IOI CORPORATION BERHAD (9027-W)
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IOI CORPORATION BERHAD (9027-W)

Annual Report **2012**

IOI GROUP

Innovation Growth Sustainability

Annual Report **2012**

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

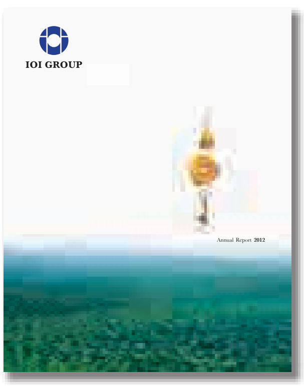
Loyalty
is crucial because we are one team sharing one vision

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

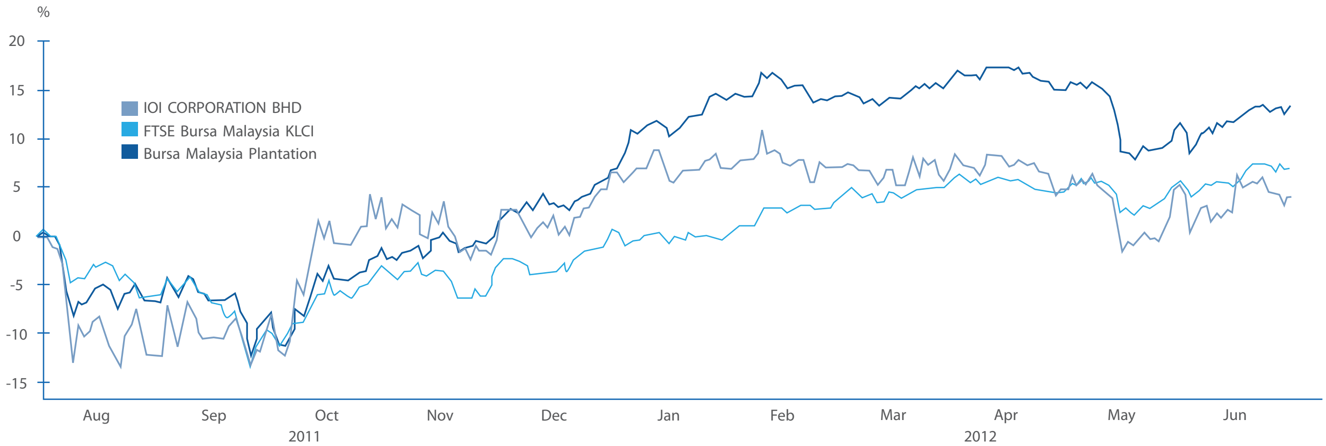


COVER RATIONALE

As a global player in the palm oil industry, IOI Group is committed to adopting sustainable and responsible practices in all our businesses. Caring for the environment and society is at the heart of our operations as we invest in green technology, deliver innovative solutions and undertake socially-responsible initiatives to nurture a sustainable and renewable growth. We will continue to plant seeds of innovation in our businesses to sustain long-term growth in volume and profitability.

The cover design features icons within the text to represent our commitment to sustainable and innovative development in our three core businesses.

KEY INDICATORS



	2012	2011	2010	2009	2008
FINANCIAL					
Profit before taxation (RM'000)	**2,378,961**	2,863,612	2,550,633	1,550,117	3,095,197
Profit attributable to owners of the parent (RM'000)	**1,789,370**	2,222,899	2,035,661	983,517	2,231,632
Equity attributable to owners of the parent (RM'000)	**12,627,923**	11,999,177	10,780,181	8,346,290	8,391,361
Return on average equity (%)	**14.53**	19.52	21.29	11.75	27.67
Basic earnings per share (sen)	**27.96**	34.75	32.96	16.62	36.85
Gross dividend per share (%)	**155.0**	170.0	170.0	80.0	170.0
PLANTATION					
FFB production (MT)	**3,185,878**	3,295,473	3,405,090	3,626,776	3,957,281
Total oil palm area (Ha)	**157,752**	157,045	154,709	150,931	149,445
PROPERTY					
Sales value (RM'000)	**856,319**	942,002	1,045,095	688,487	696,743
Sales (unit)	**1,412**	1,730	2,044	1,465	1,934
MANUFACTURING					
OLEOCHEMICAL					
Plant utilisation (%)	**77**	82	91	78	92
Sales (MT)	**581,275**	618,960	684,389	597,351	668,808
REFINERY					
Plant utilisation (%)	**77**	72	75	78	91
Sales (MT)	**2,919,543**	2,640,091	2,533,527	2,817,987	2,996,439
SPECIALTY OILS AND FATS					
Plant utilisation (%)	**88**	92	96	100	100
Sales (MT)	**617,895**	492,432	511,143	504,317	521,719

We profit from our principles

Profit Before Taxation

2012
RM2.38 BILLION

2011
RM2.86 Billion

Share Price

2012
RM5.19

2011
RM5.30

Market Capitalisation

2012
RM33.21 BILLION

2011
RM34.00 Billion

Earnings Per Share

2012
27.96 SEN

2011
34.75 Sen

Gross Dividend Per Share

2012
155.0%

2011
170.0%

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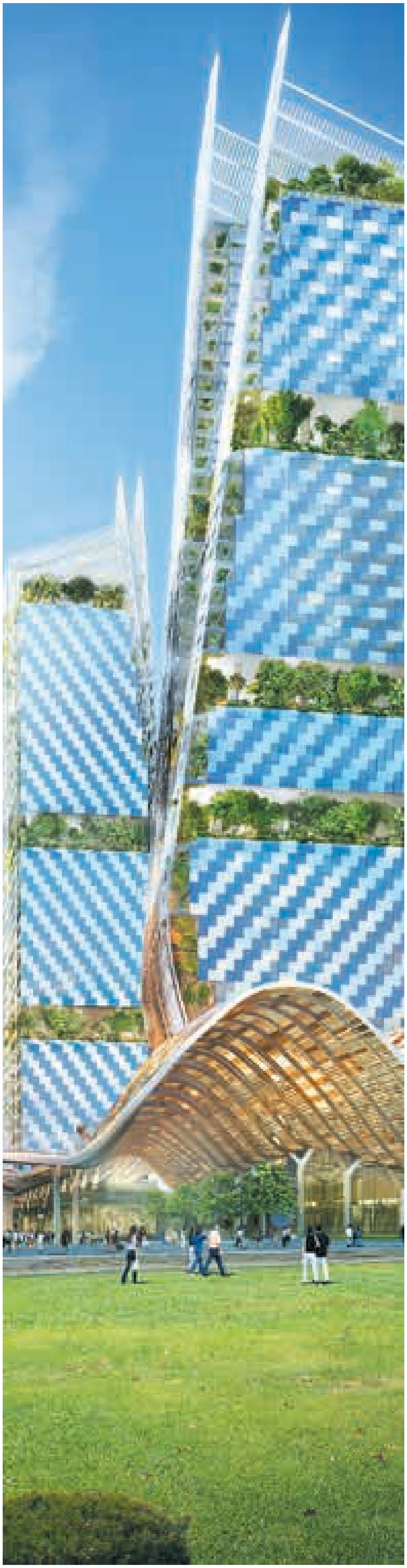


CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of IOI Corporation Berhad, it gives me great pleasure to present to you the Annual Report of the Company and the Group for the financial year ended 30 June 2012 ("FY2012").

OPERATING ENVIRONMENT

The financial year under review was a year where challenges on many fronts appeared. The environment was affected by the continuing economic crisis in the Eurozone and the global economic slowdown. All these have contributed to a lower global trade and investments.

In contrast, the sanguine Malaysian economy has remained buoyant throughout the financial year with the Malaysian economy registering a healthy growth rate of 5% per annum. Meanwhile, Bank Negara Malaysia ("BNM") held rates steady which augurs well for the economy, as it exhibits a balanced landscape. The external environment which is damp and gloomy is balanced by a growing domestic market.

Despite the slowing global economy, CPO prices have trended higher and are relatively stable year-on-year, supported by the growing demand for vegetable oils as well as emerging demand from the biofuel sector. In the domestic property scene, sales of properties at prime areas have been encouraging despite a cautious property market backdrop. Over at the Singapore property market, the Singapore government's introduction of the extra 10% stamp duty for foreign buyers has resulted in a lower demand for high-end properties.

REVIEW OF RESULTS

For FY2012, the Group's operating profit of RM2.4 billion was 16% lower than the previous year with reductions reported in all main business segments with the exception of our plantation division.

The plantation segment reported a 4% increase in operating profit to RM1,638.5 million for FY2012. The higher profit reported was due mainly to higher average CPO price realised of RM3,135/MT as compared to FY2011 average CPO price realised of RM2,945/MT. In addition, the better operating performance from our associate, Bumitama Agri Ltd ("BAL"), had also contributed to the plantation segment's operating results.

Overall, the property division registered a decline in operating profit for FY2012 at RM704.0 million against RM770.1 million for the year. After excluding non-operating gains and losses such as investment properties revaluation gain of RM165.0 million for FY2012 and RM93.1 million for FY2011 respectively and gain on disposal from disposal of investment properties for FY2011 amounting to RM62.7 million, the underlying operating profit eased by about 12% to RM538.3 million due to lower contributions from our Malaysia and Singapore property development. However, the property division achieved higher average sales value per unit as progress was made on marketing higher value properties although there was a decline in the total number of units sold during the year. On the whole, our performance is still considered satisfactory compared to the industry.

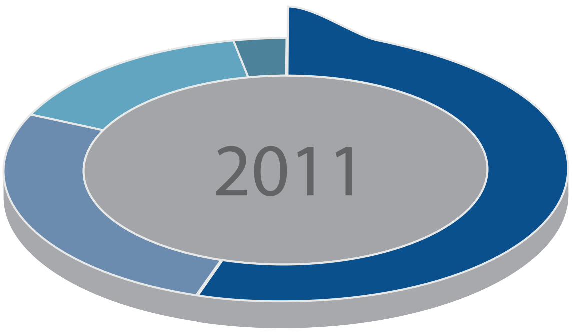
CONTRIBUTION TO SEGMENT RESULTS

Plantation
60%

Property
26%

Resource-based Manufacturing
11%

Others
3%



Plantation
55%

Property
27%

Resource-based Manufacturing
15%

Others
3%

The resource-based manufacturing division reported a profit of RM287.1 million for FY2012, 36% lower than the profit of RM446.0 million reported for FY2011. The division has reported a RM88.2 million loss on changes in fair value of derivative contracts for FY2012 whilst there was a fair value gain of RM6.4 million for FY2011. After excluding these fair value differences, the resource-based manufacturing division's profit reported a decline of RM64.3 million or 15% to RM375.3 million which is due to weaker performance from the refinery and specialty fats sub-segments, but partially offset by better performance from the oleochemical sub-segment. The weaker results were mainly attributed to stiff competition posed by the Indonesian resource-based manufacturers which have a cost advantage due to Indonesia's preferential export duty tariff structure. Despite the shortcoming on the results, it is still considered satisfactory given the challenging environment the Group has to operate in.

The Group's pre-tax profit of RM2,379.0 million was 17% lower than the results achieved in the previous year whilst net earnings declined by 20% to RM1,789.4 million. Apart from the effects from the aforementioned, the decline was also caused by translation loss on its foreign-currency denominated borrowings amounting to RM327.1 million as opposed to a translation gain of RM215.4 million from the previous year. The translation loss is however partially mitigated by a gain of RM124.5 million due to dilution of interest in our associate company, BAL, as a result of BAL's listing exercise on the Singapore Stock Exchange ("SGX"). After excluding the translation gain and loss on foreign-currency denominated borrowings, gain from changes in interest in BAL, and other one-off items from both financial years, the normalised pre-tax profit for the Group would be 2% lower and the net profit would be similar to the previous year.

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

Right: *Currently, 80% to 90% of IOI Group's plantations are planted with high yielding oil palm clones produced in the Tissue Culture Laboratory.*

CORPORATE DEVELOPMENTS

On the plantation front, a notable achievement for the Group was the successful listing of our associate company, BAL, on the SGX on 12 April 2012. BAL, with interest in over 92,000 hectares of planted area and six palm oil mills in Indonesia, had priced their shares at an initial issue price of SGD74.5 sen per share. Since the listing, BAL's share price has performed remarkably well. It has appreciated by approximately 53% to SGD1.14 per share as at 14 September 2012.

In our property business, the Group has made another significant acquisition in Singapore during the year. The Group had successfully tendered for a piece of prime land measuring 2.4 hectares at the Clementi area at a sum of approximately SGD408 million. This land, which is earmarked for mid-end condominium development, is well located with proximity to public amenities such as Clementi MRT Station, Clementi mall as well as several popular schools and polytechnics.

As for our downstream manufacturing business, our lipid enzymtec plant located within the Group's Pasir Gudang complex was completed during the year. This lipid enzymtec plant will provide the Group with competitive advantage in terms of quality and cost for our global specialty fats operation and closer proximity to the still vibrant emerging economies of China and East Asia. In line with our strategy of going into more specialised oleochemicals business in the foods, pharmaceuticals and cosmetics segments, our wholly owned subsidiary, Esterchem (M) Sdn Bhd, has embarked on an expansion of its fatty esters production capacity in Prai, Penang, by another 20,000 MT per annum. This expansion project, which has been identified by the Government as an Economic Transformation Programme ("ETP") Project, is expected to be completed by mid-2013.

On the Corporate front, another notable achievement for the Group was the establishment of the Euro Medium Term Note Programme ("EMTN Programme") with an initial programme size of up to USD1.5 billion. The establishment of this EMTN Programme provides the Group with further avenue to tap into the liquidity of the international debt capital markets. Subsequently, on 27 June 2012, the Group successfully issued a USD600 million 10-year Notes at an attractive fixed rate of 4.375% per annum. The proceeds from this issuance will serve as cash reserve for the Group's future expansion plans including potential acquisition opportunities, working capital and for repayment of its existing borrowings.

Bottom: *IOI Oleochemical Division invested RM130 million to expand its current fatty esters production facilities at Prai, Penang.*

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Being a founding member of the Roundtable on Sustainable Palm Oil ("RSPO"), the Group is committed to operate on a multi-stakeholder format which involves strict principles and criteria covering the social and environmental requirements for the production and use of sustainable palm oil. To date, all of IOI Group's mills and estates in Peninsular Malaysia have successfully attained the RSPO Certification whilst in East Malaysia, four of our mills and their supply bases have been certified. The Group's pursuit of sustainability also extends to its efforts to have its plantation and oil palm milling operations certified for lower emission of greenhouse gas with proper utilisation of their biomass by products. Presently, seven of the Group's palm oil mills and their supply estates have also been certified by the International Standard for Carbon Certification ("ISCC") in Germany.

Education continues to be an integral agenda for the Group as the Group continues to support deserving students who excel in their education. Through Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"), a charitable foundation fully funded by the Group, scholarships and grants are provided to high achievers. Underprivileged students and schools are adopted whilst facilities are sponsored to provide or improve infrastructure and education needs for students. The Group is also actively involved in community projects with our partners such as HUMANA and World Vision Malaysia to provide basic education and care to children of foreign plantation workers in Sabah as well as to the native children in Sarawak.

A detailed review of the Group's numerous sustainability measures and corporate social responsibility initiatives are covered in the "Sustainability and Corporate Social Responsibility" section.

DIVIDENDS AND CAPITAL MANAGEMENT

Two interim dividends totalling 15.5 sen per ordinary share amounting to a total payout of approximately RM992 million were declared for FY2012. The dividends represented an approximately 55% distribution of the Group's net profit attributable to shareholders which is higher than FY2011 dividend payout ratio of 49%.

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 28,941,100 ordinary shares of the Company from the open market at an average price of RM4.82 per share, representing 0.5% 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 2012 stood at RM4.36 billion, and a net gearing ratio of 30%.

PROSPECTS

FFB production volume from our estates is expected to rise in FY2013 barring any unfavourable weather conditions. The areas replanted with new clonal palm seedlings are expected to spur the continued rise in FFB production on a long-term horizon. The Group is optimistic that its investment in BAL will contribute handsomely to Group profits in the years to come. As for the Group's directly owned plantations in Indonesia, with the recent planting permit approval, the Group will be able to embark on a more aggressive planting programme. While price competitiveness with other edible oils remains an area which is beyond control by any industry player, demand for palm oil should remain strong as consumption increases in select emerging economies coupled with the general global population growth.

The Malaysian property market outlook is expected to remain positive especially in the landed property segment. With the Group's proven track record in township development as well as the good location of our townships, we are confident that the Group will perform better in FY2013. As for our development projects in Singapore, the continued resilient performance of the mass market segment will ensure that the Group's more recent mass market projects continue to do well, although the high-end market segment is still affected by uncertainty in the global economic environment and cooling measures introduced by the Government of Singapore. Overall, the Group remains optimistic on the long-term prospects of its property development business. As part of the Group's strategy in boosting up its investment properties portfolio, the Group has embarked on its flagship project called IOI City Development comprising a mega shopping mall, two office towers and a hotel in Putrajaya. This new addition will provide the Group with stable recurring income as well as potential capital gains in the future.

The Group's resource-based manufacturing division continues to face margin pressures due to Indonesia's differential export duty structure. However, this segment should still perform satisfactorily due to resilient demand from the food industry for specialty oils and fats and the established multinational customer base enjoyed by both our specialty fats and oleochemical business.

ACKNOWLEDGMENTS

Despite the many challenges faced, the Group has performed satisfactorily during the year under review. I wish to express my personal gratitude and appreciation to our Management and all our employees for their contribution, dedication and loyalty throughout these challenging times. In addition, I would like to take the opportunity to extend a warm welcome to Mr Cheah Tek Kuang, who was appointed to the Board effective from 22 August 2012.

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

Top: *The environmental-friendly South Beach development in Singapore was accorded two Building & Construction Authority ("BCA") Green Mark Platinum Awards for its Residential and Commercial components.*

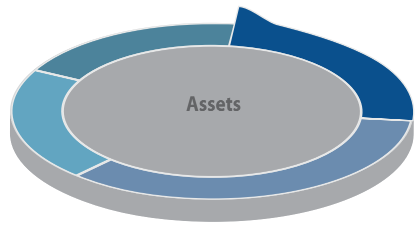
Bottom: *An artist's impression of IOI City Mall; a main component of the 36-acre IOI City Development located within IOI Resort City, Putrajaya.*

GROUP FINANCIAL OVERVIEW

CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012
RM MILLION

Net operating cash flow	2,132
Capital expenditure, net of disposal	(397)
Free cash flow from operation	1,735
Proceeds from issuance of shares	34
Proceeds from disposal of investments, net of payments for other investments	90
Investment in development land bank	(1,204)
Payment to jointly controlled entities	(237)
Advances from non-controlling interests	130
Interest paid	(198)
Share repurchases by the Company	(140)
Dividend payments	
– Shareholders of the Company	(1,023)
– Shareholders of subsidiaries	(12)
Cash outflow in net borrowings	(825)
Accretion of term loans	(2)
Fair value changes of exchangeable bonds	33
Accretion of guaranteed notes	(1)
Net increase in net borrowings	(795)
Net borrowings as at 30.06.11	(2,612)
Translation difference	(354)
Net borrowings as at 30.06.12	(3,761)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012
RM MILLION

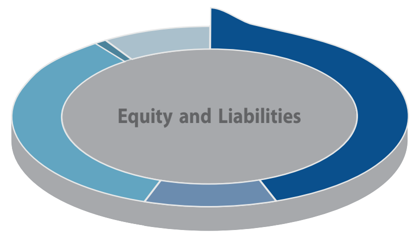


Property, plant & equipment
5,714

Other long term assets
8,165

Other current assets
4,825

Cash & cash equivalents (A)
4,361



Retained earnings
10,197

Share capital & other reserves
2,431

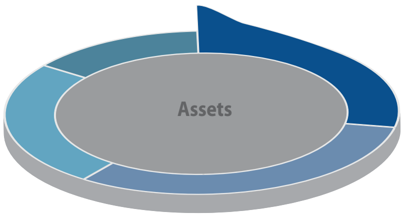
Borrowings (B)
8,122

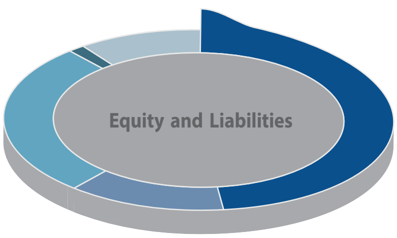
Non-controlling interests
288

Other liabilities
2,027

NET BORROWINGS = (B)-(A) = RM3,761 MILLION
NET GEARING = 30%

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011
RM MILLION





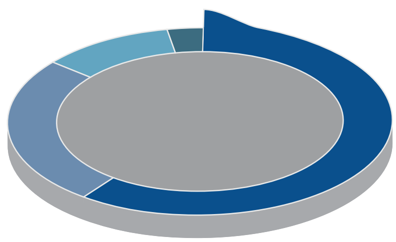
NET BORROWINGS = (D)-(C) = RM2,612 MILLION

NET GEARING = 22%

RETAINED EARNINGS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012
RM MILLION

Segment results	2,707
Unallocated corporate expenses	(187)
Profit before interest and taxation	2,520
Net interest expenses	(142)
Profit before taxation	2,378
Taxation	(550)
Profit for the financial year	1,828
Less: Attributable to non-controlling interests	(39)
Profit for the financial year attributable to owners of the parent	1,789
Dividend paid	(1,023)
Termination of share options in a subsidiary	4
Changes in equity interest in subsidiaries	1
Retained earnings for the financial year	771
Retained earnings as at 30.06.11	9,426
Retained earnings as at 30.06.12	10,197

CONTRIBUTION TO SEGMENT RESULTS
RM MILLION



Segment results: RM2,707 million

GROUP PERFORMANCE HIGHLIGHTS

	2012 RM'000	2011 RM'000	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**15,640,272**	16,154,251	(3)
Profit before interest and taxation	**2,520,282**	2,986,381	(16)
Profit before taxation	**2,378,961**	2,863,612	(17)
Net operating profit after taxation ("NOPAT")	**1,971,846**	2,417,949	(18)
Net profit attributable to owners of the parent	**1,789,370**	2,222,899	(20)
Average shareholders' equity	**12,313,550**	11,389,679	8
Average capital employed	**19,875,503**	17,229,164	15
Operating margin (%)	**15.13**	17.43	(13)
Return on average equity (%)	**14.53**	19.52	(26)
NOPAT/Average capital employed (%)	**9.92**	14.03	(29)
Basic earnings per share (sen)	**27.96**	34.75	(20)
Dividend per share - gross (sen)	**15.5**	17.0	(9)
Net assets per share (sen)	**197**	187	5
Dividend cover (number of times)	**1.80**	2.04	(12)
Interest cover (number of times)	**13.45**	17.85	(25)
PLANTATION PERFORMANCE			
FFB production (MT)	**3,185,878**	3,295,473	(3)
Yield per mature hectare (MT)	**23.18**	23.70	(2)
Mill production (MT)			
Crude palm oil	**668,177**	686,917	(3)
Palm kernel	**164,235**	165,701	(1)
Oil extraction rate (%)			
Crude palm oil	**20.95**	20.88	0
Palm kernel	**5.15**	5.04	2
Average selling price (RM/MT)			
Crude palm oil	**3,135**	2,945	6
Palm kernel	**1,912**	2,241	(15)
Operating profit (RM/mature hectare)	**11,023**	11,075	(0)
PROPERTY PERFORMANCE			
Sales value	**856,319**	942,002	(9)
Sales (unit)	**1,412**	1,730	(18)
Average selling price	**606**	545	11
Revenue	**842,977**	971,630	(13)
Operating profit	**451,125**	509,876	(12)
Progress billings	**784,133**	986,272	(20)
MANUFACTURING PERFORMANCE			
OLEOCHEMICAL			
Plant utilisation (%)	**77**	82	(6)
Sales (MT)	**581,275**	618,960	(6)
REFINERY			
Plant utilisation (%)	**77**	72	7
Sales (MT)	**2,919,543**	2,640,091	11
SPECIALTY OILS AND FATS			
Plant utilisation (%)	**88**	92	(4)
Sales (MT)	**617,895**	492,432	25

GROUP QUARTERLY RESULTS

	1st Quarter RM'000	%	2nd Quarter RM'000	%	3rd Quarter RM'000	%	4th Quarter RM'000	%	FY 2012 RM'000	%
Revenue	4,147,619	26	4,165,860	27	3,579,283	23	3,747,510	24	15,640,272	100
Operating profit	425,849	18	752,584	32	666,569	28	521,512	22	2,366,514	100
Share of results of associates	29,381	24	39,382	33	17,482	14	34,788	29	121,033	100
Share of results of jointly controlled entities	3,017	9	13,247	41	12,221	37	4,250	13	32,735	100
Profit before interest and taxation	458,247	18	805,213	32	696,272	28	560,550	22	2,520,282	100
Interest income	13,233	27	10,673	21	10,791	22	15,071	30	49,768	100
Finance costs	(47,378)	25	(49,067)	26	(47,730)	25	(46,914)	24	(191,089)	100
Profit before taxation	424,102	18	766,819	32	659,333	28	528,707	22	2,378,961	100
Taxation	(151,302)	27	(174,766)	32	(110,097)	20	(114,267)	21	(550,432)	100
Profit for the financial year	272,800	15	592,053	32	549,236	30	414,440	23	1,828,529	100
Attributable to:										
Owners of the parent	258,096	14	577,674	32	551,958	31	401,642	23	1,789,370	100
Non-controlling interests	14,704	37	14,379	37	(2,722)	(7)	12,798	33	39,159	100
	272,800	15	592,053	32	549,236	30	414,440	23	1,828,529	100
Earnings per share (sen)										
Basic	4.02		8.99		8.59		6.25		27.96	
Diluted	3.68		8.97		8.55		6.23		27.88	
Profit before interest and taxation on segmental basis										
Plantation	557,086	34	462,317	28	303,249	19	315,801	19	1,638,453	100
Property development	103,029	21	146,073	30	110,095	23	124,663	26	483,860	100
Property investment	13,535	6	14,758	7	13,805	6	178,059	81	220,157	100
Manufacturing	33,161	12	124,212	43	89,105	31	40,640	14	287,118	100
Others	12,291	16	24,042	31	19,879	26	21,384	27	77,596	100
Segment results	719,102	27	771,402	28	536,133	20	680,547	25	2,707,184	100
Unallocated corporate (expenses)/income	(260,855)	140	33,811	(18)	160,139	(86)	(119,997)	64	(186,902)	100
Profit before interest and taxation	458,247	18	805,213	32	696,272	28	560,550	22	2,520,282	100

FINANCIAL CALENDAR

Financial Year End	**30 June 2012**
Announcement of Results	
1st Quarter	18 November 2011
2nd Quarter	23 February 2012
3rd Quarter	30 May 2012
4th Quarter	27 August 2012
Notice of Annual General Meeting	28 September 2012
Annual General Meeting	29 October 2012

Payment of Dividends

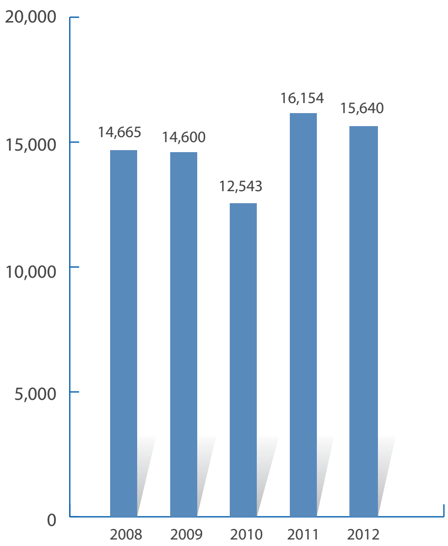
1st Interim	
Declaration	23 February 2012
Book Closure	16 March 2012
Payment	29 March 2012
2nd Interim	
Declaration	27 August 2012
Book Closure	26 September 2012
Payment	4 October 2012

FIVE-YEAR FINANCIAL HIGHLIGHTS

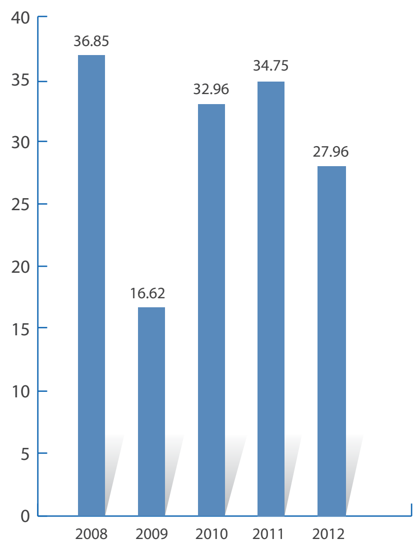
	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
RESULTS					
Revenue	**15,640,272**	16,154,251	12,542,962	14,600,474	14,665,369
Profit before taxation	**2,378,961**	2,863,612	2,550,633	1,550,117	3,095,197
Taxation	**(550,432)**	(573,099)	(485,517)	(486,943)	(683,010)
Profit for the financial year	**1,828,529**	2,290,513	2,065,116	1,063,174	2,412,187
Attributable to:					
Owners of the parent	**1,789,370**	2,222,899	2,035,661	983,517	2,231,632
Non-controlling interests	**39,159**	67,614	29,455	79,657	180,555
ASSETS					
Property, plant and equipment	**5,713,689**	5,677,476	5,434,932	5,410,865	5,309,829
Prepaid lease payments	**29,580**	30,007	29,506	31,676	31,773
Land held for property development	**1,858,899**	834,513	913,328	866,172	927,263
Investment properties	**1,326,712**	1,062,529	1,113,545	1,104,633	838,639
Other long term investments	**–**	–	29,783	23,131	26,198
Associates	**817,140**	668,074	572,223	536,492	542,071
Jointly controlled entities	**3,483,107**	3,099,132	1,549,245	1,436,763	1,515,878
Other assets	**650,121**	580,283	540,745	564,887	569,755
	13,879,248	11,952,014	10,183,307	9,974,619	9,761,406
Current assets	**9,185,620**	7,703,105	7,160,110	6,007,335	7,499,818
	23,064,868	19,655,119	17,343,417	15,981,954	17,261,224
EQUITY AND LIABILITIES					
Share capital	**642,725**	641,603	667,552	624,680	613,788
Reserves	**11,985,198**	11,357,574	10,112,629	7,721,610	7,777,573
	12,627,923	11,999,177	10,780,181	8,346,290	8,391,361
Non-controlling interests	**287,980**	262,221	289,292	426,156	965,117
Total equity	**12,915,903**	12,261,398	11,069,473	8,772,446	9,356,478
Non-current liabilities	**7,946,466**	5,105,693	4,841,310	5,932,356	5,494,836
Current liabilities	**2,202,499**	2,288,028	1,432,634	1,277,152	2,409,910
Total liabilities	**10,148,965**	7,393,721	6,273,944	7,209,508	7,904,746
	23,064,868	19,655,119	17,343,417	15,981,954	17,261,224
Net operating profit after tax ("NOPAT")	**1,971,846**	2,417,949	2,230,994	1,236,314	2,553,500
Average shareholders' equity	**12,313,550**	11,389,679	9,563,236	8,368,826	8,065,310
Average capital employed [1]	**19,875,503**	17,229,164	15,611,863	15,426,081	14,366,209
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**27.96**	34.75	32.96	16.62	36.85
Gross dividend per share (sen)	**15.5**	17.0	17.0	8.0	17.0
Net assets per share (sen)	**197**	187	169	140	140
Return on average equity (%)	**14.53**	19.52	21.29	11.75	27.67
NOPAT/Average capital employed (%)	**9.92**	14.03	14.29	8.01	17.77
Net debt/Equity (%) [2]	**29.78**	21.77	8.16	37.08	36.65

1 *Average capital employed comprises shareholders' equity, non-controlling interests, long term liabilities, short term borrowings and deferred taxation.*
2 *Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.*

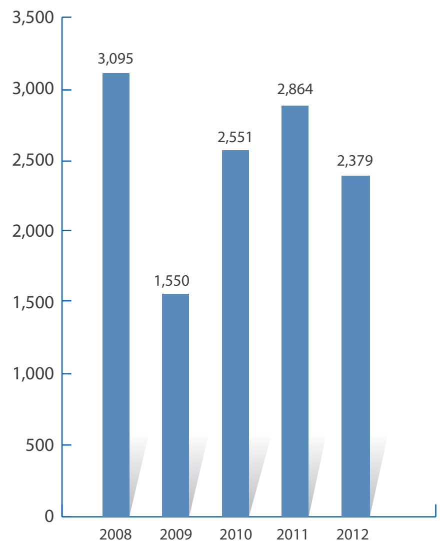
REVENUE
RM MILLION



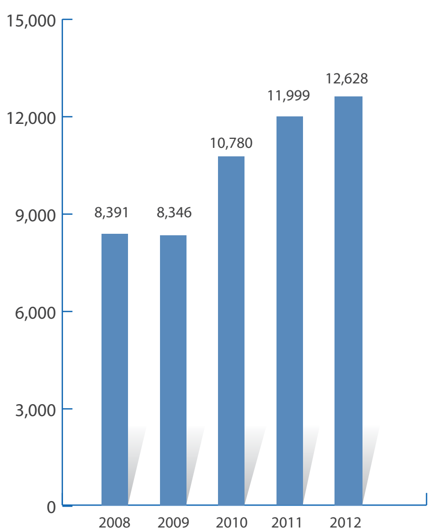
EARNINGS PER SHARE
SEN



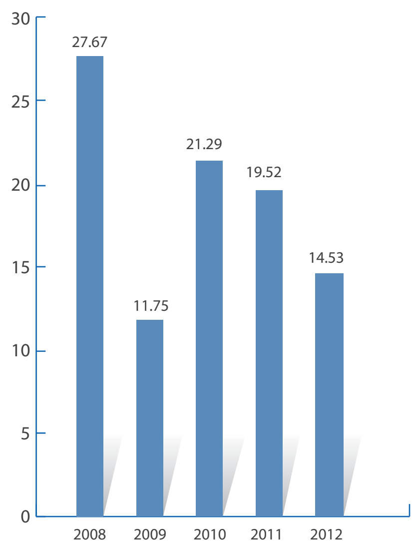
PROFIT BEFORE TAXATION
RM MILLION



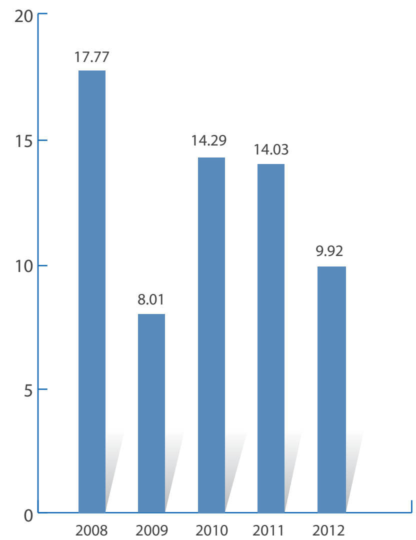
SHAREHOLDERS' EQUITY
RM MILLION



RETURN ON AVERAGE EQUITY
%

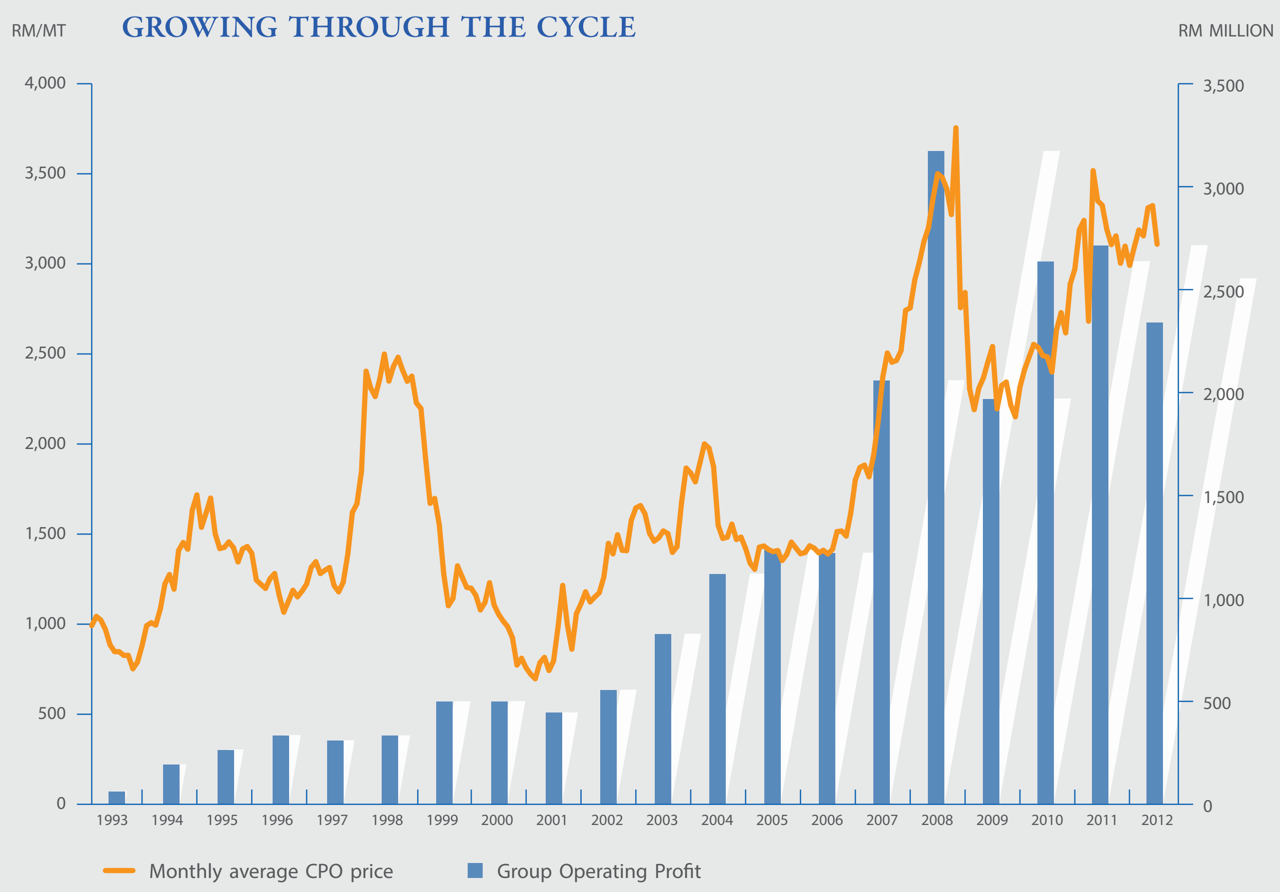


NOPAT/AVERAGE CAPITAL EMPLOYED
%



MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Financial Review



Right: *Precision in employing modern technology to deliver superior product and service quality.*

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

		2012	2011	Change %
Profit before interest and taxation ("EBIT")	RM million	**2,520.3**	2,986.4	(16)
Pre-tax earnings	RM million	**2,379.0**	2,863.6	(17)
Net earnings	RM million	**1,789.4**	2,222.9	(20)
Return on average equity ("ROE")	%	**14.5**	19.5	(26)
Return on average capital employed ("ROCE")	%	**9.9**	14.0	(29)
Net operating profit after taxation ("NOPAT")	RM million	**1,971.8**	2,417.9	(18)
Economic profit	RM million	**465.0**	713.4	(35)
Total return to shareholders				
– Gross dividend (per RM0.10 share)	sen	**15.5**	17.0	(9)
Net cash flow generated from operation	RM million	**2,131.6**	909.7	134
Net gearing	%	**29.8**	21.8	37

FINANCIAL HIGHLIGHTS AND INSIGHTS

- At Group level, the results for FY2012 versus FY2011 is 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:

	2012 RM million	Mix %	2011 RM million	Mix %	Change %
Plantation	**1,638.5**	**65**	1,575.8	53	4
Downstream manufacturing	**287.1**	**11**	446.0	14	(36)
Palm oil - Total	**1,925.6**	**76**	2,021.8	67	(5)
Property	**704.0**	**28**	770.1	26	(9)
Others (unallocated)	**(109.3)**	**(4)**	194.5	7	(156)
EBIT	**2,520.3**	**100**	2,986.4	100	(16)

- Plantation segment's EBIT increased by 4% to RM1,638.5 million, contributed by higher average CPO price realised.

- The downstream manufacturing segment's EBIT decreased by 36% to RM287.1 million. The lower profit is due mainly to fair value differences on derivative contracts as well as weaker performance from the refinery and specialty fats sub-segments.

- The property segment registered a drop of 9% in EBIT to RM704.0 million, mainly due to slower sales take up rates and lower gain arising from disposal of investment properties amounting to RM0.7 million (FY2011 – RM62.7 million), in spite of higher fair value gain on investment properties amounting to RM165.0 million (FY2011 – RM93.1 million).

- The "unallocated segment" in respect of both financial years comprises primarily the gain or loss on translation difference on foreign currency denominated borrowings with loss of RM327.1 million and gain of RM215.4 million registered in FY2012 and FY2011 respectively. The results were however moderated by net fair value gain on financial instruments of RM72.7 million (FY2011 – loss of RM83.2 million) and net gain on changes in interests in associates of RM115.3 million (FY2011 – nil).

- **Pre-tax Earnings** decreased by 17% over the last financial year. Apart from the decrease in EBIT as explained in the foregoing paragraphs, the decrease was also due to higher finance costs incurred, offset by lower tax expenses during the financial year.

- At the **Net Earnings level**, profit attributable to owners of the parent decreased by 20% to RM1.79 billion.

- For FY2012, the Group recorded a **Return on Equity ("ROE")** of 14.5% based on an average shareholders' equity of RM12.31 billion (FY2011 – RM11.39 billion), down from 19.5% for the previous financial year due mainly to decrease in net earnings.

- The **Return on Average Capital Employed ("ROCE")** decreased to 9.9% for FY2012, down from 14.0% for FY2011. This was due to lower NOPAT as well as increase in capital employed.

- 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) program and a continuous review and adjustment of the Group's debt gearing ratio having regard to maintaining stable credit ratings.

  Equity reduction for purpose of capital management included the following:

	2012 RM million	2011 RM million
Total dividend	**991.7**	1,088.7
Share buy-back	**139.6**	–
Total equity repayments	**1,131.3**	1,088.7
% of net earnings for the financial year	**63%**	49%

  The Group targets an average equity payout of not less than 50% of net earnings.

- The Group generated an **Operating Cash Flow** of RM2,131.6 million for FY2012 against RM909.7 million for the previous financial year. Similarly, **Free Cash Flow** increased from RM528.4 million to RM1,734.9 million in line with the stabilisation of working capital requirements.

- For FY2012, the Group spent a total of RM399.8 million (FY2011 – RM399.7 million) for **Capital Expenditure ("Capex")**.

- The Group's **Shareholders' Equity** as at 30 June 2012 stood at RM12.6 billion, an increase of RM0.6 billion or 5% over previous financial year. The increase was mainly due to net earnings for the financial year of RM1.79 billion after netting off dividend payment of RM1.02 billion.

- The Group's **Net Interest Cover** was 13.5 times (FY2011 – 17.9 times).

- 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 RM465.0 million for FY2012 as compared to RM713.4 million for FY2011. The decrease is due to a lower NOPAT of RM1,971.8 million (FY2011 – RM2,417.9 million). The WACC for FY2012 registered a decrease over last financial year at 7.6% (FY2011 – 9.9%).

- The lower WACC for the financial year just ended was due principally to a lower cost of equity as a result of lower market risk premium.

RETURNS TO SHAREHOLDERS

Two interim dividends totalling 15.5 sen per ordinary share amounting to a total payout of approximately RM991.7 million were declared for FY2012. The dividends represent an approximately 55% distribution of the Group's net profit attributable to owners of the parent, which is slightly higher than the dividend payout ratio in FY2011.

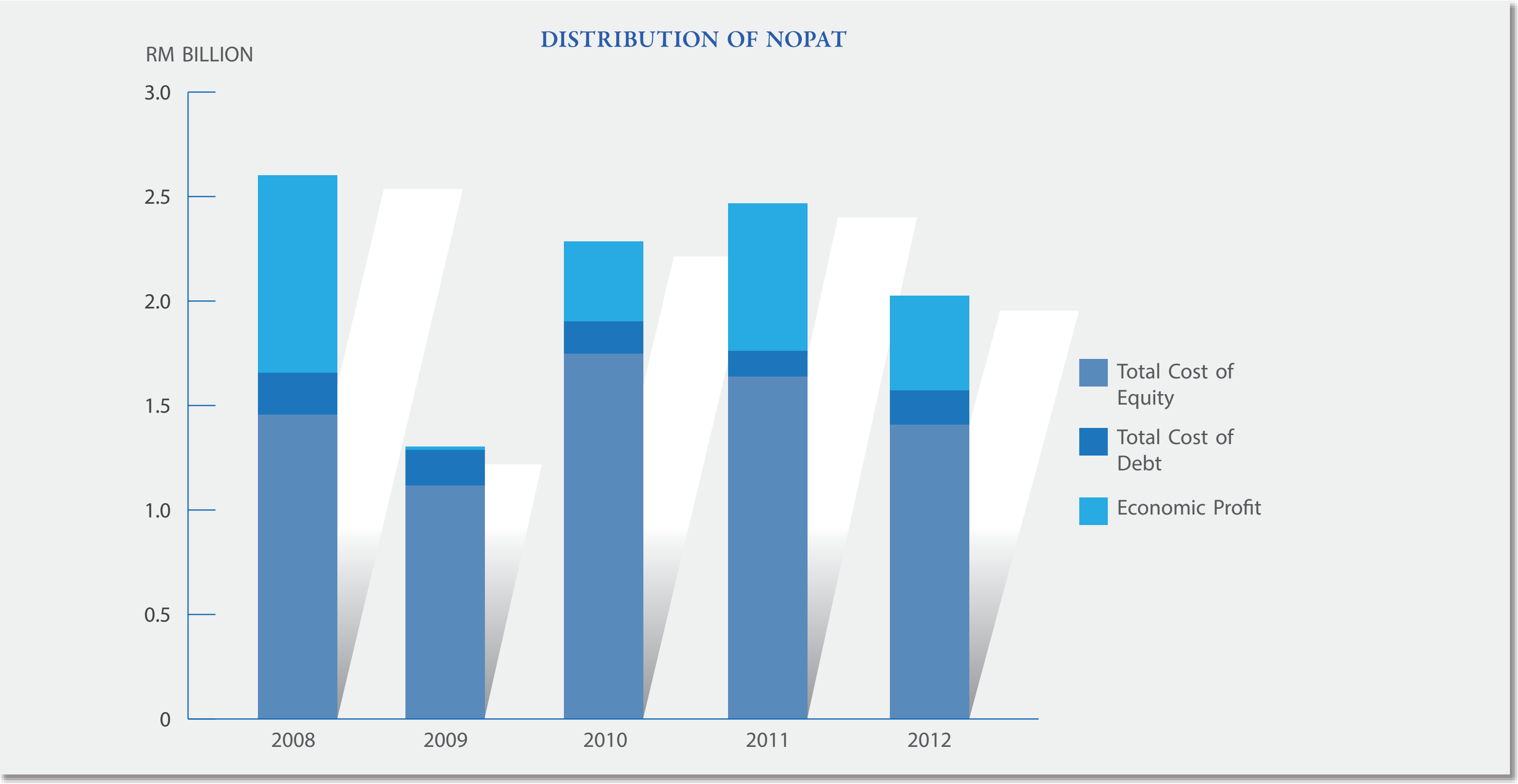
If a shareholder had bought 1,000 ordinary shares in the Company when it was listed in 1980 and assuming the shareholder had subscribed for all rights issues to date and had not sold any of the shares, he would have as at 30 June 2012, 76,000 ordinary shares of RM0.10 each worth RM394,440 based on a share price of RM5.19. The appreciation in value together with the dividends received less capital outlay translates to a remarkable compounded annual rate of return of 21.1% for each of the 32 years since the Company was listed.

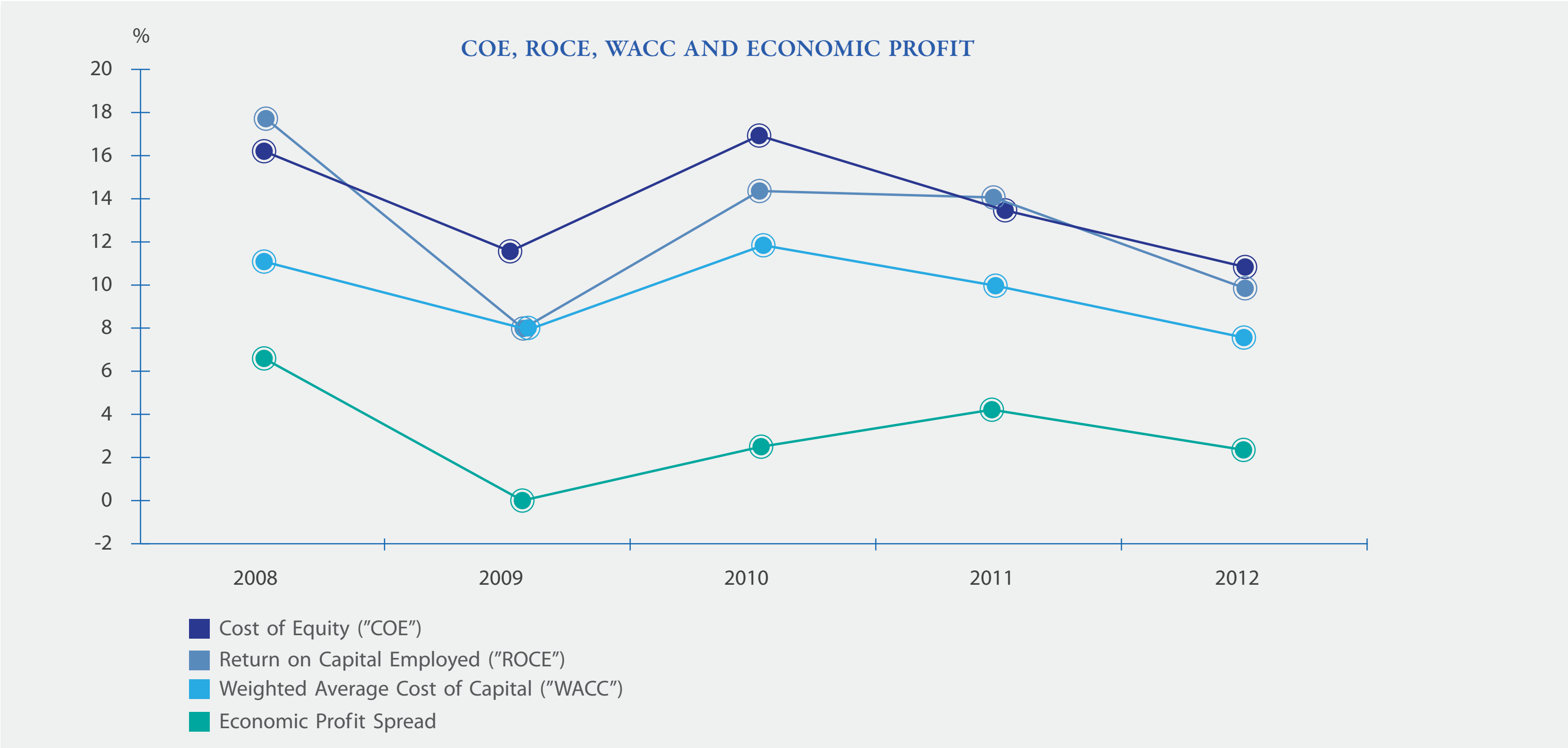
The Company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2012 stood at RM4.4 billion, and a net gearing ratio of 30%.

FIVE-YEAR PROFIT TREND

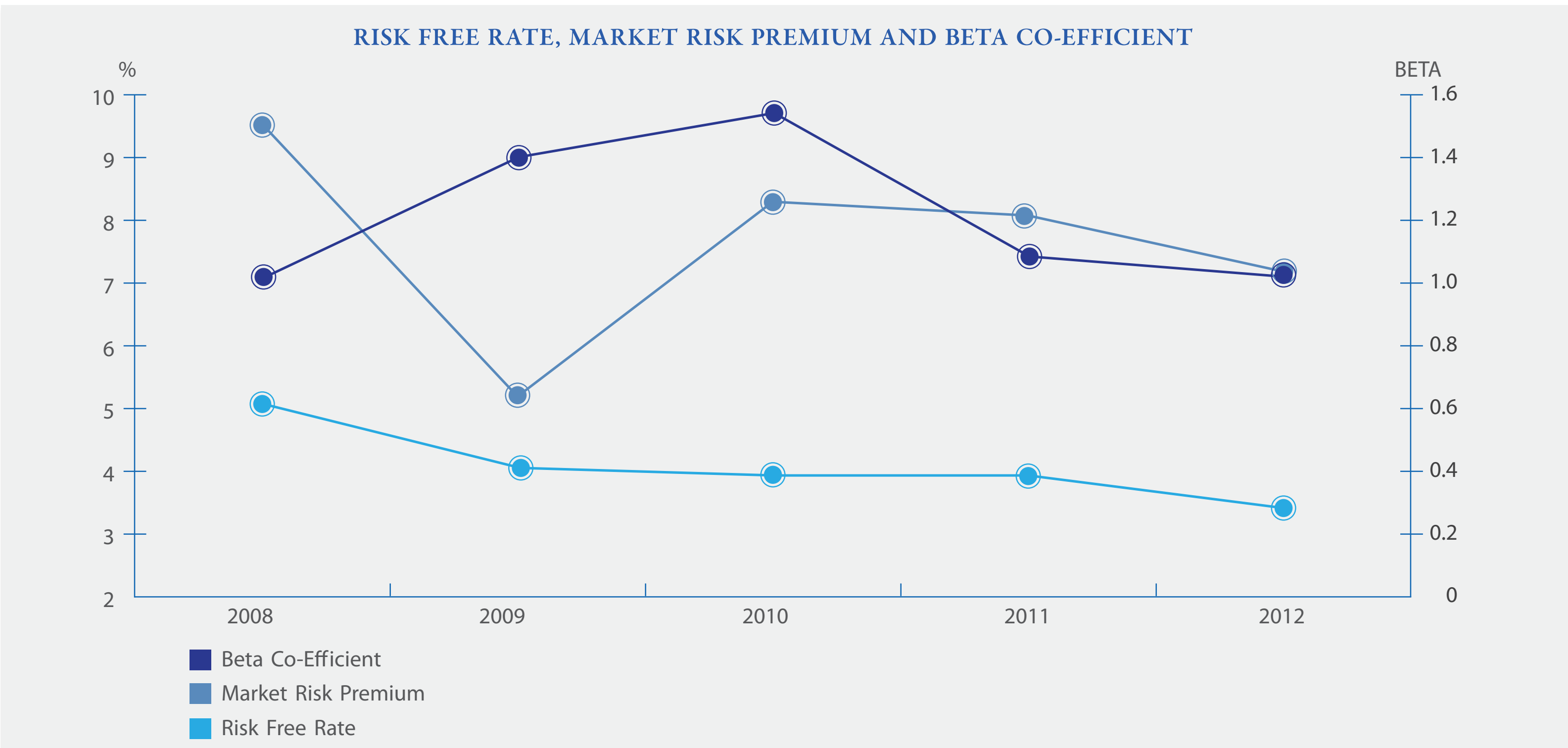
An analysis on the distribution of the Group's NOPAT between cost of debt, cost of equity and economic profit.

RM'000	2008	2009	2010	2011	**2012**
Economic Profit	955,845	15,211	386,620	713,404	**465,001**
Total Cost of Debt	141,313	173,140	165,878	127,436	**143,317**
Total Cost of Equity	1,456,342	1,047,963	1,678,496	1,577,109	**1,363,528**
NOPAT	2,553,500	1,236,314	2,230,994	2,417,949	**1,971,846**



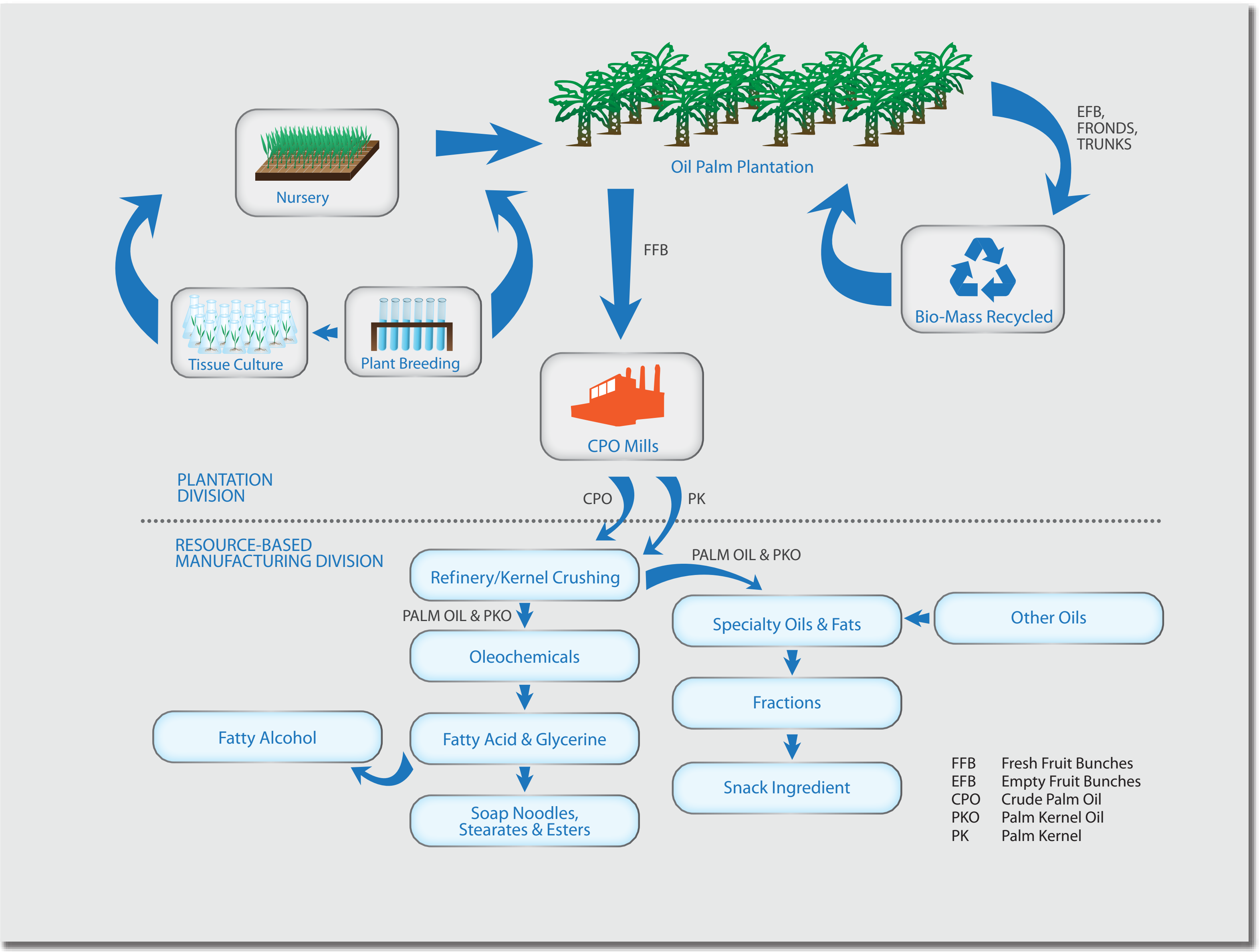


The computations of COE, ROCE and Economic Profit were based on the following parameters:



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 2012, approximately 94% (FY2011 – 87%) of our plantation revenue of RM2,492.5 million 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:



PLANTATION

Achievements in productivity are the result of years of concerted effort and commitment to good plantation management practices. As one of the world's top palm oil producers, we are dedicated to improve our fresh fruit bunches (FFB) yields, oil and kernel extraction rates, and overall efficiency of our plantation division. Our progressive efforts in tissue culture research, leading to cultivation of clonal palms with superior traits, also augur well for the future.


Aerial view of
Pukin Estate, Pahang.


Ripe oil palm fruits.


Nurturing high yielding
clones for boosting
productivity.

PLANTATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review – Plantation

Above: Loose oil palm fruits ripe for processing.

As at 30 June 2012, the Group's total planted area stood at 158,881 hectares (FY2011 – 158,174 hectares) with approximately 99% of the estates' planted area planted with oil palm.

The Group has 82 estates, unchanged from the previous financial year and the total oil palm planted area as at the end of the financial year under review stood at 157,752 hectares, an increase of 707 hectares from the previous financial year. Approximately 65% of the Group's oil palm plantation holdings are in East Malaysia, 29% in Peninsular Malaysia and the remaining 6% 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 are continuing our in-depth research efforts, including research on oil palm molecular marker and international collaborations on palm genome research. We believe that this helps to ensure the high yields of our oil palms and sustainability of our oil palm business.

The yields of oil palms also depends 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.

Previous page: *Estate worker loading FFB in Pukin Estate, Pahang.*

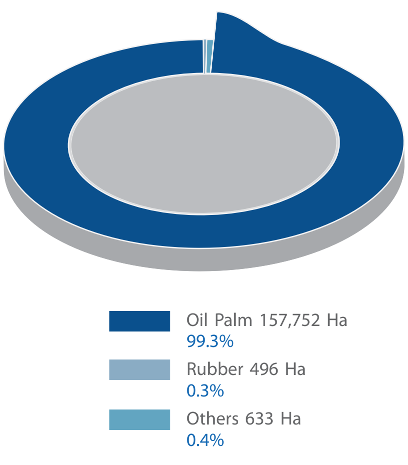
Left: *Harnessing biotechnology for innovation and value creation.*

PLANTATION STATISTICS

CROP STATEMENT

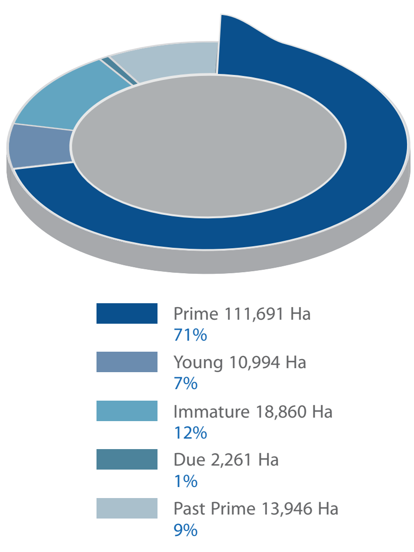
	2012	2011	2010	2009	2008
Oil Palm					
Average mature area harvested (hectare)	**137,455**	139,072	139,352	139,323	138,647
FFB production (tonne)	**3,185,878**	3,295,473	3,405,090	3,626,776	3,957,281
Yield per mature hectare (tonne)	**23.18**	23.70	24.44	26.03	28.54
Mill production (tonne)					
Crude palm oil	**668,177**	686,917	732,275	777,310	848,119
Palm kernel	**164,235**	165,701	170,876	182,075	199,347
Oil extraction rate (%)					
Crude palm oil	**20.95**	20.88	21.53	21.38	21.38
Palm kernel	**5.15**	5.04	5.02	5.01	5.02
Average selling price (RM/tonne)					
Crude palm oil	**3,135**	2,945	2,372	2,831	2,865
Palm kernel	**1,912**	2,241	1,229	1,279	1,706
Operating profit (RM/mature hectare)	**11,023**	11,075	8,148	11,448	13,347
Rubber					
Mature area tapped (hectare)	**–**	–	–	200	430
Rubber production ('000 kg)	**–**	–	–	449	1,243
Yield per mature hectare (kg)	**–**	–	–	2,243	2,890
Average selling price (RM/kg)	**–**	–	–	3.78	3.71
Operating profit (RM/mature hectare)	**–**	–	–	8,470	11,000

CROP MIX



Total Planted Area = 158,881 Ha

OIL PALM HECTARAGE BY AGE

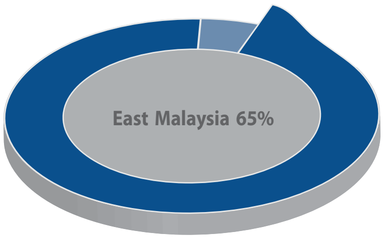


Total Oil Palm Area = 157,752 Ha

AREA STATEMENT

In Hectares	2012	2011	2010	2009	2008
Oil Palm					
Mature	**138,892**	139,582	138,675	139,597	139,097
Immature	**18,860**	17,463	16,034	11,334	10,348
	157,752	157,045	154,709	150,931	149,445
Rubber					
Mature	**–**	–	–	–	274
Immature	**496**	496	438	438	278
	496	496	438	438	552
Others	**633**	633	632	622	397
Total planted area	**158,881**	158,174	155,779	151,991	150,394
Nursery	**129**	126	148	119	108
Estate under development	**2,454**	3,801	4,694	2,893	1,118
Housing project	**1,242**	1,242	1,242	1,244	1,260
Labour lines, buildings sites and infrastructure	**17,294**	16,631	17,021	16,733	16,489
Total area	**180,000**	179,974	178,884	172,980	169,369

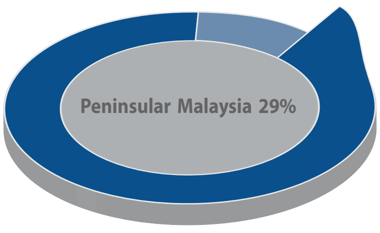
OIL PALM HECTARAGE BY REGION



Mature 97,296 Ha
95%

Immature 5,071 Ha
5%

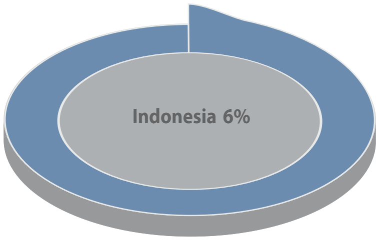
Total Oil Palm Area = 102,367 Ha



Mature 41,596 Ha
89%

Immature 5,017 Ha
11%

Total Oil Palm Area = 46,613 Ha



Immature 8,772 Ha
100%

Total Oil Palm Area = 8,772 Ha

OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.186 million MT of FFB, about 3.3% lower than the previous year mainly due to unfavourable weather conditions and shortage of workers.

The average FFB yield per mature hectare for FY2012 was also approximately 2% lower compared to previous financial year. With lower FFB yield for FY2012 at 23.18 MT (FY2011 – 23.70 MT) per mature hectare and slightly higher oil extraction rate of 20.95% (FY2011 – 20.88%), the average CPO yield has decreased to 4.86 MT per mature hectare as compared to a yield of 4.95 MT per mature hectare for FY2011.

The Group's best performing estate was Luangmanis Estate in Sabah which achieved a yield of 6.71 MT of CPO per hectare for FY2012.

The number of estates that managed to achieve oil yields of more than 6 MT per mature hectare has increased from 4 estates in FY2011 to 5 estates for the financial year under review.

For FY2012, the Group's plantation division recorded an operating profit of RM1,548.2 million, an increase of 3.4% from FY2011's RM1,497.8 million. The increase in profit was due mainly to higher CPO price realised of RM3,135/MT (FY2011 – RM2,945/MT), moderated by lower FFB production.

Cess and tax incurred

	2012	2011
	RM'000	RM'000
MPOB cess	**8,687**	8,931
Windfall profit levy	**21,168**	9,898
Sabah sales tax	**104,288**	109,727
	134,143	128,556

Above: *FFB being delivered to the mill.*

Right: *Estate worker harvesting FFB with a chisel.*

Above: Buffaloes are used to assist estate workers in collecting FFB.

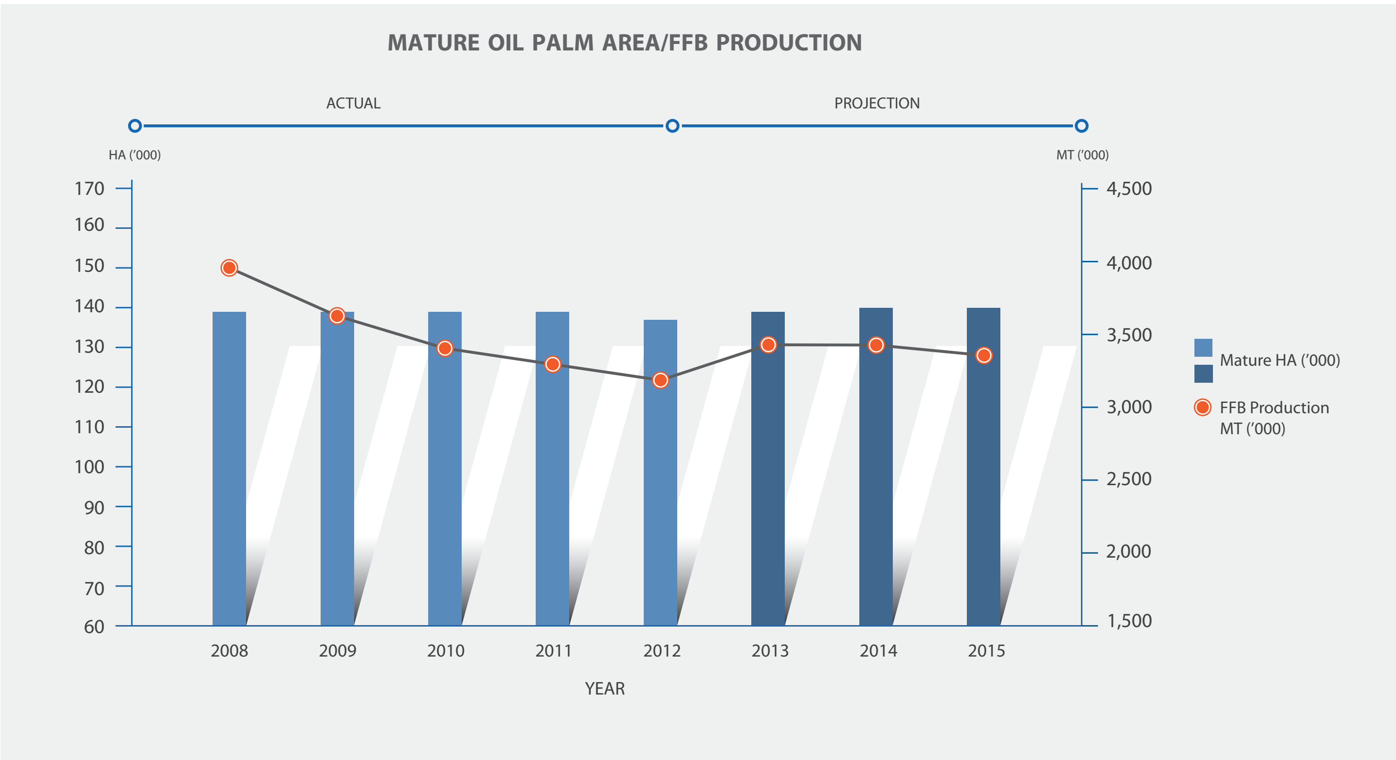
Operating profit per mature hectare of oil palm decreased marginally to RM11,023 per hectare for the financial year under review as compared to RM11,075 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM84.3 million for FY2012 as compared to RM83.2 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, RM55.0 million was charged out to the income statement for FY2012 compared to RM38.9 million for the previous financial year.

For FY2012, we have replanted 5,000 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 activity in Indonesia, we have planted 8,772 hectares to-date and we target to plant about 8,000 hectares per year in the next 3 years.

OUTLOOK & PROSPECTS

The plantation division is expected to continue to face challenging times ahead especially on manpower constraints, pressure on increasing operating costs and extreme weather. In light of these challenges, the oil palm industry is expected to perform well supported by resilient demand from the food sector, price competitiveness over other edible oils, higher consumption in emerging markets and insufficient world production of vegetable oils, partly due to climatic conditions.



RESOURCE-BASED MANUFACTURING

The success of our resource-based manufacturing division complements our palm oil business. Leading the way in refining of palm oil, manufacturing of oleochemicals, specialty oils and fats; our state-of-the-art manufacturing facilities in Malaysia, the Netherlands, USA and Canada ensure a steady stream of innovative and value-added products are introduced to boost the growth in our global palm oil business.

IOI Lipid Enzymtec Plant at Pasir Gudang, Johor.

Creative Studio at IOI Loders Croklaan Europe.

Refined palm oil is vigorously laboratory-tested to ensure it is of high quality.

RESOURCE-BASED MANUFACTURING

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review – 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 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.

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.

***Previous page:** A view of IOI Oleochemical's manufacturing plant in Prai, Penang.*

***Top:** A lab assistant carrying out testing to ensure the refined palm oil is of high quality.*

***Left:** IOI Loders Croklaan Europe's new, cutting-edge refinery at Rotterdam is a significant breakthrough in innovation and sustainability.*

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 the Pan-Century group of companies. With a combined total capacity of 710,000 MT, the oleochemical sub-segment is one of the leading vegetable-based oleochemical producers in the world. Esterchem (M) Sdn Bhd, a wholly-owned subsidiary of IOI Oleochemical Industries Berhad, is expanding its fatty esters production capacity by another 20,000 MT per annum to come on stream by mid-2013.

__Top:__ The robotic automation system at IOI Oleochemical, Prai, increases production efficiency.

__Left:__ Drumming of refined glycerine in Good Manufacturing Practice (GMP) environment.

__Right:__ Quality Control (QC) personnel taking sample of raw materials.

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 and are 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 has manufacturing operations in the Netherlands, USA, Malaysia, and Canada, and sales offices in eight other countries with sales to more than 85 countries worldwide. It has one of the most developed specialty oils and fats technology base in the industry with a corporate history tracing back to 1891, and is a global market leader in its field.

The specialty oils and fats business of IOI Loders Croklaan consists of supplying fractionated oils, mainly coating fats (Coberine®, Couva®, CLSP®), filling fats (Creamelt®, Biscuitine®, Prestine®, Freedom®), shortenings (SansTrans®), hard stocks (Crokvitol®), and high stability oils (Durkex®), to the processed food industry globally, principally for confectionery, bakery, frying and margarine applications.

Top: *Crokvitol® enzymatically produced fats enable margarine and bakery producers to meet consumers' demands for more natural ingredients.*

Bottom: *IOI Loders Croklaan Americas' systematic packing and filling line ensures absolute quality and efficiency.*

Currently, IOI Loders Croklaan's most important market is Europe which is the world's biggest consumer of specialty fats where the majority of sales of specialty fats are to chocolate manufacturers in the form of cocoa butter equivalents and filling fats. The recently completed expansion of the Rotterdam facility has now given the Group the capability to supply enzymatically interesterified fats to food manufacturers for margarines and bakery products.

IOI Loders Croklaan's other markets include Eastern Europe, USA, Canada, Central and Latin America, the Middle East countries, China, Japan, Korea, India and South East Asia. IOI Loders Croklaan Asia provides the much needed competitive cost base for entry into the rapidly expanding Asian specialty fats market.

As for the USA operations, the advent of the trans fatty acid issue has provided an excellent opportunity for the Group's palm-based operations to penetrate the USA market and to introduce palm-based solutions into the zero trans fatty acid applications market. The facility in Channahon, Illinois has recently been expanded to take advantage of this opportunity and is now the largest palm oil processing plant in the Western Hemisphere.

IOI Loders Croklaan recently developed the Creative Studio concept and in March 2011 it opened a branch in Pasir Gudang, Malaysia, the second branch in the Group after the Netherlands, which was opened in June 2010. Through the Creative Studio concept IOI Loders Croklaan establishes new partnerships on product development with both global and regional confectionery customers. A third Creative Studio is planned for the Channahon, USA location, which will complete the global implementation of the concept.

IOI Lipid Enzymtec is the latest addition to IOI Loders Croklaan's cutting-edge production facilities with a new plant established within the Group's Pasir Gudang complex. It uses unique enzyme technology

***Bottom**: IOI Loders Croklaan Americas' 95-acre palm oil processing plant in Channahon, USA.*

for the production of specialty fats, providing building blocks for products within the different IOI Loders Croklaan production units. Enzyme technology enables production of Betapol®, a human milk fat replacer for better fat and calcium absorption in infant nutrition, a key ingredient for high quality infant formula. It also enables the Group to increase its competitiveness in the strategically important market for cocoa butter equivalents. The unique processes and enzymes used by IOI Lipid Enzymtec ensure competitive advantage in quality and cost of the end products.

OPERATIONS REVIEW

The resource-based manufacturing division reported a profit of RM287.1 million for FY2012 which is 36% lower than the reported profit of RM446.0 million for FY2011. The lower profit is mainly due to fair value differences on derivative contracts where a loss of RM88.2 million was reported for FY2012 compared to a gain of RM6.4 million for FY2011. After excluding these fair value differences, the resource-based manufacturing division reported a decline of RM64.3 million profit to RM375.3 million due to a weaker performance from the specialty oils and fats sub-segment that was offset by a better performance in the oleochemical sub-segment. The refining sub-segment also managed to register satisfactory results despite stiff competition posed by Indonesian refiners due to their tariff differentiated export duty structure.

OUTLOOK & PROSPECTS

We expect our refinery sub-segment to face continued challenges due to Indonesia's aggressive expansion into the downstream activities in line with the differentiated export duty structure between crude palm oil and processed palm oil. Meanwhile our oleochemical sub-segment will commission an additional fatty ester production capacity of 20,000 MT/year by mid-2013. Although contributions from the new plant will only be seen in FY2014, we are optimistic that with the right strategies, the performance of the oleochemical sub-segment in FY2013 would remain satisfactory amidst a slowing global economy. As for our specialty oils and fats sub-segment, the completion of the Channahon facility in the USA as well as the commissioning of IOI Lipid Enzymtec will see output from these two plants increase. Combined with a focus on margin growth and cost reduction in our European operations, performance by our specialty oils and fats sub-segment should remain satisfactory and the Group is confident of an improving performance in the year ahead.

Top: *IOI Loders Croklaan Asia's and IOI Lipid Enzymtec's tank farm in Pasir Gudang, Johor have a combined storage capacity of 101,561 MT.*

Bottom*: The research and development (R&D) team evaluating the end product to determine its quality at IOI Loders Croklaan Americas.*

PROPERTY

A green building comprises two factors: architectural blueprint and human behaviour. When it comes to design, all our on-going commercial high-rise buildings will be Green Building Index ("GBI") or Green Mark-certified and all our landed residential buildings equipped with environmental-friendly features. As for quality, we have adopted the ISO 9001:2001 and subsequently the ISO 9001:2008 standards since nine years ago. Today, our projects are developed to achieve a Qlassic quality score of not less than 75% for a better future where the love for environment thrives.

An artist's impression of IOI Rio City in Bandar Puteri Puchong.

An artist's impression of Skypod Residences in Bandar Puchong Jaya.

An artist's impression of IOI City Mall in IOI Resort City, Putrajaya.

PROPERTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review – Property

Property development activities contributed approximately 89% 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 Group has expanded its traditional development business to include niche developments at prime locations both locally and overseas. As at 30 June 2012, our main 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	1990	374	Approaching completion	RM4.2 billion
Bandar Puteri, Puchong	2000	374	Ongoing	RM7.2 billion
16 Sierra, Puchong	2008	217	Ongoing	RM2.8 billion
IOI Resort, Putrajaya	1995	37	Ongoing	RM0.4 billion
Bandar Putra, Kulai	1995	2,299	Ongoing	RM8.7 billion
Taman Lagenda Putra, Kulai	2006	91	Ongoing	RM0.5 billion
Taman Kempas Utama, Johor	2007	119	Ongoing	RM2.5 billion
Bandar Putra, Segamat	1995	198	Ongoing	RM0.7 billion
The Platino, Johor	2012	2	Ongoing	RM0.4 billion
Desaria, Sungai Ara, Penang	2001	9.3	Ongoing	RM0.7 billion
Teluk Kumbar, Barat Daya, Penang	2009	1.3	Ongoing	RM0.1 billion
Seascape @ Sentosa Cove, Singapore	2008	1.5	Completed	SGD1.1 billion
Pinnacle Collection @ 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

***Previous page:** Scenic view of the newly-refurbished 18-hole Palm Garden Golf Course at IOI Resort City, Putrajaya.*

Left: *The new Palm Garden Golf Course touted as the first premier public golf course.*

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

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

	2012	2011	2010	2009	2008
Units of property sold	**1,412**	1,730	2,044	1,465	1,934
Total sales (RM'000)	**856,319**	942,002	1,045,095	688,487	696,743
Revenue (RM'000)	**842,977**	971,630	945,538	660,167	755,066
EBIT (RM'000)	**451,125**	509,876	532,052	309,556	369,673
EBIT margin (%)	**53.52**	52.48	56.27	46.89	48.96

The Group's property investment portfolio comprises mainly retail and office space totalling approximately 248,000 sq. m. of net lettable space. The Group's principal investment properties as at 30 June 2012 are IOI Mall, IOI Resort, IOI Boulevard and Puchong Financial Corporate Centre ("PFCC"). The performance of the property investment business is as follows:

	2012	2011	2010	2009	2008
Revenue (RM'000)	**95,312**	95,653	97,866	81,505	74,302
Operating profit (RM'000)	**220,157**	209,204	70,830	157,473	182,275

OPERATIONS REVIEW

The Group sold a total of 1,412 units of properties for a total sales value of RM856 million for FY2012, a decrease of 318 units and RM86 million in sales values compared to the previous year.

Property sales for the various projects are summarised as follows:

	Units		Sales Value (RM Million)	
Projects	**2012**	2011	**2012**	2011
Bandar Puchong Jaya	127	80	91.8	138.3
Bandar Puteri, Puchong	177	228	215.8	259.5
IOI Resort, Putrajaya	121	100	77.6	61.9
Bandar Putra, Kulai	412	454	160.6	113.7
Taman Lagenda Putra, Kulai	141	152	36.7	34.3
Taman Kempas Utama, Johor	68	152	48.7	94.1
Bandar Putra, Segamat	111	211	23.6	39.9
16 Sierra, Puchong	227	256	148.4	111.0
Others	28	97	53.1	89.3
Total	**1,412**	**1,730**	**856.3**	**942.0**

The Group sold a wide range of products during the financial year under review. The sales mix recorded for unit price above RM500,000 was 5% lower than the previous year. However, the average price achieved per unit has increased by 11% from RM545,000 to RM606,000. The increase in average unit price is due to both commercial and residential properties registering new benchmark prices in the Klang Valley.

The property sales mix by price range is as follows:

Price Range	**2012 (RM Million)**	**%**	2011 (RM Million)	**%**
Below RM250,000	77.9	9	124.3	13
Between RM250,000 and RM500,000	235.7	28	248.4	26
Between RM500,000 and RM750,000	154.9	18	112.8	12
Between RM750,000 and RM1,000,000	86.4	10	65.7	7
Between RM1,000,000 and RM1,500,000	18.5	2	71.8	8
Between RM1,500,000 and RM2,000,000	44.6	5	17.1	2
Above RM2,000,000	238.3	28	301.9	32
Total	**856.3**	**100**	**942.0**	**100**

Property development revenue in FY2012 has decreased 13% to RM843.0 million whilst EBIT, excluding jointly controlled entities, has decreased by 12%, from RM509.9 million to RM451.1 million on the back of slower sales take-up rates.

Operating profit of RM220.2 million from property investment segment for FY2012 is higher than FY2011 by 5%. After excluding the net fair value gain on investment properties amounting to RM165.0 million (FY2011 - RM93.1 million) and net gain on disposal of investment properties amounting to RM0.7 million (FY2011 - RM62.7 million), the segment profit registered an increase of 2% or RM1.1 million over the previous financial year.

Our Singapore development project such as the Seascape project is undertaken via our 50%-owned Singapore JV company and has achieved SGD64.4 million (2011 - SGD35.5 million) sales in FY2012. As for the Cityscape @ Farrer Park condominium project, it is undertaken through another 60%-owned Singapore JV company and has also contributed SGD32.0 million sales in FY2012.

Right: *Seascape, a luxury condominium development at Sentosa Cove, provides an escape from the hustle and bustle of Singapore city.*

OUTLOOK & PROSPECTS

The local property market in 2012 is expected to see further growth, albeit at a slower pace than 2011.

The housing sector is expected to continue to be the primary driver of the Malaysian property market. As the prices of landed properties increase, condominiums with good facilities and doorstep conveniences will fill the price gap and appeal to the large middle income group. Developers are veering away from high-end niche development and switching to more mid-range products in tandem with the Government's PR1MA scheme to put homes in the hands of first-time buyers with easier financing and reduced stamp duty.

IOI Properties will continue to focus on providing quality homes with lifestyle facilities and green features within gated-and-guarded precincts as well as integrated mixed development at strategic locations. Income from such projects complemented by stable and recurring income from property investment are the two-pronged strategies of IOI Properties.

IOI Properties has further expanded its wings to include projects at prime locations in Singapore. Its recent land acquisition by Clementi Development Pte Ltd, a 88% indirect subsidiary of IOI Properties, is a 99-year leasehold land measuring approximately 24,417.6 sq. m. at Jalan Lempeng, Singapore which will be developed into condominiums to cater for the local market.

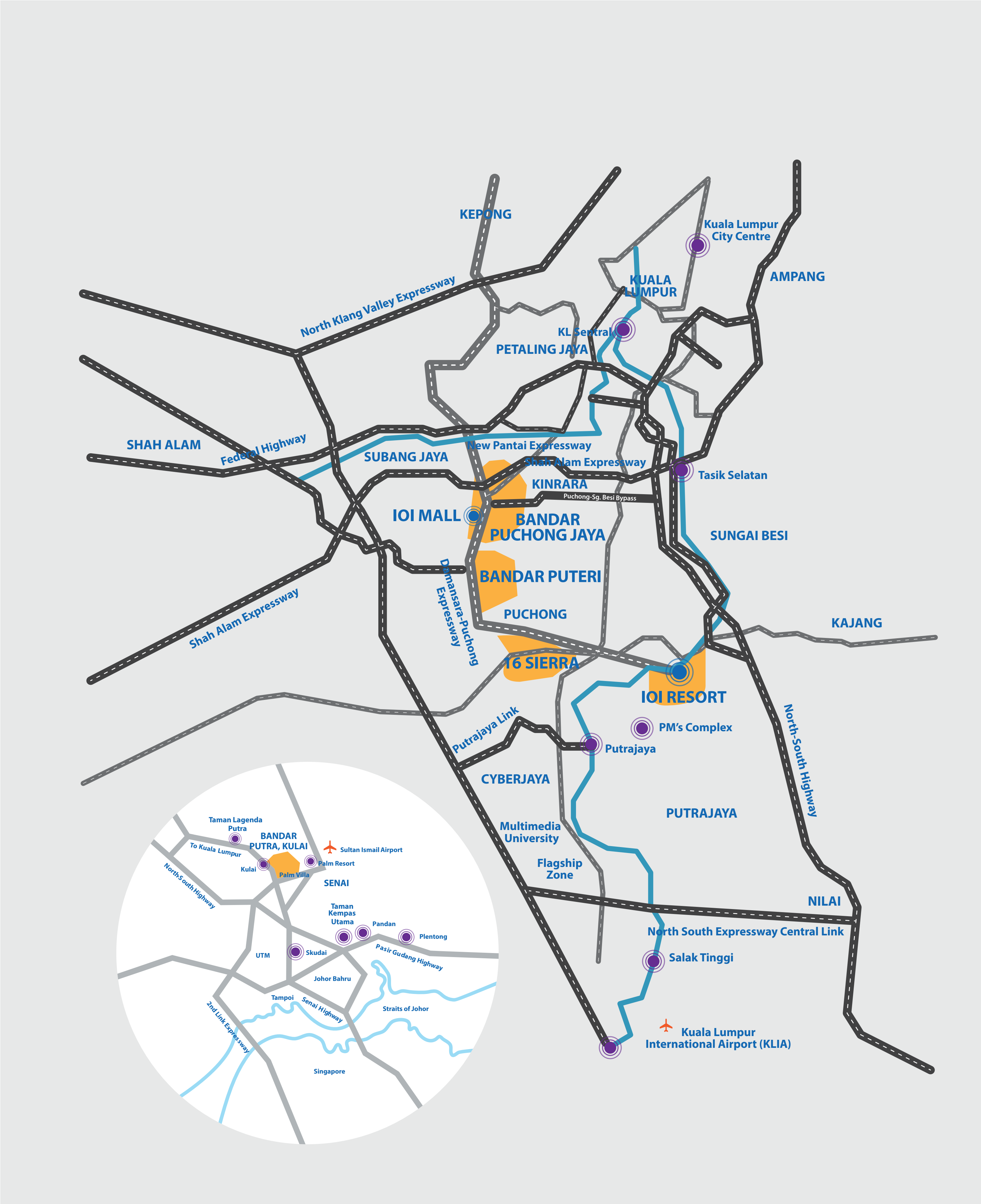
IOI Properties intends to increase its investment property portfolio by building more purpose-built office and retail space as well as hotels in prime locations in the coming years both locally and internationally. The new IOI City Development will add approximately 134,758 sq. m. of lettable retail space, a total net lettable area ("NLA") of approximately 111,524 sq. m. of office space and a business hotel with 362 keys to its portfolio upon completion in 2014 to 2015.

Left: *An artist's impression of Grand Ville's double storey luxurious bungalows in Kulai, Johor.*

Right: *With a built-up space of 3,200 sq. ft. onwards, Puteri Hills in Bandar Puteri Puchong promises tranquil living amidst a green oasis.*

Cautionary statement regarding forward-looking statements

This Annual Report contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. These statements reflect our current views and expectations with respect to future events and are subject to risks and uncertainties and hence are not guarantees of future performance. Some factors include, but are not limited to, changes in general economic and business conditions, exchange rates, exceptional climatic conditions and competitive activities that could cause actual results to differ materially from those expressed or forecast in the forward-looking statements.


KEPONG
Kuala Lumpur City Centre
AMPANG
KUALA LUMPUR
North Klang Valley Expressway
KL Sentral
PETALING JAYA
SHAH ALAM
Federal Highway
SUBANG JAYA
New Pantai Expressway
Shah Alam Expressway
Tasik Selatan
KINRARA
Puchong-Sg. Besi Bypass
IOI MALL
BANDAR PUCHONG JAYA
SUNGAI BESI
BANDAR PUTERI
Damansara-Puchong Expressway
PUCHONG
KAJANG
Shah Alam Expressway
16 SIERRA
IOI RESORT
PM's Complex
Putrajaya Link
Putrajaya
North-South Highway
CYBERJAYA
PUTRAJAYA
Multimedia University
Flagship Zone
NILAI
North South Expressway Central Link
Salak Tinggi
Kuala Lumpur International Airport (KLIA)
Taman Lagenda Putra
BANDAR PUTRA, KULAI
To Kuala Lumpur
Sultan Ismail Airport
Kulai
Palm Resort
Palm Villa
North-South Highway
SENAI
Taman Kempas Utama
Pandan
Plentong
UTM
Skudai
Pasir Gudang Highway
Johor Bahru
Tampoi
Senai Highway
Straits of Johor
2nd Link Expressway
Singapore

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Back in year 1995, long before the concepts of sustainability and corporate social responsibility ("CSR") became popular in the business world, IOI Group had introduced its Vision IOI which acknowledged its responsibility towards various stakeholders namely its shareholders, customers, employees, business associates, community and the nation.

IOI Group's sustainability commitment is also articulated in its Corporate Responsibility ("CR") policy statement. The Group holds firmly to operating its businesses in ways that meet regulatory requirements on environmental impact in countries or markets where it operates. It strives to achieve a sustainable long-term balance between meeting its business goals and preserving the environment. Specifically, the Group adopts a group-wide policy of greening the environment which also extends to insisting on its suppliers and business partners to practise the same standards of environmental care.

THE MACRO PICTURE

Malaysia is a firm believer in the importance of CSR and sustainability, recognising that the country's businesses have a direct and indirect impact on the communities. In the quest towards certified palm oil, the nation has achieved significant milestones. As of May 2012, Malaysia being the second largest Roundtable on Sustainable Palm Oil ("RSPO") membership by country after United Kingdom, contributes 43% with 2.74 million tonnes in annual production. In line with the significant growing palm oil market, IOI Group is committed to the production of sustainable palm oil according to good environmental, social and economic standards while holding fast to Vision IOI. IOI Group is listed as the second top Certified Sustainable Palm Oil ("CSPO") producer in Malaysia and contributes 14% to the total volume of national CSPO.

Europe is still the market in which sustainability and CSR are very high on the agenda of the Group's customers. Originally led by its multinational key customers, the well-known global brands, other companies and partners in the supply chain are now also seen to be giving more preference to refiners that are able to provide sustainable oils with a traceable origin. From January 2012, IOI Loders Croklaan Europe is proud to be able to offer all RSPO certified Mass Balance products globally. Its facilities in the Netherlands are expanded with a new deodorizer, allowing refining capacity to grow substantially.

The American market is more focused on bakery markets. Health issues are on top of customers' minds. To meet the rising demand for no-trans fully functional shortenings and oils in the North American market, IOI Loders Croklaan Americas has just completed an expansion of its Palm Oil Processing Plant in Channahon, Illinois which effectively doubles the capacity of this facility. While demand for Mass Balance is higher than RSPO Segregated products, IOI Loders Croklaan Americas offers a wide selection of functional fats and oils to the food industry based on CSPO.

In Asia, especially where India and China are the two largest palm oil consuming countries, the issue of sustainability is not a significant factor in the market yet. However, demand for sustainably sourced products is expected to grow as the income level of the local population continues to rise. In addition, demand driven by China's key clients in Europe and America is expected to stimulate demand for RSPO CSPO in the coming years. In view of the upcoming trend, the Group participates as a member in the Network for the Promotion of Sustainable Palm Oil in China.

Top: Modern purpose-built tissue culture production facilities.

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 already been following a number of criteria that were later codified by RSPO, with excellent success.

IOI Group had set up a Tissue Culture Laboratory in the late 80s for research and development in large scale tissue culture propagation of high yielding oil palm clones. Over the years, the expertise and cutting-edge technology for the mass propagation of high yielding oil palm clones had been developed resulting in the progressive production and planting of clonal palms. 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 FFB crops produced. More areas are expected to be replanted with such high yielding clonal palms to further boost the productivity of the estates.

Before new plantings are started, the Group conducted soil surveys, independent environmental impact assessments and social impact assessments. It then adapts its plans and operations according to the findings.

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 pollution commonly associated with land clearing via slash-and-burn and to return all organic matter to the soil.

Soil is a living environment that can be depleted or damaged 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 the 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 palm on moderate to deep peat and riverine reserves, on hill slopes exceeding 25 degrees or on High Conservation Value Forest ("HCVF") areas.

IOI Group practises integrated pest management whereby biological control is integrated into pest management practices to reduce dependency on chemicals in day-to-day operations. 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 plantation while the introduction of barn owls has been effective in controlling the rat population in estates. LCC are established in estates to suppress the growth of noxious weeds which may result in crop loss. In line with its commitment to environmental and social responsibility, the Group has fully phased out the use of paraquat by end of 2011.

Buffaloes are also used wherever practical instead of mechanical machines to transport fresh fruit bunches from infields. By using as little fossil fuel as possible, the Group managed to reduce the amount of undesirable emissions, greenhouse gases and pollution that are produced from daily operations.

Through an efficient and effective plantation management programme, IOI Group's palm oil yield per hectare is 50% greater than the industry average for oil palm which has resulted in a dramatic reduction in the land required to produce the same amount of palm oil by a remarkable 80,000 hectares. This efficient use of land translates into lower fertilisers, pesticides and energy usage as well as lower greenhouse gas emissions which in turn deliver significant benefits to the environment.

Top: *Beneficial plants.*

Bottom: *Buffalo breeding farms in Tindakon Estate, Sandakan, Sabah.*

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. It also advocates sustainable agricultural practices in its estates to bring growth and use of certified sustainable palm oil to the world market. All of IOI Group's mills and estates in Peninsular Malaysia have successfully attained the RSPO Certification. In Sabah, four of IOI Group's mills and their supply bases have been certified to date. In total, IOI Group currently has an estimated production of about 477,000 MT of certified sustainable palm oil per year.

In addition, the entire IOI Group's operating units and supply chain units have successfully obtained the RSPO Supply Chain Certification.

ISCC Certification

In addition to the RSPO Certification, IOI Group is also pursuing the International Sustainability and Carbon Certification ("ISCC"), which is the first international certification system that can be used to prove sustainability and greenhouse gas savings for all kinds of biomass and bio-energy. It is recognised by the European Commission for all member countries as well as recognised by Germany and the Netherlands.

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

Top left: *Crèches look after the children while their parents go to work in the estates.*

Top right: *Estate workers' living quarters in Pamol Estate, Sandakan, Sabah.*

Challenges

Despite its best efforts in responsible business, IOI Group has encountered challenges arising from operating in a complex business environment. With regards to the inherited land dispute with natives in Sarawak, RSPO had conditionally lifted the suspension on IOI's certification process in view of IOI Group's commitment to resolve the on-going dispute. The Group is committed to resolving the disputes in a peaceable and fair manner with full involvement of the RSPO plus an independent mediator.

As for the Ketapang, West Kalimantan issue, the RSPO has concluded that there is insufficient evidence to prove that HCV areas were cleared by the Group in Ketapang. Nevertheless, IOI Group has committed to tightening its operating procedures to prevent a repeat of the allegations in Ketapang.

ENVIRONMENT

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

In its efforts to mitigate greenhouse gases emission, IOI Group is in the process of planning and implementing the methane gas capture systems in its palm oil mills to capture the methane gas from palm oil mill effluent ("POME"), where the captured methane gas are utilised either in a boiler for steam generation or biogas for power generation. The project is being developed for the Group's two largest mills in Peninsular Malaysia and Sabah. IOI is also exploring other possible biomass value addition options. 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 also continuously invests in other green technology. For example new milling technology that reduces effluent and pollutant output plus waste water treatment facility to minimise its impact on the environment.

In 2011, IOI Group commenced on a satellite imagery pilot project with Sarvision, a Dutch-based research company, to improve and use satellite imagery techniques to identify high carbon store areas in potential growing regions, with the purpose of avoiding or minimising greenhouse gas emissions due to land conversion. The project was completed and produced high quality satellite image maps of IOI estates in Ketapang region in West Kalimantan. The pilot project with IOI Group helped Sarvision prove the feasibility of the technique, which will now be further developed as a commercial service.

Besides that, IOI Group also contributed to wildlife conservation. Among them are contributions to the Orangutan Foundation International ("OFI") to support its Care Centre and Quarantine facility in Pangkalan Bun, Kalimantan and contribution to the Malaysian Palm Oil Wildlife Conservation Fund ("MPOWCF").

MARKETPLACE

IOI Group was the first company in the industry to implement a set of criteria for suppliers that provides palm and palm-based products to its European operations. Established in 2009, the programme, known as "Controlled Source Palm", will require all vendors that supply crude palm oil to IOI to become members of the RSPO not later than the end of 2013. It is IOI Group's intent to ultimately source only RSPO Certified Palm Oil once sufficient quantities are available to supply its worldwide clients.

In the Netherlands, IOI Loders Croklaan Europe has proudly published its ethical standards using the internationally-recognised Supplier Ethical Data Exchange ("Sedex") format, sharing its standards and performance with its customers and allowing them to use this as a tool in their supplier selection process. This initiative is very well received by IOI Group's customers in Europe.

Operating under the Institute of Shortenings and Edible Oils (Washington DC), IOI Group was the initiator of an important working group which works to advance sustainability efforts in North America for Soy, Palm and Canola (Rapeseed) oils. This group, which began its efforts in March 2009, is known as the Sustainable Agriculture Working Group and in addition to IOI Group as Chair, comprises agricultural heavyweights such as Cargill, Bunge and ADM.

One of the ways for a company to define CSR for itself is through engagement with its stakeholders. IOI Group realised the importance of stakeholder engagement and has become involved in a variety of initiatives, direct meetings with clients and NGO groups to obtain the most honest and reliable information. It is through this type of co-operation and dialogue that IOI may learn of new and better ways to enable a successful and sustainable business model.

COMMUNITY

Besides embracing sustainability and good business practices, IOI Group also strives to improve the local community's growth and well-being with greater emphasis on education and human capital development.

With this in mind, the Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"), a charitable foundation wholly-funded by IOI Group, was established in 1994. Since then, 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.

The following are some of its signature programmes:

a) 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 programme has benefited more than 721 students from more than 196 schools in Peninsular Malaysia and Sabah.

b) 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 students' 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.

Left: *Students under the SAP with their new school bags.*

c) **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.

d) **Partnership with HUMANA**

IOI Group is partnering 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 to the teachers, IOI also sponsors computers, projectors, sound system, school bags, socks and stationery items to the learning centres and their students.

e) **Partnership with World Vision Malaysia**

Sharing the vision to reach out to the native groups, Yayasan TSLSC has embarked on a partnership with World Vision Malaysia ("WVM") to fund the Lawas Project since 2007. The Lawas Project aims to provide rural children of the ethnic Lumbawang in Sarawak with a curriculum infrastructure to raise competent native-speaking teachers in the short run and build a training and research centre for ethnic pre-school training in Sarawak. Yayasan TSLSC is funding the development and sustainability of the project.

Conscious effort is made to ensure that CSR becomes part of the culture in IOI. Among other measures, IOI encourages and provides ample opportunities for employees to volunteer their time and actively participate in various CSR activities organised under Yayasan TSLSC. Some of these activities include entertaining residents at old folks' homes and organising outdoor teambuilding sessions for children from orphanages.

Top: *HUMANA Learning Centre in Pamol, Sandakan, Sabah.*

Bottom: *The Lawas Project – Ethnic Lumbawang children in an interactive session with the teachers.*

CONCLUSION

Corporate success and social well-being are interdependent. IOI's CSR strategy is achieving commercial success and meeting the needs of its stakeholders today while protecting, sustaining and enhancing the human capital and natural resources for the future. What have been described above are only some of the countless efforts that IOI Group have adopted and embarked on in its journey towards corporate social responsibility and sustainability. Moving forward, IOI will continue to explore new areas to exert its positive influence and impact while striving to do more to fulfil its collective corporate responsibility.

JULY 2011

The 7th Putra Charity Run, organised by IOI Properties Bhd ("IOIP"), Kulai, attracted 3,000 participants. It was flagged off at IOI Mall, Kulai by Johor State Assembly Member and patron of the Kelapa Sawit Community Rehabilitation Centre ("PDK Kelapa Sawit") Yang Berhormat Cheong Chin Liang. Proceeds totalling RM30,000 were channelled to PDK Kelapa Sawit, a learning centre for the physically and mentally-challenged.

JULY 2011

IOI Loders Croklaan Asia and IOI Lipid Enzymtec awarded Young Achievers' Awards under the Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC") to seven employees' children who obtained excellent results in the UPSR, PMR and SPM examinations. Over at IOIP, Johor, six high achievers received the Young Achievers' Awards.

JULY 2011

56 employees from IOI Oleochemical Industries Bhd, Prai heeded the noble call to replenish the blood bank's shortage at Seberang Jaya Hospital during the Ramadan period.

AUGUST 2011

Yayasan TSLSC sponsored RM50,000 for Step Up, an interactive pullout published by the Star Publications (M) Bhd that prepares upper-primary pupils for the Ujian Pencapaian Sekolah Rendah (UPSR) examination.

AUGUST 2011

IOI Mall, Kulai held its annual "Pertandingan Memasak Bubur Lambuk & Majlis Berbuka Puasa Bersama Anak-Anak Yatim" to mark the holy month of Ramadan. IOI Mall's staff also made and sold *dodol* to raise money for the orphans.

SEPTEMBER 2011

Yayasan TSLSC sponsored RM100,000 for the 5th China-ASEAN forum on Legal Cooperation & Development by Malaysian Bar Council.

SEPTEMBER 2011

Putrajaya Marriott Hotel & Spa brought *raya* cheer to 85 occupants of Rumah Amal Limpahan Kasih. In addition to a sumptuous meal, the children received RM10 *duit raya* each. The hotel also donated RM3,800 in cash and kind to the home.

SEPTEMBER 2011

Palm Garden Hotel, together with Gaya Travel Magazine, organised a Hari Raya Aidilfitri Charity Open House for 100 children from selected charity homes in Klang Valley. The children were treated to a *raya* feast and received *duit raya* and goodie bags.

OCTOBER 2011

IOI Corporation Bhd pledged RM20,000 (RM10,000 per annum for 2011 and 2012) to Malaysia Crime Prevention Foundation to aid its ultimate goal in reducing crime and achieving peace and stability for our nation.

NOVEMBER 2011

Yayasan TSLSC awarded scholarships and grants totalling RM1,164,000 to 29 top students from various institutions of higher learning in a presentation ceremony held at Palm Garden Hotel. The scholarship recipients and their parents were then invited to savour hi-tea delights after the ceremony.

NOVEMBER 2011

IOI Palm Villa Golf & Country Resort held a Sports Carnival to promote a healthy lifestyle among the Bandar Putra residents. More than RM5,000 worth of cash prizes plus medals and hampers were presented to the winning teams.

NOVEMBER 2011

The fourth IOI Community Run 2011 at Bandar Puteri Puchong, held to foster closer ties among local residents and promote healthy living, attracted over 3,800 participants. It was flagged off by Member of Parliament Puchong Yang Berhormat Gobind Singh Deo, IOI Group Executive Chairman Tan Sri Dato' Lee Shin Cheng and IOI Group Executive Director Dato' Lee Yeow Chor. Funds totalling RM30,000 was presented to World Vision Malaysia, RM30,000 to Sau Seng Lum Dialysis & Stroke Rehabilitation Centre, and RM20,000 to Rumah Shalom. SMK Puchong, SMK Puchong Perdana and SMK Seksyen 3 Bandar Kinrara each received RM2,000.

DECEMBER 2011

53 underprivileged children from Rumah Shalom, Rumah Al-Taqwa and House of Joy graduated from the MBA-IOI Properties Hope for Change Badminton Charity Programme at Michael's Badminton Academy ("MBA") in Bandar Puteri Puchong. The 10-month badminton charity programme, sponsored by IOIP, provided basic badminton training, mentor programmes by national players, field trips and exposure to badminton tournaments to the children.

DECEMBER 2011

Yayasan TSLSC donated a brand new Proton Exora MPV to Persatuan Kristian Shuang Fu, making it more convenient and safer for the members to travel together as the existing vehicle has frequent breakdowns.

DECEMBER 2011

IOI Mall Puchong offered shoppers an opportunity to bring joy and hope to the less fortunate through the "Heavenly Gift with Community at Heart" project. Beneficiaries included welfare homes and associations in Puchong such as Pertubuhan Keluarga Orang-Orang Bermasalah Pembelajaran, Rumah Shalom, Pusat Sama-Sama in Enggang apartments, and House of Joy. ▼

DECEMBER 2011

IOI Mall Kulai's 10th Goodwill Anniversary Celebration was held to build goodwill with IOI Mall's loyal shoppers and tenants. Launched by Ahli Dewan Undangan Negeri ("ADUN") of Bukit Batu Yang Berhormat Cheong Chin Liang, the event attracted 27,000 shoppers.

DECEMBER 2011

Putrajaya Marriott Hotel & Spa had a Christmas Charity Benefit in line with its "To Give is to Love" theme. 35 children from Rumah Keluarga Kami (Kajang) and 25 elderly folks from Home of the Little Sisters of the Poor (Cheras) were treated to a dinner party and Christmas goodies. The hotel gave school uniforms and pillows to the children and elderly folks, respectively. In addition, Yayasan TSLSC donated RM5,000 to each home. Proceeds from fund-raising initiatives were also channelled to both beneficiaries. ▲

DECEMBER 2011

Palm Garden Hotel celebrated Christmas with children from Shepard's Home (Dengkil), Rumah Anak Yatim Shifa (Kuala Lumpur) and House of Joy (Puchong). 60 children and their caretakers were treated to a hi-tea celebration and Christmas gifts. Funds raised from candy canes sold to staff and guests were also presented to the three homes. ▲

JANUARY 2012

Yayasan TSLSC donated RM1 million to Sekolah Menengah Hin Hua for the school's Science & Technology Building Fund.

JANUARY 2012

Yayasan TSLSC sponsored RM416,868 to 458 adopted students from 166 primary and secondary schools in Malaysia under its Student Adoption Programme. Each student received RM800 cash donation and a school bag at the presentation ceremony held in Palm Garden Hotel. 1,800 children from 22 Borneo Child Aid/HUMANA kindergartens also received school bags and stationeries. ▼

FEBRUARY 2012

IOI Group sponsored a new ambulance fitted with critical emergency equipment to Ladang Sabah Group. It will effectively cater to any emergencies within the several plantation estates under Ladang Sabah Group. ▶

MARCH 2012

IOI Group and all its subsidiaries continued supporting the Earth Hour movement themed "Uniting People to Protect the Planet". Green efforts were organised throughout the month of March as a global stand against climate change. ▼

MARCH 2012

68 children at Rumah Kanak-Kanak Taman Bakti, Kepala Batas including children of IOI Oleochemical Industries Bhd, Prai's employees enjoyed a cheerful Community Service event organised to connect employees with society. ▲

APRIL 2012

Yayasan TSLSC donated RM20,000 for renovation works carried out on Sri Maha Mariamman temple located at Pamol Timur Estate, Kluang.

APRIL 2012

41 schoolchildren from selected schools around Klang Valley, who are under the Yayasan TSLSC's Student Adoption Programme, participated in a Teambuilding Programme at Palm Garden Hotel.

MAY 2012

136 students received over RM56,450 worth of Young Achievers' Awards' plaques, cash prizes and certificates under the Yayasan TSLSC for their excellent results in the UPSR, PMR, SPM, O-Levels and STPM examinations plus outstanding leadership qualities and active participation in extra co-curricular activities in schools. 38 recipients attended the presentation ceremony at Palm Garden Hotel while 10 high achievers were recognised at IOI Loders Croklaan Oil Sdn Bhd.

JUNE 2012

IOIP organised a Green & Healthy Living Day as part of its ongoing efforts to make Puchong a better place for the surrounding community. Besides eco-friendly activities and games for the crowd, IOIP contributed RM2,000 each to Malaysian Nature Society, Taiwan Buddhist Tzu-Chi Foundation Malaysia, and Persatuan Kristian Shuang Fu.

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

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

QUAH POH KEAT*
(MIA 2022)

** Independent Non-Executive Directors*

SECRETARIES

LEE AI LENG
(LS 0009328)

TAN CHOONG KHIANG
(MAICSA 7018448)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Two IOI Square
IOI Resort
62502 Putrajaya
Tel +60 3 8947 8888
Fax +60 3 8943 2266

AUDITORS

BDO
Chartered Accountants
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel +60 3 2616 2888
Fax +60 3 2616 3191

REGISTRAR

Tricor Investor Services Sdn Bhd
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

1. **DATO' LEE YEOW CHOR**
   Executive Director

2. **TAN SRI DATO' LEE SHIN CHENG**
   Executive Chairman

3. **LEE CHENG LEANG**
   Executive Director

4. **LIM TUANG OOI**
   Non-Independent Non-Executive Director

5. DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY
Independent Non-Executive Director

6. DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
Senior Independent Non-Executive Director

7. CHEAH TEK KUANG
Independent Non-Executive Director

8. QUAH POH KEAT
Independent Non-Executive Director

9. LEE YEOW SENG
Executive Director

When others see things as they are, we see opportunity.

Tan Sri Dato' Lee Shin Cheng was first appointed to the Board on 21 July 1981. As Executive Chairman and Chief Executive Officer, he actively oversees the operations of the Group. He is an entrepreneur with considerable experience in the plantation and property development industries. 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 is currently a Council Member of the East Coast Economic Region Development Council ("ECERDC"). 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 Chairman of Remuneration Committee of the Company.

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 Company by virtue of his interest in certain privately-owned companies which are also involved in property development business. However, these privately-owned companies are not in direct competition with the business of the Company due to the different locality of the developments. Except 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 interests.

Tan Sri attended all the eight (8) Board Meetings held during the financial year ended 30 June 2012.

TAN SRI DATO' LEE SHIN CHENG

Executive Chairman, Malaysian, Age 73

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 has also been appointed a Director of the Malaysian Green Technology Corporation in April 2011.

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 Company by virtue of his interest in certain privately-owned companies which are also involved in property development business. However, these privately-owned companies are not in direct competition with the business of the Company due to the different locality of the developments. Except 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 interests.

Dato' Lee attended all the eight (8) Board Meetings held during the financial year ended 30 June 2012.

DATO' LEE YEOW CHOR

Executive Director, Malaysian, Age 46

Sustainability is key to a better tomorrow for the next generation.

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 seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2012.

LEE CHENG LEANG

Executive Director, Malaysian, Age 64

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 Company by virtue of his interest in certain privately-owned companies which are also involved in property development business. However, these privately-owned companies are not in direct competition with the business of the Company due to the different locality of the developments. Except 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 interests.

Lee Yeow Seng attended seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2012.

LEE YEOW SENG

Executive Director, Malaysian, Age 34

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 Group 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 eight (8) Board Meetings held during the financial year ended 30 June 2012.

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR

Senior Independent Non-Executive Director, Malaysian, Age 71

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 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 also a member of the Audit and Risk Management Committee of the Company. He is the Chairman of Integrated Logistics Berhad and a Director of Lion Corporation Berhad, KNM Group Berhad, Chemical Company of Malaysia Berhad, Maybank Investment Bank Berhad and Etiqa Insurance Berhad.

Datuk R. Karunakaran attended seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2012.

DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY

Independent Non-Executive Director, Malaysian, Age 62

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 and is currently a Member of the Federation of Malaysian Manufacturers Economic Policies Committee.

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 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 and Nominating 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 seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2012.

QUAH POH KEAT

Independent Non-Executive Director, Malaysian, Age 60

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 Nominating Committee 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, AmLife Insurance Berhad, AmGeneral Insurance Berhad, AmFamily Takaful Berhad, Bursa Malaysia Berhad, Cagamas Holdings Berhad and a Member of Investment Panel in Kumpulan Wang Persaraan (Diperbadankan) [Retirement Fund Incorporated] and Alternate Chairman to the Malaysian Investment Banking Association.

CHEAH TEK KUANG

Independent Non-Executive Director, Malaysian, Age 65

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 Funds 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 of 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 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 all the eight (8) Board Meetings held during the financial year ended 30 June 2012.

LIM TUANG OOI

Non-Independent Non-Executive Director, Malaysian, Age 50

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 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

Group Financial Controller
LIM LAI SENG

Group Legal Adviser/
Company Secretary
LEE AI LENG

Company Secretary
TAN CHOONG KHIANG

PLANTATION

Group Plantation Director
DATO' FOONG LAI CHOONG

Executive Director, Sabah
LAI POH LIN

Senior General Manager,
Group Engineering
WONG CHEE KUAN

General Manager, Finance
LIM EIK HOY

General Manager, Peninsular
TAY CHING AN

General Manager, Lahad Datu
TEE KE HOI

General Manager, Sandakan
RAGUPATHY A/L SELVARAJ

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

Senior General Manager/
Head of Operations, Johor
GURDEV SINGH BHATTI

SPECIALTY OILS AND FATS

Chief Executive Officer/
Chief Operating Officer, Americas
JULIAN VEITCH

Chief Operating Officer, Europe
DR TH. LOEK F. FAVRE

Chief Operating Officer, Asia
MICHAEL M. R. VAN SALLANDT

Group Chief Financial Officer
VINCENT MARTIJN GEERTS

REFINERY

General Manager
SUDHAKARAN A/L NOTTATH BHASKAR

PROPERTY

Property Director
TEH CHIN GUAN

Senior General Managers
LEE YOKE HAR
SIMON HENG KWANG HOCK
TAN KENG SENG

General Managers
LIM BENG YEANG
HO KWOK WING
DAVID CHOO KAY BOON

Acting General Manager, Complex
RONNIE ARTHUR FRANCIS

Financial Controller
BETTY LAU SUI HING

HOTELS AND GOLF CLUB

General Managers
SIMON YONG
ANTHONY WEE
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

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

PAN-CENTURY GROUP
Oleochemicals
Refinery

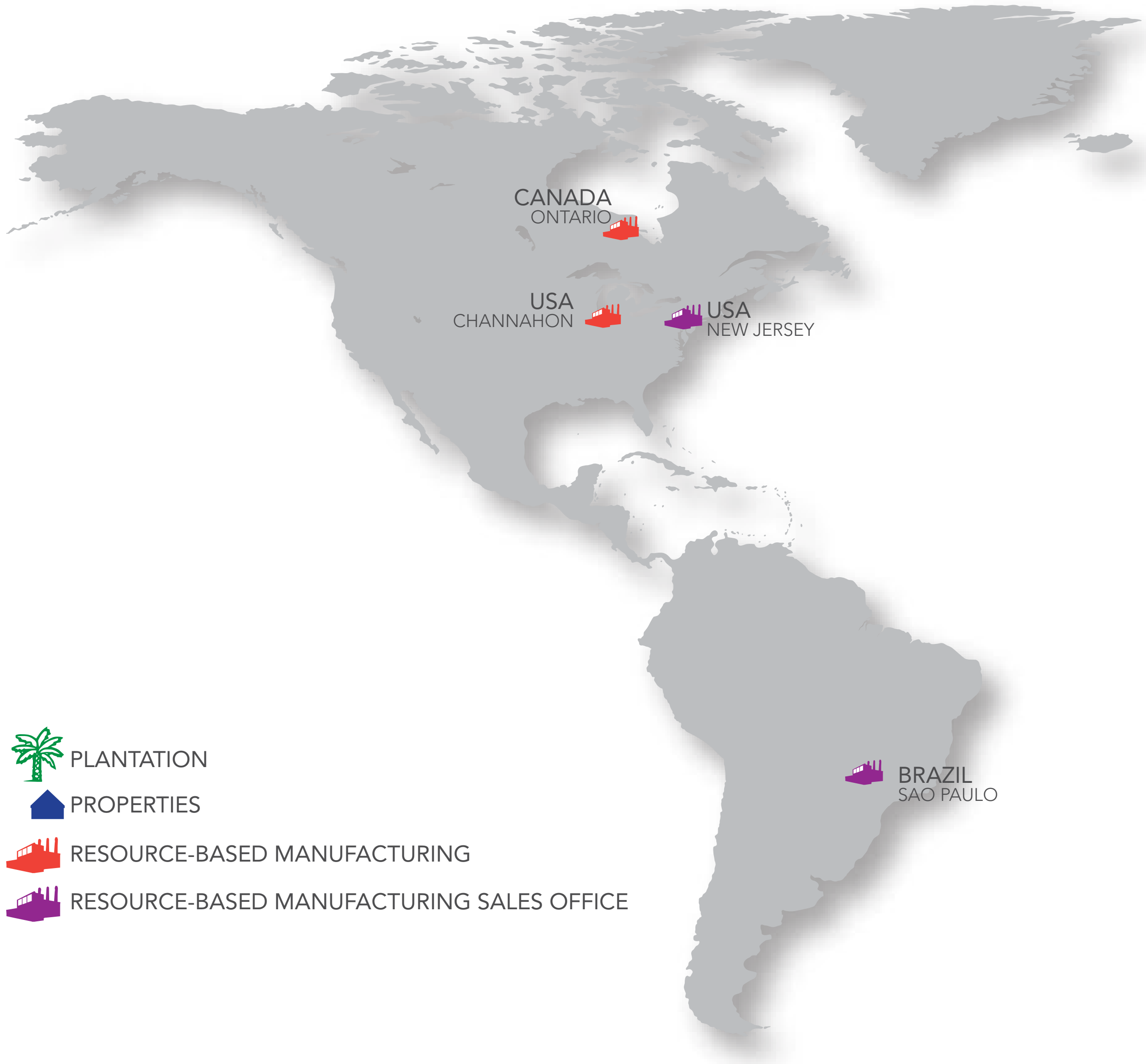
IOI LIPID ENZYMTEC
Specialty Oils and Fats

PROPERTY DEVELOPMENT & INVESTMENT

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

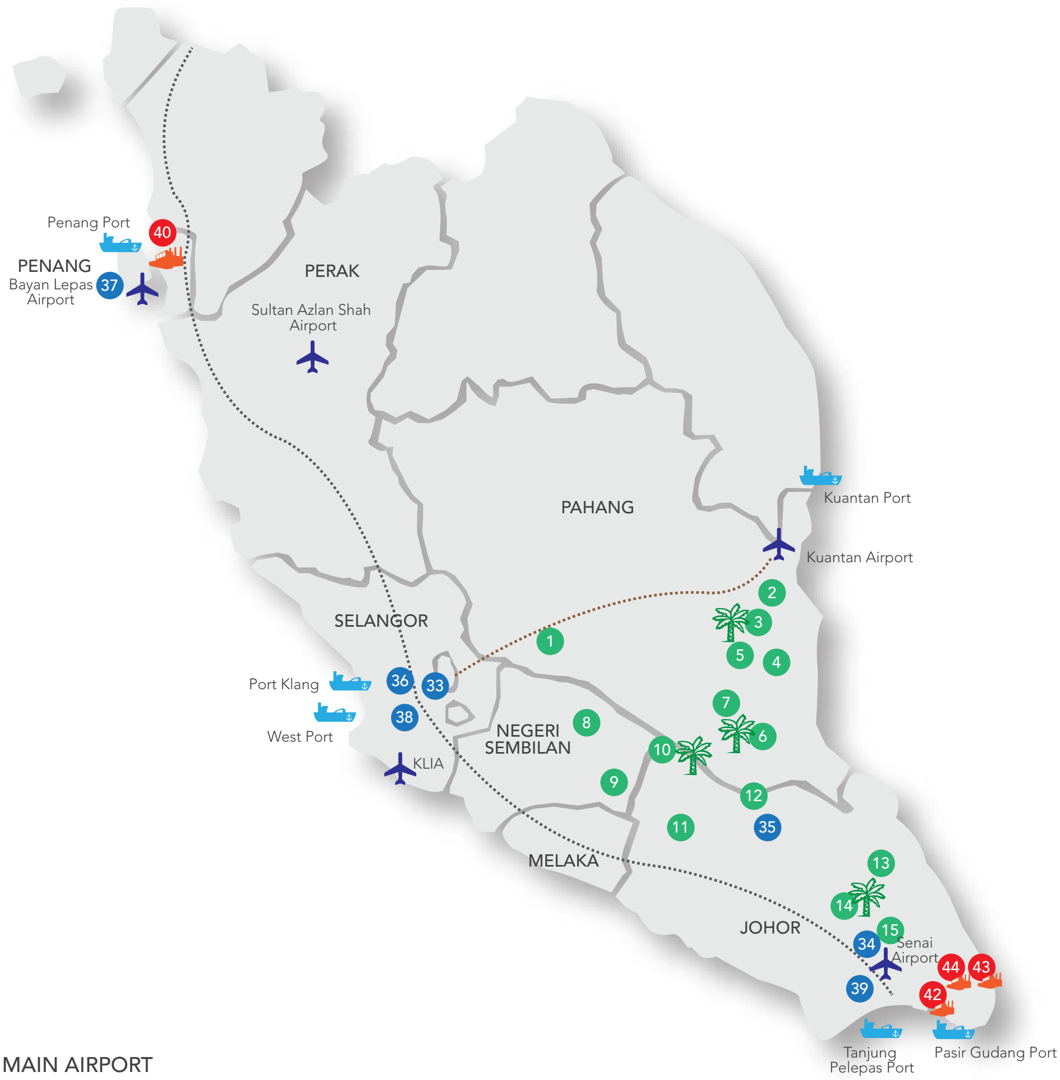
* *Listed on the Main Market of Bursa Malaysia Securities Berhad*

GLOBAL PRESENCE




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

LOCATION OF OPERATIONS IN MALAYSIA



MAIN AIRPORT

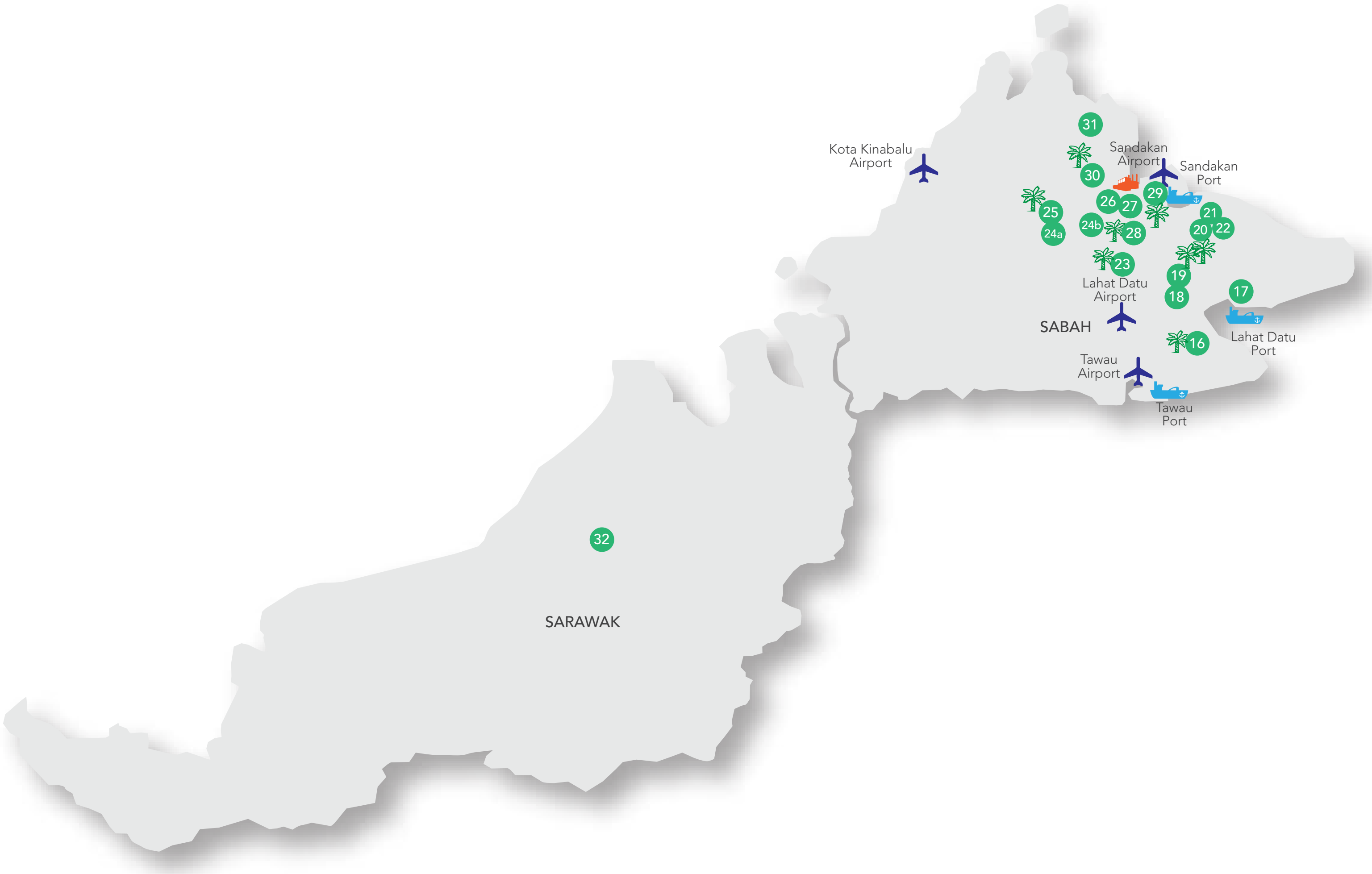
PALM OIL MILL

MAIN PORT

RESOURCE-BASED MANUFACTURING

NORTH SOUTH HIGHWAY

EAST COAST HIGHWAY



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

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 Oleochemical & Refinery Operations
44. IOI Lipid Enzymtec Plant

RESORT

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

CORPORATE CALENDAR

JULY 2011

IOI Corporation Bhd ("IOI") emerged as the winner of The Edge Billion Ringgit Club Corporate Award for the Most Profitable Company in Plantation Sector (with the Highest Return on Equity over Three Years). The exclusive Billion Ringgit Club recognises companies listed on Bursa Malaysia with at least RM1 billion in terms of market capitalisation on 31 March each year or turnover for the immediate preceding year.

JULY 2011

IOI Loders Croklaan Americas achieved the Safe Quality Food ("SQF") Level 2 Certification, with an auditor-recommended rating of "Excellent". SQF is recognised by retailers and food providers worldwide who require a rigorous and credible food safety management system.

SEPTEMBER 2011

IOI Properties Bhd ("IOIP") won The Edge Top Ten Property Developers Awards 2011 for the ninth consecutive year. The award ranks Malaysia's best property players based on consumers' perspectives of the companies' quantitative and qualitative attributes.

OCTOBER 2011

IOI Group Executive Chairman Tan Sri Dato' Lee Shin Cheng was accorded the prestigious MPOA Recognition Award 2011 for his outstanding contributions and leadership in the plantation industry. The award was presented by Deputy Prime Minister of Malaysia YAB Dato' Seri Muhyiddin Hj. Yassin during the Malaysian Palm Oil Association Annual Dinner.

NOVEMBER 2011

IOI Oleochemical Industries Bhd, Prai invested RM130 million to expand its downstream oleochemical derivatives production by building a new production facility in its Prai Industrial Complex. The project was announced during the ninth Economic Transformation Programme (ETP) update.

DECEMBER 2011

Acidchem International Sdn Bhd, a subsidiary of IOI Oleochemical Industries Bhd, Prai, won the Chemical Industries Council of Malaysia ("CICM") Responsible Care Awards in the following categories – Employee Health & Safety (Platinum), Pollution Prevention (Platinum), Process Safety (Gold), Community Awareness & Emergency Response (Silver), and Distribution (Silver). Meanwhile, Pan-Century Oleochemical Sdn Bhd garnered a Silver Award (Employee Health & Safety) and a Merit Award (Pollution Prevention).

JANUARY 2012

IOI Group has once again successfully attained the Roundtable on Sustainable Palm Oil ("RSPO") Supply Chain Certification for seven of its operating units that adhered to regulations and requirements of RSPO's Supply Chain Certification System ("SCCS").

JANUARY 2012

IOIP, through its subsidiary MultiWealth (Singapore) Pte Ltd, won the bid for a 99-year leasehold 2.4 hectares parcel of land in Clementi earmarked for condominium development for RM995.5 million.

FEBRUARY 2012

IOI Loders Croklaan Asia's entries for the 2012 Gulfood Awards – Creamelt™ 500 (Best New Health Food or Beverage Ingredient category) and Creative Studio (Best New Food Service Innovation category) – were awarded a "Highly Commended" status.

FEBRUARY 2012

Baturong Palm Oil Mill received the International Sustainability & Carbon Certification ("ISCC") for complying with the ISCC System GmbH certification system.

FEBRUARY 2012

IOI Loders Croklaan Europe received the Authorised Economic Operator ("AEO") status which is a quality mark for companies to enjoy simplified custom procedures and better control over operational as well as transportation standards.

APRIL 2012

Palm Garden Golf Club ("PGCC"), touted as the first premier public golf course, unveiled a new scenic 18-hole course spanning across 125 acres. It offers all-round enjoyment for the whole family with a sumptuous coffee house, 25-metre infinity pool, Jacuzzi, children's pool, poolside terrace, gym, sauna facilities, tennis court, ballroom with 80-pax capacity, and VIP suite.

APRIL 2012

IOI Loders Croklaan Americas unveiled its plant expansion project named "APEX" (Advanced Palm Expansion) in Channahon which is reputed to be Western Hemisphere's largest palm oil processing plant.

MAY 2012

As part of IOI Group's rebranding exercise to strengthen its distinct identity and brand presence, IOI Group successfully installed new signages at all plantation estates. The new enhanced logo is now portrayed prominently in IOI's estates throughout Peninsular Malaysia and Sabah.

MAY 2012

IOIP's fifth property development in Singapore, South Beach garnered two Building and Construction Authority ("BCA") Green Mark Platinum Awards for its Residential and Commercial components respectively.

RSPO

Roundtable on Sustainable Palm Oil

MAY 2012

IOI Oleochemical's Penang and Johor manufacturing sites received the RSPO's SCCS for IOI Oleochemical's commitment in producing sustainable oleochemicals that span the entire supply chain.

MAY 2012

IOIP won the BCI Asia Top 10 Developers Award 2012 for the second consecutive year since it was launched in 2011 to recognise the work of top developers in Asia namely Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

MAY 2012

Bukit Leelau Mill was awarded the Best Effluent Management Award 2011/2012 by the Department of Environment Pahang during the "Majlis Penganugerahan dan Penyerahan Lesen KKS Negeri Pahang 2012".

JUNE 2012

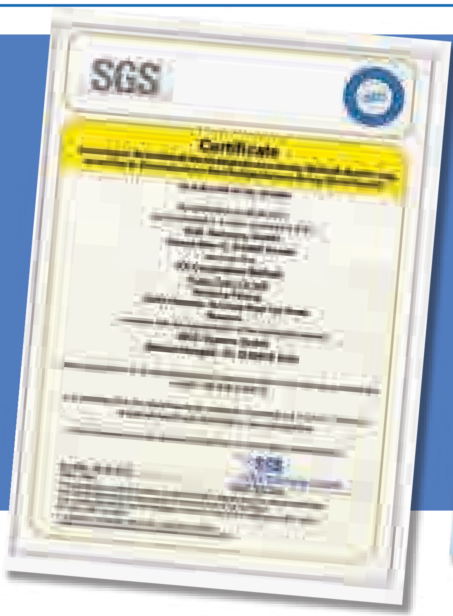
IOI Group was recognised as one of Malaysia's top 10 companies in a regional poll among investors conducted by Alpha Southeast Asia, an institutional investment magazine focused on Southeast Asia's banking and capital markets. In the second Annual Southeast Asia Institutional Investor Corporate Awards, IOI Group was cited for providing the "Best Senior Management Investor Relations Support" and practising "Strongest Adherence to Corporate Governance".

JUNE 2012

Puchong Financial Corporate Centre ("PFCC") was accorded the MSC Malaysia Status and recognised as a MSC Malaysia Cybercentre following a collaboration agreement signed between Flora Development Sdn Bhd, a subsidiary of IOIP, and Multimedia Development Corporation Sdn Bhd ("MDeC").

JUNE 2012

All 27 estates and four palm oil mills of IOI Group in Peninsular Malaysia achieved both the RSPO and ISCC certifications when Pukin Palm Oil Mill received its RSPO and ISCC certifications in June 2012.



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 2012.

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

QUAH POH KEAT
CPA (M), CA (M), FCCA, ACMA, MIT (M)
Member
Independent Non-Executive Director

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 at least three (3) years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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 year, 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 related party transactions entered into by the Group.

ix. Review and assess the risk management activities and risk review reports of the Group.

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 Internal Control pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

xi. Review of investigation report by Internal Audit Department on findings and recommendations of allegation on conflict of interests involving an employee on tender and award of contracts.

Number of Meetings and Details of Attendance

Five (5) meetings were held during the financial year ended 30 June 2012. 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	5	5
Datuk Karownakaran @ Karunakaran a/l Ramasamy	5	5
Quah Poh Keat	5	5

Two (2) 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	2	2
Datuk Karownakaran @ Karunakaran a/l Ramasamy	2	2
Quah Poh Keat	2	2

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 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.

127 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 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 2012 was RM2,878,000 (2011: RM2,703,000).

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.

In relation to the principles and recommendations of the Malaysian Code on Corporate Governance ("the Code"), the Board is pleased to provide the following statement, which outlines how the Group has applied the principles laid down in the Code. Except where specifically identified, the Board has generally complied with the best practices set out in the Code.

THE BOARD OF DIRECTORS

Roles and Principal Duties

The Board takes full responsibility for the overall performance of the Company and of the Group.

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.

Although a relatively small Board, it provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, legal and technical areas of the industries the Group is involved in. A key strength of this structure has been the speed of decision-making.

Board Composition and Balance

The Board comprises nine (9) members, of whom four (4) are Executive Directors, four (4) 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 Malaysia Securities Berhad ("Bursa Securities") that requires a minimum of two (2) Directors or one third (1/3) of the Board, whichever is the higher, to be Independent Directors. A brief profile of each Director is presented on page 64 onwards in the "Profile of Directors" section of the Annual Report.

In his capacity as Executive Chairman, Tan Sri Dato' Lee Shin Cheng essentially functions both as Chief Executive Officer 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 Securities. In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement.

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.

Other than the four (4) Independent Non-Executive Directors, Mr Lim Tuang Ooi, a representative from the Employees Provident Fund which is a substantial shareholder of the Company was appointed as Non-Independent Non-Executive Director.

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.

Board Meetings

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.

Eight (8) Board meetings were held during the financial year ended 30 June 2012. 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	8	8
Dato' Lee Yeow Chor	8	8
Lee Yeow Seng	8	7
Lee Cheng Leang	8	7
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	8	8
Datuk Karownakaran @ Karunakaran a/l Ramasamy	8	7
Quah Poh Keat	8	7
Lim Tuang Ooi	8	8
Cheah Tek Kuang *(Appointed on 22 August 2012)*	–	–

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.

The Board has direct access to the advice and services of two (2) Company Secretaries who are responsible to the Board for ensuring that all 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 Secretaries are also charged with highlighting all issues which they feel ought to be brought to the Board's attention. Besides Company Secretaries, independent Directors also have unfettered access to the financial and legal officers as well as the internal auditors of the Company.

In exercising their duties, Board committees are entitled to obtain professional opinions or advice from external consultants such as investment bankers, valuers, human resource consultants, etc.

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 have attended various training programmes, forums, conferences and seminars as follows:

Tan Sri Dato' Lee Shin Cheng

Malaysia - China Trade & Investment International Conference 2011	10 September 2011 to 11 September 2011
2011 Forbes Global CEO Conference	12 September 2011 to 14 September 2011
11th World Chinese Entrepreneurs Convention	5 October 2011 to 7 October 2011
Rabobank 2011 Asia Food & Agribusiness Advisory Board Meeting	22 November 2011 to 23 November 2011
23rd Annual Palm & Lauric Oils Conference & Exhibition Price Outlook 2012/2013	6 March 2012
China (Gui Zhou) - Malaysia Joint Development Promotion Conference	21 March 2012
China (Fujian) - Malaysia Joint Development Promotion Conference	28 May 2012

Dato' Lee Yeow Chor

2011 Forbes Global CEO Conference	12 September 2011 to 14 September 2011
3rd World Chinese Economic Forum 2011	3 October 2011 to 4 October 2011
Palm Oil Trade Fair & Seminar, South Africa, Nigeria & Abuja	6 December 2011 to 13 December 2011
Price Outlook Forum	6 March 2012 to 7 March 2012
Palm Oil Trade Fair & Seminar, Philippines	16 April 2012 to 17 April 2012
Palm Oil Trade Fair & Seminar, India	6 June 2012 to 8 June 2012

Lee Yeow Seng

11th World Chinese Entrepreneurs Convention	5 October 2011 to 7 October 2011
Economic Seminar by Standard Chartered Bank	12 October 2011
Rabobank 2011 Asia Food & Agribusiness Advisory Board Meeting	22 November 2011 to 23 November 2011
Programme Advisory Committee Seminar by Malaysian Palm Oil Board	5 April 2012
Property & Hospitality Summit 2012	26 April 2012

Lee Cheng Leang

Scrutinising Financial Statements Frauds and Detection of Red Flags for Directors and Officers of PLCs and Government Regulatory Agencies	31 October 2011
Corporate Governance - The Competitive Advantage by Minority Shareholder Watchdog Group	16 April 2012
Bursa Malaysia's Half Day Governance Programme: Role of Audit Committee in Assuring Audit Quality	22 May 2012
Bursa Malaysia's Half Day Governance Programme: Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012	18 June 2012

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	MNRB Holdings Berhad ("MNRB") Directors' Training	30 July 2011
	Scrutinising Financial Statements Frauds and Detection of Red Flags for Directors and Officers of PLCs and Government Regulatory Agencies	31 October 2011
	Workshop with the Board of Dagang Net Technologies Sdn Bhd	15 March 2012
	MNRB Directors' Training	26 April 2012
	Workshop with the Management and Board of Time Engineering Berhad	26 June 2012
Datuk Karownakaran @ Karunakaran a/l Ramasamy	Financial Institutions Directors' Education Program: Roles of the Board & Committees in Financial Reporting and Strategy	21 September 2011 to 24 September 2011
	Scrutinising Financial Statements Frauds and Detection of Red Flags for Directors and Officers of PLCs and Government Regulatory Agencies	31 October 2011
	The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011	14 December 2011
	Chemical Company of Malaysia Berhad (CCM)'s Group Directors & Senior Management Training 2011 - Competition Act and What it Means to CCM	19 December 2011
	Integrated Logistics Berhad's Directors' & Management Training on Corporate Governance Practice, Overview of Malaysian Financial Reporting Standards and Listing Requirements of Bursa Malaysia Securities Berhad	25 February 2012
	Economic Council Working Group Roundtable Consultation's Discussion on Strategy Package for Budget 2013 - Stimulating Private Sector Growth	20 June 2012
Quah Poh Keat	Financial Institutions Directors' Education (FIDE) Elective Programme: The Nomination/ Remuneration Committee	18 July 2011 to 19 July 2011
	FIDE Risk Management Committee: Managing Risks in Banks	21 July 2011 to 22 July 2011
	Corporate Finance Programme by FIDE	30 September 2011 to 1 October 2011
	KPMG Malaysian Tax Summit 2011	12 October 2011
	Budget 2012 Tax Seminar by BDO	18 October 2011
	Market overview and emerging trends, Competitive Strategies, Understanding Customers by Bank Negara Malaysia	16 November 2011
	Comprehensive Overview Standards by Malaysian Accounting Standards Board	30 November 2011 to 1 December 2011
	A-Z of Accounting for Changes in Foreign Exchange Rates - Financial Reporting Standards by Malaysian Institute of Accountants	7 March 2012 to 8 March 2012
	Corporate Integrity & Foresight (Learnings on navigating the future) by Telekom Malaysia	28 March 2012
	Malaysian Financial Reporting Standards Convergence by KPMG	30 March 2012

Cheah Tek Kuang

2011 Forbes Global CEO Conference	12 September 2011 to 14 September 2011
Bank Negara Malaysia - Engagement on Financial Services and Islamic Services Bills	11 October 2011
Bank Negara Malaysia - The 1st Asian Central Banks' Watchers Conference	1 November 2011
Bank Negara Malaysia - Invitation to the Launch of the Financial Sector Blueprint and the New Currency Series	21 December 2011
Palm Oil Conference (POC)	6 March 2012 to 7 March 2012
Directors' Induction Program - AmFamily Takaful Berhad	21 March 2012

Lim Tuang Ooi

EPF Crisis Simulation	1 July 2011
Transforming Managers into Service Leaders by EPF	15 August 2011 to 16 August 2011
Red Flags in Corporate Governance by EPF	12 September 2011
EPF Customised Senior Leadership Development Program	14 November 2011 to 18 November 2011
EPF Corporate Governance jointly organised by EPF and ICLIF Leadership and Governance Centre	29 November 2011
JPR Power Team Building	10 December 2011 to 11 December 2011
Credit Risk Course by EPF	28 March 2012 to 29 March 2012
EPF International Seminar on Dynamic Evolution of the Pensions World	2 April 2012 to 3 April 2012
EPF Management Conference 2012	4 April 2012 to 6 April 2012
Strategic Planning Pre-Workshop Challenge Session by EPF	3 May 2012
Market Risk by EPF	16 May 2012 to 17 May 2012
Star Presenter Tool Kit by EPF	18 May 2012

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. In making these recommendations, the Nominating Committee considers the skills, knowledge, expertise and experience, professionalism, integrity and other qualities of the candidate. Any new nomination received is put to the full Board for assessment and endorsement.

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.

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 Annual General Meeting ("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-Third AGM are Dato' Lee Yeow Chor and Mr Lee Cheng Leang. Mr Cheah Tek Kuang is retiring pursuant to Article 102 of the Articles at the forthcoming Forty-Third AGM. The profiles of the Directors who are due for re-election are set out on page 63 onwards in the "Profile of Directors" section.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 at the forthcoming Forty-Third AGM are Tan Sri Dato' Lee Shin Cheng and Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor. Their profiles are set out on page 64 onwards in the "Profile of Directors" section.

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

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. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

The details of the remuneration Directors of the Company comprising remuneration received/ receivable from the Company and subsidiary companies during the financial year ended 30 June 2012 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	8,084	36,734	233	5,389	196	51,080
Non-executive Directors	360	–	–	31	–	142	533

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

Range of Remuneration	Number of Directors Executive	Non-executive
RM1 to RM50,000	–	–
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	2
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 RM900,000	–	–
RM900,001 to RM950,000	1	–
RM950,001 to RM2,000,000	–	–
RM2,000,001 to RM2,050,000	1	–
RM2,050,001 to RM47,700,000	–	–
RM47,700,001 to RM47,750,000	1	–

For financial year ended 30 June 2012, none of the Directors were offered share options under the Company's Executive Share Option Scheme.

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.

SHAREHOLDERS

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 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 48 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.

Annual General Meeting and Other Communications with Shareholders

Historically, the Company's Annual General Meetings ("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.

Timely announcements are also made to the public with regard to the Company's quarterly results, corporate proposals and other required announcements to ensure effective dissemination of information relating to the Group.

ACCOUNTABILITY AND AUDIT

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 applicable approved Financial Reporting Standards in Malaysia, 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 Audit and Risk Management Committee.

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.

Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control.

Internal Audit Function

The Group's internal audit function is carried out by the Internal Audit Department, which reports directly to the Audit and Risk Management Committee on its activities based on the approved annual Internal Audit Plan.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors.

Audit and Risk Management Committee

The Company has an Audit and Risk Management Committee 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 Audit and Risk Management Committee 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 Audit and Risk Management Committee. At least twice a year, the Audit and Risk Management Committee meets with the external auditors without executive Board members present.

The Audit and Risk Management Committee 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 2012 was RM387,000 (2011: RM642,000).

The role of the Audit and Risk Management Committee 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 Audit and Risk Management Committee Report.

STATEMENT ON 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.

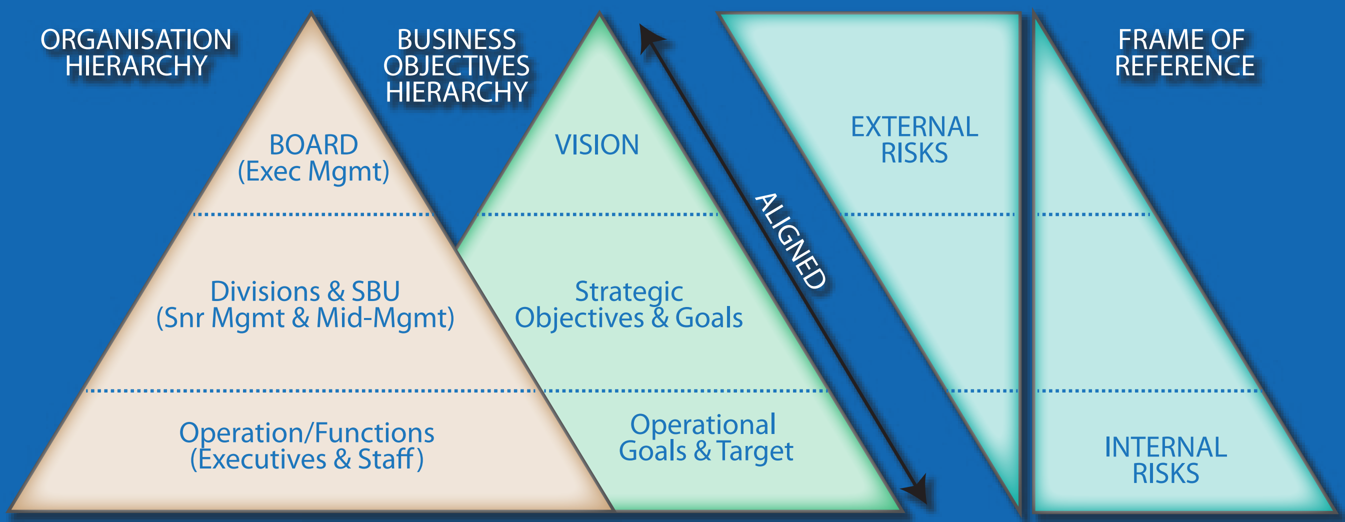
ACKNOWLEDGEMENT OF RESPONSIBILITIES

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.

RISK MANAGEMENT FRAMEWORK

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 programs. 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.

CONTROL ENVIRONMENT

- The Group's corporate culture are 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.

- A code of business conduct 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.

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 on a quarterly basis 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 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 controls 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 PERIOD

For the period 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 programs and tasks to manage the aforementioned and/or eliminate performance gaps.

- Ensured internal audit programs 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 programs, and evaluated post-implementation effectiveness.

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

The Board is pleased to conclude that the state of the Group's Internal Control System is generally adequate and effective. 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. The Board's conclusion is reached based on 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 that are presented and discussed with the Audit and Risk Management Committee, the Board, internal auditors, and external auditors at least once a year.

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

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

- Periodic management reports on the state of the Group's affairs which also covers the state of internal controls.

RISK MANAGEMENT

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 Enterprise Risk Management framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:

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 risk to managing diverse day-to-day operational risk.

- The management of the Group's day-to-day operational risk (such as those relating to health & safety, quality, production, marketing & 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.

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 42 to the financial statements on pages 213 to 247.

STATEMENT OF DIRECTORS' INTERESTS

In the Company and its related corporations as at 30 August 2012

(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	62,530,600	0.98	2,763,474,880 [1]	43.18
Dato' Lee Yeow Chor	8,240,400	0.13	2,752,502,880 [2]	43.01
Lee Yeow Seng	953,800	0.01	2,752,502,880 [2]	43.01
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	–	–	10,000 [3]	*
Lim Tuang Ooi	–	–	–	–
Subsidiaries				
Kapar Realty And Development Sdn Berhad (in liquidation)				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	27.03	–	–
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*

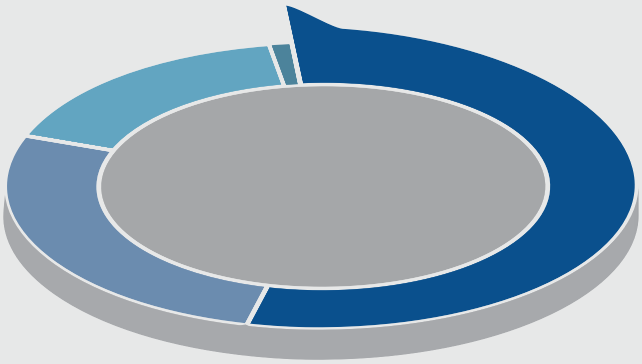
2 *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC*

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

* *Negligible*

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS
AS AT 30 AUGUST 2012



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 2012 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 2012 are as follows:

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/Major Shareholders and/or Persons Connected	Value of Transactions RM'000
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]	5,718
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]	15,288

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	*92.32*	*Property development, property investment and cultivation of oil palm*
PMSB	*99.80*	*Property development, property investment and investment holding*
PPSB	*100.00*	*Cultivation and producing palm oil products*

(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.

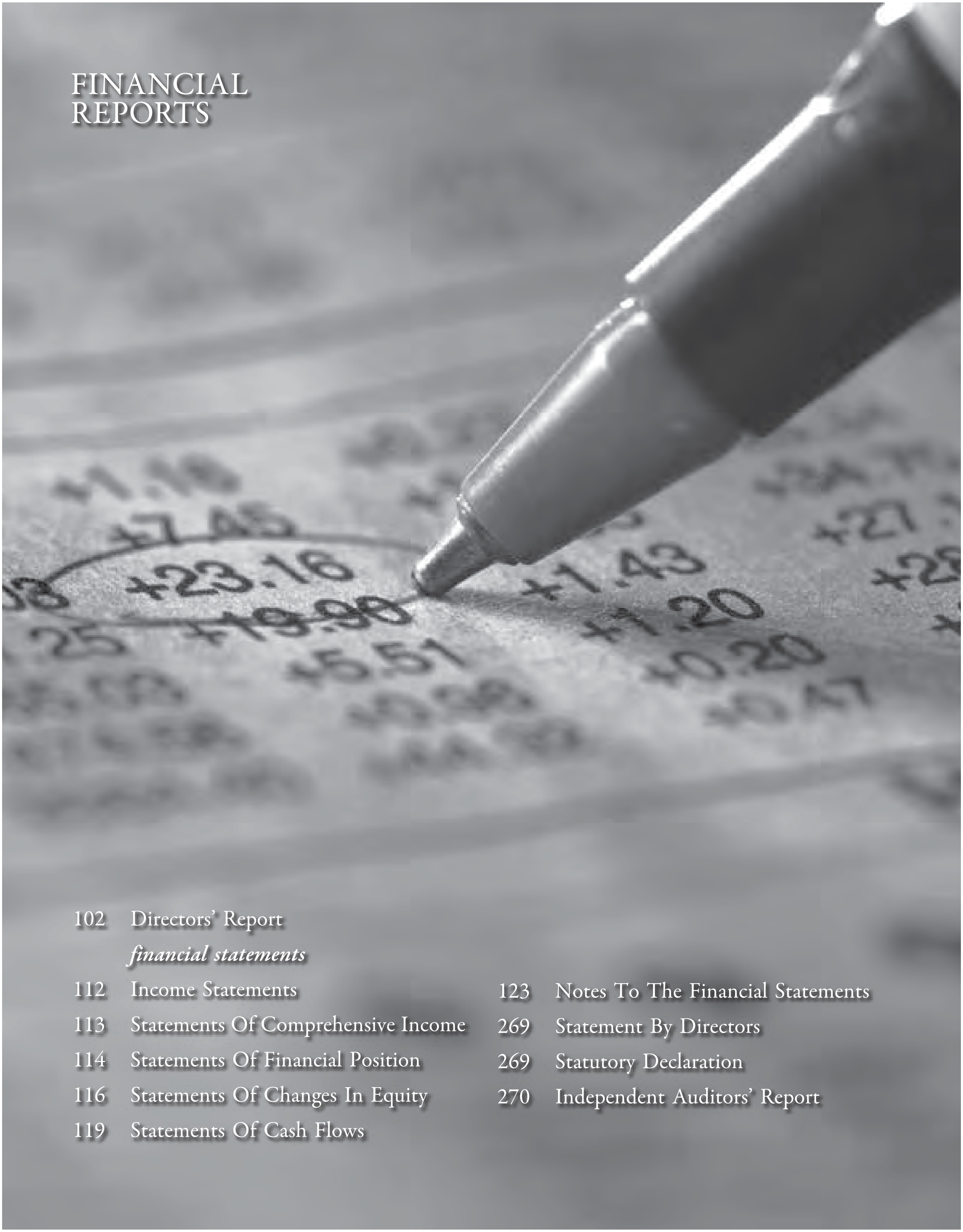
- Notwithstanding the related party disclosure already presented in the financial statements in accordance with Financial Reporting Standards No. 124 ("FRS 124"), the above disclosures are made in order to comply with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities 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 30 September 2011.

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 2012, 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 2012.

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 46 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 results of the Group and of the Company for the financial year ended 30 June 2012 are as follows:

	Group RM'000	Company RM'000
Profit before taxation	2,378,961	745,504
Taxation	(550,432)	(54,839)
Profit for the financial year	1,828,529	690,665
Attributable to:		
Owners of the parent	1,789,370	690,665
Non-controlling interests	39,159	–
	1,828,529	690,665

DIVIDENDS

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

	Company RM'000
In respect of the financial year ended 30 June 2011:	
Second interim single tier dividend of 9.0 sen per ordinary share, paid on 7 October 2011	575,571
In respect of the financial year ended 30 June 2012:	
First interim single tier dividend of 7.0 sen per ordinary share, paid on 29 March 2012	447,883
	1,023,454

The Directors have declared a second interim single tier dividend of 8.5 sen per ordinary share, amounting to RM543,856,367 in respect of the financial year ended 30 June 2012. The dividend is payable on 4 October 2012 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 26 September 2012.

No final dividend has been recommended for the financial year ended 30 June 2012.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i. 7,486,900 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; and

ii. 3,731,900 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.

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 24 October 2011.

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.

During the financial year, the Company repurchased 28,941,100 ordinary shares of RM0.10 each of its issued shares from the open market. The average price paid for the ordinary shares repurchased was RM4.82 per ordinary share. The repurchase transactions were financed by internally generated funds. The ordinary shares repurchased were 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 2012.

At the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 6,398,310,195 ordinary shares of RM0.10 each.

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 ("IOI Capital"), 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 matured on 18 December 2011. The 2nd Exchangeable Bonds were unconditionally and irrevocably guaranteed by the Company.

The salient features of the 2nd Exchangeable Bonds are disclosed in Note 34.2 to the financial statements.

IOI Capital had on the maturity date of the 2nd Exchangeable Bonds, 18 December 2011, 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.

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 will mature 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 34.3 to the financial statements.

None of the 3rd Exchangeable Bonds has been redeemed, repurchased or exchanged during the financial year.

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 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 2011**	**Exercised**	**Lapsed**	**As at 30 June 2012**
2.44	12 January 2006	35,438,200	(7,486,900)	(1,796,700)	26,154,600
4.19	2 April 2007	26,161,600	(3,731,900)	(2,175,200)	20,254,500
5.00	6 July 2010	17,965,900	–	(1,570,000)	16,395,900
Total		79,565,700	(11,218,800)	(5,541,900)	62,805,000

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
Quah Poh Keat
Lim Tuang Ooi
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Cheah Tek Kuang *(Appointed on 22 August 2012)*

In accordance with Article 101 of the Company's Articles of Association, Dato' Lee Yeow Chor and Mr Lee Cheng Leang retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 102 of the Company's Articles of Association, Mr Cheah Tek Kuang retires at the forthcoming Annual General Meeting and being eligible, offers himself 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 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	As at 1 July 2011	Acquired	Disposed	As at 30 June 2012
Direct Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	58,684,900	3,845,700	–	62,530,600
Dato' Lee Yeow Chor	8,090,400	150,000	–	8,240,400
Lee Yeow Seng	800,000	153,800	–	953,800
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	–	–	329,333
Subsidiary				
Kapar Realty And Development Sdn Berhad *(in liquidation)*				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	–	–	100
Indirect Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,673,303,280	77,449,300	–	2,750,752,580
Dato' Lee Yeow Chor	2,663,225,180	76,555,400	–	2,739,780,580
Lee Yeow Seng	2,663,225,180	76,555,400	–	2,739,780,580
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

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

DIRECTORS' INTERESTS (Continued)

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:

		No. of options over ordinary shares		
	Option price	As at 1 July 2011	Exercised	As at 30 June 2012
Direct Interests				
Tan Sri Dato' Lee Shin Cheng	RM2.44	7,691,400	(3,845,700)	3,845,700
Lee Yeow Seng	RM2.44	153,800	(153,800)	–
Lee Yeow Seng	RM4.19	576,600	–	576,600
Lee Yeow Seng	RM5.00	2,650,000	–	2,650,000
Lee Cheng Leang	RM2.44	820,400	–	820,400
Indirect Interests				
Tan Sri Dato' Lee Shin Cheng	RM2.44	3,050,200	(671,700)	2,378,500
Tan Sri Dato' Lee Shin Cheng	RM4.19	1,602,700	(72,200)	1,530,500
Tan Sri Dato' Lee Shin Cheng	RM5.00	2,813,000	–	2,813,000

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 39 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 39 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 income statements, statements of 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 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 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 other than gain arising from dilution of interest in an associate of RM124,510,000, pursuant to its restructuring and listing exercise, as disclosed in Note 7(a) to the financial statements; 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, five (5) 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 (formerly known as Loders Croklaan Latin America Comercio e Industria Ltda), Lipid Nutrition Trading (Beijing) Co. Ltd and Loders Croklaan Burkina Faso S.A.R.L. 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 2012.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of Oil Palm Plantation by Sri Mayvin Plantation Sdn Bhd

On 28 July 2011, Sri Mayvin Plantation Sdn Bhd ("Sri Mayvin"), an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") to acquire 11,977.91 hectares of oil palm plantation land located in the Districts of Labuk-Sugut, Sandakan, Sabah ("Plantation Land") from Pertama Land & Development Sdn Bhd ("Pertama Land"), a wholly-owned subsidiary of Duta Plantations Sdn Bhd, which in turn, is a wholly-owned subsidiary of Dutaland Berhad ("Dutaland") for a total cash consideration of RM830.0 million.

On 9 November 2011, both Pertama Land and Sri Mayvin had entered into a Deed of Rescission to mutually rescind the SPA with immediate effect whereupon the parties were released from all obligations and liabilities in connection with the SPA and neither party shall have further claim against the other in respect thereto. Following this, the deposit of RM83.0 million earlier paid by Sri Mayvin pursuant to the terms of the SPA had been refunded together with all interest accrued thereon.

(b) Land Tender by Multi Wealth (Singapore) Pte Ltd ("Multi Wealth")

On 16 January 2012, Multi Wealth (Singapore) Pte Ltd ("Multi Wealth"), an indirect 99.8% owned subsidiary of the Company had been notified by the Housing & Development Board of Singapore of its acceptance of Multi Wealth's tender bid for a parcel of land at Jalan Lempeng in the Republic of Singapore measuring approximately 24,417.6 square metres (equivalent to approximately 6.03 acres) ("Subject Land") for a total tender sum of SGD408.0 million (equivalent to approximately RM995.5 million). The Subject Land with a lease period of 99 years is intended for residential development comprising condominium units.

On 2 February 2012, Multi Wealth incorporated a 87.8% owned subsidiary known as Clementi Development Pte Ltd in the Republic of Singapore to undertake the development of the Subject Land and to accept transfer of the ownership of the Subject Land.

(c) Establishment of USD1,500,000,000 Euro Medium Term Note Programme

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 ("EMTN Programme") with an initial programme size of USD1,500,000,000 (or its equivalent in other currencies).

The EMTN Programme provides the Group a further avenue to tap into the liquidity of the international debt capital markets with the flexibility to raise funds via the issuance of the notes from time to time with a tenor and in a currency to best match its requirements.

Subsequent to the establishment of the EMTN Programme, IOI Investment had on 27 June 2012 issued a USD600 million 4.375% Guaranteed Notes due 2022 ("Notes"). The Notes are fully and unconditionally guaranteed by the Company and are listed on the Singapore Exchange Securities Trading Limited.

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)
Quah Poh Keat (MIA 2022)
Datuk Karownakaran @ Karunakaran a/l Ramasamy

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)
Quah Poh Keat
Cheah Tek Kuang *(Appointed on 22 August 2012)*

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

Lee Yeow Seng
Executive Director

Putrajaya
12 September 2012

INCOME STATEMENTS

For The Financial Year Ended 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	6	**15,640,272**	16,154,251	**1,348,311**	2,101,232
Cost of sales		**(12,366,408)**	(12,743,689)	**(126,267)**	(123,693)
Gross profit		**3,273,864**	3,410,562	**1,222,044**	1,977,539
Other operating income	7(a)	**1,266,154**	1,628,282	**87,509**	484,863
Marketing and selling expenses		**(276,970)**	(237,367)	**(339)**	(330)
Administration expenses		**(556,713)**	(447,792)	**(81,705)**	(96,618)
Other operating expenses	7(b)	**(1,339,821)**	(1,538,040)	**(365,747)**	(147,393)
Operating profit	8	**2,366,514**	2,815,645	**861,762**	2,218,061
Share of results of associates		**121,033**	119,739	**–**	–
Share of results of jointly controlled entities		**32,735**	50,997	**–**	–
Profit before interest and taxation		**2,520,282**	2,986,381	**861,762**	2,218,061
Interest income	9	**49,768**	47,146	**95,045**	96,036
Finance costs	10	**(191,089)**	(169,915)	**(211,303)**	(212,322)
Profit before taxation		**2,378,961**	2,863,612	**745,504**	2,101,775
Taxation	11	**(550,432)**	(573,099)	**(54,839)**	(59,626)
Profit for the financial year		**1,828,529**	2,290,513	**690,665**	2,042,149
Attributable to:					
Owners of the parent		**1,789,370**	2,222,899	**690,665**	2,042,149
Non-controlling interests		**39,159**	67,614	**–**	–
		1,828,529	2,290,513	**690,665**	2,042,149
Earnings per ordinary share attributable to owners of the parent (sen)	12				
Basic		**27.96**	34.75		
Diluted		**27.88**	33.42		
Gross dividend per ordinary share of RM0.10 each (sen)	13				
First interim single tier dividend		**7.0**	8.0	**7.0**	8.0
Second interim single tier dividend		**8.5**	9.0	**8.5**	9.0
Total		**15.5**	17.0	**15.5**	17.0

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2012

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Profit for the financial year	**1,828,529**	2,290,513	**690,665**	2,042,149
Other comprehensive (loss)/income				
Exchange differences on translation of foreign operations	**(36,382)**	220,493	**–**	–
Share of other comprehensive loss of associates	**(217)**	–	**–**	–
Other comprehensive (loss)/income for the financial year, net of tax	**(36,599)**	220,493	**–**	–
Total comprehensive income for the financial year	**1,791,930**	2,511,006	**690,665**	2,042,149
Total comprehensive income attributable to:				
Owners of the parent	**1,752,298**	2,441,337	**690,665**	2,042,149
Non-controlling interests	**39,632**	69,669	**–**	–
	1,791,930	2,511,006	**690,665**	2,042,149

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As At 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**5,713,689**	5,677,476	**441,030**	436,532
Prepaid lease payments	15	**29,580**	30,007	**–**	–
Land held for property development	16	**1,858,899**	834,513	**–**	–
Investment properties	17	**1,326,712**	1,062,529	**–**	–
Goodwill on consolidation	18	**511,994**	511,994	**–**	–
Investments in subsidiaries	19	**–**	–	**7,956,514**	6,384,599
Investments in associates	20	**817,140**	668,074	**20,350**	22,850
Interests in jointly controlled entities	21	**3,483,107**	3,099,132	**–**	–
Derivative assets	22	**67,051**	18,619	**14,597**	3,695
Deferred tax assets	23	**71,076**	49,670	**–**	–
		13,879,248	11,952,014	**8,432,491**	6,847,676
Current assets					
Property development costs	24	**362,374**	235,910	**–**	–
Inventories	25	**2,511,439**	2,651,655	**15,541**	19,373
Trade and other receivables	26	**1,686,572**	1,722,003	**28,584**	24,401
Amounts due from subsidiaries	19	**–**	–	**2,165,482**	3,586,354
Amounts due from associates	20	**308**	397	**83**	397
Derivative assets	22	**171,925**	208,372	**–**	2,640
Current tax assets		**17,053**	33,815	**8,734**	19,958
Other investments	27	**75,202**	65,427	**6,477**	7,087
Short term funds	28	**1,775,235**	1,725,237	**1,042,035**	1,403,759
Deposits with financial institutions	29	**2,023,978**	592,864	**211,058**	209,973
Cash and bank balances	30	**561,534**	467,425	**4,201**	16,155
		9,185,620	7,703,105	**3,482,195**	5,290,097
TOTAL ASSETS		**23,064,868**	19,655,119	**11,914,686**	12,137,773

The notes on pages 123 to 268 form an integral part of the financial statements.

EQUITY AND LIABILITIES

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Equity attributable to owners of the parent					
Share capital	31	**642,725**	641,603	**642,725**	641,603
Reserves	32	**1,787,723**	1,932,050	**1,971,330**	2,073,834
Retained earnings	33	**10,197,475**	9,425,524	**3,978,950**	4,311,739
		12,627,923	11,999,177	**6,593,005**	7,027,176
Non-controlling interests		**287,980**	262,221	**–**	–
Total equity		**12,915,903**	12,261,398	**6,593,005**	7,027,176
Liabilities					
Non-current liabilities					
Borrowings	34	**7,291,713**	4,606,449	**1,906,275**	1,804,290
Derivative liabilities	22	**79,822**	19,906	**74,884**	19,906
Amounts due to subsidiaries	19	**–**	–	**2,630,878**	2,075,012
Other long term liabilities	35	**147,259**	26,292	**955**	955
Deferred tax liabilities	23	**427,672**	453,046	**6,095**	6,256
		7,946,466	5,105,693	**4,619,087**	3,906,419
Current liabilities					
Trade and other payables	36	**1,107,792**	1,189,687	**83,420**	95,158
Borrowings	34	**829,965**	791,309	**–**	302,700
Amounts due to subsidiaries	19	**–**	–	**588,752**	714,176
Amounts due to associates	20	**6,859**	2,287	**–**	2,182
Derivative liabilities	22	**202,848**	189,055	**–**	52,140
Current tax liabilities		**55,035**	115,690	**30,422**	37,822
		2,202,499	2,288,028	**702,594**	1,204,178
Total liabilities		**10,148,965**	7,393,721	**5,321,681**	5,110,597
TOTAL EQUITY AND LIABILITIES		**23,064,868**	19,655,119	**11,914,686**	12,137,773

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2012

	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
As at 1 July 2010	667,552	3,542,923	110,152	(372,747)	(1,767,552)	8,352,978	10,533,306	289,296	10,822,602
Profit for the financial year	–	–	–	–	–	2,222,899	2,222,899	67,614	2,290,513
Exchange differences on translation of foreign operations	–	–	–	218,438	–	–	218,438	2,055	220,493
Total comprehensive income	–	–	–	218,438	–	2,222,899	2,441,337	69,669	2,511,006
Transactions with owners									
Recognition of share option expenses (Note 8 (b))	–	–	11,656	–	–	–	11,656	–	11,656
Exercise of share options	1,187	47,720	(9,611)	–	–	–	39,296	–	39,296
Exchange of 2nd Exchangeable Bonds	2,706	121,229	–	–	–	–	123,935	–	123,935
Cancellation of treasury shares	(29,842)	(1,767,552)	29,842	–	1,767,552	–	–	–	–
Liquidation of a subsidiary (Note 37.1.2)	–	–	–	–	–	–	–	(473)	(473)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	–	(513,083)	(513,083)	–	(513,083)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	–	(638,135)	(638,135)	–	(638,135)
Changes in equity interest in a subsidiary	–	–	–	–	–	865	865	(2,388)	(1,523)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(93,883)	(93,883)
As at 30 June 2011	641,603	1,944,320	142,039	(154,309)	–	9,425,524	11,999,177	262,221	12,261,398

The notes on pages 123 to 268 form an integral part of the financial statements.

	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
As at 1 July 2011	641,603	1,944,320	142,039	(154,309)	–	9,425,524	11,999,177	262,221	12,261,398
Profit for the financial year	–	–	–	–	–	1,789,370	1,789,370	39,159	1,828,529
Exchange differences on translation of foreign operations	–	–	–	(36,855)	–	–	(36,855)	473	(36,382)
Share of other comprehensive loss of associates	–	–	–	(217)	–	–	(217)	–	(217)
Total comprehensive (loss)/income	–	–	–	(37,072)	–	1,789,370	1,752,298	39,632	1,791,930
Transactions with owners									
Recognition of share option expenses (Note 8 (b))	–	–	4,330	–	–	–	4,330	–	4,330
Exercise of share options	1,122	41,558	(8,776)	–	–	–	33,904	–	33,904
Termination of share options in a subsidiary	–	–	(4,751)	–	–	4,751	–	–	–
Repurchase of shares (Note 32.2)	–	–	–	–	(139,616)	–	(139,616)	–	(139,616)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	–	(447,883)	(447,883)	–	(447,883)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	–	(575,571)	(575,571)	–	(575,571)
Capital repayment to non-controlling interests	–	–	–	–	–	–	–	(333)	(333)
Incorporation of a subsidiary	–	–	–	–	–	–	–	293	293
Changes in equity interest in subsidiaries	–	–	–	–	–	1,284	1,284	(1,513)	(229)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(12,320)	(12,320)
As at 30 June 2012	642,725	1,985,878	132,842	(191,381)	(139,616)	10,197,475	12,627,923	287,980	12,915,903

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2012

		Non-Distributable			Distributable	
Company	**Share capital RM'000**	**Share premium RM'000**	**Capital reserves RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
As at 1 July 2010	667,552	3,542,923	97,627	(1,767,552)	3,420,808	5,961,358
Profit for the financial year	–	–	–	–	2,042,149	2,042,149
Total comprehensive income	–	–	–	–	2,042,149	2,042,149
Transactions with owners						
Recognition of share option expenses (Note 8 (b))	–	–	11,656	–	–	11,656
Exercise of share options	1,187	47,720	(9,611)	–	–	39,296
Exchange of 2nd Exchangeable Bonds	2,706	121,229	–	–	–	123,935
Cancellation of treasury shares	(29,842)	(1,767,552)	29,842	1,767,552	–	–
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	(513,083)	(513,083)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	(638,135)	(638,135)
As at 30 June 2011	641,603	1,944,320	129,514	–	4,311,739	7,027,176
As at 1 July 2011	**641,603**	**1,944,320**	**129,514**	**–**	**4,311,739**	**7,027,176**
Profit for the financial year	**–**	**–**	**–**	**–**	**690,665**	**690,665**
Total comprehensive income	**–**	**–**	**–**	**–**	**690,665**	**690,665**
Transactions with owners						
Recognition of share option expenses (Note 8 (b))	**–**	**–**	**4,330**	**–**	**–**	**4,330**
Exercise of share options	**1,122**	**41,558**	**(8,776)**	**–**	**–**	**33,904**
Repurchase of shares (Note 32.2)	**–**	**–**	**–**	**(139,616)**	**–**	**(139,616)**
Dividends paid in respect of current financial year (Note 13)	**–**	**–**	**–**	**–**	**(447,883)**	**(447,883)**
Dividends paid in respect of previous financial year (Note 13)	**–**	**–**	**–**	**–**	**(575,571)**	**(575,571)**
As at 30 June 2012	**642,725**	**1,985,878**	**125,068**	**(139,616)**	**3,978,950**	**6,593,005**

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Operating Activities					
Profit before taxation		**2,378,961**	2,863,612	**745,504**	2,101,775
Adjustments for:					
Depreciation of property, plant and equipment	14	**252,482**	243,480	**4,093**	4,016
Net unrealised foreign currency translation loss/(gain)		**222,614**	(203,948)	**263,942**	(382,947)
Interest expenses	10	**191,089**	169,915	**211,303**	212,322
Fair value loss/(gain) on derivative financial instruments		**63,623**	29,934	**(5,424)**	67,363
Realised foreign currency translation loss on borrowings		**63,468**	–	**48,800**	–
Inventories written down to net realisable values		**39,261**	8,064	**–**	–
Expenses for retirement benefits	35.1	**25,032**	21,497	**101**	98
Property, plant and equipment written off	14	**5,938**	3,170	**54**	2,121
Share option expenses	8(b)	**4,330**	11,656	**4,330**	11,656
Impairment losses on receivables		**3,039**	2,752	**594**	–
Amortisation of prepaid lease payments	15	**2,826**	2,824	**–**	–
Loss on liquidation of an associate		**318**	–	**318**	–
Loss/(gain) on liquidation of subsidiaries	37.1	**112**	421	**(4)**	450
Bad debts written off		**90**	3,300	**–**	–
Impairment losses on receivables written back		**(521)**	(9,677)	**–**	–
Gain on disposal of investment properties		**(709)**	(62,691)	**–**	–
Net gain on disposal of property, plant and equipment		**(1,477)**	(42,528)	**(1,319)**	(935)
Gain on disposal of land held for property development		**(2,390)**	–	**–**	–
Net fair value gain on financial assets		**(4,550)**	(1,368)	**–**	–
Dividends income from other investments		**(5,083)**	(1,090)	**(270)**	(73)
Net fair value (gain)/loss on other investments		**(11,280)**	(11,764)	**389**	(1,514)
Gain on disposal of land from compulsory acquisition		**(13,693)**	(24,341)	**–**	–
Share of results of jointly controlled entities		**(32,735)**	(50,997)	**–**	–
Net fair value (gain)/loss on financial liabilities		**(33,324)**	56,585	**–**	–
Interest income	9	**(49,768)**	(47,146)	**(95,045)**	(96,036)
Dividends income from short term funds		**(51,731)**	(37,534)	**(33,256)**	(37,534)
Net gain arising from changes in interests in associates		**(115,339)**	–	**–**	–
Share of results of associates		**(121,033)**	(119,739)	**–**	–
Fair value gain on investment properties	17	**(164,970)**	(93,080)	**–**	–
Goodwill written off	18	**–**	273	**–**	–

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Operating Activities					
Adjustments for: (Continued)					
Gain on disposal of a subsidiary	37.2	**–**	(4,602)	**–**	(4,602)
Gain on disposal of product lines	18.1	**–**	(18,124)	**–**	–
Gain on conversion of 2nd Exchangeable Bonds		**–**	(31,057)	**–**	(31,057)
Impairment losses on amounts due from subsidiaries		**–**	–	**7**	19
Fair value (gain)/loss on amounts due to subsidiaries		**–**	–	**(33,373)**	56,610
Dividends income from associates		**–**	–	**(12,000)**	(9,000)
Dividends income from subsidiaries		**–**	–	**(927,563)**	(1,653,944)
Operating profit before working capital changes		**2,644,580**	2,657,797	**171,181**	238,788
Decrease/(increase) in inventories		**165,407**	(969,291)	**3,832**	(2,525)
Decrease/(increase) in trade receivables		**107,907**	(470,502)	**116**	1,322
Increase in amounts due from customers on contracts		**(329)**	(677)	**–**	–
(Decrease)/increase in trade payables		**(7,300)**	153,580	**1,574**	3,160
(Increase)/decrease in other receivables, deposits and prepayments		**(18,014)**	26,492	**(4,893)**	(7,846)
Decrease in other payables and accruals		**(36,301)**	(1,721)	**(13,312)**	(22,180)
(Increase)/decrease in property development costs		**(69,550)**	113,050	**–**	–
Cash generated from operations		**2,786,400**	1,508,728	**158,498**	210,719
Retirement benefits paid	35.1	**(973)**	(1,610)	**(101)**	(81)
Club membership deposits refunded		**(85)**	(118)	**–**	–
Retirement benefits contributed	35.1	**(24,908)**	(28,711)	**–**	–
Tax paid		**(656,310)**	(581,576)	**(57,250)**	(47,156)
Tax refunded		**27,479**	12,993	**14,237**	10,000
Net cash from operating activities		**2,131,603**	909,706	**115,384**	173,482

The notes on pages 123 to 268 form an integral part of the financial statements.

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Investing Activities					
Dividends received from associates		**88,304**	23,888	**12,000**	9,000
Dividends received from short term funds		**51,731**	37,534	**33,256**	37,534
Interest received		**21,981**	25,530	**4,077**	3,646
Proceeds from disposal of land from compulsory acquisition		**14,097**	32,351	**–**	–
Proceeds from disposal of investment properties		**7,059**	332,825	**–**	–
Dividends received from other investments		**5,083**	1,090	**270**	73
Payments from/(to) associates		**3,244**	(270)	**314**	(375)
Proceeds from disposal of land held for property development		**3,228**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**3,136**	18,335	**1,321**	7,614
Proceeds from disposal of other investments		**3,424**	7,332	**221**	568
Proceeds from disposal of shares in a subsidiary		**37**	–	**–**	–
Proceeds from liquidation of subsidiaries	37.1	**4**	1,097	**4**	1,097
Acquisitions of additional interest in subsidiaries	19.1	**(266)**	(1,523)	**(266)**	(1,523)
Additions to other investments		**(1,633)**	(4,654)	**–**	(3,042)
Additions to prepaid lease payments	15	**(2,499)**	(3,356)	**–**	–
Deposits paid for the purchase of land		**(20,901)**	–	**–**	–
Investments in jointly controlled entities		**(30,024)**	(908,563)	**–**	–
Additions to investment properties	17	**(75,292)**	(25,755)	**–**	–
Advances to jointly controlled entities		**(236,838)**	(422,051)	**–**	–
Additions to property, plant and equipment	14	**(397,217)**	(395,895)	**(8,647)**	(4,822)
Additions to land held for property development	16	**(1,183,483)**	(36,316)	**–**	–
Proceeds from disposal of a subsidiary	37.2	**–**	9,680	**–**	9,680
Proceeds from disposal of product lines	18.1	**–**	25,888	**–**	–
Dividends received from subsidiaries		**–**	–	**919,400**	1,647,583
Payments from/(to) subsidiaries		**–**	–	**96,586**	(4,075,652)
Net cash (used in)/from investing activities		**(1,746,825)**	(1,282,833)	**1,058,536**	(2,368,619)

The notes on pages 123 to 268 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Cash Flows From Financing Activities					
Proceeds from issuance of Notes	34.5	**1,894,749**	–	**–**	–
Drawdown of term loans		**1,009,339**	2,323,811	**–**	1,832,242
Advances from non-controlling interests		**129,703**	–	**–**	–
Proceeds from short term borrowings		**88,190**	208,522	**–**	–
Proceeds from issuance of shares		**33,904**	39,296	**33,904**	39,296
Proceeds from issuance of shares to non-controlling interests		**293**	–	**–**	–
Repayments of finance lease obligations		**(101)**	(119)	**–**	–
Capital repayment to non-controlling interests		**(333)**	–	**–**	–
Dividends paid to non-controlling interests		**(12,320)**	(93,883)	**–**	–
Repurchase of shares	32.2	**(139,616)**	–	**(139,616)**	–
Interest paid		**(197,782)**	(165,801)	**(65,847)**	(52,399)
Redemption of 2nd Exchangeable Bonds	34.2	**(236,500)**	–	**–**	–
Repayments of term loans		**(351,500)**	(434,143)	**(351,500)**	–
Dividends paid	13	**(1,023,454)**	(1,151,218)	**(1,023,454)**	(1,151,218)
Repurchase of 3rd Exchangeable Bonds	34.3	**–**	(69,122)	**–**	–
Redemption of 3rd Exchangeable Bonds	34.3	**–**	(1,397,158)	**–**	–
Net cash from/(used in) financing activities		**1,194,572**	(739,815)	**(1,546,513)**	667,921
Net increase/(decrease) in cash and cash equivalents		**1,579,350**	(1,112,942)	**(372,593)**	(1,527,216)
Cash and cash equivalents at beginning of financial year	38	**2,785,526**	3,879,809	**1,629,887**	3,157,103
Effect of exchange rate changes		**(4,129)**	18,659	**–**	–
Cash and cash equivalents at end of financial year	38	**4,360,747**	2,785,526	**1,257,294**	1,629,887

The notes on pages 123 to 268 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 46 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 applicable approved Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 48 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 thousand (RM'000), 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
Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to IC Interpretation 14 *FRS 119 – Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011

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

3.1 New FRSs adopted during the current financial year (Continued)

There is no impact upon adoption of the above new FRSs, Amendments to FRSs and IC Interpretations during the current financial year other than the following:

i. Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

   These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

   There is no financial impact upon adoption of these amendments during the financial year other than the additional disclosures in Note 42 to the financial statements.

ii. Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011.

   Amendments to FRS 7 *Financial Instruments: Disclosures* clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group has incorporated these disclosures on maximum exposure to credit risk in Note 42 to the financial statements.

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

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 Transition Disclosures	1 March 2012
Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
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 *First-time Adoption of Financial Reporting Standards – 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

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 (Continued)

Title	Effective Date
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
FRS 3 *Business Combinations* (IFRS 3 *Business Combinations* issued by the IASB in March 2004)	1 January 2013
FRS 127 *Consolidated and Separate Financial Statements* (IAS 27 *Consolidated and Separate Financial Statements* revised by the IASB in December 2003)	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
FRS 9 *Financial Instruments* (IFRS 9 *Financial Instruments* issued by the International Accounting Standards Board ('IASB') in November 2009)	1 January 2015
FRS 9 *Financial Instruments* (IFRS 9 *Financial Instruments* issued by the IASB in November 2010)	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 the future financial years.

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014

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, based on the MASB announcement on 30 June 2012 that defer 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 2014, the Group has elected for the continued use of FRS for the financial years ending 30 June 2013 and 30 June 2014 as a transitioning entity. The Group would subsequently adopt the MFRS framework for the financial year ending 30 June 2015.

The subsequent adoption of the MFRS framework would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2013, 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 2015 respectively.

The 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 not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (Continued)

The 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*

Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*

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 *Consolidated and Separate Financial Statements*

MFRS 127 *Separate Financial Statements (revised)*

MFRS 128 *Investments in Associates*

MFRS 128 *Investments in Associates and Joint Ventures (revised)*

MFRS 129 *Financial Reporting in Hyperinflationary Economies*

MFRS 131 *Interests in Joint Ventures*

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*

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

3.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (Continued)

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

MFRS 138 *Intangible Assets*

MFRS 139 *Financial Instruments: Recognition and Measurement*

MFRS 140 *Investment Property*

MFRS 141 *Agriculture*

Improvements to MFRSs (2008)

Improvements to MFRSs (2009)

Improvements to MFRSs (2010)

Amendments to MFRS 1 *First-time Adoption of Financial Reporting Standards – Government Loans*

Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Mandatory Effective Date of MFRS 9 Financial Instruments and Transition Disclosures

Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*

Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

MFRS 3 *Business Combinations* (as issued by the IASB in March 2004)

MFRS 127 *Consolidated and Separate Financial Statements* (as issued by the IASB in December 2003)

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*

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*

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

3.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (Continued)

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

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 2015.

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 a 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 2015.

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

3.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (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 split 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 reporting period, the Group recognised revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. The Group will continue to assess the impact of implementing this Interpretation on the Group's financial statements.

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 reporting period 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 18 to the financial statements.

4.3.2 Property development

The Group recognises property development revenue and expenses in profit or loss by using the "percentage of completion" method. The stage of completion is determined by the proportion of property development costs incurred for work performed up to the reporting period over the estimated total property development costs.

Significant judgements are required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

A 10% difference in the estimated total development revenue or costs would result in approximately 0.54% variance in the Group's revenue and 0.30% variance in the Group's cost of sales.

4.3.3 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.

4.3.4 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.

4.3.5 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.

4.3.6 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 2011 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 serviced 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 2011

Under the purchase method of accounting, the cost of 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 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 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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.2 Subsidiaries (Continued)

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.

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 consolidated statement of 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 may be 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 2011 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 associate or 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 is 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 income statement. 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 period 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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3 Property, Plant and Equipment and Depreciation (Continued)

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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 annual depreciation periods and rates are as follows:

Long term leasehold land	over the lease period (30 – 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.6 Leases (Continued)

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 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.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

5.12 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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.13 Impairment of Non-financial Assets (Continued)

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.

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 the 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.1 Financial assets (Continued)

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.

The 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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.2 Financial liabilities (Continued)

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.

5.14.3 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 which are recorded at the 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 of 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 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or investee, 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 includes 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.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where 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 will be required to settle the obligation, the provision will be reversed.

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 discloses 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 value at the acquisition date, irrespective of the extent of any non-controlling interest.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.18 Revenue Recognition (Continued)

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 stage of completion is determined based on the proportion of property development costs incurred for work performed up to 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 stage 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 Club membership license fee

Club membership license fees, which are not refundable, are recognised as income when received.

5.18.8 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.2 Retirement benefits (Continued)

5.19.2.2 Defined benefit plans (Continued)

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 reporting period for high quality corporate bonds or government bonds.

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.

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.

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.3 Equity compensation benefits (Continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.20 Income Taxes (Continued)

5.20.2 Deferred tax (Continued)

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 tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

5.21 Non-current Assets (or Disposal Groups) Held For Sale

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 sales 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 (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.

5.22 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.23 Operating Segments (Continued)

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	
	2012 **RM'000**	2011 RM'000	**2012** **RM'000**	2011 RM'000
Sales of plantation produce and related products	**154,337**	301,288	**375,222**	400,681
Sales of development properties	**842,977**	971,630	**–**	–
Sales of specialty oils and fats and related products	**3,553,484**	3,409,492	**–**	–
Sales of oleochemicals and related products	**2,462,453**	2,722,151	**–**	–
Sales of refined palm oil and related products	**8,377,827**	8,526,663	**–**	–
Rental income from investment properties	**95,312**	95,653	**–**	–
Rendering of services	**97,068**	88,750	**–**	–
Dividends income	**56,814**	38,624	**973,089**	1,700,551
	15,640,272	16,154,251	**1,348,311**	2,101,232

7. OTHER OPERATING INCOME/EXPENSES

(a) Other Operating Income

	Group		Company	
	2012 **RM'000**	2011 RM'000	**2012** **RM'000**	2011 RM'000
Unrealised foreign currency translation gain	**128,671**	294,626	**12,056**	388,111
Realised foreign currency translation gain	**85,647**	129,942	**–**	3,829
Realised fair value gain on derivative financial instruments	**483,485**	622,366	**–**	–
Fair value gain of investment properties (Note 17)	**164,970**	93,080	**–**	–
Fair value gain on short term funds	**6,066**	21,081	**3,020**	19,673
Fair value gain on other investments	**13,053**	11,764	**–**	1,514
Fair value gain on derivative financial instruments	**154,259**	213,992	**8,064**	2,640
Fair value gain on financial assets	**4,550**	2,034	**–**	–
Fair value gain on financial liabilities	**33,373**	25	**–**	–
Fair value gain on amounts due to subsidiaries	**–**	–	**33,373**	–
Gain on disposal of property, plant and equipment	**2,142**	42,582	**1,319**	936
Gain on disposal of investment properties	**709**	62,691	**–**	–
Gain on disposal of land held for property development	**2,390**	–	**–**	–

7. OTHER OPERATING INCOME/EXPENSES (Continued)

(a) Other Operating Income (Continued)

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Gain on disposal of land from compulsory acquisition	**13,693**	24,341	**–**	–
Gain on liquidation of a subsidiary (Note 37.1)	**–**	–	**4**	–
Gain arising from dilution of interest in an associate	**124,510**	–	**–**	–
Gain on disposal of a subsidiary (Note 37.2)	**–**	4,602	**–**	4,602
Gain on disposal of product lines (Note 18.1)	**–**	18,124	**–**	–
Gain on conversion of 2nd Exchangeable Bonds	**–**	31,057	**–**	31,057
Management fees	**–**	–	**28,506**	29,807
Bad debts recovered	**69**	–	**–**	–
Others	**48,567**	55,975	**1,167**	2,694
	1,266,154	1,628,282	**87,509**	484,863

(b) Other Operating Expenses

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Depreciation of property, plant and equipment	**160,058**	203,491	**1,771**	1,084
Rental expenses	**13,946**	10,063	**1,299**	1,274
Replanting expenditure	**36,524**	21,190	**10,026**	4,098
Research and development expenses	**5,177**	5,982	**1,423**	1,527
Realised foreign currency translation loss	**135,964**	52,629	**71,124**	2,392
Unrealised foreign currency translation loss	**351,285**	90,678	**275,998**	5,164
Realised fair value loss on derivative financial instruments	**369,480**	734,903	**–**	–
Fair value loss on other investments	**1,773**	–	**389**	–
Fair value loss on derivative financial instruments	**217,882**	243,926	**2,640**	70,003
Fair value loss on financial assets	**–**	666	**–**	–
Fair value loss on financial liabilities	**49**	56,610	**–**	–
Fair value loss on amounts due to subsidiaries	**–**	–	**–**	56,610
Loss on disposal of property, plant and equipment	**665**	54	**–**	1
Loss on liquidation of an associate	**318**	–	**318**	–
Loss on liquidation of subsidiaries (Note 37.1)	**112**	421	**–**	450
Goodwill written off (Note 18)	**–**	273	**–**	–
Property, plant and equipment written off (Note 14)	**5,938**	3,170	**54**	2,121
Impairment losses on receivables (Note 26)	**3,039**	2,752	**594**	–
Impairment losses on amounts due from subsidiaries	**–**	–	**7**	19
Loss arising from accretion of interest in an associate	**9,171**	–	**–**	–
Others	**28,440**	111,232	**104**	2,650
	1,339,821	1,538,040	**365,747**	147,393

8. OPERATING PROFIT

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
(a) Other than those disclosed in Note 7, operating profit has been arrived at after charging:				
Amortisation of prepaid lease payments (Note 15)	**2,826**	2,824	**–**	–
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**1,182**	1,182	**125**	125
Non-statutory audit				
– tax compliance and advisory services	**243**	464	**–**	–
– others	**144**	178	**23**	173
Member firms of BDO International				
Statutory audit	**1,190**	1,182	**–**	–
Non-statutory audit				
– tax compliance and advisory services	**46**	39	**–**	–
Other auditors				
Statutory audit	**601**	508	**–**	–
Bad debts written off	**90**	3,300	**–**	–
Depreciation of property, plant and equipment (Note 14)	**252,482**	243,480	**4,093**	4,016
Direct operating expenses of investment properties	**28,112**	30,037	**–**	–
Expenses for retirement benefits (Note 35.1)	**25,032**	21,497	**101**	98
Hire of plant and machinery	**11,609**	7,549	**–**	–
Rental of premises	**778**	955	**1,299**	1,274
Lease of land	**1,559**	1,559	**–**	–
Inventories written down to net realisable values	**39,261**	8,064	**–**	–
Share option expenses (Note 8(b))	**4,330**	11,656	**4,330**	11,656
and crediting:				
Impairment losses on receivables written back	**521**	9,677	**–**	–
Gross dividends received from:				
– short term funds quoted in Malaysia	**51,731**	37,534	**33,256**	37,534
– other quoted investments in Malaysia	**5,066**	1,034	**270**	73
– other unquoted investments in Malaysia	**17**	56	**–**	–
– unquoted subsidiaries	**–**	–	**927,563**	1,653,944
– unquoted associates	**–**	–	**12,000**	9,000
Rental income from plant and machinery	**6,694**	8,077	**–**	–
Rental income from:				
– investment properties	**95,312**	95,653	**–**	–
– rendering of services	**7,524**	8,339	**–**	–
– others	**2,919**	2,785	**127**	101

Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM8,536,804,000 (2011 – RM9,535,453,000) and RM15,390,000 (2011 – RM22,883,000) respectively.

8. OPERATING PROFIT (Continued)

(b) Employee information

The employee benefits costs are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Wages, salaries and others	**706,883**	658,375	**96,367**	101,651
Contributions to Employee's Provident Fund	**50,828**	26,341	**7,758**	8,716
Expenses for retirement benefits (Note 35.1)	**25,032**	21,497	**101**	98
Share option expenses	**4,330**	11,656	**4,330**	11,656
	787,073	717,869	**108,556**	122,121

9. INTEREST INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Short term deposits	**13,010**	13,185	**3,690**	2,960
Subsidiaries	**–**	–	**90,968**	92,762
Jointly controlled entities	**27,787**	25,285	**–**	–
Housing development accounts	**2,283**	2,401	**–**	–
Others	**6,688**	6,275	**387**	314
	49,768	47,146	**95,045**	96,036

10. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Interest expenses				
Term loans	**109,445**	80,456	**65,846**	45,402
Guaranteed Notes	**80,715**	80,587	**–**	–
Short term loans	**4,211**	1,342	**–**	–
Revolving credits	**–**	78	**–**	–
Bank overdrafts	**41**	112	**1**	1
Hire purchase	**91**	106	**–**	–
Subsidiaries	**–**	–	**143,678**	159,055
Others	**2,975**	8,144	**1,778**	7,864
	197,478	170,825	**211,303**	212,322
Less: Interest capitalised	**(6,389)**	(910)	**–**	–
	191,089	169,915	**211,303**	212,322

11. TAXATION

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Current year				
Malaysian income taxation	**569,088**	575,613	**55,000**	60,000
Foreign taxation	**4,086**	30,678	**–**	–
Deferred taxation (Note 23)	**(27,297)**	(12,529)	**102**	(1)
	545,877	593,762	**55,102**	59,999
Prior years				
Malaysian income taxation	**(490)**	4,353	**–**	–
Foreign taxation	**12,361**	(3,353)	**–**	–
Deferred taxation (Note 23)	**(7,316)**	(21,663)	**(263)**	(373)
	4,555	(20,663)	**(263)**	(373)
	550,432	573,099	**54,839**	59,626

A numerical reconciliation between average effective tax rate and applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	%	%	**%**	%
Applicable tax rate	**25.00**	25.00	**25.00**	25.00
Tax effects in respect of:				
Non allowable expenses	**7.56**	3.13	**17.23**	4.21
Non taxable income	**(6.82)**	(6.30)	**(4.45)**	(6.48)
Revenue expenses capitalised	**(0.01)**	(0.01)	**–**	–
Tax exempt income	**(0.17)**	(0.29)	**(30.40)**	(19.87)
Tax incentives and allowances	**(0.37)**	(0.18)	**–**	(0.01)
Utilisation of previously unrecognised tax losses and capital allowances	**(0.04)**	(0.02)	**–**	–
Different tax rates in foreign jurisdiction	**0.18**	0.29	**–**	–
Share of post tax results of associates	**(1.27)**	(1.05)	**–**	–
Share of results of jointly controlled entities	**(0.34)**	(0.45)	**–**	–
Other items	**(0.77)**	0.61	**–**	–
	22.95	20.73	**7.38**	2.85
Under/(over) provision in prior years	**0.19**	(0.72)	**(0.03)**	(0.02)
Average effective tax rate	**23.14**	20.01	**7.35**	2.83

11. TAXATION (Continued)

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM262,000 (2011 – RM395,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM76,300,000 (2011 – RM77,348,000), 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% (2011 – 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.

12. 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	
	2012	2011
Profit for the financial year attributable to owners of the parent (RM'000)	**1,789,370**	2,222,899
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares ('000)	**6,399,397**	6,396,303
Basic earnings per ordinary share (sen)	**27.96**	34.75

12. EARNINGS PER ORDINARY SHARE (Continued)

Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group are calculated based on the adjusted 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 of all dilutive potential ordinary shares.

	Group	
	2012 **RM'000**	2011 RM'000
Profit for the financial year attributable to owners of the parent	**1,789,370**	2,222,899
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period		
Fair value adjustments	–	38,072
Net foreign currency translation differences taken up	–	(23,924)
	–	14,148
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period*		
Fair value adjustments	–	18,538
Net foreign currency translation differences taken up	–	(87,148)
	–	(68,610)
Adjusted profit for the financial year attributable to owners of the parent	**1,789,370**	2,168,437

The adjusted weighted average number of ordinary shares for the computation of diluted earnings per ordinary share is arrived at as follows:

	Group	
	2012 **'000**	2011 '000
Weighted average number of ordinary shares in issue after deducting the treasury shares	**6,399,397**	6,396,303
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period	–	62,940
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period	–	1,254
Adjustments for share option granted to executives of the Group	**19,777**	28,657
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	**6,419,174**	6,489,154
Diluted earnings per ordinary share (sen)	**27.88**	33.42

* *The conversion of 3rd Exchangeable Bonds had an anti-dilutive effect on the earnings per ordinary share to the equity holders of the parent.*

13. DIVIDENDS

	Group and Company	
	2012	2011
	RM'000	RM'000
Second interim single tier dividend in respect of financial year ended 30 June 2011 declared and paid of 9.0 sen per ordinary share	**575,571**	–
First interim single tier dividend in respect of financial year ended 30 June 2012 declared and paid of 7.0 sen per ordinary share	**447,883**	–
Second interim single tier dividend in respect of financial year ended 30 June 2010 declared and paid of 10.0 sen per ordinary share	**–**	638,135
First interim single tier dividend in respect of financial year ended 30 June 2011 declared and paid of 8.0 sen per ordinary share	**–**	513,083
	1,023,454	1,151,218

The Directors have declared a second interim single tier dividend of 8.5 sen per ordinary share, amounting to RM543,856,367 in respect of the financial year ended 30 June 2012. The dividend is payable on 4 October 2012 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 26 September 2012.

No final dividend has been recommended for the financial year ended 30 June 2012.

14. PROPERTY, PLANT AND EQUIPMENT

Group 2012	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	Reclassi-fications* RM'000	At end of financial year RM'000
At cost							
Freehold land	541,945	5,684	(213)	(3,942)	–	(36,764)	506,710
Leasehold land	944,601	5,128	–	(165)	(86)	–	949,478
Plantation development expenditure	1,764,889	40,779	(26)	(2,396)	(19)	216	1,803,443
Golf course development expenditure	17,229	–	–	–	(2,794)	71,534	85,969
Buildings and improvements	1,435,267	40,208	(1,163)	(40,001)	(7,369)	107,246	1,534,188
Plant and machinery	2,823,429	137,825	(9,390)	(62,496)	(5,450)	186,472	3,070,390
Motor vehicles	88,962	9,424	(3,186)	(48)	(561)	347	94,938
Furniture, fittings and equipment	225,390	11,756	(2,077)	(4,779)	(1,299)	2,412	231,403
Construction in progress	400,933	152,924	–	102	–	(368,447)	185,512
	8,242,645	403,728	(16,055)	(113,725)	(17,578)	(36,984)	8,462,031

	At beginning of financial year RM'000	Current year depreciation charge RM'000	Disposals RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	At end of financial year RM'000
Accumulated depreciation						
Leasehold land	123,518	10,138	–	(53)	(30)	133,573
Golf course development expenditure	1,610	428	–	–	(408)	1,630
Buildings and improvements	494,417	49,163	(677)	(9,944)	(4,641)	528,318
Plant and machinery	1,718,059	168,438	(9,156)	(29,825)	(4,839)	1,842,677
Motor vehicles	66,195	6,847	(2,857)	(33)	(555)	69,597
Furniture, fittings and equipment	161,370	17,468	(1,706)	(3,418)	(1,167)	172,547
	2,565,169	252,482	(14,396)	(43,273)	(11,640)	2,748,342

* *Freehold land and plant and machinery with carrying amounts of RM36,764,000 and RM220,000 respectively have been reclassified to investment properties.*

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2011	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	Adjustments RM'000	At end of financial year RM'000
At cost							
Freehold land	500,767	41,774	(4,224)	3,628	–	–	541,945
Leasehold land	997,083	–	–	101	–	(52,583)	944,601
Plantation development expenditure	1,737,214	30,420	(59)	(787)	(1,899)	–	1,764,889
Golf course development expenditure	17,552	–	–	–	(323)	–	17,229
Buildings and improvements	1,369,945	33,777	(3,935)	38,659	(3,179)	–	1,435,267
Plant and machinery	2,692,291	79,742	(4,085)	60,393	(4,912)	–	2,823,429
Motor vehicles	83,550	9,507	(2,675)	(42)	(1,537)	159	88,962
Furniture, fittings and equipment	160,164	24,130	(5,086)	436	(1,668)	47,414	225,390
Construction in progress	233,665	219,495	(5,832)	1,218	(40)	(47,573)	400,933
	7,792,231	438,845	(25,896)	103,606	(13,558)	(52,583)	8,242,645

	At beginning of financial year RM'000	Current year depreciation charge RM'000	Disposals RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	Adjustments RM'000	At end of financial year RM'000
Accumulated depreciation							
Leasehold land	166,401	9,672	–	28	–	(52,583)	123,518
Golf course development expenditure	1,288	322	–	–	–	–	1,610
Buildings and improvements	443,775	46,385	(1,438)	8,357	(2,662)	–	494,417
Plant and machinery	1,563,398	133,934	(1,806)	27,105	(4,572)	–	1,718,059
Motor vehicles	63,034	7,268	(2,564)	(57)	(1,486)	–	66,195
Furniture, fittings and equipment	119,403	45,899	(2,681)	417	(1,668)	–	161,370
	2,357,299	243,480	(8,489)	35,850	(10,388)	(52,583)	2,565,169

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company 2012	At beginning of financial year RM'000	Additions RM'000	Reclassi-fications RM'000	Disposals RM'000	Write-offs RM'000	At end of financial year RM'000
At cost						
Freehold land	212,694	–	–	–	–	212,694
Leasehold land	9,695	–	–	–	–	9,695
Plantation development expenditure	185,681	1,770	–	–	–	187,451
Buildings and improvements	35,206	970	601	–	(68)	36,709
Plant and machinery	36,292	1,379	–	(45)	(200)	37,426
Motor vehicles	8,761	2,502	–	(451)	–	10,812
Furniture, fittings and equipment	13,059	1,040	–	(12)	(149)	13,938
Construction in progress	601	986	(601)	–	–	986
	501,989	8,647	–	(508)	(417)	509,711

	At beginning of financial year RM'000	Current year depreciation charge RM'000	Disposals RM'000	Write-offs RM'000	At end of financial year RM'000
Accumulated depreciation					
Leasehold land	2,086	105	–	–	2,191
Buildings and improvements	15,803	1,334	–	(36)	17,101
Plant and machinery	29,424	1,333	(45)	(191)	30,521
Motor vehicles	7,555	638	(451)	–	7,742
Furniture, fittings and equipment	10,589	683	(10)	(136)	11,126
	65,457	4,093	(506)	(363)	68,681

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company 2011	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	At end of financial year RM'000
At cost					
Freehold land	212,790	–	(96)	–	212,694
Leasehold land	9,695	–	–	–	9,695
Plantation development expenditure	185,690	2,100	(59)	(2,050)	185,681
Buildings and improvements	39,082	195	(3,915)	(156)	35,206
Plant and machinery	38,741	757	(3,019)	(187)	36,292
Motor vehicles	8,982	714	(917)	(18)	8,761
Furniture, fittings and equipment	16,467	461	(3,614)	(255)	13,059
Construction in progress	6	595	–	–	601
	511,453	4,822	(11,620)	(2,666)	501,989

	At beginning of financial year RM'000	Current year depreciation charge RM'000	Disposals RM'000	Write-offs RM'000	At end of financial year RM'000
Accumulated depreciation					
Leasehold land	1,980	106	–	–	2,086
Buildings and improvements	16,030	1,303	(1,433)	(97)	15,803
Plant and machinery	29,522	1,250	(1,166)	(182)	29,424
Motor vehicles	7,807	611	(845)	(18)	7,555
Furniture, fittings and equipment	11,588	746	(1,497)	(248)	10,589
	66,927	4,016	(4,941)	(545)	65,457

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Carrying amount				
Freehold land	**506,710**	541,945	**212,694**	212,694
Leasehold land	**815,905**	821,083	**7,504**	7,609
Plantation development expenditure	**1,803,443**	1,764,889	**187,451**	185,681
Golf course development expenditure	**84,339**	15,619	**–**	–
Buildings and improvements	**1,005,870**	940,850	**19,608**	19,403
Plant and machinery	**1,227,713**	1,105,370	**6,905**	6,868
Motor vehicles	**25,341**	22,767	**3,070**	1,206
Furniture, fittings and equipment	**58,856**	64,020	**2,812**	2,470
Construction in progress	**185,512**	400,933	**986**	601
	5,713,689	5,677,476	**441,030**	436,532

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 RM6,389,000 (2011 – RM910,000).

Interest is capitalised at the rate 4.50% to 7.30% (2011 – 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:

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Plant and machinery	**597**	540	**–**	–

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Additions to property, plant and equipment	**403,728**	438,845	**8,647**	4,822
Capital gain on exchange of land	**–**	(41,600)	**–**	–
Interest capitalised	**(6,389)**	(910)	**–**	–
Financed by finance lease arrangement	**(122)**	(440)	**–**	–
Cash payments on purchase of property, plant and equipment	**397,217**	395,895	**8,647**	4,822

15. PREPAID LEASE PAYMENTS

	Group		
	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
2012			
At cost			
At beginning of financial year	**56,710**	**3,370**	**60,080**
Additions	**2,499**	**–**	**2,499**
Exchange difference	**–**	**(100)**	**(100)**
At end of financial year	**59,209**	**3,270**	**62,479**
Accumulated amortisation			
At beginning of financial year	**29,678**	**395**	**30,073**
Current year amortisation	**2,824**	**2**	**2,826**
At end of financial year	**32,502**	**397**	**32,899**
Carrying amount			
At end of financial year	**26,707**	**2,873**	**29,580**
2011			
At cost			
At beginning of financial year	54,205	2,550	56,755
Additions	2,505	851	3,356
Exchange difference	–	(31)	(31)
At end of financial year	56,710	3,370	60,080
Accumulated amortisation			
At beginning of financial year	26,856	393	27,249
Current year amortisation	2,822	2	2,824
At end of financial year	29,678	395	30,073
Carrying amount			
At end of financial year	27,032	2,975	30,007

16. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Development costs RM'000	Total RM'000
2012					
At cost					
At beginning of financial year	**419,730**	**113,411**	**173**	**301,199**	**834,513**
Costs incurred	**1,076,920**	**67**	**–**	**106,496**	**1,183,483**
Transfer to investment properties (Note 17)	**(58)**	**–**	**–**	**(629)**	**(687)**
Transfer to property development costs (Note 24)	**(19,515)**	**(12,303)**	**–**	**(116,047)**	**(147,865)**
Disposals	**(432)**	**(251)**	**–**	**(559)**	**(1,242)**
Foreign currency translation differences	**(9,303)**	**–**	**–**	**–**	**(9,303)**
At end of financial year	**1,467,342**	**100,924**	**173**	**290,460**	**1,858,899**
2011					
At cost					
At beginning of financial year	435,564	118,073	173	359,518	913,328
Costs incurred	9,935	–	–	26,381	36,316
Transfer to investment properties (Note 17)	(1,593)	–	–	(35,704)	(37,297)
Transfer to property development costs (Note 24)	(23,815)	(4,662)	–	(48,736)	(77,213)
Disposals	(361)	–	–	(260)	(621)
At end of financial year	419,730	113,411	173	301,199	834,513

Included in land held for property development of the Group are plantation land of RM94,832,000 (2011 – RM95,298,000) acquired in previous financial years, which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

17. INVESTMENT PROPERTIES

Group	At beginning of financial year RM'000	Transfer (to)/from property development cost RM'000	Transfer from land held for property development RM'000	Fair value adjustments RM'000	Additions RM'000	Foreign currency translation differences RM'000	Transfer from property, plant and equipment RM'000	Disposals RM'000	At end of financial year RM'000
2012									
At fair value									
Freehold land and buildings	**1,062,529**	**(7,400)**	**687**	**164,970**	**75,292**	**–**	**36,984**	**(6,350)**	**1,326,712**
	1,062,529	**(7,400)**	**687**	**164,970**	**75,292**	**–**	**36,984**	**(6,350)**	**1,326,712**
2011									
At fair value									
Freehold land and buildings	853,129	62,185	37,297	93,080	25,755	–	–	(8,917)	1,062,529
Leasehold land and buildings	260,416	–	–	–	–	8,190	–	(268,606)	–
	1,113,545	62,185	37,297	93,080	25,755	8,190	–	(277,523)	1,062,529

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 each reporting date.

17. INVESTMENT PROPERTIES (Continued)

Investment properties comprise:

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	57,525 sq. m.
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	22,672 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	34,996 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	14 units of commercial lot and 902 car park bays	Freehold	2,111 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	8,901 sq. m.
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1½ storey semi-wet market	Freehold	4,226 sq. m.

17. INVESTMENT PROPERTIES (Continued)

Investment properties comprise: (Continued)

Name of building/location	Description	Tenure of land	Net lettable area
IOI Resort Putrajaya	37 units of residential bungalow	Freehold	23,941 sq. m.
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	3 storey shopping mall	Freehold	23,128 sq. m.
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi-wet market retail complex	Freehold	7,058 sq. m.
IOI Square IOI Resort Putrajaya	2 blocks of 12 storey office building	Freehold	30,969 sq. m.
Lot 17355 Petaling Jaya 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.
Investment properties under construction			
PFCC Tower 3, 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

18. GOODWILL ON CONSOLIDATION

	Group	
	2012	2011
	RM'000	RM'000
At beginning of financial year	**511,994**	513,830
Less: Written off	–	(273)
Less: Disposal of product lines (Note 18.1)	–	(1,563)
At end of financial year	**511,994**	511,994

The goodwill recognised on the acquisitions in the 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.

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	
	2012	2011
	RM'000	RM'000
Plantation	**93,025**	93,025
Property	**83,004**	83,004
Resource-based manufacturing	**335,965**	335,965
	511,994	511,994

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 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 10.61%.

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.

18. GOODWILL ON CONSOLIDATION (Continued)

18.1 Disposal of product lines

During the previous financial year, the Group divested three product lines from the Lipid Nutrition unit, and the impact was summarised as follows:

	RM'000
Net assets disposed	6,201
Goodwill allocated	1,563
Group share of net assets disposed	7,764
Less: Proceeds from disposal of product lines	(25,888)
Gain on disposal of product lines	(18,124)

19. SUBSIDIARIES

19.1 Investments in subsidiaries

	Company	
	2012	2011
	RM'000	RM'000
At cost		
Unquoted shares in Malaysia	**5,605,521**	5,508,255
Unquoted shares outside Malaysia	**2,356,612**	881,963
	7,962,133	6,390,218
Less: Accumulated impairment losses	**(5,619)**	(5,619)
	7,956,514	6,384,599

Details of the subsidiaries are set out in Note 46 to the financial statements.

2012

During the 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 acquisitions have no material impact to the Group 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 is RM4,263.

19. SUBSIDIARIES (Continued)

19.1 Investments in subsidiaries (Continued)

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 RM5,500,000 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 RM1,474,649,000 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.

2011

During the previous financial year, the Company:

i. received total amount of RM9,680,514 upon completion of the disposal of equity interest in a subsidiary, Projects IOI (Mauritius) Ltd. Total gain recognised from the disposal was RM4,602,000.

ii. acquired 489,600 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIP") ("IOIP Shares") at an average price of RM3.11 per IOIP Shares with cash payment of RM1,523,000. The acquisitions had no material impact to the Group financial statements.

iii. subscribed an additional of 1,900,000 ordinary shares of RM1.00 each in IOI Palm Biotech Sdn Bhd at par value. The consideration for the subscription was settled by offsetting the amount due from IOI Palm Biotech Sdn Bhd to the Company.

iv. received RM1,097,000 upon liquidation of a subsidiary, IOI Pelita Quarry Sdn Bhd. Total loss recognised from the liquidation was RM450,000.

v. subscribed an additional of 73,999,998 ordinary shares of RM1.00 each in IOI Lipid Enzymtec Sdn Bhd at par value. The consideration for the subscription was settled by offsetting the amount due from IOI Lipid Enzymtec Sdn Bhd to the Company.

vi. acquired 2 ordinary shares of RM1.00 each in Speed Modulation Sdn Bhd ("SMSB") at par value representing the entire issued and paid-up share capital of SMSB for a cash consideration of RM2. As a result, SMSB became a wholly-owned subsidiary of the Company. The acquisitions had no material impact to the Group financial statements.

The effects on disposals and liquidation of subsidiaries are disclosed in Note 37 to the financial statements.

19. SUBSIDIARIES (Continued)

19.2 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 7.30% (2011 – 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.

20. ASSOCIATES

20.1 Investments in associates

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Unquoted shares, at cost	**483,744**	327,190	**20,350**	22,850
Negative goodwill recognised in prior years	**44,146**	44,146	**–**	–
	527,890	371,336	**20,350**	22,850
Share of post acquisition results and reserves	**289,250**	296,738	**–**	–
	817,140	668,074	**20,350**	22,850

Details of the associates are set out in Note 46 to the financial statements.

An associate of the Group was listed on the Singapore Stock Exchange Limited on 12 April 2012. This listing of this associate has resulted in a dilution of IOI Group's interest in the associate from 36.05% to 30.44%. In relation to this, the Group has recorded a gain on dilution of interest in associate amounting to approximately RM124.51 million in its consolidated income statement for the current financial year.

20.2 Summary of financial information of associates

	2012 RM'000	2011 RM'000
Assets and liabilities		
Total assets	**3,942,194**	3,006,625
Total liabilities	**1,309,106**	1,333,760
Results		
Revenue	**2,620,376**	2,448,004
Profit for the financial year	**401,154**	393,629

20.3 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.

21. JOINTLY CONTROLLED ENTITIES

21.1 Interests in jointly controlled entities

	Group	
	2012	2011
	RM'000	RM'000
Unquoted shares, at cost	**942,641**	912,617
Share of post acquisition results and reserves	**(98,479)**	(146,518)
	844,162	766,099
Amounts due from jointly controlled entities	**2,638,945**	2,333,033
	3,483,107	3,099,132

Details of the jointly controlled entities are set out in Note 46 to the financial statements.

Amounts due from jointly controlled entities represent outstanding amounts arising from the subsidiaries' proportionate advances for the acquisitions and development of land in Singapore and China and for development expenses and working capital, which are unsecured, bear interest at rates ranging from 0.90% to 2.05% (2011 – 0.90% to 1.91%) per annum and are not repayable within the next twelve (12) months.

Guarantees given proportionally by the Group and the Company for credit facilities of jointly controlled entities amounted to RM1,044,064,000 (2011 – RM1,026,918,000) and RM907,744,000 (2011 – RM892,837,000) respectively.

The Group's share of assets, liabilities, income and expenses of the jointly controlled entities are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Assets and liabilities		
Non-current assets	**1,151**	813
Current assets	**5,777,473**	5,148,864
Total assets	**5,778,624**	5,149,677
Current liabilities	**2,157,344**	635,270
Non-current liabilities	**2,777,118**	3,748,308
Total liabilities	**4,934,462**	4,383,578
Results		
Revenue	**139,935**	157,276
Expenses, including finance costs and taxation	**(107,200)**	(106,279)

21. JOINTLY CONTROLLED ENTITIES (Continued)

21.2 Capital commitment of jointly controlled entities

	Group	
	2012	2011
	RM'000	RM'000
Authorised capital expenditure of jointly controlled entities		
Construction in progress		
– Contracted	**1,243,445**	543,887
– Non contracted	**–**	938,647

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		
	Contract/ Notional amount	**Fair value**	
	Net long/ (short)	**Financial Assets**	**Financial Liabilities**
	RM'000	**RM'000**	**RM'000**
2012			
Forward foreign exchange contracts	**(2,106,882)**	**38,389**	**110,225**
Commodity forward contracts	**441,308**	**119,940**	**86,484**
Commodity futures	**(122,189)**	**13,596**	**6,139**
Cross currency swap contracts	**1,982,467**	**67,051**	**–**
Interest rate swap contracts	**2,153,430**	**–**	**79,822**
Total derivative financial instruments	**2,348,134**	**238,976**	**282,670**
Less: Current portion		**(171,925)**	**(202,848)**
Non-current portion		**67,051**	**79,822**
2011			
Forward foreign exchange contracts	(2,370,787)	21,015	19,815
Commodity forward contracts	(185,923)	137,629	97,472
Commodity futures	(125,289)	47,088	22,268
Commodity swap contracts	18,000	2,640	–
Cross currency swap contracts	1,924,846	14,924	69,406
Interest rate swap contracts	1,816,200	3,695	–
Total derivative financial instruments	1,077,047	226,991	208,961
Less: Current portion		(208,372)	(189,055)
Non-current portion		18,619	19,906

22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	Company		
	Contract/ Notional amount Net long RM'000	Fair value Financial Assets RM'000	Fair value Financial Liabilities RM'000
2012			
Cross currency swap contracts	**318,184**	**14,597**	**–**
Interest rate swap contracts	**1,917,000**	**–**	**74,884**
Total derivative financial instruments	**2,235,184**	**14,597**	**74,884**
Less: Current portion		**–**	**–**
Non-current portion		**14,597**	**74,884**
2011			
Commodity swap contracts	18,000	2,640	2,640
Cross currency swap contracts	652,940	–	69,406
Interest rate swap contracts	1,816,200	3,695	–
Total derivative financial instruments	2,487,140	6,335	72,046
Less: Current portion		(2,640)	(52,140)
Non-current portion		3,695	19,906

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.

22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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 losses of RM73,709,000 (2011 – RM129,343,000) and RM2,838,000 (2011 – RM42,357,000) respectively arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange and interest rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 42.6.

23. DEFERRED TAXATION

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
At beginning of financial year	**403,376**	425,482	**6,256**	6,630
Recognised in profit or loss (Note 11)				
– Current year	**(27,297)**	(12,529)	**102**	(1)
– Prior years	**(7,316)**	(21,663)	**(263)**	(373)
	(34,613)	(34,192)	**(161)**	(374)
Foreign currency translation differences	**(12,167)**	12,086	**–**	–
At end of financial year	**356,596**	403,376	**6,095**	6,256

Presented after appropriate offsetting as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Deferred tax liabilities	**427,672**	453,046	**6,095**	6,256
Deferred tax assets	**(71,076)**	(49,670)	**–**	–
	356,596	403,376	**6,095**	6,256

23. 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	
	2012 **RM'000**	2011 RM'000	**2012** **RM'000**	2011 RM'000
At beginning of financial year	**453,046**	452,397	**6,256**	6,630
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	**(11,491)**	45,408	**(161)**	(374)
Temporary differences on prepaid lease rental	**195**	(68)	**–**	–
Temporary differences on recognition of project expenses	**(149)**	(160)	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**(9,314)**	(27,563)	**–**	–
Temporary differences on fair value adjustments on investment properties	**2,981**	(24,177)	**–**	–
Other temporary differences	**199**	(2,720)	**–**	–
	(17,579)	(9,280)	**(161)**	(374)
Foreign currency translation differences	**(7,630)**	9,929	**–**	–
Reclassification	**(165)**	–	**–**	–
At end of financial year	**427,672**	453,046	**6,095**	6,256

Deferred tax assets

	Group	
	2012 **RM'000**	2011 RM'000
At beginning of financial year	**49,670**	26,915
Recognised in profit or loss		
Temporary differences on unutilised tax losses	**21,488**	2,345
Temporary differences on unabsorbed capital allowances	**145**	(324)
Retirement benefit obligation	**66**	1,660
Unrealised profits on inventories	**(10,379)**	10,989
Other deductible temporary differences	**5,714**	10,242
	17,034	24,912
Foreign currency translation differences	**4,537**	(2,157)
Reclassification	**(165)**	–
At end of financial year	**71,076**	49,670

23. DEFERRED TAXATION (Continued)

The components of deferred tax liabilities and assets at the end of the reporting period comprise the tax effects of:

Deferred tax liabilities

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Temporary differences on accelerated capital allowances	**289,582**	309,188	**6,095**	6,256
Temporary differences on prepaid lease rental	**15,824**	15,259	**–**	–
Temporary differences on recognition of project expenses	**926**	1,075	**–**	–
Other taxable temporary differences	**4,163**	4,014	**–**	–
Temporary differences on fair value adjustments on investment properties	**4,794**	1,813	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**112,383**	121,697	**–**	–
	427,672	453,046	**6,095**	6,256

Deferred tax assets

	Group	
	2012 RM'000	2011 RM'000
Unutilised tax losses	**26,214**	730
Unabsorbed capital allowances	**9,314**	9,001
Retirement benefit obligations	**4,837**	4,614
Unrealised profits on inventories	**4,503**	14,882
Provision for liabilities	**2,124**	735
Other deductible temporary differences	**24,084**	19,708
	71,076	49,670

The following deferred tax assets have not been recognised:

	Group	
	2012 RM'000	2011 RM'000
Unutilised tax losses	**19,075**	19,337
Unabsorbed capital allowances	**190**	866
Other deductible temporary differences	**1,125**	1,214
	20,390	21,417

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.

24. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
2012					
At cost					
At beginning of financial year	**303,646**	**10,527**	**3,928,780**	**(4,007,043)**	**235,910**
Costs incurred	**3,035**	**–**	**361,985**	**–**	**365,020**
Transfer from land held for property development (Note 16)	**19,515**	**12,303**	**116,047**	**–**	**147,865**
Transfer to inventories	**(6,574)**	**(410)**	**(91,367)**	**–**	**(98,351)**
Transfer from investment properties (Note 17)	**7,400**	**–**	**–**	**–**	**7,400**
Recognised as expense in profit or loss as part of cost of sales	**–**	**–**	**–**	**(295,470)**	**(295,470)**
At end of financial year	**327,022**	**22,420**	**4,315,445**	**(4,302,513)**	**362,374**
2011					
At cost					
At beginning of financial year	276,701	5,865	3,676,652	(3,602,037)	357,181
Costs incurred	4,497	–	287,459	–	291,956
Transfer from land held for property development (Note 16)	23,815	4,662	48,736	–	77,213
Transfer to inventories	(1,132)	–	(22,117)	–	(23,249)
Transfer to investment properties (Note 17)	(235)	–	(61,950)	–	(62,185)
Recognised as expense in profit or loss as part of cost of sales	–	–	–	(405,006)	(405,006)
At end of financial year	303,646	10,527	3,928,780	(4,007,043)	235,910

25. INVENTORIES

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
At cost				
Plantation produce	**63,843**	92,096	**3,684**	5,293
Raw materials and consumables	**1,347,841**	1,462,762	**6,423**	6,118
Completed development properties	**137,340**	98,317	**–**	–
Nursery inventories	**48,163**	45,993	**5,210**	7,771
Trading inventories	**24,969**	81,200	**–**	–
Finished goods	**283,700**	659,529	**–**	–
Others	**106,050**	75,317	**224**	191
	2,011,906	2,515,214	**15,541**	19,373
At net realisable value				
Raw materials and consumables	**120,162**	14,904	**–**	–
Completed development properties	**408**	890	**–**	–
Finished goods	**378,963**	120,647	**–**	–
	499,533	136,441	**–**	–
	2,511,439	2,651,655	**15,541**	19,373

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Trade receivables (Note 26.1)	**1,346,444**	1,475,855	**327**	1,037
Other receivables, deposits and prepayments (Note 26.2)	**166,360**	127,229	**28,257**	23,364
Accrued billings	**172,762**	118,242	**–**	–
Amounts due from customers (Note 26.3)	**1,006**	677	**–**	–
	1,686,572	1,722,003	**28,584**	24,401

26. TRADE AND OTHER RECEIVABLES (Continued)

26.1 Trade receivables

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**1,354,379**	1,482,049	**921**	1,037
Less: Impairment losses	**(7,935)**	(6,194)	**(594)**	–
	1,346,444	1,475,855	**327**	1,037

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.

ii. The reconciliation of movements in the impairment losses of trade receivables is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	**6,194**	19,936	**–**	–
Charge for the financial year	**2,653**	2,522	**594**	–
Written back	**(434)**	(9,677)	**–**	–
Written off	**(89)**	(3,285)	**–**	–
Foreign currency translation differences	**(389)**	(3,302)	**–**	–
At end of financial year	**7,935**	6,194	**594**	–

26.2 Other receivables, deposits and prepayments

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**68,763**	65,098	**7,531**	1,468
Less: Impairment losses	**(1,629)**	(1,340)	**–**	–
	67,134	63,758	**7,531**	1,468
Deposits	**61,326**	26,383	**15,830**	16,218
Prepayments	**37,900**	37,088	**4,896**	5,678
	166,360	127,229	**28,257**	23,364

26. TRADE AND OTHER RECEIVABLES (Continued)

26.2 Other receivables, deposits and prepayments (Continued)

i. Included in other receivables of the Group is an amount due from affiliates of RM2,526,000 (2011 – RM1,486,000) for property project management services provided by a subsidiary, which are unsecured, interest-free and payable within the credit period in cash and cash equivalents.

ii. Included in deposits of the Group was an amount of RM20,901,000 paid during the current financial year as part of the purchase price for a piece of land.

iii. The reconciliation of movements in the impairment losses of other receivables is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
At beginning of financial year	**1,340**	1,127	**–**	–
Charge for the financial year	**386**	230	**–**	–
Written back	**(87)**	–	**–**	–
Written off	**(1)**	(15)	**–**	–
Foreign currency translation differences	**(9)**	(2)	**–**	–
At end of financial year	**1,629**	1,340	**–**	–

26.3 Amounts due from customers

	Group	
	2012 RM'000	2011 RM'000
Aggregate costs incurred to date	**25,869**	25,453
Recognised profit	**5,829**	5,721
	31,698	31,174
Progress billings	**(30,692)**	(30,497)
Amounts due from customers on contracts	**1,006**	677

27. OTHER INVESTMENTS

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
At fair value through profit or loss				
In Malaysia				
– Quoted shares	**62,589**	58,044	**6,477**	7,087
– Quoted warrants	**1,484**	1,305	**–**	–
– Unquoted shares	**6,300**	1,912	**–**	–
Outside Malaysia				
– Quoted shares	**4,390**	3,817	**–**	–
– Quoted warrants	**439**	349	**–**	–
	75,202	65,427	**6,477**	7,087

28. SHORT TERM FUNDS

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
At fair value through profit or loss				
Investments in fixed income trust funds in Malaysia	**1,775,235**	1,725,237	**1,042,035**	1,403,759

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.

29. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**2,004,285**	546,298	**211,058**	209,973
Deposits with discount houses	**19,693**	46,566	**–**	–
	2,023,978	592,864	**211,058**	209,973

30. CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM82,820,000 (2011 – RM194,282,000) 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.

31. SHARE CAPITAL

	Group and Company			
	2012		2011	
	No. of shares	**RM'000**	No. of shares	RM'000
Authorised				
Ordinary shares of RM0.10 each	**7,500,000,000**	**750,000**	7,500,000,000	750,000

	Group and Company	
	No. of shares	**RM'000**
Issued and fully paid-up		
2012		
Ordinary shares of RM0.10 each		
At beginning of financial year	**6,416,032,495**	**641,603**
Issue of shares arising from the exercise of ESOS at RM2.44 per ordinary share	**7,486,900**	**749**
Issue of shares arising from the exercise of ESOS at RM4.19 per ordinary share	**3,731,900**	**373**
At end of financial year	**6,427,251,295**	**642,725**
2011		
Ordinary shares of RM0.10 each		
At beginning of financial year	6,675,517,480	667,552
Issue of shares arising from the exercise of ESOS at RM2.44 per ordinary share	5,973,800	597
Issue of shares arising from the exercise of ESOS at RM4.19 per ordinary share	5,899,800	590
Issue of ordinary shares arising from the exchange of the 2nd Exchangeable Bonds at RM4.58 per share	27,060,115	2,706
Transfer of capital reserve arising from cancellation of treasury shares	(298,418,700)	(29,842)
At end of financial year	6,416,032,495	641,603

i. The owners of the parent are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

ii. Of the total 6,427,251,295 (2011 – 6,416,032,495) issued and fully paid-up ordinary shares of RM0.10 each, 28,941,100 shares (2011 – nil) are held as treasury shares as disclosed in Note 32.2 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 6,398,310,195 (2011 – 6,416,032,495) ordinary shares of RM0.10 each.

31. SHARE CAPITAL (Continued)

31.1 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.

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

(c) Maximum allowable allotment and basis of allocation (Continued)

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 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 9^{th} anniversary of the ESOS.

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (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 and the weighted average exercise price during the financial year are as follows:

		No. of options over ordinary shares					
Option price RM	Date of offer	Outstanding as at beginning of the financial year	Accepted	Exercised	Lapsed	Outstanding as at end of the financial year	Exercisable as at end of the financial year
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		**RM3.59**	**–**	**RM3.02**	**RM3.85**	**RM3.67**	**RM3.42**
2011							
2.44	12 January 2006	43,817,000	–	(5,973,800)	(2,405,000)	35,438,200	35,438,200
4.19	2 April 2007	36,010,200	–	(5,899,800)	(3,948,800)	26,161,600	26,161,600
5.00	6 July 2010	–	17,965,900	–	–	17,965,900	–
		79,827,200	17,965,900	(11,873,600)	(6,353,800)	79,565,700	61,599,800
Weighted average exercise price		RM3.23	RM5.00	RM3.31	RM3.53	RM3.59	RM3.18

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

i. Share options outstanding at the end of the reporting period

Option price RM	No. of share options	Weighted average exercise price RM	Exercisable period
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**	
2011			
2.44	35,438,200	2.44	12 January 2007 – 23 November 2015
4.19	26,161,600	4.19	2 April 2008 – 23 November 2015
5.00	17,965,900	5.00	6 July 2011 – 23 November 2015
	79,565,700	3.59	

ii. Share options exercised during the financial year

Option price RM	Date of exercise	No. of share options exercised	Weighted average share price RM
2012			
2.44	July 2011	**139,000**	**5.15**
2.44	September 2011	**4,909,100**	**4.65**
2.44	November 2011	**540,300**	**5.01**
2.44	December 2011	**234,900**	**5.38**
2.44	February 2012	**565,500**	**5.40**
2.44	March 2012	**14,000**	**5.34**
2.44	April 2012	**383,800**	**5.22**
2.44	June 2012	**700,300**	**5.19**
4.19	September 2011	**984,900**	**4.65**
4.19	December 2011	**449,300**	**5.38**
4.19	February 2012	**984,900**	**5.40**
4.19	March 2012	**508,200**	**5.34**
4.19	April 2012	**132,000**	**5.22**
4.19	June 2012	**672,600**	**5.19**
		11,218,800	**5.12**

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

ii. Share options exercised during the financial year (Continued)

Option price RM	Date of exercise	No. of share options exercised	Weighted average share price RM
2011			
2.44	July 2010	140,800	5.12
2.44	September 2010	2,288,300	5.47
2.44	November 2010	120,000	5.80
2.44	December 2010	1,079,500	5.81
2.44	January 2011	770,000	5.74
2.44	March 2011	428,000	5.76
2.44	June 2011	1,147,200	5.30
4.19	July 2010	503,000	5.12
4.19	September 2010	1,321,000	5.47
4.19	November 2010	612,000	5.80
4.19	December 2010	403,500	5.81
4.19	January 2011	821,000	5.74
4.19	March 2011	883,300	5.76
4.19	June 2011	1,356,000	5.30
		11,873,600	5.53

iii. Fair value of share options granted during the previous financial year

The fair value of share options granted during the previous financial year was estimated by an external valuer using the binomial model, taking into account the terms and conditions upon which the options were granted. The fair values of share options measured at grant date were as follows:

Option Price RM	Grant Date	Vesting Date	Fair Value RM
2011			
5.00	6 July 2010	6 July 2011	0.924
		6 July 2012	1.035
		6 July 2013	1.106
		6 July 2014	1.146

The fair values of the share options were arrived at based on the following assumptions:

	Granted on 6 July 2010
Share price (RM)	5.05
Exercise price (RM)	5.00
Risk free rate of interest (%)	3.30
Volatility of the Company's share price (%)	30.0
Expected dividend yield (%)	3.5

32. RESERVES

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Share premium	**1,985,878**	1,944,320	**1,985,878**	1,944,320
Capital reserves (Note 32.1)	**132,842**	142,039	**125,068**	129,514
Treasury shares, at cost (Note 32.2)	**(139,616)**	–	**(139,616)**	–
Foreign currency translation reserve (Note 32.3)	**(191,381)**	(154,309)	**–**	–
	1,787,723	1,932,050	**1,971,330**	2,073,834

The movements in reserves are shown in the statements of changes in equity.

32.1 Capital reserves

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling shareholders	**9,015**	9,015	**–**	–
Capital redemption reserves arising from the cancellation of treasury shares	**64,362**	64,362	**64,362**	64,362
Share option reserves	**59,465**	68,662	**60,706**	65,152
	132,842	142,039	**125,068**	129,514

32.2 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 24 October 2011.

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.

32. RESERVES (Continued)

32.2 Treasury shares (Continued)

During the financial year, the Company repurchased its issued ordinary shares of RM0.10 each from the open market as follows:

	No. of Shares	Cost RM	Purchase Price Per Share Highest RM	Purchase Price Per Share Lowest RM	Purchase Price Per Share Average RM
2012					
At beginning of financial year	–	–	–	–	–
Purchased during the financial year					
July 2011	**788,000**	**4,042,677**	**5.13**	**5.13**	**5.13**
August 2011	**26,047,200**	**125,000,255**	**5.16**	**4.42**	**4.80**
November 2011	**200,000**	**1,004,504**	**5.02**	**5.02**	**5.02**
May 2012	**1,905,900**	**9,568,376**	**5.02**	**5.02**	**5.02**
	28,941,100	**139,615,812**	**5.16**	**4.42**	**4.82**
At end of financial year	**28,941,100**	**139,615,812**	**5.16**	**4.42**	**4.82**
2011					
At beginning of financial year	298,418,700	1,767,552,752	7.47	2.17	5.92
Cancellation	(298,418,700)	(1,767,552,752)			
At end of financial year	–	–			

On 2 March 2011, the Company cancelled all its accumulated 298,418,700 treasury shares with a carrying amount of RM1,767,552,752 or at an average price of RM5.92 per ordinary share of RM0.10 each.

The transactions under Share Buy Back were financed by internally generated funds. The ordinary shares of the Company repurchased were held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965 in Malaysia.

32.3 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.

33. RETAINED EARNINGS

The Company is under the single tier system and as a result, there is no restriction on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

34. BORROWINGS

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Non-current liabilities				
Secured				
Finance lease obligation (Note 34.7)	**473**	452	**–**	–
Less: Portion due within 12 months included under short term borrowings	**(186)**	(134)	**–**	–
	287	318	**–**	–
Unsecured				
Term loans (Note 34.1)	**4,297,403**	3,387,100	**1,906,275**	2,106,990
Less: Portion due within 12 months included under short term borrowings	**(499,340)**	(302,700)	**–**	(302,700)
	3,798,063	3,084,400	**1,906,275**	1,804,290
3rd Exchangeable Bonds (Note 34.3)	**–**	12,847	**–**	–
Guaranteed Notes (Note 34.4)	**1,593,852**	1,508,884	**–**	–
Notes (Note 34.5)	**1,899,511**	–	**–**	–
	7,291,713	4,606,449	**1,906,275**	1,804,290
Current liabilities				
Secured				
Finance lease obligation (Note 34.7)	**186**	134	**–**	–
	186	134	**–**	–
Unsecured				
Trade financing (Note 34.6)	**316,902**	233,290	**–**	–
Term loans – portion due within 12 months (Note 34.1)	**499,340**	302,700	**–**	302,700
	816,242	535,990	**–**	302,700
2nd Exchangeable Bonds (Note 34.2)	**–**	255,185	**–**	–
3rd Exchangeable Bonds (Note 34.3)	**13,537**	–	**–**	–
	829,965	791,309	**–**	302,700
Total borrowings	**8,121,678**	5,397,758	**1,906,275**	2,106,990

34. BORROWINGS (Continued)

34.1 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 reporting period is JPY15.0 billion (2011 – JPY15.0 billion). This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

ii. SGD200.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the reporting period is SGD200.0 million (2011 – SGD200.0 million). This floating-rate term loan bears interest at 0.50% plus Swap Offer Rate ("SOR") per annum and is repayable in 24 months from the drawdown date in May 2011.

iii. 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 reporting period is JPY6.0 billion (2011 – JPY6.0 billion). This fixed-rate loan bears interest at 4.50% per annum and is repayable in full on 5 February 2038.

iv. USD100.0 million term loan, which was drawn down by the Company on 3 February 2009. The outstanding amount as at end of the reporting period was nil (2011 – USD100.0 million). This floating-rate term loan bore interest at 1.45% plus British Bankers' Association London Interbank Offered Rates ("BBA-LIBOR") per annum and was repayable in 3 years from the drawn down date in February 2009. This bank loan was settled by the Company during the financial year.

v. 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 reporting period is USD600.0 million (2011 – 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.

vi. USD330.0 million term loan, which was drawn down by a subsidiary during the financial year. The outstanding amount as at end of the reporting period is 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.

The term loans are repayable by instalments of varying amounts or upon maturity over the following periods:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Less than 1 year	**499,340**	302,700	**–**	302,700
1 – 2 years	**–**	491,140	**–**	–
2 – 3 years	**476,569**	–	**476,569**	–
3 – 4 years	**476,569**	451,243	**476,569**	451,243
4 – 5 years	**1,521,994**	451,243	**476,569**	451,243
More than 5 years	**1,322,931**	1,690,774	**476,568**	901,804
	4,297,403	3,387,100	**1,906,275**	2,106,990

34. BORROWINGS (Continued)

34.2 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 matured on 18 December 2011. The 2nd Exchangeable Bonds were unconditionally and irrevocably guaranteed by the Company.

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.

34. BORROWINGS (Continued)

34.2 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") (Continued)

The 2nd Exchangeable Bonds exchanged during the previous financial year were as follows:

Group	Nominal Value of 2nd Exchangeable Bonds (USD)	Exchange price	No. of shares issued	Remarks
2011				
Exchange during the financial year	35,010,000	RM4.58	27,060,115	*Ordinary share of RM0.10 each*

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.

The movements of the 2nd Exchangeable Bonds during the financial year are as follows:

	Group RM'000
2012	
At beginning of financial year	**255,185**
Redemption of USD63,975,000 nominal value of the 2nd Exchangeable Bonds	**(236,500)**
Fair value adjustment	**(33,352)**
Foreign currency translation differences	**14,667**
At end of financial year	**–**
2011	
At beginning of financial year	396,029
Exchange of USD35,010,000 nominal value of the 2nd Exchangeable Bonds	(154,992)
Fair value adjustment	38,072
Foreign currency translation differences	(23,924)
At end of financial year	255,185

34. BORROWINGS (Continued)

34.3 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 will mature 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.

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 previous financial year, 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.

34. BORROWINGS (Continued)

34.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (Continued)

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	
	2012	2011
	RM'000	RM'000
At beginning of financial year	**12,847**	1,547,736
Fair value adjustment	**(20)**	18,538
Foreign currency translation differences	**710**	(87,147)
Redemption of USD440,770,000 nominal value of the 3rd Exchangeable Bonds	**–**	(1,397,158)
Repurchase of USD21,650,000 nominal value of the 3rd Exchangeable Bonds	**–**	(69,122)
At end of financial year	**13,537**	12,847

34.4 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.

At initial recognition, the Guaranteed Notes were recognised in the Group statement of financial position as follows:

	Group
	RM'000
Principal amount	1,900,000
Discount on issue price	(13,414)
Net proceeds received	1,886,586

The movements of the Guaranteed Notes during the financial year are as follows:

	Group	
	2012	2011
	RM'000	RM'000
At beginning of financial year	**1,508,884**	1,612,136
Foreign currency translation differences	**83,777**	(104,391)
Interest expense	**1,191**	1,139
At end of financial year	**1,593,852**	1,508,884

34. BORROWINGS (Continued)

34.5 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 statement of financial position as follows:

	Group
	RM'000
Principal amount	1,912,200
Discount on issue price	(13,615)
Net proceeds received	1,898,585
Transaction cost	(3,836)
	1,894,749

The movements of the Notes during the financial year are as follows:

	Group
	2012 RM'000
At drawdown date	1,894,749
Foreign currency translation differences	4,762
At end of financial year	1,899,511

34.6 Trade financing

Unsecured

Trade financing utilised during the financial year is subject to interest rates ranging from 0.52% to 3.53% (2011 – 0.50% to 3.45%) per annum.

34. BORROWINGS (Continued)

34.7 Finance lease obligation

Finance lease obligation is payable as follows:

	Group	
	2012	2011
	RM'000	RM'000
Minimum lease payments		
– not later than 1 year	**250**	216
– later than 1 year and not later than 5 years	**327**	381
	577	597
Less: Unexpired finance charges	**(104)**	(145)
	473	452
Present value of finance lease obligations		
– not later than 1 year	**186**	134
– later than 1 year and not later than 5 years	**287**	318
	473	452

Finance lease obligation is subject to fixed interest rate of 8.00% (2011 – 8.00%) per annum.

35. OTHER LONG TERM LIABILITIES

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Retirement benefits (Note 35.1)	**17,530**	26,181	**955**	955
Club membership deposits	**26**	111	**–**	–
Advances from non-controlling interests (Note 35.2)	**129,703**	–	**–**	–
	147,259	26,292	**955**	955

35. OTHER LONG TERM LIABILITIES (Continued)

35.1 Retirement benefits

	Group		Company	
	2012 **RM'000**	2011 RM'000	**2012** **RM'000**	2011 RM'000
Present value of funded obligations	**396,279**	305,948	**–**	–
Fair value of plan assets	**(371,246)**	(281,576)	**–**	–
	25,033	24,372	**–**	–
Present value of unfunded obligations	**20,366**	22,548	**955**	955
Present value of net obligations	**45,399**	46,920	**955**	955
Unrecognised actuarial losses	**(30,378)**	(23,847)	**–**	–
Unrecognised past service cost	**2,509**	3,108	**–**	–
Recognised liability for defined benefit obligations	**17,530**	26,181	**955**	955

The Company and certain subsidiaries operate 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 2011 and 30 June 2012 respectively.

Movements in the net liability recognised in the statements of financial position:

	Group		Company	
	2012 **RM'000**	2011 RM'000	**2012** **RM'000**	2011 RM'000
Net liability at beginning of financial year	**26,181**	27,677	**955**	938
Contributions to funded plans	**(24,908)**	(28,711)	**–**	–
Benefits paid for unfunded plans	**(973)**	(1,610)	**(101)**	(81)
Expense recognised in profit or loss (Note 8(b))	**25,032**	21,497	**101**	98
Foreign currency translation differences	**(7,802)**	7,328	**–**	–
Net liability at end of financial year	**17,530**	26,181	**955**	955

35. OTHER LONG TERM LIABILITIES (Continued)

35.1 Retirement benefits (Continued)

Expense recognised in profit or loss:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Current service cost	**15,416**	20,172	**56**	56
Interest cost	**18,084**	16,270	**46**	45
Expected return on plan assets	**(18,294)**	(16,474)	**–**	–
Net actuarial loss/(gain)	**10,731**	2,303	**(15)**	(17)
Past service cost	**(905)**	(774)	**14**	14
	25,032	21,497	**101**	98

The expense is recognised in the following line items in profit or loss:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Cost of sales	**10,836**	9,716	**101**	98
Marketing and selling expenses	**1,926**	1,583	**–**	–
Administration expenses	**12,270**	10,198	**–**	–
	25,032	21,497	**101**	98

Actual gain on plan assets	**43,070**	2,916	**–**	–

Liability for defined benefit obligations

Principal actuarial assumptions used at the reporting period (expressed as weighted averages):

	Group and Company	
	2012	2011
Discount rate	**3.7%**	5.8%
Expected return on plan assets	**3.6%**	4.7%
Future salary increases	**3.2%**	3.2%

35.2 Advances from non-controlling interests

The advances from non-controlling interest are unsecured, bear interest at rates ranging from 1.41% to 1.56% (2011 – nil) per annum and are not repayable within the next twelve (12) months.

36. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Trade payables (Note 36.1)	**627,793**	646,120	**11,145**	9,571
Other payables and accruals (Note 36.2)	**476,694**	527,154	**72,275**	85,587
Progress billings	**3,305**	16,413	**–**	–
	1,107,792	1,189,687	**83,420**	95,158

36.1 Trade payables

Included in trade payables of the Group are retention monies of RM74,489,000 (2011 – RM61,256,000).

Credit terms of trade payables vary from 14 to 60 days from date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 12 to 18 months.

36.2 Other payables and accruals

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Advances from minority shareholders	**–**	2,452	**–**	–
Other payables	**212,128**	265,986	**11,159**	11,721
Customer deposits and other deposits	**33,587**	28,364	**659**	604
Accruals	**230,979**	230,352	**60,457**	73,262
	476,694	527,154	**72,275**	85,587

Included in other payables of the Group is land cost payable of nil (2011 – RM2.6 million).

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES

37.1 Liquidation of subsidiaries

2012

During the current financial year, (loss)/gain on liquidation of subsidiary is arising from the following subsidiary:

	Note	Balance liquidation proceeds received	(Loss)/Gain on liquidation	
		Group and Company RM'000	Group RM'000	Company RM'000
Tampoi Development Sdn Bhd	37.1.1	**4**	**(112)**	**4**

37.1.1 Tampoi Development Sdn Bhd ("Tampoi Development")

During the current financial year, loss on liquidation of Tampoi Development was summarised as follows:

	RM'000
Net proceeds from liquidation	**4**
Group share of net assets liquidated	**(116)**
Loss on liquidation of a subsidiary	**(112)**

2011

During the previous financial year, loss on liquidation of subsidiaries was arising from the following subsidiaries:

	Note	Balance liquidation proceeds received	Loss on liquidation	
		Group and Company RM'000	Group RM'000	Company RM'000
IOI Pelita Quarry Sdn Bhd	37.1.2	1,097	(6)	(450)
Loders Croklaan For Trading and Distribution LLC	37.1.3	–	(415)	–
		1,097	(421)	(450)

37.1.2 IOI Pelita Quarry Sdn Bhd ("IOI Pelita Quarry")

During the previous financial year, loss on liquidation of IOI Pelita Quarry was summarised as follows:

	RM'000
Net current assets	1,576
Net assets liquidated	1,576
Less: Non-controlling interests	(473)
Group share of net assets liquidated	1,103
Less: Net proceeds from liquidation	(1,097)
Loss on liquidation of a subsidiary	(6)

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (Continued)

37.1 Liquidation of subsidiaries (Continued)

37.1.3 Loders Croklaan For Trading and Distribution LLC ("LC for Trading and Distribution")

During the previous financial year, the Group completed the liquidation of a subsidiary, LC for Trading and Distribution and the impact was summarised as follows:

	RM'000
Net proceeds from liquidation	–
Group share of net assets liquidated	(415)
Loss on liquidation of a subsidiary	(415)

37.2 Disposals of subsidiaries

2011

During the previous financial year, the Group disposed the following subsidiary:

	Note	Cash inflow on disposal	Gain on disposal	
		Group and Company RM'000	Group RM'000	Company RM'000
Projects IOI (Mauritius) Ltd	37.2.1	9,680	4,602	4,602

37.2.1 Projects IOI (Mauritius) Ltd ("Projects IOI (Mauritius)")

During the previous financial year, the Company completed the disposal of a subsidiary, Projects IOI (Mauritius) and the impact was summarised as follows:

	RM'000
Net proceeds from disposal	9,680
Group share of net assets disposed	(5,078)
Gain on disposal of a subsidiary	4,602

The disposal of the subsidiary had no material impact to the results of the Group in the previous financial year.

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Short term funds (Note 28)	**1,775,235**	1,725,237	**1,042,035**	1,403,759
Deposits with financial institutions (Note 29)	**2,023,978**	592,864	**211,058**	209,973
Cash and bank balances (Note 30)	**561,534**	467,425	**4,201**	16,155
	4,360,747	2,785,526	**1,257,294**	1,629,887

The Group has undrawn borrowing facilities of RM3,449,014,000 (2011 – RM607,891,000) at end of the financial year.

39. SIGNIFICANT RELATED PARTY DISCLOSURES

39.1 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 46 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 46 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.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

39.2 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:

	2012 RM'000	2011 RM'000
Group		
Associates		
Sales of oleochemical products and palm kernel oil	**749,671**	903,884
Purchases of oleochemical products	**12,224**	15,702
Purchases of palm products	**30,958**	36,558
Agency fees income	**1,556**	1,815
Rental income on storage tank	**6,675**	7,016
Affiliates		
Property project management services	**5,718**	3,840

Company		
Subsidiaries		
Sales of palm products	**366,582**	392,433
Purchases of palm products	**13,122**	18,664
Agency fees income	**1,464**	1,428
Management fees	**28,506**	29,807
Interest income	**90,968**	92,762
Interest expense	**143,678**	159,055

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 2012 are disclosed in Note 19.2, Note 20.3 and Note 21.1 to the financial statements.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

39.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Directors				
Fees	**804**	591	**660**	459
Remuneration	**45,156**	53,140	**40,548**	50,753
Estimated monetary value of benefits-in-kind	**264**	246	**101**	104
Total short term employee benefits	**46,224**	53,977	**41,309**	51,316
Post employment benefits	**5,389**	6,324	**5,082**	6,058
Share option expenses	**788**	1,528	**788**	1,528
	52,401	61,829	**47,179**	58,902
Other key management personnel				
Short term employee benefits	**1,943**	3,007	**–**	–
Post employment benefits	**290**	341	**–**	–
Share option expenses	**569**	1,606	**–**	–
	2,802	4,954	**–**	–

Number of share options granted to the key management personnel during the financial year is as follows:

	Group	
	2012 '000	2011 '000
Executive Share Option Scheme of the Company		
At beginning of financial year	**15,520**	14,694
Granted	**–**	4,600
Exercised	**(4,514)**	(3,181)
Lapsed	**–**	(593)
At end of financial year	**11,006**	15,520

The share options were granted on the same terms and conditions as those to other employees of the Group.

40. CONTINGENT LIABILITIES – UNSECURED

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Litigations involving claims for damages and compensation	**6,000**	6,000	**–**	–

The Directors are of the opinion that the possibility of any outflow in settlement arising from the litigations involving claims for damages and compensation is remote.

Material litigation – subsidiaries

The Directors are of the opinion that the possibility of any outflow in settlement arising from the following litigation is remote based on legal opinion obtained. Nevertheless, disclosures are made in view of its materiality.

Unipamol Malaysia Sdn Bhd and Pamol Plantations Sdn Bhd (subsidiaries of IOI Oleochemical Industries Berhad ("IOI Oleo"))

This is a legal suit instituted by the shareholders of Unitangkob (Malaysia) Berhad ("Plaintiffs") against Unipamol Malaysia Sdn Bhd ("Unipamol"), Pamol Plantations Sdn Bhd ("PPSB"), Unilever Plc and its subsidiary Pamol (Sabah) Ltd in which the Plaintiffs claimed for inter-alia, special damages of RM43.47 million, general damages of RM136.85 million or such amount as may be assessed by the court on the alleged wrongful refusal or failure of the defendants to continue with a Share Sale Agreement and Shareholders' Agreement. Unipamol and PPSB have entered an appearance and filed a Defence to the claim as well as a Counter-claim against the Plaintiffs.

Unilever Plc and Pamol (Sabah) Ltd had filed an appeal against the decision of the Court delivered on 14 January 2010 dismissing their application to strike out the claim against them. On 13 October 2010, the Court of Appeal allowed the Unilever Plc's appeal but dismissed Pamol (Sabah)'s appeal. The Plaintiffs have since filed an application for leave to appeal to the Federal Court on the decision of the Court of Appeal in allowing Unilever Plc's appeal.

The High Court has on 3 December 2010 struck off the Plaintiffs' Writ of Summons and Statement of Claim due to procedural non-compliance subject to the Plaintiffs' right to apply for reinstatement. The Plaintiffs' Solicitors have subsequently filed an application to reinstate the Writ of Summons and Statement of Claim. On 10 March 2011, the High Court dismissed the Plaintiffs' application for reinstatement and the Plaintiffs have filed an appeal against the said decision to the Court of Appeal and the Court of Appeal has allowed the Plaintiffs' appeal on 12 December 2011. The matter has been presently fixed for hearing on 18 and 19 of September 2012.

Meanwhile, the Plaintiffs' application for leave to appeal to the Federal Court (against the decision of the Court of Appeal to strike off the 3rd defendant as a party) has been allowed. The Federal Court has completed the hearing for the said appeal on 29 May 2012 and decision is reserved.

The relevant subsidiaries have obtained favourable legal opinions on the merits of their respective cases, which existed prior to them becoming IOI Oleo's subsidiaries.

41. 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 2011.

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 2012 and 30 June 2011.

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.

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Borrowings	**8,121,678**	5,397,758	**1,906,275**	2,106,990
Less: Cash and cash equivalents	**(4,360,747)**	(2,785,526)	**(1,257,294)**	(1,629,887)
Net debt	**3,760,931**	2,612,232	**648,981**	477,103
Equity	**12,627,923**	11,999,177	**6,593,005**	7,027,176
Gearing ratio (%)	**29.78**	21.77	**9.84**	6.79

42. 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.1 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.

42.1.1 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 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 of 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.

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.

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign currency risk (Continued)

42.1.1 Risk management approach (Continued)

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:

(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.

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign currency risk (Continued)

42.1.2 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
2012

Contract based currency	USD		EUR		SGD		JPY		Others	
Maturity	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**
Financial assets in foreign currencies										
Cash and bank balances	1,818,327	–	95,085	–	39,948	–	–	–	13,270	–
Trade and other receivables	816,327	–	255,550	–	–	–	11,663	–	14,446	–
Derivative assets	861,241	–	–	–	–	–	–	–	–	–
Financial liabilities in foreign currencies										
Trade and other payables	(170,168)	–	(71,834)	–	(5,256)	–	(360)	–	(7,650)	–
Amounts due to associates	–	–	–	–	–	–	–	–	(6,634)	–
Borrowings	(13,949)	(6,485,850)	–	–	(499,340)	–	–	(846,363)	–	–
Advances from non-controlling interests	–	–	–	–	–	(129,703)	–	–	–	–
Derivative liabilities	(564,131)	–	–	–	–	–	–	–	–	–
Currency derivatives										
Foreign currency forwards	(2,663,596)	–	(44,382)	–	–	–	(24,771)	–	(45,340)	–
Structured and hybrids	742,066	566,468	–	(318,184)	–	(491,063)	–	846,363	(12,027)	–
Net exposure	826,117	(5,919,382)	234,419	(318,184)	(464,648)	(620,766)	(13,468)	–	(43,935)	–

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign currency risk (Continued)

42.1.2 Foreign currency risk exposure (Continued)

Group
2011

Contract based currency	USD		EUR		SGD		JPY		Others	
Maturity	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**
Financial assets in foreign currencies										
Cash and bank balances	61,432	–	99,969	–	258,155	–	–	–	6,347	–
Trade and other receivables	732,028	–	367,302	–	22	–	15,736	–	24,542	–
Derivative assets	1,573,081	–	–	–	–	–	–	–	–	–
Financial liabilities in foreign currencies										
Trade and other payables	(205,530)	–	(87,174)	–	(263)	–	–	–	(14,597)	–
Borrowings	(527,434)	(3,342,915)	–	–	–	(491,140)	–	(788,970)	–	–
Derivative liabilities	(637,119)	–	–	–	–	–	–	–	–	–
Currency derivatives										
Foreign currency forwards	(2,167,160)	(1,853)	(59,818)	–	–	–	(27,711)	–	(42,621)	–
Structured and hybrids	351,500	(238,661)	–	(350,240)	–	–	–	788,970	–	–
Net exposure	(819,202)	(3,583,429)	320,279	(350,240)	257,914	(491,140)	(11,975)	–	(26,329)	–

Company
2012

Contract based currency	USD		EUR		SGD	
Maturity	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**	**<1 year RM'000**	**> 1 year RM'000**
Financial assets in foreign currencies						
Cash and bank balances	**30,678**	**–**	**26,924**	**–**	**30,950**	**–**
Amounts due from subsidiaries	**93,380**	**–**	**675,813**	**–**	**775**	**–**
Financial liabilities in foreign currencies						
Borrowings	**–**	**(1,917,000)**	**–**	**–**	**–**	**–**
Amounts due to subsidiaries	**(13,432)**	**(2,347,750)**	**–**	**–**	**–**	**–**
Currency derivatives						
Structured and hybrids	**–**	**332,536**	**–**	**(318,184)**	**–**	**–**
Net exposure	**110,626**	**(3,932,214)**	**702,737**	**(318,184)**	**31,725**	**–**

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign currency risk (Continued)

42.1.2 Foreign currency risk exposure (Continued)

Company
2011

Contract based currency	USD		EUR		SGD	
Maturity	<1 year RM'000	> 1 year RM'000	<1 year RM'000	> 1 year RM'000	<1 year RM'000	> 1 year RM'000
Financial assets in foreign currencies						
Cash and bank balances	27	–	8,107	–	13,170	–
Amounts due from subsidiaries	150,209	–	845,309	–	1,104,350	–
Financial liabilities in foreign currencies						
Borrowings	(302,700)	(1,816,200)	–	–	–	–
Amounts due to subsidiaries	(261,196)	(2,075,012)	–	–	–	–
Currency derivatives						
Structured and hybrids	351,500	315,050	–	(350,240)	–	–
Net exposure	(62,160)	(3,576,162)	853,416	(350,240)	1,117,520	–

i. The Group is net short in USD by USD1.6 billion (equivalent to RM5.1 billion) (2011 – USD1.4 billion (equivalent to RM4.4 billion)) where USD1.8 billion (equivalent to RM5.9 billion) (2011 – USD1.2 billion (equivalent to RM3.6 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign currency risk (Continued)

42.1.2 Foreign currency risk exposure (Continued)

As at the end of the reporting period, the Group and the Company have also entered into the following currency swap contracts:

Group

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.

2011

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 cash flow 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 RM351.5 million. These were entered into as a cash flow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from February 2009 to March 2012.

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign currency risk (Continued)

42.1.2 Foreign currency risk exposure (Continued)

Company

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.

2011

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 floating rate USD liability of USD100.0 million to fixed rate RM liability of RM351.5 million. These were entered into as a cash flow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from February 2009 to March 2012.

42.1.3 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 RM232 million (2011 – RM146 million) and RM60 million (2011 – RM60 million) respectively.

42.2 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.

42.2.1 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest rate risk (Continued)

42.2.2 Interest rate risk exposure

The following tables set-out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining repricing brackets of the Group's and Company's financial instruments that are exposed to interest rate risk:

Group

2012

		Repricing Brackets						
		Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total	
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	2,023,978	–	–	–	–	2,023,978	2.41
Short term funds	28	1,775,235	–	–	–	–	1,775,235	2.78
		3,799,213	–	–	–	–	3,799,213	
Floating rate instruments								
Cash and bank balances		561,534	–	–	–	–	561,534	1.60
		561,534	–	–	–	–	561,534	
Total assets repricing		4,360,747	–	–	–	–	4,360,747	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	34.1	–	–	–	–	846,363	846,363	5.68
Guaranteed notes	34.4	–	–	–	1,593,852	–	1,593,852	5.34
Notes	34.5	–	–	–	–	1,899,511	1,899,511	4.46
Trade financing		316,902	–	–	–	–	316,902	1.83
Financial lease obligations	34.7	186	202	26	30	29	473	8.00
		317,088	202	26	1,593,882	2,745,903	4,657,101	
Floating rate instruments								
Advances from non-controlling interests	35.2	129,703	–	–	–	–	129,703	1.45
Term loan	34.1	3,451,040	–	–	–	–	3,451,040	2.78
		3,580,743	–	–	–	–	3,580,743	
Total liabilities repricing		3,897,831	202	26	1,593,882	2,745,903	8,237,844	
Net repricing gap		462,916	(202)	(26)	(1,593,882)	(2,745,903)	(3,877,097)	

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest rate risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Group
2011

	Note	Repricing Brackets: Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	**29**	592,864	–	–	–	–	592,864	3.23
Short term funds	**28**	1,725,237	–	–	–	–	1,725,237	1.62
		2,318,101	–	–	–	–	2,318,101	
Floating rate instruments								
Cash and bank balances		467,425	–	–	–	–	467,425	1.73
		467,425	–	–	–	–	467,425	
Total assets repricing		2,785,526	–	–	–	–	2,785,526	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	**34.1**	–	–	–	–	788,970	788,970	4.33
Guaranteed notes	**34.4**	–	–	–	–	1,508,884	1,508,884	5.34
Trade financing		233,290	–	–	–	–	233,290	3.43
Financial lease obligations	**34.7**	134	167	151	–	–	452	8.00
		233,424	167	151	–	2,297,854	2,531,596	
Floating rate instruments								
Term loan	**34.1**	2,106,990	491,140	–	–	–	2,598,130	3.61
		2,106,990	491,140	–	–	–	2,598,130	
Total liabilities repricing		2,340,414	491,307	151	–	2,297,854	5,129,726	
Net repricing gap		445,112	(491,307)	(151)	–	(2,297,854)	(2,344,200)	

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest rate risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Company
2012

	Note	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000	Weighted average effective interest rate %
		Repricing Brackets						
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	211,058	–	–	–	–	211,058	2.83
Short term funds	28	1,042,035	–	–	–	–	1,042,035	2.93
Amounts due from subsidiaries	19	2,165,482	–	–	–	–	2,165,482	4.62
		3,418,575	–	–	–	–	3,418,575	
Floating rate instruments								
Cash and bank balances		4,201	–	–	–	–	4,201	1.23
		4,201	–	–	–	–	4,201	
Total assets repricing		3,422,776	–	–	–	–	3,422,776	
Interest bearing financial liabilities								
Fixed rate instruments								
Amount due to subsidiaries	19	588,752	13,537	–	–	2,617,341	3,219,630	4.67
		588,752	13,537	–	–	2,617,341	3,219,630	
Floating rate instruments								
Term loans	34.1	1,906,275	–	–	–	–	1,906,275	3.24
		1,906,275	–	–	–	–	1,906,275	
Total liabilities repricing		2,495,027	13,537	–	–	2,617,341	5,125,905	
Net repricing gap		927,749	(13,537)	–	–	(2,617,341)	(1,703,129)	

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest rate risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Company
2011

	Note	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	209,973	–	–	–	–	209,973	3.41
Short term funds	28	1,403,759	–	–	–	–	1,403,759	1.62
Amounts due from subsidiaries	19	3,586,354	–	–	–	–	3,586,354	4.65
		5,200,086	–	–	–	–	5,200,086	
Floating rate instruments								
Cash and bank balances		16,155	–	–	–	–	16,155	1.73
		16,155	–	–	–	–	16,155	
Total assets repricing		5,216,241	–	–	–	–	5,216,241	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	19	714,176	12,847	–	–	2,062,165	2,789,188	4.76
		714,176	12,847	–	–	2,062,165	2,789,188	
Floating rate instruments								
Term loans	34.1	2,106,990	–	–	–	–	2,106,990	3.99
		2,106,990	–	–	–	–	2,106,990	
Total liabilities repricing		2,821,166	12,847	–	–	2,062,165	4,896,178	
Net repricing gap		2,395,075	(12,847)	–	–	(2,062,165)	320,063	

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest rate risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

As at the end of the reporting period, the Group and the Company have also entered into the following interest rate swap contracts:

Group

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 cross currency 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 cross currency swap is from December 2011 to December 2016.

2011

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 cross currency swaps is from October 2010 to October 2017.

Company

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 cross currency swaps is from October 2010 to October 2017.

2011

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 cross currency swaps is from October 2010 to October 2017.

42.2.3 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 in interest rates would have decreased profit for the Group and increased profit for the Company by approximately RM2 million (2011 – nil) and RM1 million (2011 – RM1 million) respectively, and a 50 basis points decrease in interest rates would have increased profit for the Group and decreased profit for the Company by approximately RM2 million (2011 – nil million) and RM1 million (2011 – RM1 million) respectively.

42. FINANCIAL INSTRUMENTS (Continued)

42.3 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.

42.3.1 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price fluctuation risk (Continued)

42.3.2 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 reporting period.

Group	Contract and Notional value			Fair value attributed to price changes at period closing		
	< 1 year RM'000	> 1 year RM'000	Total RM'000	< 1 year RM'000	> 1 year RM'000	Total RM'000
2012						
Commodity based						
Forward sales contracts	**(769,602)**	**–**	**(769,602)**	**25,335**	**–**	**25,335**
Forward purchase contracts	**1,210,910**	**–**	**1,210,910**	**8,121**	**–**	**8,121**
Commodity derivatives	**(122,189)**	**–**	**(122,189)**	**7,457**	**–**	**7,457**
Equity based						
Other investments	**48,990**	**–**	**48,990**	**75,202**	**–**	**75,202**
				116,115	**–**	**116,115**
2011						
Commodity based						
Forward sales contracts	(251,577)	–	(251,577)	70,325	–	70,325
Forward purchase contracts	65,654	–	65,654	(30,168)	–	(30,168)
Commodity derivatives	(125,289)	–	(125,289)	24,820	–	24,820
CPO swap – short	18,000	–	18,000	2,640	–	2,640
Equity based						
Other investments	51,475	–	51,475	65,427	–	65,427
				133,044	–	133,044

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price fluctuation risk (Continued)

42.3.2 Price risk exposure (Continued)

	Contract and Notional value			Fair value attributed to price changes at period closing		
Company	**< 1 year RM'000**	**> 1 year RM '000**	**Total RM'000**	**< 1 year RM'000**	**> 1 year RM'000**	**Total RM'000**
2012						
Equity based						
Other investments	**9,585**	**–**	**9,585**	**6,477**	**–**	**6,477**
				6,477	**–**	**6,477**
2011						
Commodity based						
CPO swap – short	18,000	–	18,000	2,640	–	2,640
CPO swap – long	(18,000)	–	(18,000)	(2,640)	–	(2,640)
Equity based						
Other investments	11,892	–	11,892	7,087	–	7,087
				7,087	–	7,087

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).

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price fluctuation risk (Continued)

42.3.2 Price risk exposure (Continued)

Fair value hierarchy (Continued)

RM'000	Fair value attributed to price changes at period closing			
Group	Hierarchy of the underlying variable input used in measuring fair valuation			
	Level 1	**Level 2**	**Level 3**	**Total**
2012				
Commodity based				
Forward sales contracts	**25,335**	**–**	**–**	**25,335**
Forward purchase contracts	**8,121**	**–**	**–**	**8,121**
Commodity derivatives	**7,457**	**–**	**–**	**7,457**
Equity based				
Other investments	**68,902**	**–**	**6,300**	**75,202**
	109,815	**–**	**6,300**	**116,115**
2011				
Commodity based				
Forward sales contracts	70,325	–	–	70,325
Forward purchase contracts	(30,168)	–	–	(30,168)
Commodity derivatives	24,820	–	–	24,820
CPO swap – short	2,640	–	–	2,640
Equity based				
Other investments	63,515	–	1,912	65,427
	131,132	–	1,912	133,044

There were no transfers between all 3 levels of the fair value hierarchy.

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price fluctuation risk (Continued)

42.3.2 Price risk exposure (Continued)

Fair value hierarchy (Continued)

RM'000	Fair value attributed to price changes at period closing			
Company	Hierarchy of the underlying variable input used in measuring fair valuation			
	Level 1	Level 2	Level 3	Total
2012				
Equity based				
Other investments	**6,477**	–	–	**6,477**
	6,477	–	–	**6,477**
2011				
Commodity based				
CPO swap – short	2,640	–	–	2,640
CPO swap – long	(2,640)	–	–	(2,640)
Equity based				
Other investments	7,087	–	–	7,087
	7,087	–	–	7,087

There were no transfers between all 3 levels of the fair value hierarchy.

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.

	2012 RM'000	2011 RM'000
Financial assets designated at fair value through profit or loss		
At beginning of financial year	**1,912**	653
Total gains recognised in profit or loss	**4,388**	1,259
At end of financial year	**6,300**	1,912

The Group believes that its estimates of fair value are appropriate; the use of different methodologies or assumptions could lead to different measurements of fair values. As the fair value measurements in Level 3 are based on the net assets of the investees, there are no alternative assumptions that would differ from the amount determined.

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price fluctuation risk (Continued)

42.3.3 Sensitivity analysis

Majority of the Group's exposure to price volatility was mainly derived from palm products. If the price of palm products changes by 7.5%, profit or loss for the Group and the Company would have equally increased or decreased by approximately RM179 million (2011 – RM163 million) and RM10 million (2011 – RM9 million) respectively.

No sensitivity analysis for other investments was prepared at the end of the reporting period as the Group and the Company did not have significant exposure to other investments.

42.4 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.

42.4.1 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 forwards 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.1 Risk management approach (Continued)

i. Plantation and resource-based manufacturing (Continued)

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 Oleo-Chemical and Specialty Fats' credit sales – leaving some credit exposure on declined coverage and those beyond approved limits.

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.

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.1 Risk management approach (Continued)

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.

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 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.

	Note	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Group					
2012					
Financial assets					
Cash and bank balances		**561,534**	**39**	**561,495**	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	29	**2,023,978**	**–**	**2,023,978**	
Trade and other receivables, excluded deposits and prepayments		**1,413,578**	**327,440**	**1,086,138**	Letter of credit and credit insurance
Other investments	27	**75,202**	**–**	**75,202**	
Short term funds	28	**1,775,235**	**–**	**1,775,235**	
Amounts due from associates		**308**	**–**	**308**	
Derivative assets	22	**238,976**	**–**	**238,976**	
		6,088,811	**327,479**	**5,761,332**	
2011					
Financial assets					
Cash and bank balances		467,425	40	467,385	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	29	592,864	–	592,864	
Trade and other receivables, excluded deposits and prepayments		1,539,613	376,914	1,162,699	Letter of credit and credit insurance
Other investments	27	65,427	–	65,427	
Short term funds	28	1,725,237	–	1,725,237	
Amounts due from associates		397	–	397	
Derivative assets	22	226,991	–	226,991	
		4,617,954	376,954	4,241,000	

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

	Note	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Company					
2012					
Financial assets					
Cash and bank balances		**4,201**	**–**	**4,201**	
Deposits with financial institutions	29	**211,058**	**–**	**211,058**	
Trade and other receivables, excluded deposits and prepayments		**7,858**	**–**	**7,858**	
Other investments	27	**6,477**	**–**	**6,477**	
Short term funds	28	**1,042,035**	**–**	**1,042,035**	
Amounts due from subsidiaries		**2,165,482**	**–**	**2,165,482**	
Amounts due from associates		**83**	**–**	**83**	
Derivative assets	22	**14,597**	**–**	**14,597**	
		3,451,791	**–**	**3,451,791**	
2011					
Financial assets					
Cash and bank balances		16,155	–	16,155	
Deposits with financial institutions	29	209,973	–	209,973	
Trade and other receivables, excluded deposits and prepayments		2,505	–	2,505	
Other investments	27	7,087	–	7,087	
Short term funds	28	1,403,759	–	1,403,759	
Amounts due from subsidiaries		3,586,354	–	3,586,354	
Amounts due from associates		397	–	397	
Derivative assets	22	6,335	–	6,335	
		5,232,565	–	5,232,565	

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 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							
	Strong RM'000	Medium RM'000	Weak RM'000	Renegotiated RM'000	Past due not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
Group								
2012								
Cash and bank balances	**561,534**	**–**	**–**	**–**	**–**	**561,534**	**–**	**–**
Deposits with financial institutions	**2,023,978**	**–**	**–**	**–**	**–**	**2,023,978**	**–**	**–**
Trade and other receivables, excluded deposits and prepayments	**969,101**	**164,045**	**11,269**	**3,460**	**265,703**	**1,413,578**	**3,039**	**9,564**
Other investments	**68,902**	**6,300**	**–**	**–**	**–**	**75,202**	**–**	**–**
Short term funds	**1,775,235**	**–**	**–**	**–**	**–**	**1,775,235**	**–**	**–**
Amounts due from associates	**308**	**–**	**–**	**–**	**–**	**308**	**–**	**–**
Derivative assets	**238,976**	**–**	**–**	**–**	**–**	**238,976**	**–**	**–**
	5,638,034	**170,345**	**11,269**	**3,460**	**265,703**	**6,088,811**	**3,039**	**9,564**
2011								
Cash and bank balances	467,425	–	–	–	–	467,425	–	–
Deposits with financial institutions	592,864	–	–	–	–	592,864	–	–
Trade and other receivables, excluded deposits and prepayments	1,089,928	212,510	9,263	9,830	218,082	1,539,613	2,752	7,534
Other investments	63,515	1,912	–	–	–	65,427	–	–
Short term funds	1,725,237	–	–	–	–	1,725,237	–	–
Amounts due from associates	397	–	–	–	–	397	–	–
Derivative assets	226,991	–	–	–	–	226,991	–	–
	4,166,357	214,422	9,263	9,830	218,082	4,617,954	2,752	7,534

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

	Neither past due nor impaired Strong RM'000	Medium RM'000	Weak RM'000	Renegotiated RM'000	Past due not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
Company								
2012								
Cash and bank balances	**4,201**	**–**	**–**	**–**	**–**	**4,201**	**–**	**–**
Deposits with financial institutions	**211,058**	**–**	**–**	**–**	**–**	**211,058**	**–**	**–**
Trade and other receivables, excluded deposits and prepayments	**7,549**	**–**	**–**	**–**	**309**	**7,858**	**594**	**594**
Other investments	**6,477**	**–**	**–**	**–**	**–**	**6,477**	**–**	**–**
Short term funds	**1,042,035**	**–**	**–**	**–**	**–**	**1,042,035**	**–**	**–**
Derivative assets	**14,597**	**–**	**–**	**–**	**–**	**14,597**	**–**	**–**
Amounts due from associates	**83**	**–**	**–**	**–**	**–**	**83**	**–**	**–**
Amounts due from subsidiaries	**2,165,482**	**–**	**–**	**–**	**–**	**2,165,482**	**7**	**5,919**
	3,451,482	**–**	**–**	**–**	**309**	**3,451,791**	**601**	**6,513**
2011								
Cash and bank balances	16,155	–	–	–	–	16,155	–	–
Deposits with financial institutions	209,973	–	–	–	–	209,973	–	–
Trade and other receivables, excluded deposits and prepayments	1,619	–	144	–	742	2,505	–	–
Other investments	7,087	–	–	–	–	7,087	–	–
Short term funds	1,403,759	–	–	–	–	1,403,759	–	–
Derivative assets	6,335	–	–	–	–	6,335	–	–
Amounts due from associates	397	–	–	–	–	397	–	–
Amounts due from subsidiaries	3,586,354	–	–	–	–	3,586,354	19	6,019
	5,231,679	–	144	–	742	5,232,565	19	6,019

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

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 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						Estimated fair values of collateral and credit enhancement held
	1 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	91 – 120 days RM'000	>120 days RM'000	Total RM'000	RM'000
Group							
2012							
Trade receivables	**145,785**	**11,104**	**19,362**	**14,082**	**75,307**	**265,640**	**43,849**
Other receivables	**24**	**5**	**4**	**1**	**29**	**63**	**28**
	145,809	**11,109**	**19,366**	**14,083**	**75,336**	**265,703**	**43,877**
2011							
Trade receivables	195,940	15,504	2,900	-	742	215,086	21,755
Other receivables	2,729	22	20	18	207	2,996	50
	198,669	15,526	2,920	18	949	218,082	21,805

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 ongoing basis to ensure that the Group is exposed to minimal credit risk.

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

	Past due but not impaired						Estimated fair values of collateral and credit enhancement held
	1 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	91 – 120 days RM'000	>120 days RM'000	Total RM'000	RM'000
Company							
2012							
Trade receivables	**9**	**144**	**73**	**28**	**55**	**309**	**–**
	9	**144**	**73**	**28**	**55**	**309**	**–**
2011							
Trade receivables	–	–	–	–	742	742	–
	–	–	–	–	742	742	–

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	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Group												
2012												
Malaysia	**18,560**	***65***	**146,460**	***100***	**3,894**	***100***	**232,726**	***19***	**13,798**	***100***	**415,438**	***29***
Europe	**–**	**–**	**–**	**–**	**–**	**–**	**492,786**	***40***	**–**	**–**	**492,786**	***35***
North America	**–**	**–**	**–**	**–**	**–**	**–**	**116,991**	***10***	**–**	**–**	**116,991**	***8***
Asia (excluding Malaysia)	**10,215**	***35***	**–**	**–**	**–**	**–**	**289,385**	***24***	**7**	**–**	**299,607**	***21***
Others	**–**	**–**	**–**	**–**	**–**	**–**	**88,756**	***7***	**–**	**–**	**88,756**	***7***
	28,775	***100***	**146,460**	***100***	**3,894**	***100***	**1,220,644**	***100***	**13,805**	***100***	**1,413,578**	***100***
2011												
Malaysia	10,381	*98*	186,156	*100*	6,554	*100*	280,959	*21*	3,514	*100*	487,564	*32*
Europe	–	–	–	–	–	–	594,876	*45*	–	–	594,876	*39*
North America	–	–	–	–	–	–	123,879	*9*	–	–	123,879	*8*
Asia (excluding Malaysia)	205	*2*	–	–	3	–	235,422	*18*	6	–	235,636	*15*
Others	–	–	–	–	–	–	97,658	*7*	–	–	97,658	*6*
	10,586	*100*	186,156	*100*	6,557	*100*	1,332,794	*100*	3,520	*100*	1,539,613	*100*

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

	Plantation		Property development		Property investment		Resource-based manufacturing		Others		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Company												
2012												
Malaysia	**379,391**	***68***	**–**	**–**	**–**	**–**	**–**	**–**	**854,599**	***53***	**1,233,990**	***57***
Asia (excluding Malaysia)	**181,673**	***32***	**–**	**–**	**–**	**–**	**–**	**–**	**91**	**–**	**181,764**	***8***
Central and Eastern Europe	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**757,669**	***47***	**757,669**	***35***
	561,064	***100***	**–**	**–**	**–**	**–**	**–**	**–**	**1,612,359**	***100***	**2,173,423**	***100***
2011												
Malaysia	285,555	*69*	–	–	–	–	–	–	1,204,274	*38*	1,489,829	*42*
Asia (excluding Malaysia)	128,814	*31*	–	–	–	–	–	–	1,104,350	*35*	1,233,164	*34*
Central and Eastern Europe	–	–	–	–	–	–	–	–	866,263	*27*	866,263	*24*
	414,369	*100*	–	–	–	–	–	–	3,174,887	*100*	3,589,256	*100*

42.5 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.

42.5.1 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and cash flow risk (Continued)

42.5.1 Risk management approach (Continued)

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 a Group 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. (The aggregation of these allows for an overview of the Group's forecast 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.

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and cash flow risk (Continued)

42.5.2 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 reporting period based on contractual undiscounted repayment obligations.

	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000
Group						
2012						
Financial liabilities						
Trade and other payables	**1,070,900**	**–**	**–**	**–**	**–**	**1,070,900**
Advances from non-controlling interests	**–**	**–**	**–**	**129,703**	**–**	**129,703**
Borrowings	**830,377**	**202**	**479,276**	**2,076,780**	**4,776,242**	**8,162,877**
Amounts due to associates	**6,859**	**–**	**–**	**–**	**–**	**6,859**
Derivative liabilities	**202,848**	**–**	**–**	**79,822**	**–**	**282,670**
	2,110,984	**202**	**479,276**	**2,286,305**	**4,776,242**	**9,653,009**
2011						
Financial liabilities						
Trade and other payables	1,144,910	–	–	–	–	1,144,910
Borrowings	760,852	504,522	151	454,050	3,664,620	5,384,195
Amounts due to associates	2,287	–	–	–	–	2,287
Derivative liabilities	189,055	–	–	19,906	–	208,961
	2,097,104	504,522	151	473,956	3,664,620	6,740,353

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and cash flow risk (Continued)

42.5.2 Liquidity risk exposure (Continued)

	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000
Company						
2012						
Financial liabilities						
Trade and other payables	**82,761**	**–**	**–**	**–**	**–**	**82,761**
Borrowings	**–**	**–**	**–**	**–**	**1,917,000**	**1,917,000**
Amounts due to subsidiaries	**588,752**	**13,537**	**–**	**–**	**2,617,341**	**3,219,630**
Derivative liabilities	**–**	**–**	**–**	**74,884**	**–**	**74,884**
	671,513	**13,537**	**–**	**74,884**	**4,534,341**	**5,294,275**
2011						
Financial liabilities						
Trade and other payables	94,554	–	–	–	–	94,554
Borrowings	302,700	–	–	–	1,816,200	2,118,900
Amounts due to associates	2,182	–	–	–	–	2,182
Amounts due to subsidiaries	714,176	12,847	–	–	2,062,165	2,789,188
Derivative liabilities	52,140	–	–	19,906	–	72,046
	1,165,752	12,847	–	19,906	3,878,365	5,076,870

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 2012 and financial year 2015 onwards, where the Group and the Company's borrowing commitments are due.

42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair values

The carrying amounts of financial assets and financial liabilities, which are not carried at fair values approximate their fair values as at the end of the reporting period 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 reporting period. 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 reporting period. 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 reporting period arising from such contracts and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

42.7 Classification of financial instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Held to maturity RM'000	Total RM'000
Group					
Financial assets					
2012					
Trade and other receivables, net of deposits and prepayments	1,413,578	–	–	–	1,413,578
Amounts due from associates	308	–	–	–	308
Derivative assets	–	238,976	–	–	238,976
Other investments	–	75,202	–	–	75,202
Short term funds	–	1,775,235	–	–	1,775,235
Deposits with financial institutions	2,023,978	–	–	–	2,023,978
Cash and bank balances	561,534	–	–	–	561,534
	3,999,398	2,089,413	–	–	6,088,811

42. FINANCIAL INSTRUMENTS (Continued)

42.7 Classification of financial instruments (Continued)

	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Held to maturity RM'000	Total RM'000
Group					
Financial assets					
2011					
Trade and other receivables, net of deposits and prepayments	1,539,613	–	–	–	1,539,613
Amounts due from associates	397	–	–	–	397
Derivative assets	–	226,991	–	–	226,991
Other investments	–	65,427	–	–	65,427
Short term funds	–	1,725,237	–	–	1,725,237
Deposits with financial institutions	592,864	–	–	–	592,864
Cash and bank balances	467,425	–	–	–	467,425
	2,600,299	2,017,655	–	–	4,617,954

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
2012			
Borrowings	**8,107,729**	**13,949**	**8,121,678**
Trade and other payables	**1,070,900**	**–**	**1,070,900**
Advances from non-controlling interests	**129,703**	**–**	**129,703**
Amounts due to associates	**6,859**	**–**	**6,859**
Derivative liabilities	**–**	**282,670**	**282,670**
	9,315,191	**296,619**	**9,611,810**
2011			
Borrowings	5,159,809	237,949	5,397,758
Trade and other payables	1,144,910	–	1,144,910
Amounts due to associates	2,287	–	2,287
Derivative liabilities	–	208,961	208,961
	6,307,006	446,910	6,753,916

42. FINANCIAL INSTRUMENTS (Continued)

42.7 Classification of financial instruments (Continued)

	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Held to maturity RM'000	Total RM'000
Company					
Financial assets					
2012					
Trade and other receivables, net of deposits and prepayments	**7,858**	**–**	**–**	**–**	**7,858**
Amounts due from subsidiaries	**2,165,482**	**–**	**–**	**–**	**2,165,482**
Amounts due from associates	**83**	**–**	**–**	**–**	**83**
Derivative assets	**–**	**14,597**	**–**	**–**	**14,597**
Other investments	**–**	**6,477**	**–**	**–**	**6,477**
Short term funds	**–**	**1,042,035**	**–**	**–**	**1,042,035**
Deposits with financial institutions	**211,058**	**–**	**–**	**–**	**211,058**
Cash and bank balances	**4,201**	**–**	**–**	**–**	**4,201**
	2,388,682	**1,063,109**	**–**	**–**	**3,451,791**
2011					
Trade and other receivables, net of deposits and prepayments	2,505	–	–	–	2,505
Amounts due from subsidiaries	3,586,354	–	–	–	3,586,354
Amounts due from associates	397	–	–	–	397
Derivative assets	–	6,335	–	–	6,335
Other investments	–	7,087	–	–	7,087
Short term funds	–	1,403,759	–	–	1,403,759
Deposits with financial institutions	209,973	–	–	–	209,973
Cash and bank balances	16,155	–	–	–	16,155
	3,815,384	1,417,181	–	–	5,232,565

42. FINANCIAL INSTRUMENTS (Continued)

42.7 Classification of financial instruments (Continued)

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
Financial liabilities			
2012			
Borrowings	**1,906,275**	**–**	**1,906,275**
Trade and other payables	**82,761**	**–**	**82,761**
Amounts due to subsidiaries	**3,205,681**	**13,949**	**3,219,630**
Derivative liabilities	**–**	**74,884**	**74,884**
	5,194,717	**88,833**	**5,283,550**
2011			
Borrowings	2,106,990	–	2,106,990
Trade and other payables	94,554	–	94,554
Amounts due to subsidiaries	2,551,239	237,949	2,789,188
Amounts due to associates	2,182	–	2,182
Derivative liabilities	–	72,046	72,046
	4,754,965	309,995	5,064,960

43. COMMITMENTS

43.1 Capital Commitments

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Authorised capital expenditure not provided for in the financial statements				
– Contracted				
Additions of property, plant and equipment	**64,447**	90,740	**1,584**	1,068
Additions of land held for property development	**298,725**	–	**–**	–
Construction in progress	**254,387**	102,070	**–**	286
– Not contracted				
Additions of property, plant and equipment	**345,403**	81,001	**8,228**	3,655
Additions of land held for property development	**92,560**	48,927	**–**	–
Construction in progress	**1,114,781**	1,356,980	**–**	–
New planting	**2,015**	5,270	**1,114**	1,587

43. COMMITMENTS (Continued)

43.2 Operating Lease Commitments

43.2.1 The Group as lessee

The Group has entered into the following non-cancellable operating lease agreements:

i. lease of a piece 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 piece 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 office space for a lease period of 3 years with a renewal term of 3 years, which covers a built-up area of 85,791 sq. ft.;

iv. lease of storage tanks for a lease period of 2 years with a renewal term of 1 year; and

v. lease of 2 pieces of land for a lease period of 50 years, which cover a total net area of 22,015 sq. m. for bulk cargo terminal and bulking installation.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at end of the reporting period but not recognised as liabilities are as follows:

	Group	
	2012 **RM'000**	2011 RM'000
Not later than 1 year	**5,804**	8,100
Later than 1 year and not later than 5 years	**10,219**	11,680
Later than 5 years	**111,736**	113,453
	127,759	133,233

43.2.2 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 reporting period but not recognised as receivables are as follows:

	Group	
	2012 **RM'000**	2011 RM'000
Not later than 1 year	**77,783**	63,478
Later than 1 year and not later than 5 years	**64,464**	32,631
Later than 5 years	**6,542**	7,248
	148,789	103,357

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

44.1 Acquisition of Oil Palm Plantation by Sri Mayvin Plantation Sdn Bhd

On 28 July 2011, Sri Mayvin Plantation Sdn Bhd ("Sri Mayvin"), an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") to acquire 11,977.91 hectares of oil palm plantation land located in the Districts of Labuk-Sugut, Sandakan, Sabah ("Plantation Land") from Pertama Land & Development Sdn Bhd ("Pertama Land"), a wholly-owned subsidiary of Duta Plantations Sdn Bhd, which in turn, is a wholly-owned subsidiary of Dutaland Berhad ("Dutaland") for a total cash consideration of RM830.0 million.

On 9 November 2011, both Pertama Land and Sri Mayvin had entered into a Deed of Rescission to mutually rescind the SPA with immediate effect whereupon the parties were released from all obligations and liabilities in connection with the SPA and neither party shall have further claim against the other in respect thereto. Following this, the deposit of RM83.0 million earlier paid by Sri Mayvin pursuant to the terms of the SPA has been refunded together with all interest accrued thereon.

44.2 Land Tender by Multi Wealth (Singapore) Pte Ltd ("Multi Wealth")

On 16 January 2012, Multi Wealth (Singapore) Pte Ltd ("Multi Wealth"), an indirect 99.8% owned subsidiary of the Company had been notified by the Housing & Development Board of Singapore of its acceptance of Multi Wealth's tender bid for a parcel of land at Jalan Lempeng in the Republic of Singapore measuring approximately 24,417.6 square metres (equivalent to approximately 6.03 acres) ("Subject Land") for a total tender sum of SGD408.0 million (equivalent to approximately RM995.5 million). The Subject Land with a lease period of 99 years is intended for residential development comprising condominium units.

On 2 February 2012, Multi Wealth incorporated an 87.8% owned subsidiary known as Clementi Development Pte Ltd in the Republic of Singapore to undertake the development of the Subject Land and to accept transfer of the ownership of the Subject Land.

44.3 Establishment of USD1,500,000,000 Euro Medium Term Note Programme

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 ("EMTN Programme") with an initial programme size of USD1,500,000,000 (or its equivalent in other currencies).

The EMTN Programme provides the Group a further avenue to tap into the liquidity of the international debt capital markets with the flexibility to raise funds via the issuance of the notes from time to time with a tenor and in a currency to best match its requirements.

Subsequent to the establishment of the EMTN Programme, IOI Investment had on 27 June 2012 issued a USD600 million 4.375% Guaranteed Notes due 2022 ("Notes"). The Notes are fully and unconditionally guaranteed by the Company and are listed on the Singapore Exchange Securities Trading Limited.

45. 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, 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.

The basis of segmentation and measurement of segment information is consistent with the basis adopted in the previous financial year except for the inclusion of associates and jointly controlled entities information in the operating segments. Consequently, the segment information for financial year 2011 has been restated.

45. SEGMENTAL INFORMATION (Continued)

	Plantation RM'000	Property development RM'000	Property investment RM'000	Resource-based manufacturing RM'000	Other operations RM'000	Total RM'000
2012						
Revenue						
Segment revenue	2,492,499	842,977	95,312	14,393,764	153,882	17,978,434
Result						
Operating profit	1,548,169	451,125	55,187	256,369	77,596	2,388,446
Fair value gain on investment properties	–	–	164,970	–	–	164,970
	1,548,169	451,125	220,157	256,369	77,596	2,553,416
Share of results of associates	90,284	–	–	30,749	–	121,033
Share of results of jointly controlled entities	–	32,735	–	–	–	32,735
Segment results	1,638,453	483,860	220,157	287,118	77,596	2,707,184
Assets						
Operating assets	4,045,707	2,817,222	1,335,523	6,303,332	472,086	14,973,870
Interest in associates	564,139	66,310	–	184,283	2,408	817,140
Interest in jointly controlled entities	–	3,483,107	–	–	–	3,483,107
Segment assets	4,609,846	6,366,639	1,335,523	6,487,615	474,494	19,274,117
Liabilities						
Segment liabilities	285,971	315,830	49,978	834,889	57,912	1,544,580
Other Information						
Capital expenditure	95,186	10,206	150,747	188,620	36,760	481,519
Depreciation and amortisation	64,380	2,753	2,433	170,881	14,861	255,308
Non-cash expenses other than depreciation and amortisation	295,290	2,374	791	222,243	58,828	579,526

45. SEGMENTAL INFORMATION (Continued)

	Plantation RM'000	Property development RM'000	Property investment RM'000	Resource-based manufacturing RM'000	Other operations RM'000	Total RM'000
2011						
Revenue						
Segment revenue	2,369,514	971,630	95,653	14,658,306	127,374	18,222,477
Result						
Operating profit	1,497,788	509,876	116,124	404,270	93,057	2,621,115
Fair value gain on investment properties	–	–	93,080	–	–	93,080
	1,497,788	509,876	209,204	404,270	93,057	2,714,195
Share of results of associates	77,968	–	–	41,771	–	119,739
Share of results of jointly controlled entities	–	50,997	–	–	–	50,997
Segment results	1,575,756	560,873	209,204	446,041	93,057	2,884,931
Assets						
Operating assets	3,986,410	1,711,386	1,009,496	6,408,866	416,515	13,532,673
Interest in associates	367,763	75,646	–	221,032	3,633	668,074
Interest in jointly controlled entities	–	3,099,132	–	–	–	3,099,132
Segment assets	4,354,173	4,886,164	1,009,496	6,629,898	420,148	17,299,879
Liabilities						
Segment liabilities	315,027	177,488	22,849	825,354	86,509	1,427,227
Other Information						
Capital expenditure	88,849	22,681	25,755	245,641	85,030	467,956
Depreciation and amortisation	65,736	2,507	3,160	164,341	10,560	246,304
Non-cash expenses other than depreciation and amortisation	132,636	616	2,105	195,904	82,458	413,719

45. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	Group	
	2012 RM'000	2011 RM'000
Revenue		
Segment revenue	**17,978,434**	18,222,477
Inter-segment sales	**(2,338,162)**	(2,068,226)
Total revenue	**15,640,272**	16,154,251
Profit or loss		
Segment results	**2,707,184**	2,884,931
Translation (loss)/gain on foreign currency denominated borrowings	**(327,108)**	215,435
Unallocated fair value gain/(loss) on derivative financial instruments	**36,659**	(46,939)
Unallocated fair value gain/(loss) on financial liabilities	**33,373**	(56,610)
Unallocated fair value gain on financial assets	**2,650**	20,327
Net gain on changes in interests in associates	**115,339**	–
Other unallocated corporate expenses	**(47,815)**	(30,763)
Profit before interest and taxation	**2,520,282**	2,986,381
Interest income	**49,768**	47,146
Finance costs	**(191,089)**	(169,915)
Profit before taxation	**2,378,961**	2,863,612
Taxation	**(550,432)**	(573,099)
Profit for the financial year	**1,828,529**	2,290,513
Assets		
Segment assets	**19,274,117**	17,299,879
Unallocated corporate assets	**3,790,751**	2,355,240
Total assets	**23,064,868**	19,655,119
Liabilities		
Segment liabilities	**1,544,580**	1,427,227
Unallocated corporate liabilities	**8,604,385**	5,966,494
Total liabilities	**10,148,965**	7,393,721

45. SEGMENTAL INFORMATION (Continued)

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

	Malaysia RM'000	Europe RM'000	North America RM'000	Asia RM'000	Others RM'000	Consolidated RM'000
2012						
Revenue from external customers by location of customers	**3,300,067**	**5,173,821**	**1,793,129**	**4,469,718**	**903,537**	**15,640,272**
Segment assets by location of assets	**9,359,439**	**2,129,713**	**825,125**	**6,953,437**	**6,403**	**19,274,117**
Capital expenditure by location of assets	**328,196**	**27,117**	**85,758**	**34,753**	**5,695**	**481,519**
2011						
Revenue from external customers by location of customers	5,282,744	4,771,337	1,536,642	3,305,623	1,257,905	16,154,251
Segment assets by location of assets	8,812,007	2,246,821	702,299	5,535,766	2,986	17,299,879
Capital expenditure by location of assets	370,799	45,304	29,981	21,819	53	467,956

There is no single external customer that the revenue generated from exceeded 10% of the Group's revenue.

46. 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 2012	2011	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
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
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

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	Effective Group Interest 2011	Principal Activities
Direct Subsidiaries (Continued)			
Plantation (Continued)			
IOI Commodity Trading Sdn Bhd	**100.0%**	100.0%	Trading in 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 related biotechnology research and development activities
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	**100.0%**	100.0%	Property development and cultivation of oil palm
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, cultivation of oil palm and investment holding
Rapat Jaya Sendirian Berhad	**100.0%**	100.0%	Property development and cultivation of oil palm
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
Speed Modulation Sdn Bhd	**100.0%**	100.0%	Property investment
IOI Consolidated (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**100.0%**	100.0%	Property development and investment holding

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	Effective Group Interest 2011	Principal Activities
Direct Subsidiaries (Continued)			
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd	**100.0%**	100.0%	Produce and supply palm-based renewable energy generation using biomass
IOI Edible Oils Sdn Bhd	**100.0%**	100.0%	Commodities trading, palm oil refinery/kernel crushing plant
IOI Speciality Fats Sdn Bhd	**100.0%**	100.0%	Commodities trading and palm oil refinery and palm kernel fractionation
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 glycerine
Pan-Century Oleochemicals Sdn Bhd	**100.0%**	100.0%	Manufacturing of oleochemical products and soap noodles
IOI Lipid Enzymtec Sdn Bhd	**100.0%**	100.0%	Manufacturing of specialty fats by applying enzyme technology
Non-Segment			
IOI Palm Products Sdn Bhd	**100.0%**	100.0%	Dormant
Resort Villa Development Sdn Bhd	**100.0%**	100.0%	Hotel, hospitality services and property investment
Resort Villa Golf Course Berhad	**100.0%**	100.0%	Golf and recreational club services
Resort Villa Golf Course Development Sdn Bhd	**100.0%**	100.0%	Hotel and hospitality services
IOI Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Exchangeable Bonds
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%	Issuance of Exchangeable Bonds
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	**100.0%**	100.0%	Investment holding

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	Effective Group Interest 2011	Principal Activities
Direct Subsidiaries (Continued)			
Non-Segment (Continued)			
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%	Dormant
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 group of related companies
Tampoi Development Sdn Bhd *(Dissolved)*	–	100.0%	Dormant
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%	Cultivation of oil palm
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

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	Effective Group Interest 2011	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
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
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%	Cultivating and producing palm oil products
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, sales of palm oil products and investment holding
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
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%	Dormant
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 *(In liquidation)*	**67.8%**	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
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

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Indirect Subsidiaries (Continued)			
Property Development and Investment (Continued)			
Subsidiaries of IOI Properties Berhad (Continued)			
IOI Land Singapore Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.8%	Investment holding
Flora Horizon Sdn Bhd	**99.8%**	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	**99.8%**	99.8%	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%	Investment holding
IOI Properties (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.8%	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
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
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%**	60.9%	Property investment

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Indirect Subsidiaries (Continued)			
Property Development and Investment (Continued)			
Subsidiary of Multi Wealth (Singapore) Pte Ltd			
Clementi Development Pte Ltd #	**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
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
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%	Manufacturing of fatty acids and glycerine
Derichem (M) Sdn Bhd *	**100.0%**	100.0%	Manufacturing 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%	Trading in commodities

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
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
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 trading of crude palm oil and other refined 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%	Dormant
Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda * (formerly known as Loders Croklaan Latin America Comercio e Industria 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. # (formerly known as Lipid 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

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	Effective Group Interest 2011	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
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)*	**100.0%**	100.0%	Wholesales, import and export, commission-based agent of the lipids for food and supplements, and other related service
Subsidiaries 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
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%	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
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%	Management services
Acidchem (Sabah) Sdn Bhd *	**100.0%**	100.0%	Dormant
Subsidiary of Palmex Industries Sdn Berhad			
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Indirect Subsidiaries (Continued)			
Non-Segment (Continued)			
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%	Management services
Subsidiaries of Swee Lam Estates (Malaya) Sdn Bhd			
Swee Lam Development Sdn Bhd	**100.0%**	100.0%	Dormant
Swee Lam Properties Sdn Bhd	**100.0%**	100.0%	Dormant

* *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.*

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Associates			
Perumahan Abadi Sdn Bhd *(dissolved)*	–	25.0%	Dormant
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	**24.0%**	24.0%	Property development and cultivation of oil palm
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of fatty alcohol and methyl esters
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 of metallic stearates
Associate of Palmex Industries Sdn Berhad			
Malaysia Pakistan Venture Sdn Bhd	**25.0%**	25.0%	Investment holding
Asssociates of Lynwood Capital Resources Pte Ltd and Oakridge Investments Pte Ltd			
Bumitama Agri Ltd ^ *(Incorporated in Singapore)*	**30.8%**	–	Investment holding
PT Bumitama Gunajaya Agro ^ *(Incorporated in Republic of Indonesia)*	–	33.0%	Cultivation of oil palm, processing of palm oil and investment holding

^ *The Group's effective interest in PT Bumitama Gunajaya Agro in the previous year is now held via Bumitama Agri Ltd pursuant to a restructuring and listing exercise, which resulted in Bumitama Agri Ltd being listed on the Singapore Stock Exchange Limited.*

Name of Company	Effective Group Interest 2012	2011	Principal Activities
Jointly Controlled Entities			
Jointly controlled entity of IOI Properties Berhad			
Sime Darby Brunsfield Darby Hills Sdn Bhd	**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

46. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of Company	Effective Group Interest 2012	Effective Group Interest 2011	Principal Activities
Jointly Controlled Entities (Continued)			
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 Palmy Max Limited			
Prime Joy Investment Limited *(Incorporated in Hong Kong)*	**49.9%**	49.9%	Investment holding
Jointly controlled entity of IOI Consolidated (Singapore) Pte Ltd			
Scottsdale Properties Pte Ltd *(Incorporated in Singapore)*	**49.9%**	49.9%	Investment holding

47. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2012 were authorised for issue by the Board of Directors on 12 September 2012.

48. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	**11,911,109**	11,053,383	**3,747,715**	3,654,276
Unrealised	**510,550**	844,878	**231,235**	657,463
	12,421,659	11,898,261	**3,978,950**	4,311,739
Total share of retained profits/(accumulated losses) from associates				
Realised	**176,907**	302,331	**–**	–
Unrealised	**112,343**	(5,593)	**–**	–
Total share of accumulated losses from jointly controlled entities				
Realised	**(138,462)**	(171,832)	**–**	–
Unrealised	**(2,831)**	(2,196)	**–**	–
	12,569,616	12,020,971	**3,978,950**	4,311,739
Less: Consolidation adjustments	**(2,372,141)**	(2,595,447)	**–**	–
	10,197,475	9,425,524	**3,978,950**	4,311,739

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 112 to 268 have been drawn up in accordance with applicable approved 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 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Lee Yeow Seng
Executive Director

Putrajaya
12 September 2012

STATUTORY DECLARATION

I, Lim Lai Seng, 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 112 to 268 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	)	**Lim Lai Seng**
at Puchong, Selangor Darul Ehsan	)	
this 12 September 2012	)	

Before me

Cheong Lak Hoong
Commissioner for Oaths
No. B232

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 2012 of the Group and of the Company, and the income statements, statements of 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 112 to 267.

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 applicable approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 have been properly drawn up in accordance with applicable approved 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 of 30 June 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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 subsidiaries of which we have not acted as auditors, which are indicated in Note 46 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 48 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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

Tang Seng Choon
2011/12/13 (J)
Chartered Accountant

Kuala Lumpur
12 September 2012

GROUP PROPERTIES

A. PLANTATIONS ESTATES

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2012 RM'000
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,574	OP	–	1983	21,219
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	43,248
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	–	1985	19,563
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	–	1989	25,615
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	22,616
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	–	1990	28,448
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	–	2000	20,781
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	–	2000	12,442
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	–	2002	13,404
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,641	OP	–	2002	12,763
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,317	OP	–	1990	40,784
Bahau Estate, Kuala Pilah	Freehold	2,833	OP	–	1990	49,668
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	–	1990	12,507
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,554	OP R	1	1990	59,185
Paya Lang Estate, Segamat	Freehold	2,517	OP R	–	1990	45,306
Tambang Estate, Segamat	Freehold	2,020	OP	–	1990	40,411
Bukit Serampang Estate, Tangkak	Freehold	2,735	OP	–	1990	48,664
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	–	1990	34,529
Sagil Estate, Tangkak	Freehold	2,381	OP	–	1990	47,962
Segamat Estate, Segamat	Freehold	1,921	OP	–	1990	39,206
Pamol Plantations Estate, Kluang	Freehold	8,110	OP	1	2003	275,690
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	1993	27,528
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	–	1993–2009	26,771
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2078, 2087, 2088	2,074	OP	–	1993	40,990
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	1993	25,043
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078, 2092	1,921	OP	–	1993	31,754
Baturong 1–3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	66,271
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	1991	454

A. PLANTATIONS ESTATES (Continued)

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2012 RM'000
Sabah (Continued)						
Syarimo 1–9 Estates, Kinabatangan	Leasehold expiring 2077–2990	18,417	OP	1	1985–2000	237,062
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,093	OP	–	1995	107,259
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	–	1996	30,585
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	49,042
Ladang Sabah, Labuk–Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998–2003	279,382
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078–2080	1,452	OP	–	1998	32,220
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	1998	28,263
Tangkulap Estate, Labuk–Sugut	Leasehold expiring 2080–2086	2,277	OP	–	2001	63,707
Bimbingan Estate, Labuk–Sugut	Leasehold expiring 2083	3,893	OP	–	2001	80,193
Pamol Plantations Estate, Labuk–Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	–	2003–2007	42,283
Pamol Estate, Labuk–Sugut	Leasehold expiring 2888	8,186	OP	1	2003	195,840
Milik Berganda Estate, Labuk–Sugut	Leasehold expiring 2090	5,269	OP	–	2003	99,357
Linbar 1 & 2 Estate, Kinabatangan	Leasehold expiring 2081	4,840	OP	–	2003	120,801
Mayvin 1–2 Estate, Labuk–Sugut	Leasehold expiring 2079–2081, 2090, 2092	3,423	OP	1	2003	96,439
Mayvin 5–6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	–	2003	102,301
Leepang 1–5 Estate, Kinabatangan	Leasehold expiring 2080–2102, 2974–2995	9,906	OP	2	2003–2009	281,774
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	5,000	OP	–	2002	55,805
Tegai Estate, Baram	Leasehold expiring 2058, 2095	4,040	OP	–	2002	43,473

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 2012 RM'000
Bandar Puchong Jaya – Parcel A Various sub-divided lots in Puchong Petaling Selangor Darul Ehsan	Freehold	164 hectares	4 hectares	On-going mix development project	1989	9,749
Bandar Puchong Jaya – Parcel B Various sub-divided lots in Puchong Petaling Selangor Darul Ehsan	Freehold	210 hectares	15 hectares	On-going mix development project	1990	44,400
Bandar Puteri Lots 5452, 5454, 5456, 5458-5473, 5476-5477, 5479, 5481, 5483-5484 and various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	374 hectares	61 hectares	On-going mix development project	1994	117,575
IOI Resort Various sub-divided lots in Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	11 hectares	Condominium and bungalow development	1990	7,877
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	60 hectares	On-going mix development project	1988	63,385
Bandar Putra Lots 26737, 3783, 3785 and various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	703 hectares	On-going mix development project	1988	167,877
Taman Lagenda Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	91 hectares	28 hectares	On-going mix development project	2005	40,667
Bandar Putra PTD 5746, 5747 & 5748, Segamat Johor Darul Takzim	Freehold	198 hectares	37.2 hectares	On-going mix development project	1990	33,700
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	111 hectares	Homestead development	1990	2,001

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 2012 RM'000
Lot 1758 (part of CT 2121) Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	16 hectares	4 hectares	On-going mix development project	1990	844
Lot 281 PT 7 Seksyen 89A Bandar Kuala Lumpur	Freehold	15,230 sq m	15,230 sq m	Future development land	2008	56,434
HS(D) 13605 PTD 4911 Sg. Segamat Segamat Johor Darul Takzim	Leasehold expiring 2046	6,930 sq m	6,930 sq m	Vacant industrial land	1986	173
Taman Klang Utama Various sub-divided lots in Kapar, Klang Selangor Darul Ehsan	Freehold	–	2,084 sq m	Future development land	1991	1,460
Lots 2, 3, 177 & 179 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	196 hectares	196 hectares	Future development land	1990	5,956
Lots 429, 432 & 434, Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	1 hectare	Future development land	1990	1,085
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	8.38 hectares	On-going mix development project	1990	967
Lot 369 (Part), Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1990	1,308
PTD 2637 Lot 2630 Mukim Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	2003	3,002
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	446 hectares	86 hectares	Future development land	1983	14,029
HS(D) 11323 PT 12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	196 hectares	90 hectares	On-going mix development project	2001	282,314
Lot 200, Teluk Kumbar Mukim 11, Daerah Barat Daya Penang	Freehold	1.3 hectares	1.3 hectares	Residential development	2009	8,550

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 2012 RM'000
HS(D) 1431 PT 4471 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	21 hectares	21 hectares	Future development land	2002	20,386
Taman Kempas Utama Various sub-divided lots in Tebrau, Johor Bahru Johor Darul Takzim	Freehold	119 hectares	41 hectares	On-going mix development project	2006	145,736
Lots 3210, 3211, 3220, 3221 & 3421 Durian Tunggal Alor Gajah Melaka	Freehold	435 hectares	435 hectares	Future development land	2006	38,070
Lots 375, 379, 385, 388, 406, 492, 636, 697, 698, 700, 701, 703, 846 & 893 Paya Rumput Melaka Tengah Melaka	Freehold	109 hectares	109 hectares	Future development land	2006	27,199
Lot 8165 Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	1,799 sq m	Future development land	2001	150
Lot 5640 HS(D) 21779 Mukim 12, Sg Ara Penang	Freehold	5,220 sq m	5,220 sq m	Building work in-progress	2001	2,140
PTD 63696 HS(D) 200924 Mukim Tebrau Johor Bahru Johor Darul Takzim	Freehold	2 hectares	2 hectares	Future development land	2009	29,192
PTD 205102, 205103 205104-205115 Plentong, Johor Darul Takzim	Freehold	4 hectares	4 hectares	Mix development project	2011	51,024
MK5 Lot 8754K Jalan Lempeng, Singapore	Leasehold expiring 2111	2.4 hectares	2.4 hectares	Future condominium development	2012	1,049,909

Net carrying amount 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 2012 RM'000
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	66,500 sq m	57,525 sq m	3 storey shopping mall	16	2012	319,000
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	18,771 sq m	22,672 sq m	4 storey shopping mall	4	2012	169,000
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	11,555 sq m	34,996 sq m	2 blocks of purpose-built office building	4	2012	135,100
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	24,450 sq m	26,184 sq m	104 units commercial lot	2	2012	95,200
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	–	2,111 sq m	14 units commercial lot and 902 car park bays	14	2012	15,490
Lot 40338 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq m	1,699 sq m	Petrol station land	–	2012	1,460
HS(D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq m	2,690 sq m	Petrol station land	–	2012	3,300
PT 82181 Lebuh Putra Utama Bandar Putra, Kulai Johor Darul Takzim	Freehold	8,901 sq m	8,901 sq m	Commercial land	–	2012	4,800
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	16,916 sq m	4,226 sq m	1½ storey semi-wet market	5	2012	25,800
IOI Resort Putrajaya	Freehold	75,792 sq m	23,941 sq m	37 units of residential bungalow	5-16	2012	93,200

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 2012 RM'000
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	47,259 sq m	23,128 sq m	3 storey shopping mall	11	2012	70,000
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	Freehold	25,457 sq m	7,058 sq m	1 storey semi-wet market retail complex	6	2012	14,700
One IOI Square IOI Resort Putrajaya	Freehold	18,802 sq m	18,802 sq m	12 storey office building erected on existing land	9	2012	94,760
Two IOI Square IOI Resort Putrajaya	Freehold	22,176 sq m	12,167 sq m	12 storey office building erected on existing land	9	2012	57,713
Lot 17355 HS(M) 21166 Mukim Petaling Selangor Darul Ehsan	Freehold	465 sq m	1,650 sq m	1 unit 3½ storey shop office	17	2012	6,000
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	14	2012	1,000
PFCC Tower 3, 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	19,955 sq m	*	2 blocks of purpose-built office building	–	2012#	167,145
IOI City Development IOI Resort Putrajaya	Freehold	16.4 hectares	*	Integrated mix development including shopping mall & office building	–	2012#	53,044

* PFCC Tower 3, 4 and 5, and IOI City Development are currently under construction.

\# The land is carried at revalued amount whereas the building under construction are carried at cost until the fair value can be reliably measured.

D. INDUSTRIAL PROPERTIES

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2012 RM'000
Country lease CL 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery	15	1995	122,635
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai Penang	Leasehold expiring between 2035-2071	176,169 sq m	Offices and factory sites New factory site erected on existing land	33 11	2001	43,310 8,336
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,400 sq m	Bulk cargo terminal	38	2001	172
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	8,615 sq m	Bulking installation	38	2001	–
HS(D) 160988 PTD No. 89217 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2041	8.5 hectares	Factory sites	31	2005	56,678
Plot 1-2-4, A7-6 TEDA 300457 Tianjin People's Republic of China	Leasehold expiring 2024	34,375 sq m	Offices and factory sites	23	2001	–
Loders Croklaan Hogeweg 1, 1520 Wormerveer The Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	21-42	2002	104,102
Durkee Road 24708 W Channahon Illinois, United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	10-42	2002	56,442
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rotterdam, The Netherlands	Leasehold expiring 2029	15 hectares	Palm oil refinery	7-11	2004	243,900

GROUP PROPERTIES

D. INDUSTRIAL PROPERTIES (Continued)

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2012 RM'000
195 Belfield Rd. Rexdale, Ontario M9W-1G8 Canada	Leasehold expiring 2023	1,022 sq m	Specialty oils and fats manufacturing facilities	36	2002	1,109
Industrial Park III Lots 15 & 16 Jundiai, Brazil	Freehold	12,031 sq m	Vacant land	–	2010	5,550
PT 110296, 15926 & 15927 Jalan Pekeliling Pasir Gudang Johor Bahru	Leasehold expiring 2037, 2052	8 hectares	Factory complex and vacant industrial land	22	2007	19,408
PT 17368, Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah PT 101367, Jalan Tembaga Pasir Gudang Johor Bahru	Leasehold expiring 2038, 2047, 2051	10.5 hectares	Factory complex	25	2007	42,351

E. OTHER PROPERTIES

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2012 RM'000
Palm Garden Hotel Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	11,979 sq m	152-room hotel	16	1990	16,592
IOI Palm Garden Golf Course Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	51.7 hectares	27-hole golf course and clubhouse	19	1990	4,549
IOI Resort Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	6 hectares	Hotel and 12 storey office building erected on existing land	9-10	1990	115,916
HSD 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Freehold	1,803 sq m	Petrol station land	–	1992	10
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq m	Bungalow plots	–	1992	1,976
Geran 1341, Lot 12040 Mukim of Tangkak Johor	Freehold	2 hectares	Vacant land	–	1998	129
No. 1, Lebuh Putra Utama Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,041 sq m	Bandar Putra corporate office	15	1994	1,144
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	96 hectares	27-hole golf course	–	1994	16,739
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	11	1994	6,789
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	32	2005	168

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 2012 RM'000
Lots 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq m	Semi-detached house and staff apartments	26	1993	–
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	11	1993	708
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	–	1993	1,663
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Vacant land	–	1993	2,962
302-H, Jalan Relau Desaria, 11900 Sg Ara Penang	Freehold	167 sq m	Shoplot	17	2001	250
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	–	1990	2,174
Lot 51665 Mukim Plentong Pasir Gudang, Johor Bahru Johor	Leasehold expiring 2043	2,968 sq m	Vacant land	–	2009	455
HS(D) 10733 PT 78 Pekan Bukit Bisa Daerah Sepang Selangor Darul Ehsan	Freehold	16.4 hectares	Integrated mix development including shopping mall and office building	–	1990	74,302
Geran 31713 Lot 439 and Lot 2298 Dengkil, Sepang Selangor Darul Ehsan	Freehold	20.8 hectares	Golf course and clubhouse	1	2011	112,719

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting ("AGM") of the Company will be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 29 October 2012 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2012 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) Dato' Lee Yeow Chor **Resolution 1**
   (ii) Mr Lee Cheng Leang **Resolution 2**

3. To re-elect Mr Cheah Tek Kuang, the Director retiring pursuant to Article 102 of the Company's Articles of Association. **Resolution 3**

4. 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 4**

   (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 5**

5. To consider and if thought fit, to pass the following as an Ordinary Resolution:

   "THAT the payment of Directors' fees of RM660,000 for the financial year ended 30 June 2012 to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 6**

6. To re-appoint BDO, the retiring auditors for the financial year ending 30 June 2013 and to authorise the Directors to fix their remuneration. **Resolution 7**

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**

AGENDA (Continued)

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

"THAT approval be and is hereby given for the renewal of shareholders' mandate for the Company and 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 28 September 2012 ("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 Companies Act, 1965 (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. 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

Lee Ai Leng
Tan Choong Khiang
Secretaries

Putrajaya
28 September 2012

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.

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 **22 October 2012** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

8. **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 42nd Annual General Meeting of the Company held on 24 October 2011 and which will lapse at the conclusion of the forthcoming Annual General Meeting to be held on 29 October 2012.

    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 has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the 42nd 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.

    iii. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions 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 24 October 2011. 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 28 September 2012.

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

No individual is seeking election as a Director at the forthcoming Forty-Third 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:

- Dato' Lee Yeow Chor
- Mr Lee Cheng Leang

(b) The Director retiring and standing for re-election pursuant to Article 102 of the Articles of Association of the Company is as follows:

- Mr Cheah Tek Kuang

(c) 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 page 64 onwards 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 98 of the Annual Report.

SHAREHOLDERS INFORMATION

As At 30 August 2012

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	:	28,613

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	Total holdings	%
1 – 99	3,315	29,772	0.00
100 – 1,000	5,744	4,510,684	0.07
1,001 – 10,000	14,477	54,400,852	0.85
10,001 – 100,000	4,247	112,889,106	1.76
100,001 – 319,968,573	826	2,964,021,522	46.32
319,968,574 and above	4	3,263,519,559	51.00
Total	28,613	6,399,371,495	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	1,395,779,080	21.81
2.	Citigroup Nominees (Tempatan) Sdn Bhd – *Employees Provident Fund Board*	722,016,679	11.28
3.	Vertical Capacity Sdn Bhd	588,323,800	9.19
4.	Vertical Capacity Sdn Bhd	557,400,000	8.71
5.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank Sarasin and CIE AG, Singapore Branch (BSCSG) (AC Client Frgn)*	254,028,500	3.97
6.	AmanahRaya Trustees Berhad – *Skim Amanah Saham Bumiputera*	231,339,800	3.62
7.	Kumpulan Wang Persaraan (Diperbadankan)	206,762,800	3.23
8.	AmanahRaya Trustees Berhad – *Amanah Saham Malaysia*	125,487,200	1.96
9.	Annhow Holdings Sdn Bhd	123,362,300	1.93
10.	HSBC Nominees (Asing) Sdn Bhd – *BNY Brussels for Market Vectors - AgriBusiness ETF*	108,193,555	1.69
11.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company (West CLT OD67)*	96,315,480	1.51
12.	AmanahRaya Trustees Berhad – *Amanah Saham Wawasan 2020*	83,831,267	1.31
13.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd (5 1418741981A)*	83,000,000	1.30
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd (KLM/2009/1377)*	70,000,000	1.09

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 (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets (Stock Index Fund)*	62,561,678	0.98
16.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	58,000,000	0.91
17.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Bank Sarasin and CIE AG, Singapore Branch (BS CSG) (AC Client Local)*	54,000,000	0.84
18.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	48,137,413	0.75
19.	AmanahRaya Trustees Berhad – *Amanah Saham Didik*	44,417,620	0.69
20.	AmanahRaya Trustees Berhad – *Amanah Saham 1Malaysia*	40,962,666	0.64
21.	Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)*	36,366,776	0.57
22.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore (Foreign)*	34,419,200	0.54
23.	Lembaga Tabung Haji	33,776,500	0.53
24.	Valuecap Sdn Bhd	32,665,700	0.51
25.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Rickoh Holdings Sdn Bhd (071001)*	32,500,000	0.51
26.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)*	31,489,526	0.49
27.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Eastspring Investments Berhad*	27,016,501	0.42
28.	Permodalan Nasional Berhad	26,509,900	0.41
29.	CIMSEC Nominees (Tempatan) Sdn Bhd – *CIMB for Lai Ming Chun @ Lai Poh Lin (PB)*	25,719,000	0.40
30.	Rickoh Holdings Sdn Bhd	24,270,000	0.38
	Total	5,258,652,941	82.17

SHAREHOLDERS INFORMATION

As At 30 August 2012

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

	No. of ordinary shares held			
Name of shareholders	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Lee Shin Cheng	62,530,600	0.98	*2,761,697,080	43.16
Puan Sri Datin Hoong May Kuan	–	–	**2,824,227,680	44.13
Dato' Lee Yeow Chor	8,240,400	0.13	***2,752,502,880	43.01
Lee Yeow Seng	953,800	0.01	***2,752,502,880	43.01
Vertical Capacity Sdn Bhd	2,752,502,880	43.01	–	–
Progressive Holdings Sdn Bhd	–	–	#2,752,502,880	43.01
Employees Provident Fund Board	748,140,609	11.69	–	–

* *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

PROXY FORM

IOI GROUP

I/We ______________________________ (PLEASE USE BLOCK LETTERS)

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-Third Annual General Meeting ("AGM") of the Company to be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 29 October 2012 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" : %

Second proxy "B" : %

100%

No. of Shares Held : ______________________________

CDS A/C No. : ______________________________

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"		Second Proxy "B"	
		For	Against	For	Against
1.	To re-elect Dato' Lee Yeow Chor as a Director.				
2.	To re-elect Mr Lee Cheng Leang as a Director.				
3.	To re-elect Mr Cheah Tek Kuang as a Director.				
4.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129 of the Companies Act, 1965.				
5.	To re-appoint Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor pursuant to Section 129 of the Companies Act, 1965.				
6.	To approve Directors' Fees for the financial year ended 30 June 2012.				
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 for recurrent related party transactions of a revenue or trading nature.				

Dated this ____________ day of ______________ 2012.

____

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 **22 October 2012** 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

2nd fold here