**	**3,124.7**	**–**	**5.9**
2012								
Cash and bank balances	4.2	–	–	–	–	4.2	–	–
Deposits with financial institutions	211.1	–	–	–	–	211.1	–	–
Trade and other receivables, excluded deposits and prepayments	7.5	–	–	–	0.3	7.8	0.6	0.6
Other investments	6.5	–	–	–	–	6.5	–	–
Short term funds	1,042.0	–	–	–	–	1,042.0	–	–
Derivative assets	14.6	–	–	–	–	14.6	–	–
Amounts due from associates	0.1	–	–	–	–	0.1	–	–
Amounts due from subsidiaries	2,165.5	–	–	–	–	2,165.5	–	5.9
	3,451.5	–	–	–	0.3	3,451.8	0.6	6.5

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
Medium = Low to moderate risk of default
Weak = Weak financial standing, history of past due

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.2 Credit risk exposures and concentration (Continued)

From the above table, more than 90% in value of the Group's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also the Group's policy to provide impairment for any amount past due in ageing brackets above 120 days unless supported by valid reasons. The table below provides an ageing analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired						
In RM million	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total	Estimated fair values of collateral and credit enhancement held
Group							
2013							
Trade receivables	**119.8**	**24.6**	**0.1**	**0.5**	**–**	**145.0**	**27.6**
Other receivables	**0.1**	**0.1**	**–**	**–**	**–**	**0.2**	**–**
	119.9	**24.7**	**0.1**	**0.5**	**–**	**145.2**	**27.6**
2012							
Trade receivables	145.8	11.1	19.4	14.1	75.3	265.7	43.8
Other receivables	–	–	–	–	–	–	–
	145.8	11.1	19.4	14.1	75.3	265.7	43.8

Receivables of the Group that are past due but not impaired are merely represented by reputable organisations.

The amount past due with ageing brackets above 120 days are from active corporate clients with healthy business relationship for whom there are no recent histories of default and there are no concerns on the credit worthiness of the counter parties and the recoverability of these debts.

It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

	Past due but not impaired						
In RM million	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total	Estimated fair values of collateral and credit enhancement held
Company							
2012							
Trade receivables	–	0.1	0.1	–	0.1	0.3	–
	–	0.1	0.1	–	0.1	0.3	–

45. FINANCIAL INSTRUMENTS (Continued)

45.4 Credit risk (Continued)

45.4.2 Credit risk exposures and concentration (Continued)

The credit risk concentration of the Group is mainly in the "receivables" class, except for deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	Plantation		Property development		Property investment		Resource-based manufacturing		Others		Total	
In RM million	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Group												
2013												
Malaysia	**19.9**	***52***	**3.1**	***100***	**–**	**–**	**121.6**	***13***	**5.4**	***83***	**150.0**	***15***
Europe	**–**	**–**	**–**	**–**	**–**	**–**	**413.6**	***43***	**0.9**	***13***	**414.5**	***41***
Asia (excluding Malaysia)	**18.2**	***48***	**–**	**–**	**–**	**–**	**224.0**	***23***	**–**	**–**	**242.2**	***24***
Others	**–**	**–**	**–**	**–**	**–**	**–**	**195.7**	***21***	**0.3**	***4***	**196.0**	***20***
	38.1	***100***	**3.1**	***100***	**–**	**–**	**954.9**	***100***	**6.6**	***100***	**1,002.7**	***100***
2012												
Malaysia	18.6	*65*	158.4	*100*	3.9	*100*	234.8	*19*	13.8	*100*	429.5	*29*
Europe	–	–	–	–	–	–	492.8	*40*	–	–	492.8	*35*
Asia (excluding Malaysia)	10.2	*35*	–	–	–	–	289.4	*24*	–	–	299.6	*21*
Others	–	–	–	–	–	–	205.7	*17*	–	–	205.7	*15*
	28.8	*100*	158.4	*100*	3.9	*100*	1,222.7	*100*	13.8	*100*	1,427.6	*100*
Company												
2013												
Malaysia	**358.1**	***63***	**–**	**–**	**–**	**–**	**–**	**–**	**1,901.5**	***76***	**2,259.6**	***73***
Asia (excluding Malaysia)	**209.6**	***37***	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**–**	**209.7**	***7***
Central and Eastern Europe	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**600.8**	***24***	**600.8**	***20***
	567.7	***100***	**–**	**–**	**–**	**–**	**–**	**–**	**2,502.4**	***100***	**3,070.1**	***100***
2012												
Malaysia	379.3	*68*	–	–	–	–	–	–	854.6	*53*	1,233.9	*57*
Asia (excluding Malaysia)	181.7	*32*	–	–	–	–	–	–	0.1	–	181.8	*8*
Central and Eastern Europe	–	–	–	–	–	–	–	–	757.6	*47*	757.6	*35*
	561.0	*100*	–	–	–	–	–	–	1,612.3	*100*	2,173.3	*100*

45. FINANCIAL INSTRUMENTS (Continued)

45.5 Liquidity and cash flow risk

Liquidity or cash flow risk arises when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost. The Group's liquidity risk includes non-financial instruments and forward contract obligations.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due and in a cost-effective manner.

45.5.1 Risk management approach

The Group leverages on IOI Corporation Berhad as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted-average-costs-of funds is managed. The parent company plays a central liquidity management role where the Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. The Group practises an arm's-length market based policy with regard to funding costs and encourages its business units to seek localised trade financing facilities where appropriate.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

The Group manages its liquidity risk with a combination of the following methods:

i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

ii. Maintain a diversified range of funding sources with adequate back-up facilities;

iii. Maintain debt financing and servicing plan; and

iv. Maintain medium to long term cash flow planning incorporating funding positions and requirements of all its subsidiaries.

As the Group's policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

i. Perform annual cash flow budgeting and medium-term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit is reasonably determined. (Such aggregation allows for an overview of the Group's forecasted cash flow and liquidity position, which in-turn facilitates further consolidated cash flow planning);

ii. Manage contingent liquidity commitment and exposures;

iii. Monitor liquidity ratios against internal thresholds;

iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and

v. Manage concentration and maturity profile of both financial and non-financial liabilities.

45. FINANCIAL INSTRUMENTS (Continued)

45.5 Liquidity and cash flow risk (Continued)

45.5.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

In RM million	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 year	Total
Group						
2013						
Financial liabilities						
Trade and other payables	**691.8**	**–**	**–**	**–**	**–**	**691.8**
Borrowings	**219.4**	**–**	**1,591.5**	**1,050.4**	**4,497.2**	**7,358.5**
Amounts due to associates	**45.5**	**–**	**–**	**–**	**–**	**45.5**
Derivative liabilities – net settlement	**96.3**	**–**	**–**	**3.1**	**52.8**	**152.2**
	1,053.0	**–**	**1,591.5**	**1,053.5**	**4,550.0**	**8,248.0**
2012						
Financial liabilities						
Trade and other payables	1,000.7	–	–	–	–	1,000.7
Advances from non-controlling interests	–	–	–	129.7	–	129.7
Borrowings	830.4	0.2	479.3	2,076.8	4,776.2	8,162.9
Amounts due to associates	6.9	–	–	–	–	6.9
Derivative liabilities – net settlement	202.8	–	–	79.8	–	282.6
	2,040.8	0.2	479.3	2,286.3	4,776.2	9,582.8
Company						
2013						
Financial liabilities						
Trade and other payables	**80.2**	**–**	**–**	**–**	**–**	**80.2**
Borrowings	**–**	**–**	**–**	**–**	**1,909.8**	**1,909.8**
Amounts due to subsidiaries	**348.4**	**–**	**–**	**537.6**	**2,065.3**	**2,951.3**
Derivative liabilities – net settlement	**–**	**–**	**–**	**–**	**52.8**	**52.8**
	428.6	**–**	**–**	**537.6**	**4,027.9**	**4,994.1**
2012						
Financial liabilities						
Trade and other payables	75.0	–	–	–	–	75.0
Borrowings	–	–	–	–	1,917.0	1,917.0
Amounts due to subsidiaries	588.8	13.5	–	–	2,617.4	3,219.7
Derivative liabilities – net settlement	–	–	–	–	74.9	74.9
	663.8	13.5	–	–	4,609.3	5,286.6

45. FINANCIAL INSTRUMENTS (Continued)

45.5 Liquidity and cash flow risk (Continued)

45.5.2 Liquidity risk exposure (Continued)

i. The Group and the Company have ample liquidity to meet its financial liabilities and obligations maturing in the next 12 months;

ii. Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free-cash-flow to be generated from its operations; and

iii. Liquidity risk concentration is evident in maturity bucket financial year 2013 and financial year 2016 onwards, where the Group and the Company's borrowing commitments are due.

45.6 Fair values

The carrying amounts of financial assets and financial liabilities, which are not carried at fair values, would approximate their fair values as at the end of the financial year. This is due to the relatively short term nature of the financial instruments or there is no significant difference between the historical interest rate at the point when liabilities were undertaken and the current prevailing market interest rate.

The following methods and assumptions were used to estimate the fair values of financial instruments:

i. The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate fair values due to the relatively short term maturity of these financial instruments.

ii. The fair values of quoted investments are their quoted market prices at the end of the financial year. The fair values of unquoted investments are estimated based on a valuation approach by reference to the Group's share of net assets of the investees based on the latest available financial statements of the investees.

iii. The fair values of the Group's 2nd Exchangeable Bonds and 3rd Exchangeable Bonds are their quoted market prices at the end of the financial year. The fair values of the Group's other borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

iv. The fair values of derivative financial instruments are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the end of the financial year arising from such contracts. They are determined by reference to the difference between the contracted rate and the forward rate as at the end of the financial year applied to a contract of similar amount and maturity profile.

45. FINANCIAL INSTRUMENTS (Continued)

45.7 Classification of financial instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

In RM million	Loan and receivables	Fair value through profit or loss	Available for sale	Held to maturity	Total
Group					
Financial assets					
2013					
Trade and other receivables, net of deposits and prepayments	**1,002.7**	**–**	**–**	**–**	**1,002.7**
Amounts due from associates	**0.5**	**–**	**–**	**–**	**0.5**
Derivative assets	**–**	**104.6**	**–**	**–**	**104.6**
Other investments	**–**	**72.6**	**–**	**–**	**72.6**
Short term funds	**–**	**1,826.4**	**–**	**–**	**1,826.4**
Deposits with financial institutions	**264.1**	**–**	**–**	**–**	**264.1**
Cash and bank balances	**878.9**	**–**	**–**	**–**	**878.9**
	2,146.2	**2,003.6**	**–**	**–**	**4,149.8**
2012					
Trade and other receivables, net of deposits and prepayments	1,427.6	–	–	–	1,427.6
Amounts due from associates	0.3	–	–	–	0.3
Derivative assets	–	239.0	–	–	239.0
Other investments	–	75.2	–	–	75.2
Short term funds	–	1,775.2	–	–	1,775.2
Deposits with financial institutions	2,024.0	–	–	–	2,024.0
Cash and bank balances	561.5	–	–	–	561.5
	4,013.4	2,089.4	–	–	6,102.8

45. FINANCIAL INSTRUMENTS (Continued)

45.7 Classification of financial instruments (Continued)

In RM million	Other financial liabilities	Fair value through profit or loss	Total
Group			
Financial liabilities			
2013			
Borrowings	**7,324.3**	**–**	**7,324.3**
Trade and other payables	**691.8**	**–**	**691.8**
Amounts due to associates	**45.5**	**–**	**45.5**
Derivative liabilities	**–**	**152.2**	**152.2**
	8,061.6	**152.2**	**8,213.8**
2012			
Borrowings	8,107.7	14.0	8,121.7
Trade and other payables	1,000.7	–	1,000.7
Advances from non-controlling interests	129.7	–	129.7
Amounts due to associates	6.9	–	6.9
Derivative liabilities	–	282.6	282.6
	9,245.0	296.6	9,541.6

In RM million	Loan and receivables	Fair value through profit or loss	Available for sale	Held to maturity	Total
Company					
Financial assets					
2013					
Trade and other receivables, net of deposits and prepayments	**1.5**	**–**	**–**	**–**	**1.5**
Amounts due from subsidiaries	**3,068.6**	**–**	**–**	**–**	**3,068.6**
Other investments	**–**	**6.5**	**–**	**–**	**6.5**
Deposits with financial institutions	**40.4**	**–**	**–**	**–**	**40.4**
Cash and bank balances	**7.7**	**–**	**–**	**–**	**7.7**
	3,118.2	**6.5**	**–**	**–**	**3,124.7**

45. FINANCIAL INSTRUMENTS (Continued)

45.7 Classification of financial instruments (Continued)

In RM million	Loan and receivables	Fair value through profit or loss	Available for sale	Held to maturity	Total
Company					
Financial assets					
2012					
Trade and other receivables, net of deposits and prepayments	7.8	–	–	–	7.8
Amounts due from subsidiaries	2,165.5	–	–	–	2,165.5
Amounts due from associates	0.1	–	–	–	0.1
Derivative assets	–	14.6	–	–	14.6
Other investments	–	6.5	–	–	6.5
Short term funds	–	1,042.0	–	–	1,042.0
Deposits with financial institutions	211.1	–	–	–	211.1
Cash and bank balances	4.2	–	–	–	4.2
	2,388.7	1,063.1	–	–	3,451.8

In RM million	Other financial liabilities	Fair value through profit or loss	Total
Company			
Financial liabilities			
2013			
Borrowings	**1,901.0**	**–**	**1,901.0**
Trade and other payables	**80.2**	**–**	**80.2**
Amounts due to subsidiaries	**2,951.3**	**–**	**2,951.3**
Derivative liabilities	**–**	**52.8**	**52.8**
	4,932.5	**52.8**	**4,985.3**
2012			
Borrowings	1,906.3	–	1,906.3
Trade and other payables	75.0	–	75.0
Amounts due to subsidiaries	3,205.7	14.0	3,219.7
Derivative liabilities	–	74.9	74.9
	5,187.0	88.9	5,275.9

46. COMMITMENTS

46.1 Capital Commitments

	Group		Company	
In RM million	2013	2012	2013	2012
Authorised capital expenditure not provided for in the financial statements				
– Contracted				
Additions of property, plant and equipment	**81.6**	64.4	**1.6**	1.6
Additions of land held for property development	**–**	298.7	**–**	–
Investment properties	**–**	248.3	**–**	–
Construction in progress	**3.1**	6.1	**–**	–
– Not contracted				
Additions of property, plant and equipment	**195.6**	345.4	**6.9**	8.2
Additions of land held for property development	**–**	92.6	**–**	–
Investment properties	**–**	1,114.8	**–**	–
New planting	**2.6**	2.0	**1.7**	1.1

46.2 Operating Lease Commitments

46.2.1 The Group as lessee

The Group has entered into the following non-cancellable operating lease agreements:

i. lease of a parcel of land for a lease period of 50 years with a renewal term of 16 years, which covers a net area of 9,605 acres for cultivation of oil palm;

ii. lease of a parcel of land for a lease period of 60 years, which covers a net area of 7,932 acres for cultivation of oil palm;

iii. lease of storage tanks for a lease period of 2 years with a renewal term of 1 year;

iv. lease of a parcel of land for a lease period of 50 years, which cover a total net area of 13,400 sq. m for bulk cargo terminal; and

v. lease of a parcel of land for a lease period of 50 years which cover a net area of 8,615 sq. m for bulking installation.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at end of the financial year but not recognised as liabilities are as follows:

	Group	
In RM million	2013	2012
Not later than 1 year	**4.2**	5.4
Later than 1 year and not later than 5 years	**9.7**	10.1
Later than 5 years	**108.8**	111.1
	122.7	126.6

46. COMMITMENTS (Continued)

46.2 Operating Lease Commitments (Continued)

46.2.2 The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease terms of between 2 – 9 years. The Group also entered into long term property leases on its future property investment land.

The minimum lease payments receivable under non-cancellable operating leases contracted for as at end of the financial year but not recognised as receivables are as follows:

	Group	
In RM million	**2013**	**2012**
Not later than 1 year	**0.4**	77.8
Later than 1 year and not later than 5 years	**0.5**	55.2
Later than 5 years	–	6.5
	0.9	139.5

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

47.1 Internal Reorganisation and Demerger Exercise

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two separate and independent listed entities with distinct businesses; namely, IOI Properties Group Berhad ("ListCo"), to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group.

The above proposal will entail the following:

i. Proposed Internal Reorganisation (as defined herein) involving the following:

- Proposed disposal by the Company of its entire equity interest in IOI Properties Berhad Group ("IOIP Group") to ListCo for a total consideration of RM9,769.0 million to be satisfied via the issuance of up to 2,196.4 million new ordinary shares of RM1.00 each in ListCo ("ListCo Shares") to the Company;
- Proposed disposal by the Company of other direct and indirect property related subsidiaries ("Other Property Companies") to ListCo for a total consideration of RM2,581.3 million to be satisfied via the issuance of up to 580.4 million ListCo Shares to the Company;
- Proposed disposal by the Company of (2) two parcels of agricultural land (to be converted to commercial/residential use) to ListCo for a total consideration of RM276.2 million to be satisfied via the issuance of up to 62.1 million ListCo Shares to the Company;
- Proposed acquisition by ListCo of 10% equity interest in Property Village Berhad and Property Skyline Sdn Bhd, respectively from Summervest Sdn Bhd ("Summervest") (a company controlled by Tan Sri Dato' Lee Shin Cheng, a major shareholder of the Company) for an aggregate consideration of RM196.3 million to be satisfied via the issuance of up to 44.1 million ListCo Shares to Summervest; and
- Proposed capitalisation of approximately RM1.8 billion, being an amount owing by IOIP Group and the Other Property Companies to the Company by way of issuance of up to million ListCo Shares to the Company;

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

47.1 Internal Reorganisation and Demerger Exercise (Continued)

ii. Proposed distribution of up to 2,162.4 million ListCo Shares to be held by the Company to all its entitled shareholders post Proposed Internal Reorganisation by way of distribution-in-specie on the basis of one (1) ListCo share for every three (3) ordinary shares held in the Company ("IOIC Shares), which indicatively amounts to approximately 67% of the enlarged ListCo Shares ("Proposed Distribution");

iii. Proposed non-renounceable restricted offer for sale of all the remaining ListCo Shares to be held by the Company after the Proposed Distribution amounting up to 1,081.2 million ListCo Shares, to the entitled shareholders of the Company on the basis of one (1) ListCo share for every six (6) IOIC Shares, at an offer price to be determined later, which indicatively amounts to approximately 33% of the enlarged ListCo Shares;

iv. Proposed listing and quotation for the entire enlarged issued and paid-up share capital of ListCo on the Official List of Main Market of Bursa Malaysia Securities Berhad.

(Collectively to be referred to as "Proposals")

The Proposals have been approved by the Securities Commission Malaysia on 21 August 2013, and are now pending approvals from the other relevant authorities, shareholders of the Company, lenders/note holders of the Group as well as the High Court of Malaya for Proposed Distribution.

48. SEGMENTAL INFORMATION

The Group has four (4) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Plantation	Cultivation of oil palm and rubber and processing of palm oil
Property development	Development of properties
Property investment	Investment in shopping mall, office complex and other properties
Resource-based manufacturing	Manufacturing of oleochemicals, specialty oils and fats, palm oil refinery and palm kernel crushing
Other operations	Management and operation of hotels and resorts, landscape services and other operations which are not sizable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities and, loans and borrowings that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the Group position.

48. SEGMENTAL INFORMATION (Continued)

In RM million	Plantation	Property development	Property investment	Resource-based manufacturing	Other operations	Total
2013						
Revenue						
Segment revenue	2,005.1	1,098.8	105.6	11,984.7	181.2	15,375.4
Result						
Operating profit	1,000.0	555.2	63.7	575.5	85.9	2,280.3
Fair value gain on investment properties	–	–	161.7	–	–	161.7
	1,000.0	555.2	225.4	575.5	85.9	2,442.0
Share of results of associates	82.9	–	–	28.2	–	111.1
Share of results of jointly controlled entities	–	82.5	–	(0.2)	–	82.3
Segment results	1,082.9	637.7	225.4	603.5	85.9	2,635.4
Assets						
Operating assets	4,042.4	4,849.4	1,638.2	5,462.2	758.6	16,750.8
Interest in associates	688.4	–	–	182.5	–	870.9
Interest in jointly controlled entities	–	3,677.3	–	8.8	–	3,686.1
Segment assets	4,730.8	8,526.7	1,638.2	5,653.5	758.6	21,307.8
Liabilities						
Segment liabilities	321.5	495.6	104.7	587.0	80.4	1,589.2
Other Information						
Capital expenditure	107.9	308.0	450.6	114.9	29.1	1,010.5
Depreciation and amortisation	58.7	1.7	1.8	173.4	15.3	250.9
Non-cash items other than depreciation and amortisation	33.5	0.1	39.1	164.4	33.8	270.9

48. SEGMENTAL INFORMATION (Continued)

In RM million	Plantation	Property development	Property investment	Resource-based manufacturing	Other operations	Total
2012						
Revenue						
Segment revenue	2,492.5	843.0	95.3	14,393.8	153.9	17,978.5
Result						
Operating profit	1,548.2	451.2	55.1	256.4	77.6	2,388.5
Fair value gain on investment properties	–	–	165.0	–	–	165.0
	1,548.2	451.2	220.1	256.4	77.6	2,553.5
Share of results of associates	90.3	–	–	30.7	–	121.0
Share of results of jointly controlled entities	–	32.7	–	–	–	32.7
Segment results	1,638.5	483.9	220.1	287.1	77.6	2,707.2
Assets						
Operating assets	4,045.7	2,817.2	1,335.5	6,303.4	472.1	14,973.9
Interest in associates	630.4	–	–	184.3	2.4	817.1
Interest in jointly controlled entities	–	3,483.1	–	–	–	3,483.1
Segment assets	4,676.1	6,300.3	1,335.5	6,487.7	474.5	19,274.1
Liabilities						
Segment liabilities	286.0	315.8	50.0	834.9	57.9	1,544.6
Other Information						
Capital expenditure	95.2	10.2	150.7	188.6	36.8	481.5
Depreciation and amortisation	64.4	2.7	2.4	170.9	14.9	255.3
Non-cash items other than depreciation and amortisation	295.3	2.4	0.8	222.2	58.8	579.5

48. SEGMENTAL INFORMATION (Continued)

Following the proposed demerger as disclosed in Note 47, the businesses to be demerged are now presented as discontinued operations. The reportable segments of discontinued operations are summarised as follows:

Discontinued operations

Property development	Development of properties
Property investment	Investment in shopping mall, office complex and other properties
Other operations	Management and operation of golf course, hotels and resorts, project and building services management, landscape services and other operations which are not sizable to be reported separately

The reportable segment of discontinued operations that included in the above segmental reporting are as follows:

	Discontinued operations			
In RM million	Property development	Property investment	Other operations	Total
2013				
Revenue				
Segment revenue	1,091.2	106.6	157.2	1,355.0
Result				
Operating profit	549.0	63.2	52.2	664.4
Fair value gain on investment properties	–	161.3	–	161.3
	549.0	224.5	52.2	825.7
Share of results of associates	–	–	6.9	6.9
Share of results of jointly controlled entities	82.5	–	–	82.5
Segment results	631.5	224.5	59.1	915.1
Assets				
Operating assets	4,800.9	1,632.0	815.1	7,248.0
Interest in associates	–	–	73.6	73.6
Interest in jointly controlled entities	3,677.3	–	–	3,677.3
Segment assets	8,478.2	1,632.0	888.7	10,998.9
Liabilities				
Segment liabilities	495.6	104.7	28.5	628.8
Other Information				
Capital expenditure	301.1	450.6	28.7	780.4
Depreciation and amortisation	1.7	1.8	14.8	18.3
Non-cash items other than depreciation and amortisation	0.1	39.1	0.5	39.7

48. SEGMENTAL INFORMATION (Continued)

In RM million	Discontinued operations Property development	 Property investment	 Other operations	 Total
2012				
Revenue				
Segment revenue	836.8	95.0	146.5	1,078.3
Result				
Operating profit	443.6	54.0	56.6	554.2
Fair value gain on investment properties	–	163.9	–	163.9
	443.6	217.9	56.6	718.1
Share of results of associates	–	–	8.2	8.2
Share of results of jointly controlled entities	32.7	–	–	32.7
Segment results	476.3	217.9	64.8	759.0
Assets				
Operating assets	2,771.8	1,329.5	548.6	4,649.9
Interest in associates	–	–	76.7	76.7
Interest in jointly controlled entities	3,483.1	–	–	3,483.1
Segment assets	6,254.9	1,329.5	625.3	8,209.7
Liabilities				
Segment liabilities	315.8	50.0	35.6	401.4
Other Information				
Capital expenditure	10.2	150.7	32.8	193.7
Depreciation and amortisation	2.5	2.4	14.7	19.6
Non-cash items other than depreciation and amortisation	2.4	0.8	23.6	26.8

48. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2013				2012			
In RM million	**Continuing operations**	**Discontinued operations**	**Adjustment**	**Total**	**Continuing operations**	**Discontinued operations**	**Adjustment**	**Total**
Group								
Revenue								
Segment revenue	**14,057.4**	**1,355.0**	**(37.0)**	**15,375.4**	16,937.1	1,078.3	(36.9)	17,978.5
Inter-segment sales	**(1,858.9)**	**–**	**–**	**(1,858.9)**	(2,338.2)	–	–	(2,338.2)
Total revenue	**12,198.5**	**1,355.0**	**(37.0)**	**13,516.5**	14,598.9	1,078.3	(36.9)	15,640.3
Profit or loss								
Segment results	**1,720.3**	**915.1**	**–**	**2,635.4**	1,948.2	759.0	–	2,707.2
Translation gain/(loss) on foreign currency denominated borrowings	**191.4**	**–**	**–**	**191.4**	(327.1)	–	–	(327.1)
Translation (loss)/gain on foreign currency denominated cash and cash equivalents	**(30.9)**	**–**	**–**	**(30.9)**	7.8	–	–	7.8
Unallocated fair value gain on derivative financial instruments	**9.0**	**–**	**–**	**9.0**	36.6	–	–	36.6
Unallocated fair value (loss)/gain on financial liabilities	**(0.4)**	**–**	**–**	**(0.4)**	33.4	–	–	33.4
Unallocated fair value (loss)/gain on financial assets	**(1.0)**	**–**	**–**	**(1.0)**	2.6	–	–	2.6
Net (loss)/gain on changes in interests in associates	**(13.8)**	**–**	**–**	**(13.8)**	115.3	–	–	115.3
Other unallocated corporate expenses	**(55.9)**	**–**	**–**	**(55.9)**	(55.6)	–	–	(55.6)
Profit before interest and taxation	**1,818.7**	**915.1**	**–**	**2,733.8**	1,761.2	759.0	–	2,520.2
Interest income	**59.6**	**33.7**	**(39.9)**	**53.4**	18.9	33.7	(2.9)	49.7
Finance costs	**(279.1)**	**(41.2)**	**39.9**	**(280.4)**	(187.8)	(6.1)	2.9	(191.0)
Profit before taxation	**1,599.2**	**907.6**	**–**	**2,506.8**	1,592.3	786.6	–	2,378.9
Taxation	**(319.5)**	**(192.7)**	**–**	**(512.2)**	(404.3)	(146.1)	–	(550.4)
Profit for the financial year	**1,279.7**	**714.9**	**–**	**1,994.6**	1,188.0	640.5	–	1,828.5

48. SEGMENTAL INFORMATION (Continued)

In RM million	2013 Continuing operations	2013 Discontinued operations	2013 Total	2012 Continuing operations	2012 Discontinued operations	2012 Total
Group						
Assets						
Segment assets	**10,308.9**	**10,998.9**	**21,307.8**	11,064.4	8,209.7	19,274.1
Unallocated corporate assets	**2,319.0**	**274.9**	**2,593.9**	3,198.7	592.1	3,790.8
Total assets	**12,627.9**	**11,273.8**	**23,901.7**	14,263.1	8,801.8	23,064.9
Liabilities						
Segment liabilities	**960.4**	**628.8**	**1,589.2**	1,143.2	401.4	1,544.6
Unallocated corporate liabilities	**7,749.2**	**611.3**	**8,360.5**	8,044.3	560.1	8,604.4
Total liabilities	**8,709.6**	**1,240.1**	**9,949.7**	9,187.5	961.5	10,149.0

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Cultivation of oil palm and processing of palm oil Development of properties Investment in shopping mall, office complex and other properties Manufacturing of oleochemicals, palm oil refinery and palm kernel crushing Manufacturing and supply of specialty oils and fats Management and operation of hotels and resorts, landscape services
Europe	Manufacturing and supply of specialty oils and fats
North America	Manufacturing and supply of specialty oils and fats
Asia	Supply of oleochemicals, refined and specialty oils and fats Development of properties
Others	Investment in office complex and various sale offices for specialty oils and fats around the world, which are not sizable to be reported separately

In RM million	Malaysia	Europe	North America	Asia	Others	Consolidated
2013						
Revenue from external customers by location of customers	**3,137.4**	**4,137.3**	**1,557.0**	**4,076.5**	**608.3**	**13,516.5**
Segment assets by location of assets	**13,817.1**	**1,795.2**	**771.6**	**4,878.0**	**45.9**	**21,307.8**
Capital expenditure by location of assets	**689.3**	**9.6**	**38.8**	**272.5**	**0.2**	**1,010.4**

48. SEGMENTAL INFORMATION (Continued)

In RM million	Malaysia	Europe	North America	Asia	Others	Consolidated
2012						
Revenue from external customers by location of customers	3,300.2	5,173.8	1,793.1	4,469.7	903.5	15,640.3
Segment assets by location of assets	12,842.6	2,129.7	825.1	3,470.3	6.4	19,274.1
Capital expenditure by location of assets	328.2	27.1	85.8	34.7	5.7	481.5

There is no single external customer that the revenue generated from exceeded 10% of the Group's revenue.

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The subsidiaries, associates and jointly controlled entities, incorporated in Malaysia except otherwise stated, are as follows:

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Cantawan Oil Palms Sdn Bhd @	**100.0%**	100.0%	Dormant
Fruitful Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Hill Land Sdn Bhd @	**100.0%**	100.0%	Dormant
Ladang Asas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Berhad	**100.0%**	100.0%	Cultivation of oil palm
Laksana Kemas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mayvin (Sabah) Sdn Bhd	**100.0%**	100.0%	Investment holding
Meriteam Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
Pine Capital Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
PR Enterprise Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Priceland Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Right Purpose Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and soft wood timber
Safima Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sri Cantawan Sdn Bhd @	**100.0%**	100.0%	Dormant
Terusan Baru Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Dynamic Plantations Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Direct Subsidiaries (Continued)			
Plantation (Continued)			
Ladang Sabah Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Mayvin Incorporated Sdn Bhd	**100.0%**	100.0%	Processing of palm oil and investment holding
Morisem Palm Oil Mill Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
IOI Pelita Plantation Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
Perusahaan Mekassar (M) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Syarikat Pukin Ladang Kelapa Sawit Sdn Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Syarimo Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
IOI Commodity Trading Sdn Bhd	**100.0%**	100.0%	Trading of palm oil commodities
Future Growth Sdn Bhd	**100.0%**	100.0%	Dormant
Morisem Consolidated Sdn Bhd	**100.0%**	100.0%	Dormant
Morisem Sdn Bhd	**100.0%**	100.0%	Dormant
Lynwood Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Oakridge Investments Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Oleander Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Zonec Plus Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Palm Biotech Sdn Bhd	**100.0%**	100.0%	Commercialisation of high quality clonal ramets through tissue culturing process and its biotechnology related research and development activities
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	**100.0%**	100.0%	Property development and cultivation of plantation produce
Dreammont Development Sdn Bhd	**100.0%**	100.0%	Property investment
Kayangan Heights Sdn Bhd	**60.0%**	60.0%	Property development
Nice Skyline Sdn Bhd	**99.9%**	99.9%	Property development and investment holding
Rapat Jaya Sendirian Berhad	**100.0%**	100.0%	Property development, property investment and cultivation of plantation produce
Eng Hup Industries Sdn Berhad	**100.0%**	100.0%	Property development and property investment
IOI Properties Berhad	**99.8%**	99.8%	Property development, property investment and investment holding
Kean Ko Sdn Berhad	**100.0%**	100.0%	Investment holding
IOI Consolidated (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**100.0%**	100.0%	Property development and investment holding
IOI City Holdings Sdn Bhd *(Formerly known as IOI Properties Holdings Sdn Bhd)*	**100.0%**	–	Investment holding and property investment
IOI Properties Group Berhad	**100.0%**	–	Investment holding

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Direct Subsidiaries (Continued)			
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd	**100.0%**	100.0%	Producing and supplying palm-based renewable energy
IOI Edible Oils Sdn Bhd	**100.0%**	100.0%	Investment holding and palm oil trading and refinery
IOI Speciality Fats Sdn Bhd	**100.0%**	100.0%	Palm oil refinery
IOI Loders Croklaan Procurement Company Sdn Bhd	**100.0%**	100.0%	Commodities trading and international procurement of palm oil
IOI Oleochemical Industries Berhad *	**100.0%**	100.0%	Investment holding
Loders Croklaan Group B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding
Pan-Century Edible Oils Sdn Bhd	**100.0%**	100.0%	Refining and processing of crude palm oil and oleochemical products
Pan-Century Oleochemicals Sdn Bhd	**100.0%**	100.0%	Manufacturing of oleochemical products
IOI Lipid Enzymtec Sdn Bhd	**100.0%**	100.0%	Manufacturing of specialty fats by applying enzyme technology
IOI Edible Oils (HK) Limited. # *(Incorporated in Hong Kong)*	**100.0%**	–	Investment holding
Non-Segment			
IOI Palm Products Sdn Bhd	**100.0%**	100.0%	Dormant
Resort Villa Development Sdn Bhd	**100.0%**	100.0%	Property investment and hotel and resort development
Resort Villa Golf Course Berhad	**100.0%**	100.0%	Development and management of a golf club
Resort Villa Golf Course Development Sdn Bhd	**100.0%**	100.0%	Hotelier
IOI Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Dormant
IOI Investment (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Exchangeable Bonds
IOI Ventures (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Guaranteed Notes
IOI Resources (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Dormant
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	**100.0%**	100.0%	Investment holding
Swee Lam Estates (Malaya) Sdn Berhad	**100.0%**	100.0%	Investment holding
Jasasinar Multimedia Sdn Bhd	**94.0%**	94.0%	Dormant
IOI Biofuel Sdn Bhd	**100.0%**	100.0%	Embark in renewable energy project
IOI Pulp & Paper Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Management Sdn Bhd	**100.0%**	100.0%	Provision of treasury management services to its related companies
IOI Plantation Services Sdn Bhd	**100.0%**	–	Provision of management services
IOI Corporate Services Sdn Bhd	**100.0%**	–	Provision of management services

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	2012	Principal Activities
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Deramakot Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Ladang Mayvin Sdn Bhd @	**100.0%**	100.0%	Dormant
Mowtas Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Mayvin Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Subsidiaries of Pine Capital Sdn Bhd			
Ladang Tebu Batu Putih Sdn Bhd @	**100.0%**	100.0%	Dormant
Luminous Aspect Sdn Bhd @	**100.0%**	100.0%	Dormant
Priceland Plantation Sdn Bhd @	**100.0%**	100.0%	Dormant
Sayang Segama Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Vagas Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Yongdankong Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Vantage Wealth Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Bilprice Development Sdn Bhd @	**100.0%**	100.0%	Dormant
Erat Manis Sdn Bhd @	**100.0%**	100.0%	Dormant
Hidayat Rakyat Sdn Bhd @	**100.0%**	100.0%	Dormant
Hidayat Ria Sdn Bhd @	**100.0%**	100.0%	Dormant
Kunimas Sdn Bhd @	**100.0%**	100.0%	Dormant
Lokoh Sdn Bhd @	**100.0%**	100.0%	Dormant
Maxgrand Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Muara Julang Sdn Bhd @	**100.0%**	100.0%	Dormant
Pricescore Enterprise Sdn Bhd @	**100.0%**	100.0%	Dormant
Pujian Harum Sdn Bhd @	**100.0%**	100.0%	Dormant
Syarikat Best Cocoa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd @	**100.0%**	100.0%	Dormant
Very Good Estate Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100.0%**	100.0%	Cultivation of soft wood timber

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Plantations (Sabah) Sdn Bhd *	**100.0%**	100.0%	Cultivation of oil palm
Palmco Properties Sdn Bhd *	**100.0%**	100.0%	Cultivation of oil palm
Pamol Plantations Sdn Bhd *	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Unipamol Malaysia Sdn Bhd *	**100.0%**	100.0%	Dormant
Pamol Bintang Sdn Bhd *	**100.0%**	100.0%	Dormant
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm, processing of palm oil and investment holding
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm
Subsidiaries of Oleander Capital Resources Pte Ltd			
PT Berkat Agro Sawitindo * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Investment holding
PT Sawit Nabati Agro * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Investment holding
Subsidiaries of PT Sawit Nabati Agro			
PT Ketapang Sawit Lestari * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Pre-operating
PT Bumi Sawit Sejahtera * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
PT Berkat Nabati Sejahtera * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
PT Sukses Karya Sawit * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
Property Development and Investment			
Subsidiary of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	**99.9%**	99.9%	Civil engineering and construction
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	**99.8%**	99.8%	Property development, property investment and investment holding
Flora Development Sdn Bhd	**99.8%**	99.8%	Property development and property investment
Kapar Realty And Development Sdn Berhad *(Dissolved)*	–	67.8%	Property development
Kumpulan Mayang Sdn Bhd	**99.8%**	99.8%	Property development
Pine Properties Sdn Bhd	**99.8%**	99.8%	Property development and property investment

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	2012	Principal Activities
Indirect Subsidiaries (Continued)			
Property Development and Investment (Continued)			
Subsidiaries of IOI Properties Berhad (Continued)			
Dynamic Management Sdn Bhd	**99.8%**	99.8%	Property development, investment holding and provision of management services
Commercial Wings Sdn Bhd	**99.8%**	99.8%	Property investment
Property Skyline Sdn Bhd	**89.8%**	89.8%	Provision of management services and investment holding
IOI Land Singapore Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.8%	Property investment and investment holding
Flora Horizon Sdn Bhd	**98.3%**	99.8%	Property development and cultivation of oil palm
Pilihan Teraju Sdn Bhd	**99.8%**	99.8%	Property development and property investment
Hartawan Development Sdn Bhd	**99.8%**	99.8%	Property development and cultivation of oil palm
Jutawan Development Sdn Bhd	**79.8%**	79.8%	Property development and property investment
Paska Development Sdn Bhd	**99.8%**	99.8%	Property development and property investment
Multi Wealth (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.8%	Property investment and investment holding
IOI Properties (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.8%	Property investment and investment holding
IOI Landscape Services Sdn Bhd	**99.8%**	99.8%	Landscape services, sale of ornamental plants and turfing grass
Palmy Max Limited # *(Incorporated in Hong Kong)*	**99.8%**	99.8%	Investment holding
Speed Modulation Sdn Bhd	**99.8%**	100.0%	Property investment
IOI PFCC Hotel Sdn Bhd *(Formerly known as Violet Bayview Sdn Bhd)*	**99.8%**	–	Property investment, property development, hotel and hospitality services
IOI Medini Sdn Bhd	**99.8%**	–	Property development and property investment
Knowledge Vision Sdn Bhd	**99.8%**	–	Property development and property investment
IOI Mulberry Sdn Bhd	**99.8%**	–	Property development and property investment
Future Link Properties Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	–	Property investment, property development and investment holding
Subsidiaries of Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	**99.8%**	99.8%	Building maintenance services
Lush Development Sdn Bhd	**99.8%**	99.8%	Property development
Riang Takzim Sdn Bhd	**99.8%**	99.8%	Investment holding
Tanda Bestari Development Sdn Bhd	**99.8%**	99.8%	Property development

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Indirect Subsidiaries (Continued)			
Property Development and Investment (Continued)			
Subsidiaries of Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	**99.8%**	99.8%	General contractors
Pilihan Megah Sdn Bhd	**99.8%**	99.8%	Property development, property investment, investment holding and provision of management services
Legend Advance Sdn Bhd	**69.8%**	69.8%	Property development and property investment
Subsidiary of Pilihan Megah Sdn Bhd			
Future Link Properties Pte Ltd # *(Incorporated in Singapore)*	–	60.9%	Property investment, property development and investment holding
Subsidiary of Multi Wealth (Singapore) Pte Ltd.			
Clementi Development Pte Ltd #	**87.8%**	87.8%	Property development
Subsidiaries of Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd	**92.3%**	92.3%	Property development, property investment and cultivation of oil palm
Property Village Berhad	**80.8%**	80.8%	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	**89.8%**	89.8%	Property development
Trilink Pyramid Sdn Bhd	**89.8%**	89.8%	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn Bhd	**80.8%**	80.8%	General contractors
Subsidiary of Kean Ko Sdn Berhad			
Seremban Enterprise Corporation Berhad *(In liquidation)*	**58.4%**	58.4%	Property development and provision of property maintenance service
Subsidiary of IOI City Holdings Sdn Bhd			
IOI City Hotel Sdn Bhd *(Formerly known as My Plenitude Sdn Bhd)*	**100.0%**	–	Property investment, property development, hotel and hospitality services
IOI City Tower One Sdn Bhd *(Formerly known as Veto Circle Sdn Bhd)*	**100.0%**	–	Property investment, property development and property management
IOI City Park Sdn Bhd	**100.0%**	–	Car park operator and provision of car park management services
IOI City Tower Two Sdn Bhd	**100.0%**	–	Property investment, property development and property management
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmex Industries Sdn Berhad *	**100.0%**	100.0%	Property development and investment holding
PMX Bina Sdn Bhd *	**100.0%**	100.0%	Property construction

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Indirect Subsidiaries (Continued)			
Property Development and Investment (Continued)			
Subsidiaries of Palmy Max Limited			
IOI (Xiamen) Properties Co. Ltd *(Incorporated in the People's Republic of China)*	**99.8%**	–	Property development, management of hotel, shopping mall and commercial properties
Prime Joy Investments Limited *(Incorporated in Hong Kong)*	**99.8%**	–	Investment holding
Subsidiary of Prime Joy Investments Limited			
Xiamen Double Prosperous Real Estate Development Co. Ltd *(Incorporated in the People's Republic of China)*	**99.8%**	–	Property development and property management services
Resource-based Manufacturing			
Subsidiary of IOI Edible Oils Sdn Bhd			
IOI Jeti Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiaries of IOI Oleochemical Industries Berhad			
Acidchem International Sdn Bhd *	**100.0%**	100.0%	Manufacture and sale of fatty acids and glycerine and other related products
Derichem (M) Sdn Bhd *	**100.0%**	100.0%	Manufacture and sale of soap noodles
Esterchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Stabilchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmco Oil Mill Sendirian Berhad *	**100.0%**	100.0%	Sales of palm kernel oil and trading in commodities
Subsidiary of Acidchem International Sdn Bhd			
Acidchem (USA) Inc * *(Incorporated in United States of America)*	**100.0%**	100.0%	Trading in fatty acids and glycerine
IOI Oleo (Europe) ApS * *(Incorporated in Denmark)*	**100.0%**	100.0%	Carrying out registration of oleochemical products of European Union registration, trading and distribution of oleochemical products
Subsidiary of IOI Edible Oils (HK) Limited			
IOI (Xiamen) Edible Oils Co. Ltd *(Incorporated in the People's Republic of China)*	**100.0%**	–	Palm oil refinery, manufacturing and trading of speciality oils and fats and oleochemical products
Subsidiaries of Loders Croklaan Group B. V.			
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
Subsidiaries of Loders Croklaan Group B. V. (Continued)			
Loders Croklaan For Oils S.A.E. # *(Incorporated in Egypt)*	**100.0%**	100.0%	Production of emulsified raw materials and semi finished goods on oils and fats
IOI-Loders Croklaan Oils B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Palm oil refinery
Loders Croklaan (Shanghai) Trading Co. Ltd # *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Trading of specialty oils and fats products
IOI Loders Croklaan Oils Sdn Bhd	**100.0%**	100.0%	Refining and sale of palm oil and related products
Loders Croklaan Ghana Limited * *(Incorporated in Ghana)*	**100.0%**	100.0%	Procurement and development of raw material for specialty fats application
Loders Croklaan Malaysia Sdn Bhd	**100.0%**	100.0%	Investment holding
Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda * *(Incorporated in Brazil)*	**100.0%**	100.0%	Commission-based agent for the import of specialty fats for the food industry
Loders Croklaan Nutrition B.V. # *(Incorporated in the Netherlands)*	**100.0%**	100.0%	Dormant
Loders Croklaan Burkina Faso S.A.R.L. * *(Incorporated in the West Africa)*	**100.0%**	100.0%	Wholesale procurement and trading of agricultural products particularly shea nuts and shea butter
Subsidiary of Loders Croklaan USA B. V.			
Loders Croklaan USA LLC # *(Incorporated in United States of America)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Subsidiary of Loders Croklaan For Oils S. A. E.			
IOI Specialty Fats For Trade Limited Liability Company # *(Incorporated in Egypt)*	**99.0%**	99.0%	Trading of specialty fats
Subsidiary of IOI Loders Croklaan Oils Sdn Bhd			
Loders Croklaan (Asia) Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiary of Loders Croklaan Malaysia Sdn Bhd			
Lipid Nutrition Trading (Beijing) Co. Ltd * *(Incorporated in the People's Republic of China)* *(In liquidation)*	**100.0%**	100.0%	Dormant
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Jaya Sendirian Berhad *	**100.0%**	100.0%	Bulk cargo warehousing
Palmco Management Services Sdn Bhd *	**100.0%**	100.0%	Provision of management services and rental of storage tanks
Care Security Services Sdn Bhd *	**100.0%**	100.0%	Management of collection of service charges
Performance Chemicals (M) Sdn Bhd *	**100.0%**	100.0%	Dormant

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Indirect Subsidiaries (Continued)			
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad (Continued)			
Palmina Sendirian Berhad *	**100.0%**	100.0%	Dormant
Palmco Plantations Sendirian Berhad *	**100.0%**	100.0%	Dormant
Direct Consolidated Sdn Bhd *	**100.0%**	100.0%	Dormant
Quantum Green Sdn Bhd *	**100.0%**	100.0%	Provision of management services
Acidchem (Sabah) Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**100.0%**	–	Investment holding
Subsidiary of Palmex Industries Sdn Berhad			
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**–**	100.0%	Investment holding
Subsidiaries of Palmco International (HK) Limited			
Palmco Engineering Limited * *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding
Acidchem (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Dormant
Subsidiary of Palmco Engineering Limited			
Tianjin Palmco Oil And Fats Co. Ltd * *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Dormant
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	**60.0%**	60.0%	Provision of property maintenance services
Subsidiaries of Swee Lam Estates (Malaya) Sdn Berhad			
Swee Lam Development Sdn Bhd *(Dissolved)*	**–**	100.0%	Dormant
Swee Lam Properties Sdn Bhd *(Dissolved)*	**–**	100.0%	Dormant
Associates			
Reka Halus Sdn Bhd	**30.0%**	30.0%	Cultivation of oil palm and processing of palm oil
Associate of IOI Properties Berhad			
Continental Estates Sdn Bhd	**24.1%**	24.1%	Property development and cultivation of oil palm

* *Subsidiaries not audited by BDO.*

\# *Subsidiaries audited by member firms of BDO International.*

@ *These subsidiaries ceased operations with effect from December 2009 following the completion of the restructuring exercise within the plantation division, which involved intra-group sales and purchases of land and plantation development expenditure in their present condition at market values.*

49. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2013	Effective Group Interest 2012	Principal Activities
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of fatty alcohol, methyl esters and refined glycerine
Kao Plasticizer (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of plasticizer and other chemical products
Peter Greven Asia Sdn Bhd	**40.0%**	40.0%	Manufacturing and sale of alkaline and metal soaps
Malaysia Pakistan Venture Sdn Bhd	**25.0%**	–	Investment holding
Associate of Palmex Industries Sdn Berhad			
Malaysia Pakistan Venture Sdn Bhd	**–**	25.0%	Investment holding
Asssociate of Lynwood Capital Resources Pte Ltd and Oakridge Investments Pte Ltd			
Bumitama Agri Ltd ^ *(Incorporated in Singapore)*	**31.2%**	30.8%	Investment holding
Jointly Controlled Entities			
ADEKA Foods (Asia) Sdn Bhd	**40.0%**	–	Dormant
Jointly controlled entity of IOI Properties Berhad			
PJ Midtown Development Sdn Bhd *(Formerly known as Sime Darby Brunsfield Darby Hills Sdn Bhd)*	**49.9%**	49.9%	Property development
Jointly controlled entity of IOI Land Singapore Pte Ltd			
Seaview (Sentosa) Pte Ltd *(Incorporated in Singapore)*	**49.9%**	49.9%	Property development
Jointly controlled entity of IOI Properties (Singapore) Pte Ltd			
Pinnacle (Sentosa) Pte Ltd *(Incorporated in Singapore)*	**64.9%**	64.9%	Property development
Jointly controlled entity of Multi Wealth (Singapore) Pte Ltd			
Mergui Development Pte Ltd *(Incorporated in Singapore)*	**59.9%**	59.9%	Property development
Jointly controlled entity of IOI Consolidated (Singapore) Pte Ltd			
Scottsdale Properties Pte Ltd *(Incorporated in Singapore)*	**49.9%**	49.9%	Investment holding
Jointly controlled entity of Palmy Max Limited			
Prime Joy Investments Limited *(Incorporated in Hong Kong)*	**–**	49.9%	Property development and property management services

50. COMPARATIVES

Pursuant to the demerger as stated in Note 47, the results of the disposal group from 1 July 2012 to 30 June 2013 was presented as discontinued operations on a single line in the Statements of profit or loss for presentation purposes under FRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Statements of profit or loss comparatives for financial year ended 30 June 2012 have been re-presented accordingly.

50. COMPARATIVES (Continued)

The effects of the reclassifications are as follows:

In RM million	As previously reported	Results from discontinued operations	Adjustment	As re-presented
Group				
2012				
Revenue	15,640.3	(1,078.3)	36.9	**14,598.9**
Cost of sales	(12,366.4)	387.9	(35.7)	**(12,014.2)**
Gross profit	3,273.9	(690.4)	1.2	**2,584.7**
Other operating income	1,266.2	(210.0)	–	**1,056.2**
Marketing and selling expenses	(277.0)	22.7	–	**(254.3)**
Administration expenses	(556.7)	74.0	–	**(482.7)**
Other operating expenses	(1,339.9)	85.6	(1.2)	**(1,255.5)**
Operating profit	2,366.5	(718.1)	–	**1,648.4**
Share of results of associates	121.0	(8.2)	–	**112.8**
Share of results of jointly controlled entities	32.7	(32.7)	–	**–**
Profit before interest and taxation	2,520.2	(759.0)	–	**1,761.2**
Interest income	49.7	(33.7)	2.9	**18.9**
Finance costs	(191.0)	6.1	(2.9)	**(187.8)**
Profit before taxation	2,378.9	(786.6)	–	**1,592.3**
Taxation	(550.4)	146.1	–	**(404.3)**
Profit after taxation	1,828.5	(640.5)	–	**1,188.0**
Company				
2012				
Revenue	1,348.3	(59.5)	–	**1,288.8**
Cost of sales	(126.3)	2.9	–	**(123.4)**
Gross profit	1,222.0	(56.6)	–	**1,165.4**
Other operating income	87.5	(17.6)	17.6	**87.5**
Marketing and selling expenses	(0.3)	–	–	**(0.3)**
Administration expenses	(81.7)	–	–	**(81.7)**
Other operating expenses	(365.7)	–	(17.6)	**(383.3)**
Profit before interest and taxation	861.8	(74.2)	–	**787.6**
Interest income	95.0	(0.3)	–	**94.7**
Finance costs	(211.3)	1.4	–	**(209.9)**
Profit before taxation	745.5	(73.1)	–	**672.4**
Taxation	(54.8)	2.2	–	**(52.6)**
Profit after taxation	690.7	(70.9)	–	**619.8**

51. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2013 were authorised for issue by the Board of Directors on 3 September 2013.

52. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the financial year are analysed as follows:

	Group		Company	
In RM million	**2013**	**2012**	**2013**	**2012**
Total retained profits of the Company and its subsidiaries				
Realised	**12,510.5**	11,911.1	**4,052.7**	3,747.7
Unrealised	**904.5**	510.6	**161.7**	231.3
	13,415.0	12,421.7	**4,214.4**	3,979.0
Total share of retained profits from associates				
Realised	**190.9**	176.9	**–**	–
Unrealised	**115.6**	112.3	**–**	–
Total share of accumulated losses from jointly controlled entities				
Realised	**(37.6)**	(138.5)	**–**	–
Unrealised	**(20.2)**	(2.8)	**–**	–
	13,663.7	12,569.6	**4,214.4**	3,979.0
Less: Consolidation adjustments	**(2,483.8)**	(2,372.1)	**–**	–
	11,179.9	10,197.5	**4,214.4**	3,979.0

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 124 to 269 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 52 to the financial statements on page 270 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors:

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
3 September 2013

Statutory Declaration

I, Wong Tack Wee, being the officer primarily responsible for the financial management of IOI Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 124 to 270 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared	)	
by the abovenamed	)	**Wong Tack Wee**
at Puchong, Selangor Darul Ehsan	)	
this 3 September 2013	)	

Before me

Ng Say Jin
Commissioner for Oaths
No. B195

Independent Auditors' Report

to the members of IOI Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IOI Corporation Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 124 to 269.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the audited subsidiaries of which we have not acted as auditors, which are indicated in Note 49 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 52 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/14 (J)
Chartered Accountant

Kuala Lumpur
3 September 2013

Group Properties

A. PLANTATION ESTATES

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,573	OP	–	1983	21.4
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	43.7
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	–	1985	19.5
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	–	1989	25.8
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	22.8
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	–	1990	28.4
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	–	2000	20.8
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	–	2000	12.4
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	–	2002	13.4
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,641	OP	–	2002	12.7
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,317	OP	–	1990	40.8
Bahau Estate, Kuala Pilah	Freehold	2,780	OP	–	1990	49.2
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	–	1990	12.5
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,554	OP R	1	1990	59.7
Paya Lang Estate, Segamat	Freehold	2,514	OP R	–	1990	46.3
Tambang Estate, Segamat	Freehold	2,015	OP	–	1990	40.5
Bukit Serampang Estate, Tangkak	Freehold	2,735	OP	–	1990	48.8
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	–	1990	34.6
Sagil Estate, Tangkak	Freehold	2,381	OP	–	1990	47.4
Segamat Estate, Segamat	Freehold	1,921	OP	–	1990	39.2
Pamol Plantations Estate, Kluang	Freehold	8,110	OP	1	2003	275.4
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	1993	28.8
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	–	1993-2009	27.0
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	–	1993	27.3
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	1993	25.4
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	–	1993	21.1
Baturong 1-3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	67.2
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	1991	0.6
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2035, 2077-2097, 2963-2990	18,417	OP	1	1985-2000	237.5

A. PLANTATION ESTATES (CONTINUED)

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Sabah (Continued)						
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,094	OP	–	1995	106.3
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	–	1996	31.0
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	49.5
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998-2003	280.3
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078-2080	1,452	OP	–	1998	32.0
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	1998	28.2
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	–	2001	64.4
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	–	2001	82.1
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	–	2003-2007	44.3
Pamol Estate, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	195.7
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	–	2003	97.9
Linbar 1 & 2 Estate, Kinabatangan	Leasehold expiring 2081	4,840	OP	–	2003	120.7
Mayvin 1-2 Estate, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	1	2003	96.8
Mayvin 5-6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	–	2003	103.3
Leepang 1-5 Estate, Kinabatangan	Leasehold expiring 2030-2039, 2078-2102	10,092	OP	2	2003-2009	304.3
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	4,960	OP	–	2002	55.4
Tegai Estate, Baram	Leasehold expiring 2067, 2095	4,038	OP	–	2002	43.3

OP Oil palm
R Rubber

B. DEVELOPMENT PROPERTIES

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Bandar Puchong Jaya – Parcel A Lot 1013 Puchong Jaya Petaling Selangor Darul Ehsan	Freehold	164 hectares	2 hectares	On-going mix development	1989	7.6
Bandar Puchong Jaya – Parcel B Various sub-divided lots in Puchong Jaya Petaling Selangor Darul Ehsan	Freehold	210 hectares	17 hectares	On-going mix development	1990	56.1
Bandar Puteri Various sub-divided lots in Puchong Petaling Selangor Darul Ehsan	Freehold	374 hectares	73 hectares	On-going mix development	1994	93.8
IOI Resort Various sub-divided lots in Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	13 hectares	Future development land	1990	8.3
IOI Resort Lot 6, Pekan Bukit Bisa Daerah Sepang Selangor Darul Ehsan	Freehold	1 hectare	1 hectare	Future development land	1990	0.2
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	56 hectares	On-going mix development	1988	52.5
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	1,412 hectares	On-going mix development and future development land	1988	133.0
Taman Lagenda Putra Various sub-divided lots in Kulai, Kulaijaya Johor Darul Takzim	Freehold	91 hectares	29 hectares	On-going mix development	2005	42.7
Bandar Putra PTD 5746, 5747, 5748 & Lot 871 Segamat Johor Darul Takzim	Freehold	198 hectares	56 hectares	On-going mix development and future development land	1990	42.3

B. DEVELOPMENT PROPERTIES (CONTINUED)

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	111 hectares	Homestead development	1990	2.0
Various sub-divided lots in Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	16 hectares	3 hectares	Future development land	1990	0.8
Lot 281 Section 89A, Jalan Ampang Bandar Kuala Lumpur	Freehold	15,230 sq m	15,230 sq m	Future development land	2008	57.5
PTD 4911 (New Lot 15991) Sg Segamat, Segamat Johor Darul Takzim	Leasehold expiring 2046	6,930 sq m	6,930 sq m	Vacant industrial land	1986	0.2
Taman Klang Utama Various sub-divided lots in Kapar Klang Selangor Darul Ehsan	Freehold	–	7,770 sq m	Future development land	1991	1.5
Lots 2, 3, 7, 179, 203 & 12676 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	250 hectares	250 hectares	Future development land	1990	8.8
Lots 429, 432 & 434 Bukit Sebukor Bukit Baru Melaka Tengah Melaka	Freehold	19 hectares	3.3 hectares	Future development land	1990	1.1
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	8.38 hectares	On-going mix development	1990	-
Lot 369 (Part) Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1990	1.3
PTD 2637 Lot 2630 Mukim Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	2003	3.0
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	86 hectares	86 hectares	Future development land	1983	14.0

B. DEVELOPMENT PROPERTIES (CONTINUED)

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
HS(D) 11323 PT 12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	196 hectares	131 hectares	On-going mix development and future development land	2001	350.6
Lot 200, Teluk Kumbar Mukim 11, Daerah Barat Daya Penang	Freehold	1.3 hectares	1.3 hectares	Residential development	2009	13.7
Lots 106577-106580 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	21 hectares	21 hectares	Future development land	2002	20.4
Taman Kempas Utama Various sub-divided lots in Tebrau Johor Bahru Johor Darul Takzim	Freehold	119 hectares	44 hectares	On-going mix development	2006	204.2
Lots 3210, 3220, 3421, 4034, 9197 & 9198, Durian Tunggal Alor Gajah Melaka	Freehold	435 hectares	435 hectares	Future development land	2006	38.2
Lots 375, 379, 385, 388, 492, 636, 697, 698, 700, 701, 703, 893 & 5248 Paya Rumput, Melaka Tengah Melaka	Freehold	107 hectares	107 hectares	Future development land	2006	27.2
Lot 8165, Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	1,799 sq m	Future development land	2001	0.2
Lot 5640 HS(D) 21779 Mukim 12, Sg Ara Penang	Freehold	5,220 sq m	5,220 sq m	Building work in-progress	2001	3.5
Geran 413473 Mukim Tebrau Johor Bahru Johor Darul Takzim	Freehold	2 hectares	2 hectares	On-going mix development	2009	43.3
PTD 205102, 205103, 205104-205115 Plentong Johor Darul Takzim	Freehold	4 hectares	4 hectares	Future development land	2011	55.9

B. DEVELOPMENT PROPERTIES (CONTINUED)

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
MK5 Lot 8754K At 28, 28A and 28B Jalan Lempeng Singapore	Leasehold expiring 2111	2 hectares	2 hectares	On-going condominium development	2012	1,134.6
Lots 2664, 2665, 6287, 3584, 3585 & 1851-1872 Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	205 hectares	205 hectares	Future development land	2012	94.5
Lot 2010JP01 A1 and A2 Xinglin Bay, Zone 11-11 Jimei District, Xiamen, Fujian Province The People's Republic of China	Leasehold expiring 2050, 2080	3 hectares	3 hectares	On-going mix development	2010	317.0
Lot 2012JP01 Jimei Main Road Jimei New Town Zone 11-12, Jimei District Xiamen, Fujian Province The People's Republic of China	Leasehold expiring 2082	9 hectares	9 hectares	Future development land	2012	265.2
HS(D) 187254, PTD 62906 Kempas Baru Tebrau Johor Darul Takzim	Freehold	1 hectare	1 hectare	Future development land	2012	12.5
Lot 36602, 36603-36649, 47233, 32427-32429, 17474, 32290, 32291 and PT 49511 Dengkil, Sepang Selangor Darul Ehsan	Freehold	82 hectares	82 hectares	Future development land	2012	206.7
HS(D) 155844 (PT 14028) HS(D) 155845 (PT 14029) (Parent Lot 4414, Geran 57067) Beranang Mukim Ulu Langat Selangor Darul Ehsan	Freehold	91 hectares	91 hectares	Future development land	2013	386.2

Net carrying amounts of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties.

C. INVESTMENT PROPERTIES

Location	Tenure	Land Area	Net Lettable Area	Usage	Age of Building (Year)	Year of Revaluation	Net Carrying Amount as at 30 June 2013 RM million
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	62,225 sq m	57,588 sq m	3 storey shopping mall	17	2013	345.0
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	17,316 sq m	22,662 sq m	4 storey shopping mall	5	2013	178.0
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	-	1,649 sq m	11 units of commercial lot and 902 car park bays	15	2013	13.7
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	16,916 sq m	4,265 sq m	1½ storey semi-wet market	6	2013	27.7
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	11,555 sq m	34,980 sq m	2 blocks of purpose-built office building	5	2013	146.9
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	12,963 sq m	*	Purpose-built office building	*	2013	165.0
IOI Mart Taman Lagenda Putra Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	25,457 sq m	7,057 sq m	1 storey semi-wet market retail complex	7	2013	14.7
IOI Resort Putrajaya	Freehold	75,792 sq m	24,909 sq m	37 units of residential bungalow houses	6 – 17	2013	98.8
One IOI Square IOI Resort Putrajaya	Freehold	18,802 sq m	18,802 sq m	12 storey office building	10	2013	96.4
Two IOI Square IOI Resort Putrajaya	Freehold	22,176 sq m	12,050 sq m	12 storey office building	10	2013	60.8

C. INVESTMENT PROPERTIES (CONTINUED)

Location	Tenure	Land Area	Net Lettable Area	Usage	Age of Building (Year)	Year of Revaluation	Net Carrying Amount as at 30 June 2013 RM million
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	47,260 sq m	23,027 sq m	3 storey shopping mall	12	2013	76.0
No. 7, Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Freehold	465 sq m	1,650 sq m	1 unit 3½ storey shop office	18	2013	6.2
No. 12 Jalan Anggerik Mokara 31/62 Kota Kemuning Seksyen 31 Shah Alam Selangor Darul Ehsan	Freehold	362 sq m	307 sq m	1½ storey terrace factory lot	15	2013	1.1
HS(D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq m	2,690 sq m	Petrol station land	–	2013	3.6
Lot 40338 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq m	1,699 sq m	Petrol station land	–	2013	1.6
PT 82181 Lebuh Putra Utama Bandar Putra, Kulai Johor Darul Takzim	Freehold	2,323 sq m	2,323 sq m	Commercial land	–	2013	10.7
IOI City Development IOI Resort Putrajaya	Freehold	97,676 sq m	*	Integrated mixed development including shopping mall and office building	*	2013	307.2
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	-	26,184 sq m	104 units of commercial lot	3	2013	105.1
Lot 817, 818 Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	99 years leasehold	54 hectares	#	Vacant land	–	2013	57.6
Lot 2012JP01 Jimei District, Xiamen Fujian Province The People's Republic of China	40-50 years leasehold	62,657 sq m	#	Vacant land for the proposed commercial and office development	–	2013	233.2

* PFCC Tower 4 and 5, and IOI City Development are currently under construction.

\# Development at site has yet to commence as at the reporting date.

D. INDUSTRIAL PROPERTIES

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Country lease 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery and palm based renewable energy	16	1995	115.9
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai Penang	Leasehold expiring between 2035-2071	176,169 sq m	Offices and factory sites	34	2001	42.2
			Factory site	12		8.2
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,400 sq m	Bulk cargo terminal	39	2001	0.2
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	8,615 sq m	Bulking installation	39	2001	–
Plot 1-2-4, A7-6 TEDA 300457 Tianjin The People's Republic of China	Leasehold expiring 2024	34,375 sq m	Offices and factory sites	24	2001	–
Loders Croklaan Hogeweg 1, 1520 Wormerveer The Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	22 – 43	2002	109.7
Durkee Road 24708 W Channahon Illinois United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	11 – 43	2002	66.9
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rotterdam The Netherlands	Leasehold expiring 2029	15 hectares	Palm oil refinery and specialty oils and fats manufacturing facilities	8 – 12	2004	246.4

D. INDUSTRIAL PROPERTIES (CONTINUED)

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
195 Belfield Rd. Rexdale, Ontario M9W-1G8 Canada	Leasehold expiring 2023	1,022 sq m	Specialty oils and fats manufacturing facilities	37	2002	1.0
Industrial Park III Lots 15 & 16 Jundiai Brazil	Freehold	12,031 sq m	Vacant land	–	2010	5.0
PT 110296 & 216213 Jalan Pekeliling HS(D) 160988 PTD 89217 Mukim Plentong, Pasir Gudang Johor Bahru Johor Darul Takzim	Leasehold expiring 2037, 2041, 2052	14.4 hectares	Factory complex and vacant industrial land	23 – 32	2005	159.0
PT 17368, Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah PT 101367, Jalan Tembaga Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2038, 2047, 2051	11.6 hectares	Factory complex	26	2007	40.0

E. OTHER PROPERTIES

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Palm Garden Hotel Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	11,979 sq m	152-room hotel	17	1990	16.1
IOI Palm Garden Golf Course Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	51.7 hectares	27-hole golf course and clubhouse	20	1990	6.1
IOI Resort Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	6 hectares	Hotel and 12 storey office building erected on existing land	10 – 11	1990	113.9
HS(D) 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Freehold	1,803 sq m	Petrol station land	–	1992	–
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq m	Bungalow plots	–	1992	2.0
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	–	1998	0.1
No. 1, Lebuh Putra Utama Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,041 sq m	Bandar Putra corporate office	16	1994	1.1
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	100 hectares	27-hole golf course	–	1994	16.4
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	12	1994	6.7
Lot 200-203 Taman Air Biru Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2070	1,807 sq m	4 units double storey semi-detached house	33	2005	0.2

E. OTHER PROPERTIES (CONTINUED)

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	12	1993	0.6
Lot 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq m	Semi-detached house and staff apartments	27	1993	–
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	–	1993	1.7
Country lease 115325543, 116179269, New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Vacant land	–	1993	3.0
302-H, Jalan Relau Desaria, 11900 Sg Ara Penang	Freehold	167 sq m	Shoplot	18	2001	0.2
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	–	1990	2.0
Lot 51665 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2043	2,968 sq m	Vacant land	–	2009	0.4
PFCC Tower 3 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	2 hectares	282 hotel room	^	1994	61.4
Xinglin Bay Business Operation Center Building No. 2 Floor 29 Unit 2901-2912 361000 Jimei District Xiamen, Fujian Province The People's Republic of China	40 years leasehold	1,511 sq m	Office	–	2013	6.4

E. OTHER PROPERTIES (CONTINUED)

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2013 RM million
Lot 2012JP01 Jimei District, Xiamen Fujian Province The People's Republic of China	40 years leasehold	27,102 sq m	Proposed hotel development	**	2012	99.4
IOI City Development IOI Resort Putrajaya	Freehold	50,318 sq m	Hotel and car park development	**	1990	222.6
Geran 31713 Lot 439 and Lot 2298 Dengkil, Sepang Selangor Darul Ehsan	Freehold	20.8 hectares	Golf course and clubhouse	2	2011	119.3

^ PFCC Tower 3 is currently under construction.
** Proposed hotel development has yet to commence.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth Annual General Meeting (**"AGM"**) of the Company will be held at Perdana Ballroom, Palm Garden Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Saturday, 19 October 2013 at 10.00 a.m. for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2013 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2 To re-elect the following Directors retiring by rotation pursuant to Article 101 of the Company's Articles of Association:

(i) Datuk Karownakaran @ Karunakaran a/l Ramasamy **Resolution 1**

(ii) Mr Lim Tuang Ooi **Resolution 2**

(Please refer to Note B)

3 To consider and if thought fit, to pass the following as Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:

(i) "THAT Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 3**

(ii) "THAT Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**

(Please refer to Note C)

4 To consider and if thought fit, to pass the following as an Ordinary Resolution on the proposed continuation in office as Independent Non-Executive Director:

"THAT Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company." **Resolution 5**

(Please refer to Note D)

5 To consider and if thought fit, to pass the following as an Ordinary Resolution:

"THAT the payment of Directors' fees of RM724,516 for the financial year ended 30 June 2013 to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 6**

(Please refer to Note E)

6 To re-appoint BDO, the retiring auditors for the financial year ending 30 June 2014 and to authorise the Directors to fix their remuneration. **Resolution 7**

(Please refer to Note F)

AGENDA (CONTINUED)

7 As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

7.1 **Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." **Resolution 8**

7.2 **Proposed Renewal of Existing Share Buy-Back Authority**

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings and share premium account, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares of nominal value RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (**"Bursa Securities"**) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at the time of purchase (**"Proposed Purchase"**);

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities and/or cancelled;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 9**

AGENDA (CONTINUED)

7.3 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature**

"THAT subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries (**"Related Parties"**), as detailed in Part B, Section 4 of the Circular to Shareholders of the Company dated 27 September 2013 (**"Shareholders' Mandate"**) subject to the following:

(a) the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

THAT authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiration of the period within which the next Annual General Meeting of the Company after that date it is required to be held pursuant to Section 143(1) of the Act, *(but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act)*; or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Resolution 10**

8 As special business, to consider and if thought fit, to pass the following Special Resolution:

Proposed Amendments to the Articles of Association of the Company

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2013 be and are hereby approved." **Special Resolution 1**

9 To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board,

Tan Choong Khiang
Secretary (MAICSA 7018448)

Putrajaya
27 September 2013

Notes

1 A member may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3 Subject to Note 4 below, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.

4 Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of 25A(1) of the SICDA.

5 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

6 An instrument appointing a proxy must be deposited at the Company's registered office at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia not less than 48 hours before the time for holding the meeting or any adjournment thereof.

7 Only members whose names appear in the Record of Depositors as at **11 October 2013** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

8 **Note A**

This Agenda item is meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not put forward for voting.

9 **Note B**

Datuk Karownakaran @ Karunakaran a/l Ramasamy and Mr Lim Tuang Ooi are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

Datuk Karownakaran @ Karunakaran a/l Ramasamy has provided an annual confirmation of his independence to the Board. The Board has conducted an assessment on the independence and performance of the Independent Director and Non-Independent Non-Executive Director, respectively, who are seeking re-election at this AGM of the Company and is satisfied that the incumbents have complied with criteria applied by the Company.

10 **Note C**

The re-appointment of Tan Sri Dato' Lee Shin Cheng and Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor who have attained the age of 70 years, as Directors of the Company to hold office until the conclusion of the next AGM, shall take effect if the Ordinary Resolutions 3 and 4 are passed by a majority of not less than three-fourths of such members as being entitled to vote in person or by proxy at this AGM of which not less than 21 days' notice has been given.

11 **Note D**

The Nominating Committee and the Board have assessed the independence of Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommended him to continue to act as Independent Non-Executive Director of the Company.

12 **Note E**

The increase in Directors' fees payout for the year ended 30 June 2013 (2012: RM660,000) is due to additional appointment of Mr Cheah Tek Kuang on 22 August 2012.

13 **Note F**

The Audit and Risk Management Committee and the Board have considered the re-appointment of BDO as Auditors of the Company and collectively agreed that BDO has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

14 **Explanatory Notes on Special Businesses**

i Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

Ordinary resolution 8 is to seek a renewal of the general mandate which was approved at the 43rd Annual General Meeting of the Company held on 29 October 2012 and which will lapse at the conclusion of the forthcoming Annual General Meeting to be held on 19 October 2013.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under ordinary resolution 8, to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Company did not issue any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the 43rd Annual General Meeting of the Company.

ii Proposed Renewal of Existing Share Buy-Back Authority

Ordinary resolution 9, if passed, will empower the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Please refer to explanatory information in the Circular to Shareholders dated 27 September 2013.

iii Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary resolution 10 is to seek approval from the shareholders for renewal of the shareholders' mandate granted by the shareholders of the Company at the previous Annual General Meeting held on 29 October 2012 and new shareholders' mandate for additional recurrent related party transaction of a revenue or trading nature. The Proposed Shareholders' Mandate will enable the Company and its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations involving the interest of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries ("Related Parties"), subject to the transactions being in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The details of the proposal are set out in the Circular to Shareholders dated 27 September 2013.

iv Proposed Amendments to the Articles of Association of the Company

Special resolution 1, if passed, will give authority to the Company to amend its Articles of Association to be aligned with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Appendix 1

Proposed Amendments to the Articles of Association of the Company

The Articles of Association of the Company are proposed to be amended in the following manner (for which differences are highlighted in bold):

Article	Existing provisions	Amended provisions
To amend definition of "Listing Requirements" in Article 2(a)	"Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad including any amendment to the Listing Requirements that may be made from time to time;	"Listing Requirements" means the **Main Market** Listing Requirements of Bursa Malaysia Securities Berhad including any amendment to the Listing Requirements that may be made from time to time;
To amend Article 65(b)	A member may appoint any person to be his proxy and the provisions of section 149(1)(b) of the Act shall not apply to the Company.	A member **entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting**. **There shall be no restriction as to the qualification of the proxy** and the provisions of section 149(1)(b) of the Act shall not apply to the Company. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting**.
To amend Article 65(c)	Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Where a member of the Company is an **exempt** authorised nominee **which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds**. **An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of 25A(1) of Central Depositories Act.**

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(i) Details of individuals who are standing for election as Directors (excluding directors standing for a re-election)

No individual is seeking election as a Director at the forthcoming Forty-Fourth Annual General Meeting of the Company.

(ii) Directors standing for re-election/re-appointment

(a) The Directors retiring by rotation and standing for re-election pursuant to Article 101 of the Articles of Association of the Company are as follows:

- Datuk Karownakaran @ Karunakaran a/l Ramasamy
- Mr Lim Tuang Ooi

(b) The Directors seeking for re-appointment under Section 129 of the Companies Act, 1965 are as follows:

- Tan Sri Dato' Lee Shin Cheng
- Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 66 to 73 of the Annual Report.

Their shareholdings in the Company and its related corporations are set out in the section entitled "Statement of Directors' Interests" on page 109 of the Annual Report.

Shareholders Information

As At 30 August 2013

Type of shares	:	Ordinary shares of RM0.10 each
Voting rights	:	One vote per shareholder on a show of hands
		One vote per ordinary share on a poll
Number of shareholders	:	27,546

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	Total holdings	%
1 – 99	3,152	30,042	0.00
100 – 1,000	5,295	4,126,491	0.07
1,001 – 10,000	13,940	53,942,987	0.84
10,001 – 100,000	4,231	113,801,201	1.78
100,001 – 319,417,673	924	3,202,989,215	50.14
319,417,674 and above	4	3,013,463,559	47.17
Total	27,546	6,388,353,495	100.00

LIST OF TOP 30 SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
1.	Vertical Capacity Sdn Bhd	1,178,686,480	18.45
2.	Vertical Capacity Sdn Bhd	652,626,200	10.22
3.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	624,750,879	9.78
4.	Vertical Capacity Sdn Bhd	557,400,000	8.72
5.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	300,000,000	4.70
6.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG)*	263,096,100	4.12
7.	AmanahRaya Trustees Berhad *Skim Amanah Saham Bumiputera*	247,339,800	3.87
8.	Kumpulan Wang Persaraan (Diperbadankan)	166,577,600	2.61
9.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	125,487,200	1.96
10.	Annhow Holdings Sdn Bhd	123,362,300	1.93
11.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	92,136,280	1.44
12.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	85,431,267	1.34
13.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	79,555,378	1.25
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	70,000,000	1.10

LIST OF TOP 30 SHAREHOLDERS (CONTINUED)

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
15.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	58,000,000	0.91
16.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG)*	54,000,000	0.84
17.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Market Vectors - Agribusiness ETF*	47,867,255	0.75
18.	AmanahRaya Trustees Berhad *Amanah Saham 1Malaysia*	40,962,666	0.64
19.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited for Government of Singapore*	40,474,021	0.63
20.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	38,000,000	0.59
21.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore (Foreign)*	37,707,400	0.59
22.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)*	35,596,024	0.56
23.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	34,979,313	0.55
24.	AmanahRaya Trustees Berhad *Amanah Saham Didik*	34,660,100	0.54
25.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Rickoh Holdings Sdn Bhd*	32,500,000	0.51
26.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)*	30,826,826	0.48
27.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Lai Ming Chun @ Lai Poh Lin (PB)*	25,550,000	0.40
28.	Valuecap Sdn Bhd	25,292,000	0.40
29.	Chan Cha Lin	22,481,750	0.35
30.	AMSEC Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund*	21,265,017	0.33
Total		5,146,611,856	80.56

Shareholders Information
As At 30 August 2013

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

	No. of ordinary shares held			
Name of shareholders	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Lee Shin Cheng	62,630,600	0.98	*2,864,006,880	44.83
Puan Sri Datin Hoong May Kuan	–	–	**2,926,637,480	45.81
Dato' Lee Yeow Chor	8,340,400	0.13	***2,854,712,680	44.67
Lee Yeow Seng	953,800	0.01	***2,854,712,680	44.67
Vertical Capacity Sdn Bhd	2,854,712,680	44.67	–	–
Progressive Holdings Sdn Bhd	–	–	#2,854,712,680	44.67
Employees Provident Fund Board	650,681,608	10.19	–	–

Notes:

* *Deemed interested by virtue of his interests in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC") and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng.*

** *Deemed interested by virtue of her interests and the interests of her spouse, Tan Sri Dato' Lee Shin Cheng and her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in PH, which in turn holds 100% equity interest in VC and shares held by Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng.*

*** *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC.*

Deemed interested by virtue of its interest in VC, the wholly-owned subsidiary.

IOI CORPORATION BERHAD (Company No. 9027-W)
Incorporated in Malaysia

IOI GROUP

Proxy Form

(Please use block letters)

I/We ____

NRIC/Co. No. ______________________ Mobile Phone No. ______________________

of ____

being a member(s) of **IOI Corporation Berhad**, hereby appoint ____

____

NRIC/Co. No. ____

of ____

____

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Forty-Fourth Annual General Meeting** ("AGM") of the Company to be held at **Perdana Ballroom, Palm Garden Hotel, IOI Resort, 62502 Putrajaya, Malaysia** on **Saturday, 19 October 2013** at **10.00 a.m.** or any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy "A"	:	%	No. of Shares Held	:	______________
Second proxy "B"	:	%	CDS A/C No.	:	______________
		100%			

In case of a vote taken by a show of hands, *First Proxy "A"/*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:
(Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit).

No.	Ordinary Resolutions	First Proxy "A" For	First Proxy "A" Against	Second Proxy "B" For	Second Proxy "B" Against
1.	To re-elect Datuk Karownakaran @ Karunakaran a/l Ramasamy as a Director				
2.	To re-elect Mr Lim Tuang Ooi as a Director				
3.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129 of the Companies Act, 1965				
4.	To re-appoint Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor pursuant to Section 129 of the Companies Act, 1965				
5.	To retain Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor as Independent Non-Executive Director of the Company				
6.	To approve Directors' Fees for the financial year ended 30 June 2013				
7.	To re-appoint BDO as Auditors and to authorise the Directors to fix their remuneration				
8.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965				
9.	To approve the proposed renewal of existing share buy-back authority				
10.	To approve the proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transaction(s) of a revenue or trading nature				
No.	**Special Resolution**				
1.	To approve the proposed amendments to Articles of Association of the Company				

Dated this ______________ day of ______________ 2013.

____
Signature of Shareholder/Common Seal

** Delete if inapplicable.*

Notes:

1. *A member may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
3. *Subject to Note 4 below, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.*
4. *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of 25A(1) of the SICDA.*
5. *An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.*
6. *An instrument appointing a proxy must be deposited at the Company's registered office at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia, not less than 48 hours before the time for holding the meeting or any adjournment thereof.*
7. *Only members whose names appear in the Record of Depositors as at **11 October 2013** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.*

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STAMP

The Company Secretary
IOI CORPORATION BERHAD
Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

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