IOI GROUP

IOI Corporation Berhad 9027-W
Annual Report 2007

Sustainability

IOI Corporation Berhad 9027-W Incorporated In Malaysia Annual Report 2007

Sustainability

IOI recognises that economic dynamism can be combined with environmental and social responsibilities.

The ultimate test of a moral society is the kind of world that it leaves to its children. The goal of sustainability is to enable the present generation to get what they need from the environment in such a way that future generations will be able to do so as well.

At IOI we are committed to the production of palm oil in a sustainable manner based on economic, social and environmental viability. Over the years, palm oil is increasingly recognised as a high quality, wholesome edible oil and also a source of alternative renewable energy. Its application both in the food and non-food industry has expanded steadily. This coupled with the fact that there is an ever increasing demand for food, fuel, goods and services globally, the responsibility and commitment is not only to satisfy these needs but also to do it in a responsible and sustainable manner.

To achieve sustainability in all aspects of its businesses, the IOI Group has incorporated in all its business models values which help to promote and indeed enforce this mission.

Our Vision

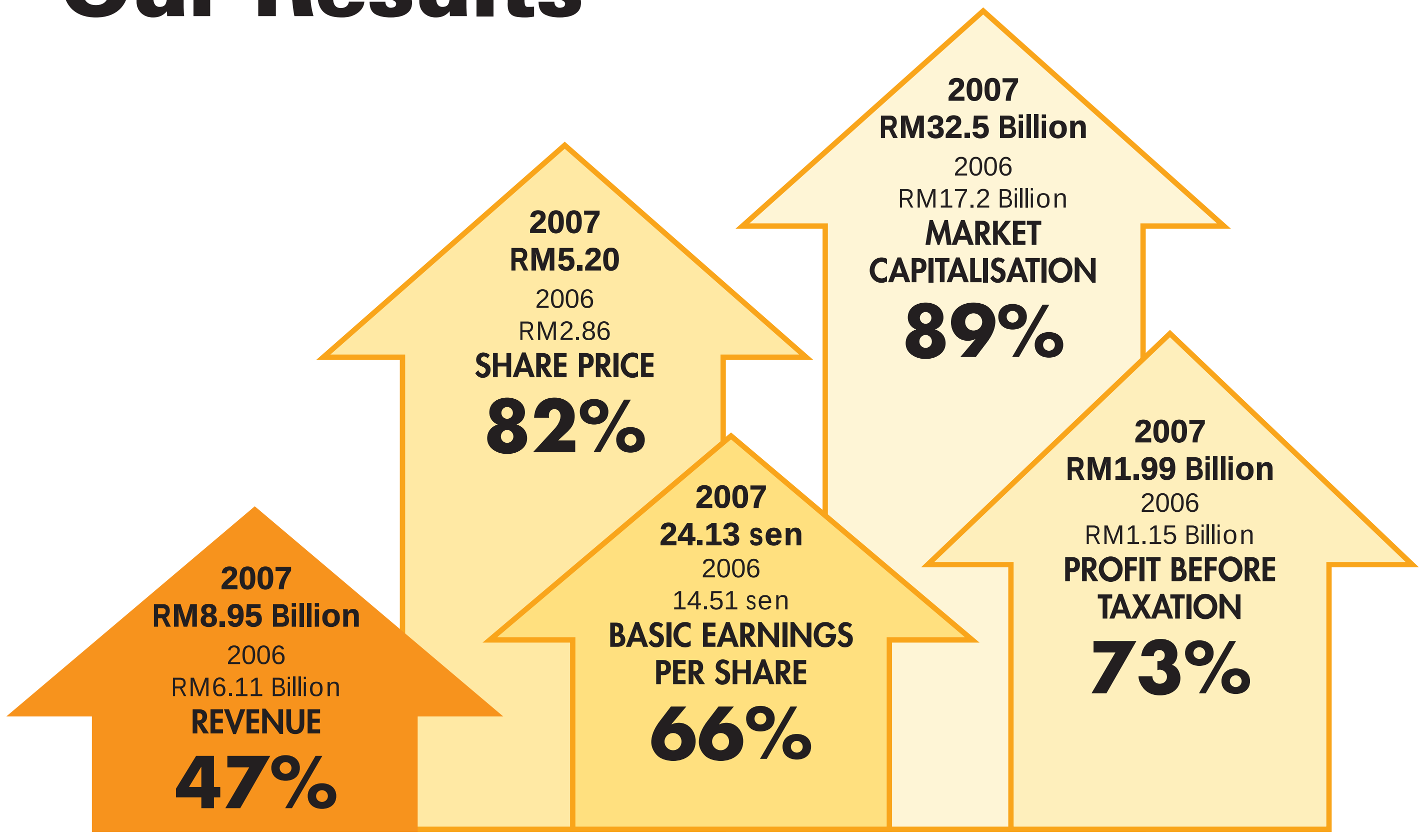
... is to be a leading corporation in our core businesses by providing products and services of superior values and by sustaining consistent long-term growth in volume and profitability.

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.

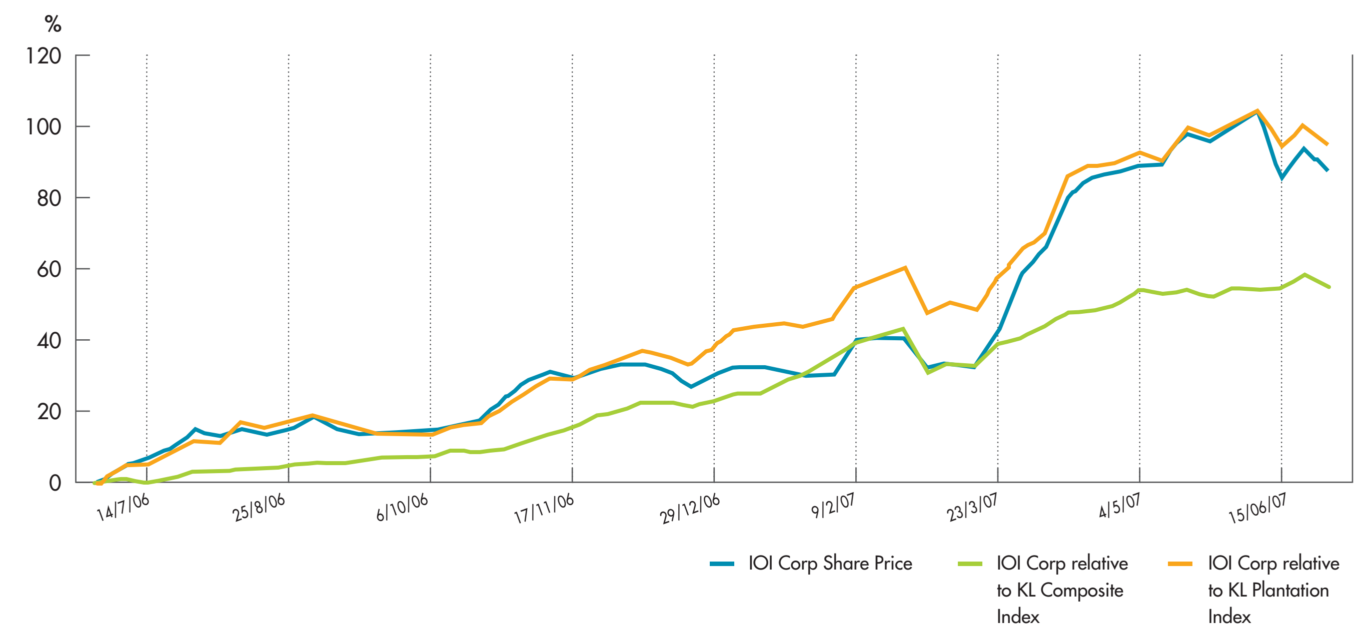
Our Key Strategies

- Plan and act with cohesive purpose towards Vision IOI
- Focus on core businesses
- Create value for all stakeholders
- Market focused and oriented
- Continuous improvement in quality, productivity and cost efficiencies

Our Results



KEY INDICATORS	2007	2006	2005	2004	2003
FINANCIAL					
Profit before taxation (RM'000)	**1,991,073**	1,152,873	1,208,423	1,107,075	809,015
Net profit attributable to shareholders (RM'000)	**1,482,104**	829,002	902,220	701,550	502,052
Shareholders' equity (RM'000)	**7,739,258**	6,033,923	4,862,328	4,418,152	3,530,192
Return on average shareholders' equity (%)	**21.52**	15.22	19.44	17.65	15.64
Basic earnings per share (sen)	**24.13**	14.51	16.12	12.85	10.65
Gross dividend per share (%)	**70.0**	87.0	70.0	50.0	40.0
PLANTATION					
FFB production (MT)	**3,694,535**	3,674,483	3,657,776	2,927,194	2,396,231
Total oil palm area (Ha)	**148,871**	144,055	143,696	145,060	124,203
PROPERTY					
Sales value (RM'000)	**636,945**	533,124	493,378	669,426	428,897
Sales (unit)	**1,373**	1,266	1,588	2,880	1,963
OLEOCHEMICAL					
Plant utilisation (%)	**92**	99	99	92	88
Sales (MT)	**509,699**	364,393	366,040	327,510	291,234



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Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of IOI Corporation Berhad, it gives me great pleasure to present to you the Annual Report and Financial Statements of your Company and the Group for the financial year ended 30 June 2007.

HIGHLIGHTS

In contrast to FY2006 when we had "to sail against the wind", FY2007 was a good year for us. With the wind behind us, we returned onto our growth path again, achieving new highs in our financial results:

- **Group revenue increased by 47% from RM6.11 billion to RM8.95 billion**
- **Operating profit registered RM2.06 billion, a 69% increase over the RM1.22 billion achieved the previous year**
- **Pre-tax profit grew by 73% from RM1.15 billion to RM1.99 billion for FY2007**
- **Net earnings increased by 79% from RM0.83 billion to RM1.48 billion**
- **Return on average equity for the year, ROE, improved from 15.2% to 21.5% for FY2007**

OPERATING BACKGROUND

Business conditions under which the Group's core businesses operate where generally more favourable in FY2007 than those in the preceding year.

The global economy did well, expanding by 5% in 2006 despite a slight slow down in the US economy. The global growth rate was boosted by strong growth from the leading emerging economies, notably, India and China as well as an improved showing from Europe, all of which are important markets for palm oil and its derivative products such as oleochemicals and specialty fats. The global market was also characterised by surplus liquidity which fueled interests in M&A activities and property acquisitions. On another dimension, global interests in renewable energy sources, global warming and environmental issues have reached unprecedented levels not experienced before. These have significant positive ramifications on vegetable oil prices and their sustained demand.

On the local front, a sanguine Malaysian economy, which grew by 5.9% in 2006, positive market sentiments and keen interests in prime properties helped to ignite demand in selective property segments.

REVIEW OF RESULTS

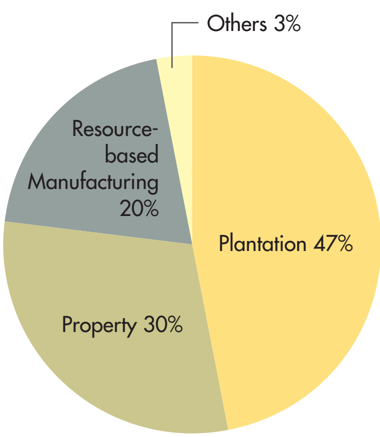
We were able to take advantage of the favourable business conditions to grow both our palm oil and property businesses and to register an outstanding set of results overall. Group operating profit ("EBIT") grew by 69% to RM2.06 billion, with all core segments achieving record results.

Plantation earnings increased by 46% from RM636 million to RM927 million due largely to higher CPO prices which averaged RM1,759 per MT versus RM1,386 per MT the previous financial year. Crop production for FY2007 was 3.69 million MT which was only marginally up compared to the 3.67 million MT for the previous year. This was somewhat disappointing but nonetheless in line with the national industry trend because of the lingering effect of El Nino and biological tree-stressed experienced last year.

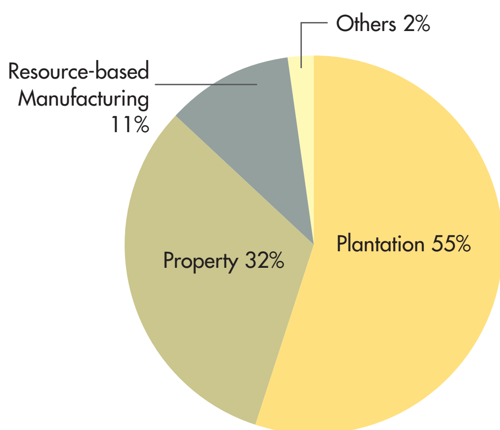
The downstream resource base manufacturing, comprising refining, oleochemicals and specialty fats, had an outstanding year, with a multifold increase in operating profit from RM128 million to RM405 million in FY2007. Good demand in target market segments, improvements in operating efficiencies, good price risk management and supply chain management all contributed to the sterling performance.

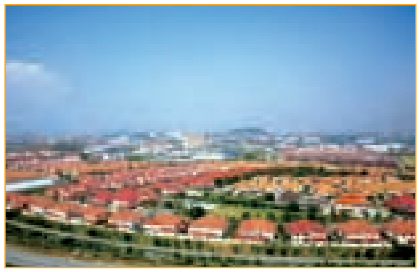
Segmental Contribution To Operating Profit

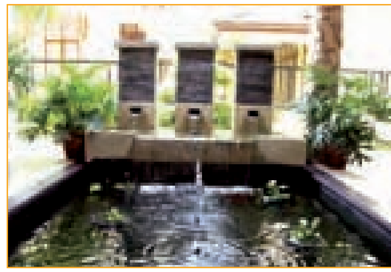
2007



2006







Our property segment had another good year, achieving an operating profit of RM598 million, compared to the previous year's level of RM368 million, a 62% improvement. The results for FY2007 includes a revaluation or "fair value adjustment" gain of RM160 million on its investment properties on adoption of a new accounting standard, FRS 140. Excluding the aforesaid revaluation gain, the operating profit would be RM438 million, which would still be an increase over FY2006, by 19%. Although the broader base housing market remains somewhat sluggish, we have been able to sustain growth by focusing on the upper segment of the market and, as in FY2006, sales of "shop-offices" in our twin townships in Puchong have been very well received. The good demand for such products is clearly due to the transformation of that locality into a vibrant commercial and retail hub for the rapidly growing community in Puchong and its surrounding districts. I note with pride and satisfaction that apart from the local banks, virtually all foreign commercial banks operating in the country have also chosen to utilise their limited quota of branch licences to open branches in Puchong; a clear endorsement of the current and growing potential of the area.

Overall, Group Pre-tax Earnings rose by 73% to RM1.99 billion whilst Net Earnings rose by 79% to RM1.48 billion in FY2007, the higher increase at net level is due to proportionately lower share of minority interests. The better operating performances all round have also resulted in an improvement to our Return On average Equity (ROE) from 15.2% in FY2006 to 21.5% in FY2007, a level that is in line with our objective of sustaining an average ROE target of 20%.

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

DIVIDENDS & CAPITAL REPAYMENT

For FY2007, only one round of dividend, 35 sen gross per 50 sen share, less tax, amounting to a payout of RM316.4 million was made, as compared to two rounds of dividends amounting to a total payout of RM411.2 million in respect of FY2006.

On 19 March 2007, the Company announced a share split exercise involving the sub division of every one existing share of 50 sen each into five shares of 10 sen each. The share split was followed by a capital repayment announcement on 30 March 2007 and which was completed on 22 August 2007. The capital repayment involved the cancellation of one share of 10 sen each for each twenty shares of 10 sen each held and a cash payment of RM4.20 for each share cancelled. A total cash distribution of RM1,314.4 million was made to shareholders.

Apart from the aforementioned direct cash returns to shareholders, your Company also spent a total of RM105.1 million during the year on share buyback, which shares have since been cancelled.

I am also pleased to note that the market price of the shares of IOI increased by 82% in FY2007.

Your Board remains committed to consistently give satisfactory cash returns and to increase overall value for shareholders. In this regard, capital management will continue to be applied to achieve ROE targets, sustain appropriate net gearing levels and balancing the need to provide for funds for growth opportunities.

UPDATES ON GROWTH STRATEGIES & RECENT CORPORATE DEVELOPMENTS

Certain emerging global trends, such as the promotion on use of biofuels by governments, have boosted the long term prospects of the palm oil industry in a fundamental way. It has however also created a greater challenge to find viable acquisition targets to sustain long term growth on terms and conditions acceptable to us. I am therefore pleased to report that we are in the process of finalising a joint venture for oil palm cultivation in Indonesia ("the JV") that will provide us the opportunity to continue to grow our palm oil business on a more robust pace over the next five years. Essentially, the JV involves IOI acquiring:

i. A 33% stake in a grouping of plantation land of approximately 100,000 hectares, of which 35,000 hectares is planted and together with three palm oil mills; and

ii. A 67% stake in a grouping of land of about 52,700 hectares in total for planting in due course.

A fundamental term for the JV is that the oil palm cultivation be undertaken on sustainable basis in accordance with the principles prescribed by RSPO (Round Table of Sustainable Palm Oil) of which IOI is a founding member.

During the financial year, the Group also completed the acquisition of a 70% stake in Rinwood Pelita Plantation Sdn. Bhd., a company with about 9,000 hectares of plantation land in the state of Sarawak.

Meanwhile, we also made an important acquisition in our downstream manufacturing segment. The acquisition of the Pan-Century companies ("PC") located in Pasir Gudang, Johor and which owns one of the largest single-site refinery and oleochemical complex was completed at the end of January 2007. PC is a significant producer of palm-based fatty acids and soap noodles and had just expanded their production capacity by about 35% to a total of 350,000 MT of splitting capacity prior to the takeover by IOI. With the inclusion of PC, the Oleo Business of the group is now the leading global producer of vegetable oil based fatty acids, with about 710,000 MT annual capacity, equivalent to about 10% global market share. Additionally, PC also has about 1 million MT of refining capacity. The acquisition of PC not only helps us to consolidate our leadership position in the fatty acid and soap noodle markets, but more importantly also fits in nicely with our specialty fats business undertaken by subsidiary, Loders Croklaan, Asia, located right next door. The resultant manufacturing complex comprising refining, oleochemicals and specialty fats production facilities over a combined land size of 25 hectares, provides us unique opportunities and competitive edge in supply chain efficiencies, optimal use of oil fractions and new product development.

UPDATES ON GROWTH STRATEGIES & RECENT CORPORATE DEVELOPMENTS cont'd

On the property front, the Group has also made significant acquisitions during the year. Apart from the objective of taking on additional land bank for development, the following acquisitions also reflect a fine tuning in our business strategy, that is, to compliment our core business model of developing townships by also taking on niche, luxury-range projects. This is in response to the global trend of liquidity driven demand for prime properties as mentioned earlier in my report.

- A 50:50 joint venture with a Singapore developer, Ho Bee Investment Limited to develop about 160 units of luxury range condominiums in Sentosa Cove, Singapore. The land for the development was acquired through a tender bid from the Sentosa Development Corporation for a sum of SGD 460 million. The project is expected to have a gross development value of more than SGD 800 million and is to be launched in 2008.

- A 163,786 sq ft parcel of land in Jalan Ampang, Kuala Lumpur for construction of about 150 units of condominiums with gross development value expected to be in excess of RM300 million.

In addition, the following land acquisitions by the Group were completed during the year:

- 925 hectares of freehold land adjacent to Ayer Keroh toll plaza in the state of Melaka, for RM91.3 million.

- 102 hectares of freehold land in Tebrau, in the state of Johor for RM87 million.

PROSPECTS

As highlighted, the push for bio fuel as alternate energy source by governments in various parts of the world is resulting in a structural change in demand-supply equilibrium for the entire vegetable oil complex. We have seen vegetable oil prices shooting up in the second half of FY2007, with prices of rapeseed oil, soy oil, and CPO reaching highs of USD904, USD870 and USD868 per MT respectively, basis Europe, in April/May 2007. CPO price, FOB Malaysia reached an all time high of RM2,764 per MT in June 2007 before settling between a range of RM2,400 to RM2,500. Because of the typical timing of CPO sales commitment in the industry, average annual prices tend to lag spot and forward prices in an up-cycle. Current fundamentals suggest a likely average price of about RM2,400 for FY2008, which will be 36% higher than the average price achieved for FY2007. Thus, our plantation segment should enjoy a hefty price driven booster to earnings for FY2008.

The downstream manufacturing segment of our palm oil business is also expected to perform well, with volume growth and the benefit of having a full year's contribution from newly acquired Pan-Century.

PROSPECTS cont'd

As for the property segment, our products in the upper tier continue to be well received. Meantime, the broader base medium cost housing market is also expected to reflate, benefiting from new government incentives, pay increase for civil servants and positive sentiments.

Barring unforeseen circumstances, all segments are therefore expected to enjoy another good year and hence overall, the Group should achieve another year of record earnings in FY2008.

As we look beyond the current financial year, we must also be prepared to face the rapidly changing landscape in the palm oil industry, where both new opportunities as well as new challenges abound. On our part, we have continued to invest significantly for future growth. More importantly, we have been able to do this in a focused and disciplined manner that allows us to ride along with positive trends shaping the industry without taking on excessive risks. We have also been fortunate to have the opportunity to add on pieces that will create greater value to the whole. We have businesses that are in leading positions in their respective segments and these businesses put together, give us an integrated business model that provides us a unique dimension, added competitive edge and strategic capabilities. On a daily basis, we continue to ensure excellence in execution, focusing relentlessly on efficiency, productivity, and improving customer service and quality. Last but certainly not the least, we have a team of experienced and committed people who still very much aspire to reach greater heights. All of these give me the confidence that we are well positioned for the future.

ACKNOWLEDGEMENT

The sterling results for the Group would not be possible without the dedication and efforts of our people at all levels. My sincere appreciation to the Management Team and to everyone in the IOI Group for your contribution.

On behalf of the Group, I wish to express our gratitude for the continued strong support of our customers, business partners, bankers and government authorities and my personal thanks to my fellow Board members for their invaluable advice and support. In addition, I wish to also place on record our gratitude and appreciation to Datuk Khalid b Hj Husin, who resigned on 11 April 2007, for his contributions to the Company during his term of office.

Last but not least, once again, dear shareholders, thank you for the continued trust in us.

We look forward to meeting the expectations of all our stakeholders again.

Thank you.

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman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Responsibility

“ Today, more than ever before, life must be characterised by a sense of universal responsibility, not only nation to nation and human to human, but also human to other forms of life. “ Dalai Lama.

Companies have to behave responsibly to achieve sustainable business success and to keep the trusts of their stakeholders. There are no fixed targets or final destination... it’s an onward journey to be taken with the responsibility to own up to short comings in order to continuously improve. We are on this journey...

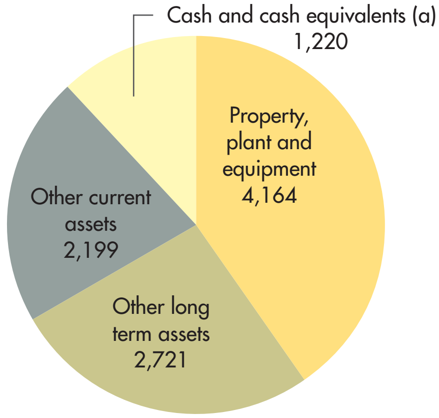
Group Financial Overview

Cash Flow for The Financial Year Ended 30 June 2007 RM million

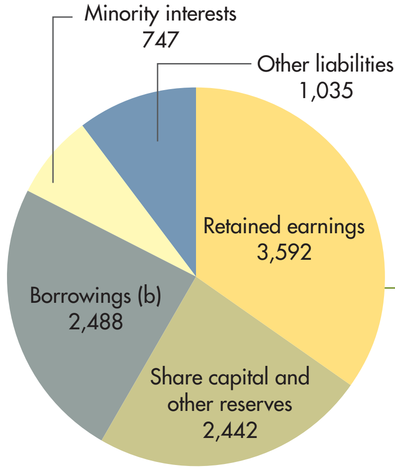
Net operating cash flow	1,317
Capital expenditure, net of disposal	(153)
Free cash flow from operation	1,164
Proceeds from issuance of shares	87
Proceeds from disposal of investments, net of payments for other investments	(70)
Proceeds from disposal of a subsidiary	35
Acquisition of subsidiaries, net of cash balances and borrowings	(620)
Dividend payments	
- Shareholders of the Company	(481)
- Shareholders of subsidiaries	(48)
Interest and interest rate swaps payments	(93)
Share repurchases - Company	(105)
Investment in development land bank	(294)
Acquisition of additional shares in subsidiaries	(29)
Cash outflow in net borrowings	(454)
Conversion of exchangeable bonds	571
Recognition of equity component of exchangeable bonds upon issuance	126
Accretion of exchangeable bonds	(38)
Accretion of guaranteed notes	(1)
Net decrease in net borrowings	204
Net borrowings as at 30.06.06	(1,268)
Translation difference	161
Net borrowings as at 30.06.07	(903)

Balance sheet as at 30 June 2006 RM million

Assets



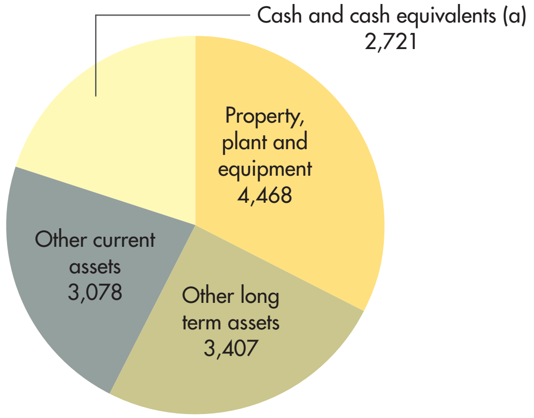
Shareholders' Equity and Liabilities



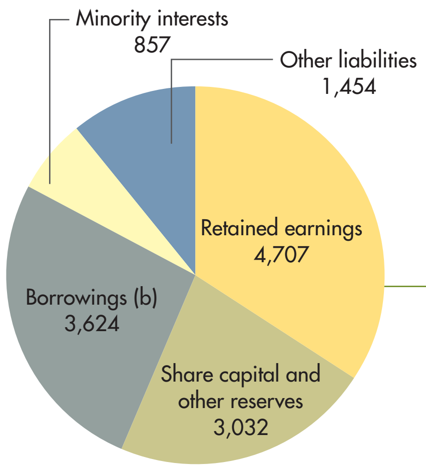
Net borrowings = (b) - (a)
= RM1,268 million

Balance sheet as at 30 June 2007 RM million

Assets



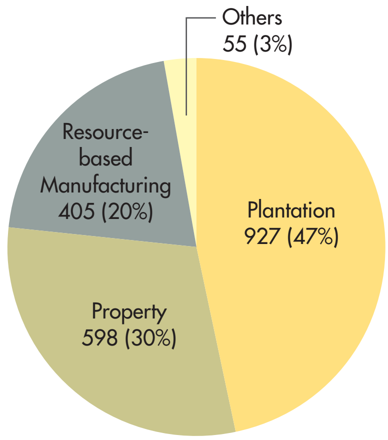
Shareholders' Equity and Liabilities



Retained earnings for The Financial Year Ended 30 June 2007 RM million

Segment results	1,985
Unallocated corporate income	73
Operating profit	2,058
Net interest expenses	(104)
Share of results of associates	37
Profit before taxation	1,991
Taxation	(340)
Profit for the financial year	1,651
Less: Attributable to minority interests	(169)
Profit for the financial year attributable to equity holders of the Company	1,482
Dividend paid	(481)
Retained earnings for the financial year	1,001
Retained earnings as at 30.06.06 (restated)	3,592
Opening balance adjustments	114
Retained earnings as at 30.06.07	4,707

Segmental Contribution To Operating Profit RM million



Net borrowings = (b) - (a)
= **RM903 million**

Segment results - **RM1,985 million**

Group Performance Highlights

	2007 RM'000	2006 RM'000	%
FINANCIAL PERFORMANCE			
Revenue	**8,952,727**	6,109,668	47
Profit before interest and taxation	**2,058,231**	1,220,265	69
Profit before taxation	**1,991,073**	1,152,873	73
Net operating profit after taxation ("NOPAT")	**1,756,196**	1,086,614	62
Net profit attributable to shareholders	**1,482,104**	829,002	79
Average shareholders' equity	**6,886,591**	5,448,126	26
Average capital employed	**11,273,774**	9,790,574	15
Operating margin (%)	**22.99**	19.97	15
Return on average equity (%)	**21.52**	15.22	41
NOPAT/Average capital employed (%)	**15.58**	11.10	40
Basic earnings per share (sen)	**24.13**	14.51	66
Dividend per share - gross (sen)	**7.0**	8.7	(20)
Net assets per share (sen)	**124**	100	24
Dividend cover (number of times)	**4.68**	2.02	132
Interest cover (number of times)	**14.81**	9.87	50
PLANTATION PERFORMANCE			
FFB production (MT)	**3,694,535**	3,674,483	1
Yield per mature hectare (MT)	**26.72**	26.93	(1)
Mill production (MT)			
Crude palm oil	**793,452**	805,627	(2)
Palm kernel	**185,418**	188,235	(1)
Oil extraction rate (%)			
Crude palm oil	**21.33**	21.38	-
Palm kernel	**4.98**	5.00	-
Average selling price (RM/MT)			
Crude palm oil	**1,759**	1,386	27
Palm kernel	**958**	928	3
Operating profit (RM/mature hectare)	**6,728**	4,560	48
PROPERTY PERFORMANCE			
Sales value	**636,945**	533,124	19
Sales (unit)	**1,373**	1,266	8
Average selling price	**464**	421	10
Revenue	**706,858**	623,778	13
Operating profit	**397,171**	331,350	20
Progress billings	**673,269**	560,202	20
OLEOCHEMICAL PERFORMANCE			
Plant utilisation (%)	**92**	96	(4)
Sales (MT)	**509,699**	366,040	39

Group Quarterly Results

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		FY 2007	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue	1,903,386	21	2,235,784	25	2,271,783	25	2,541,774	29	**8,952,727**	**100**
Operating profit	341,253	17	533,119	26	543,363	26	640,496	31	**2,058,231**	**100**
Interest income	8,832	22	3,342	8	20,482	52	7,024	18	**39,680**	**100**
Finance cost	(26,942)	19	(26,384)	18	(43,857)	30	(46,971)	33	**(144,154)**	**100**
Share of results of associates	15,593	42	12,692	34	7,081	19	1,957	5	**37,323**	**100**
Share of results of jointly controlled entity	-	-	-	-	-	-	(7)	100	**(7)**	**100**
Profit before taxation	338,736	17	522,769	26	527,069	27	602,499	30	**1,991,073**	**100**
Taxation	(60,575)	18	(109,153)	32	(101,646)	30	(68,735)	20	**(340,109)**	**100**
Profit for the financial year	278,161	17	413,616	25	425,423	26	533,764	32	**1,650,964**	**100**
Attributable to:										
Equity holders of the Company	255,669	17	382,601	26	392,173	26	451,661	31	**1,482,104**	**100**
Minority interests	22,492	13	31,015	18	33,250	20	82,103	49	**168,860**	**100**
	278,161	17	413,616	25	425,423	26	533,764	32	**1,650,964**	**100**
Earnings per share (sen)										
Basic	4.22		6.25		6.34		7.28		**24.13**	
Diluted	4.13		5.85		5.73		7.04		**22.84**	
Operating profit on segmental basis										
Plantations	170,242	18	260,362	28	238,142	26	258,113	28	**926,859**	**100**
Property development	69,721	18	89,202	22	116,451	29	121,797	31	**397,171**	**100**
Property investment	10,375	5	9,831	5	10,029	5	170,947	85	**201,182**	**100**
Manufacturing	92,276	23	89,948	22	129,552	32	93,651	23	**405,427**	**100**
Others	19,202	35	9,331	17	7,164	13	18,982	35	**54,679**	**100**
Segment results	361,816	19	458,674	23	501,338	25	663,490	33	**1,985,318**	**100**
Unallocated corporate (expenses)/income	(20,563)	(28)	74,445	102	42,025	58	(22,994)	(32)	**72,913**	**100**
Operating profit	341,253	17	533,119	26	543,363	26	640,496	31	**2,058,231**	**100**

Financial Calendar

Financial Year End	30 June 2007
Announcement of Results	
1st Quarter	14 November 2006
2nd Quarter	13 February 2007
3rd Quarter	14 May 2007
4th Quarter	21 August 2007
Notice of Annual General Meeting	28 September 2007
Annual General Meeting	29 October 2007

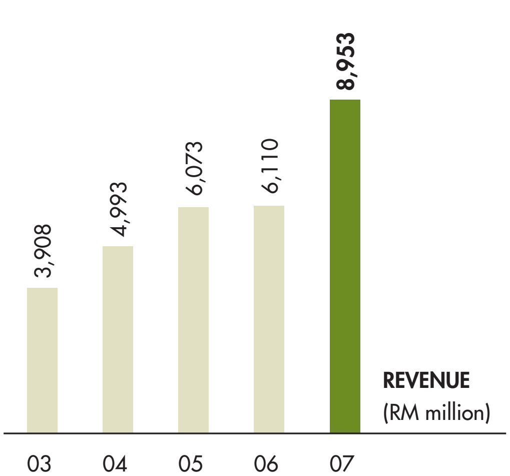
Payment of Dividends	
Interim	
Declaration	13 February 2007
Book Closure	16 March 2007
Payment	27 March 2007

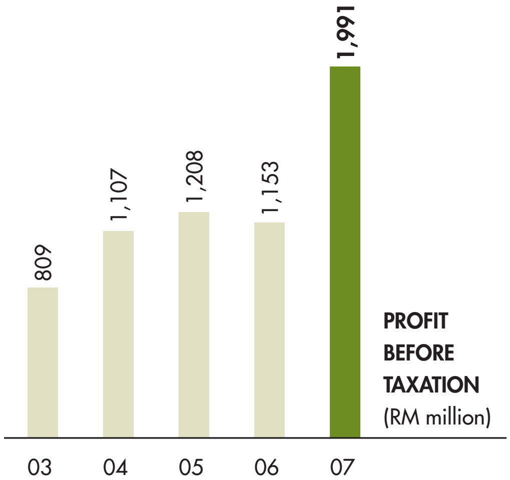
Five-Year Financial Highlights For the financial year ended 30 June

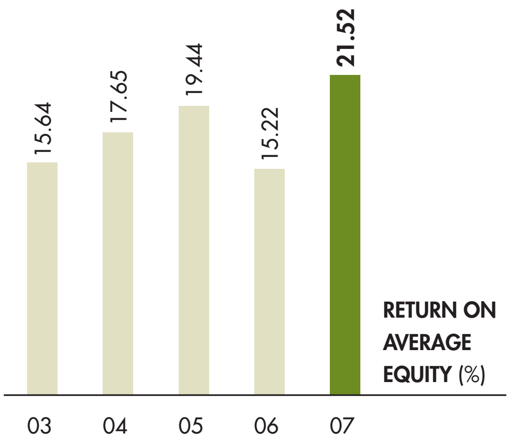
	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Results					
Revenue	**8,952,727**	6,109,668	6,072,507	4,993,454	3,907,871
Profit before taxation	**1,991,073**	1,152,873	1,208,423	1,107,075	809,015
Taxation	**(340,109)**	(196,158)	(121,910)	(215,459)	(157,482)
Profit for the financial year	**1,650,964**	956,715	1,086,513	891,616	651,533
Attributable to:					
Equity holders of the Company	**1,482,104**	829,002	902,220	701,550	502,052
Minority interests	**168,860**	127,713	184,293	190,066	149,481
Assets					
Property, plant and equipment	**4,467,810**	4,164,394	3,998,661	3,806,869	3,232,926
Prepaid lease payments	**826,258**	790,509	800,673	799,279	624,390
Land held for property development	**821,744**	628,327	637,393	652,517	650,029
Investment properties	**699,469**	512,976	508,176	580,677	534,243
Other long term investments	**27,699**	30,376	30,699	32,043	31,363
Associates	**280,924**	247,385	249,441	222,636	231,379
Jointly controlled entities	**161,479**	-	-	-	-
Other assets	**589,654**	511,219	566,277	491,772	450,783
	7,875,037	6,885,186	6,791,320	6,585,793	5,755,113
Current assets	**5,792,615**	3,426,500	3,713,739	2,260,157	1,824,610
Non-current assets held for sale	**13,190**	-	-	-	-
	13,680,842	10,311,686	10,505,059	8,845,950	7,579,723
Equity and Liabilities					
Share capital	**625,881**	605,267	559,241	582,618	540,400
Reserves	**7,113,377**	5,428,656	4,303,087	3,835,534	2,989,792
	7,739,258	6,033,923	4,862,328	4,418,152	3,530,192
Minority interests	**856,954**	746,984	1,175,183	1,205,239	1,195,425
Total equity	**8,596,212**	6,780,907	6,037,511	5,623,391	4,725,617
Non-current liabilities	**3,938,242**	2,820,939	3,653,691	1,781,488	1,957,664
Current liabilities	**1,146,388**	709,840	813,857	1,441,071	896,442
Total liabilities	**5,084,630**	3,530,779	4,467,548	3,222,559	2,854,106
	13,680,842	10,311,686	10,505,059	8,845,950	7,579,723
Net operating profit after tax ("NOPAT")	**1,756,196**	1,086,614	1,199,783	953,635	721,885
Average shareholders' equity	**6,886,591**	5,448,126	4,640,240	3,974,172	3,211,056
Average capital employed [1]	**11,273,774**	9,790,574	8,998,939	7,601,306	6,098,118
Financial Statistics					
Basic earnings per share (sen)*	**24.13**	14.51	16.12	12.85	10.65
Gross dividend per share (sen)*	**7.0**	8.7	7.0	5.0	4.0
Net assets per share (sen)*	**124**	100	87	79	68
Return on average equity (%)	**21.52**	15.22	19.44	17.65	15.64
NOPAT/Average capital employed	**15.58**	11.10	13.33	12.55	11.84
Net debt/Equity (%) [2]	**11.67**	21.01	25.76	30.66	39.47

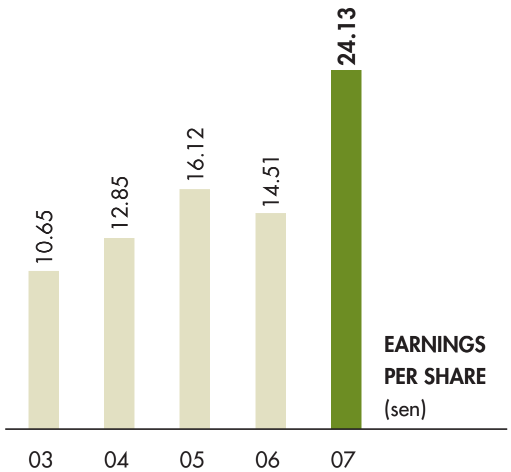
1 Average capital employed comprises shareholders' equity, minority interests, long term liabilities, short term borrowings and deferred taxation.
2 Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.
* Comparatives have been restated to take into effect on the subdivision of ordinary shares of RM0.50 each into RM0.10 each on 6 June 2007.

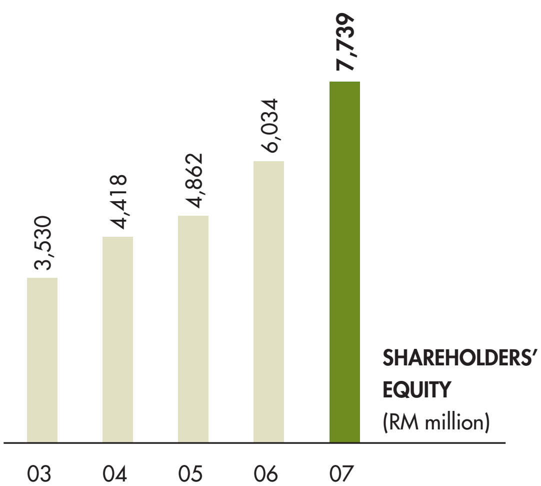
Five-Year Financial Highlights

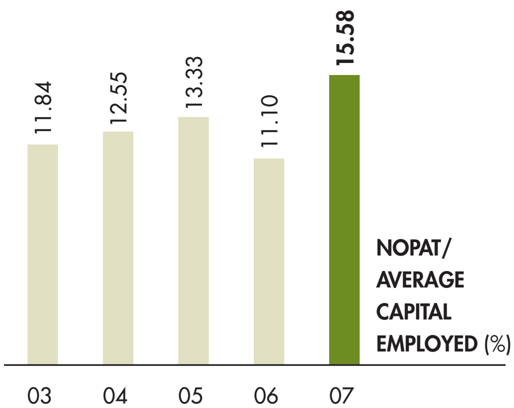












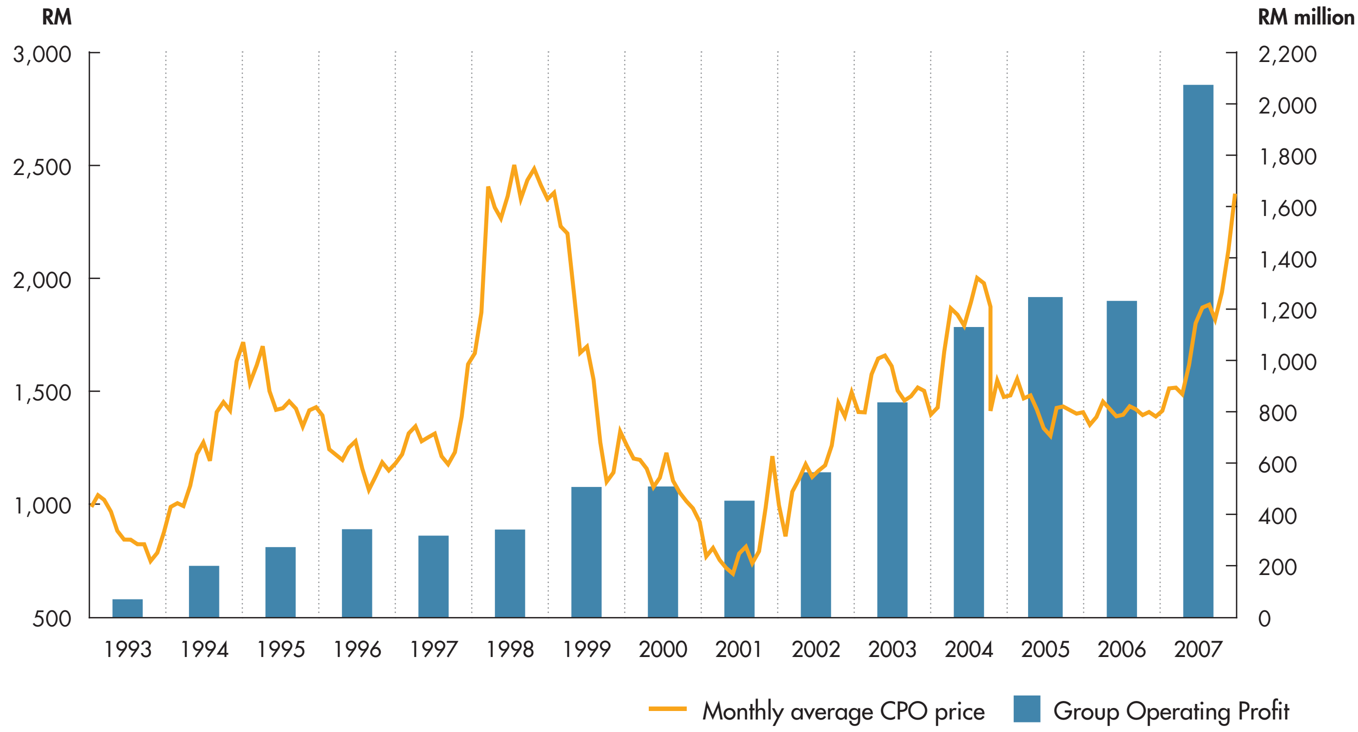
Efficiency

“The future belongs to those who understand that doing more with less is compassionate, prosperous, and enduring, and thus more intelligent, even competitive.” Paul Hawken

This is the essence of our corporate culture. We strive relentlessly for continuous improvement in productivity and efficiency to produce an increasing amount of palm oil using less land, which correspondingly reduces the amount of fertilisers and pesticides needed. This is good for both the company and the environment.

GROUP FINANCIAL REVIEW

Growing Through The Cycle

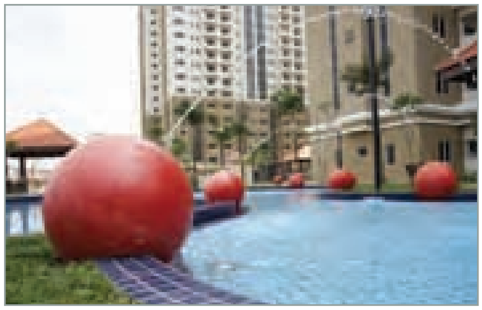


INTRODUCTION

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

KEY FINANCIAL INDICATORS

	FY2007	FY2006	% CHANGE
Earnings before interest and taxation ("EBIT") (RM million)	**2,058.2**	1,220.3	69
Pre-tax earnings (RM million)	**1,991.1**	1,152.9	73
Net earnings (RM million)	**1,482.1**	829.0	79
Return on shareholders equity ("ROE") (%)	**21.5**	15.2	41
Return on average capital employed ("ROCE") (%)	**15.6**	11.1	40
Net operating profit after taxation ("NOPAT") (RM million)	**1,756.2**	1,086.6	62
Economic profit (RM million)	**842.7**	335.7	151
Total return to shareholders			
- Change in share price (RM) (per RM0.10 share)	**2.34**	0.76	82
- Gross dividend (sen) (per RM0.10 share)	**35.0**	43.5	(20)
Net cash flow generated from operation (RM million)	**1,317.5**	803.2	64
Net gearing (%)	**12**	21	(43)



FINANCIAL HIGHLIGHTS & INSIGHTS

- At Group level, the results for FY2007 versus FY2006 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:

	EBIT				
	FY2007		**FY2006**		**Change**
	RM million	**%**	**RM million**	%	%
Plantation	**926.9**	**45**	636.3	52	46
Downstream Manufacturing	**405.4**	**20**	128.3	11	216
Palm Oil – Total	**1,332.3**	**65**	764.6	63	74
Property	**598.3**	**29**	368.3	30	62
Others (unallocated)	**127.6**	**6**	87.4	7	46
	2,058.2	**100**	1,220.3	100	69

- The palm oil business stream contributed 65% towards Group EBIT for FY2007, about the same level as previous year contribution at 63%. In absolute terms, EBIT for the palm oil business increased by 74% to RM1,332.3 million, with both the plantations and the down-stream segments increasing by 46% and 216% respectively.

- Plantation segment's EBIT has increase by 46% to RM926.9 million, on the back of 27% increase in average CPO price.

- The downstream manufacturing registered multifold increase over last financial year is due mainly to higher sales volume and favourable margins registered by all three manufacturing sub-segment i.e. refinery, oleochemicals and specialty fats segments.

- The property segment's 62% against market trend growth to a EBIT of RM598.3 million for FY2007 includes RM160.7 million of fair valuation gain on investment properties on adopting of Financial Reporting Standards, FRS 140. Even by excluding this gain on fair valuation, overall property segment registered a robust increase in EBIT by 19%. This was mainly because of our ability to capitalise on better demand in the commercial sub-sector, both in respect of sales and rental revenue, whilst the broad base medium cost housing market segment remained subdued.

GROUP FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS & INSIGHTS cont'd

- The "unallocated segment" in respect of both financial years comprise primarily the gain on forex translation on USD denominated borrowings. This was in part an anticipatory hedge for our USD income stream.

- **Pre-tax Earnings** increase by 73% over last financial year. Net interest expense, has remained about the same as previous financial year even though the Group gross borrowings has increased by 45% due to the issuance of USD370 million Exchangeable Bonds and a 30-year JPY15 billion term loan. This is because borrowings were raised in anticipates of future requirement and proceeds still held in cash.

- At the **Net Earnings** level, profit attributable to shareholders increased by 79% to RM1,482.1 million. Apart from explanation above at operating level, the privatisation of IOI Oleochemical Industries Berhad ("IOI Oleo") in FY2006 has by large helped to improve further the overall net earnings of the Group by enjoying the full year effect of exclusion of IOI Oleo's minority interests.

- For FY2007, the Group recorded a **Return on Equity ("ROE")** of 21.5% based on an average shareholders' equity of RM6.89 billion (FY2006 – RM5.45 billion), up from 15% for the previous financial year. The average over cycle ROE target is 20%.

- Similarly, the **Return on Average Capital Employed ("ROCE")** increased to 15.6% for FY2007, up from 11.1% for FY2006. This was due to higher net earnings although the denominator has also increased significantly because of the substantial working capital requirement for the downstream operation.

- 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 increasing dividend pay-outs, a 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:

	FY2007 RM million	**FY2006 RM million**
Total cash dividend	**319.0**	408.6
Share buy-back	**105.1**	92.3
	424.1	500.9
Capital repayment (completed on 22 August 07)	**1,314.4**	-
Total equity repayments	**1,738.5**	500.9
% to Net Earnings for the financial year	**117%**	60%

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

FINANCIAL HIGHLIGHTS & INSIGHTS cont'd

- The Group generated an **Operating Cash Flow** of RM1,317.5 million for FY2007 against RM803.3 million for the previous financial year. Free Cash Flow increased from RM482.2 million to RM1,164.2 million reflecting the pick up in business performance.

- **Working Capital** requirement for FY2007 increased by RM420.8 million, notably, to fund increases in inventories and trade receivables by RM339.2 million and RM256.1 million respectively. Expressed in number of days sales, these items remain consistent with past year but absolute amounts have increased in line with increase in volume of business, higher palm oil prices and the inclusion of working capital of newly acquired Pan-Century Group.

- For FY2007, the Group spent a total of RM185.3 million (FY2006 - RM326.1 million) for **Capital Expenditure ("Capex")**. The notable decrease mainly attributable to the Capex on the Group's new refinery in Rotterdam, which was completed in October 2005 and included in FY2006 Capex. Cash outlay on acquisitions in FY2007 was however much higher at RM673.4 million (FY2006 – RM437.8 million).

- The Group's **Shareholders' Equity** as at 30 June 2007 stood at RM7.74 billion, an increase of RM1.71 billion or 28% over the previous financial year. The increase was mainly due to net earnings for the financial year of RM1.48 billion and issue of new shares arose from the exchange of Exchangeable Bonds which totalled RM582.4 million. However, the increase was off-set with a net of share buy-back totalled RM105.1million and dividend payment in respect of FY2007 and FY2006 totalled RM481.1 million.

- The Group's **Net Interest Cover** was 14.8 times but after adjusting differences between accounting and cash interest payment, the net interest cover was 20.1 times for FY2007.

- From an economic profit perspective, the Group achieved an economic profit [i.e. a surplus of **Net Operating Profit After Tax ("NOPAT")** over its **Weighted Average Cost of Capital ("WACC")**] of RM842.7 million for FY2007, up 151% from FY2006's RM335.7 million. The significant increase is attributable to a higher NOPAT of RM1,756.2 million (FY2006 - RM1,086.6 million). The WACC for FY2007 increased marginally over last financial year at 8.10% (FY2006 - 7.67%).

- The higher WACC for the financial year just ended was due principally to a higher cost of equity as a result of higher share prices volatility and hence a higher beta co-efficient applied in the computation of cost of equity.

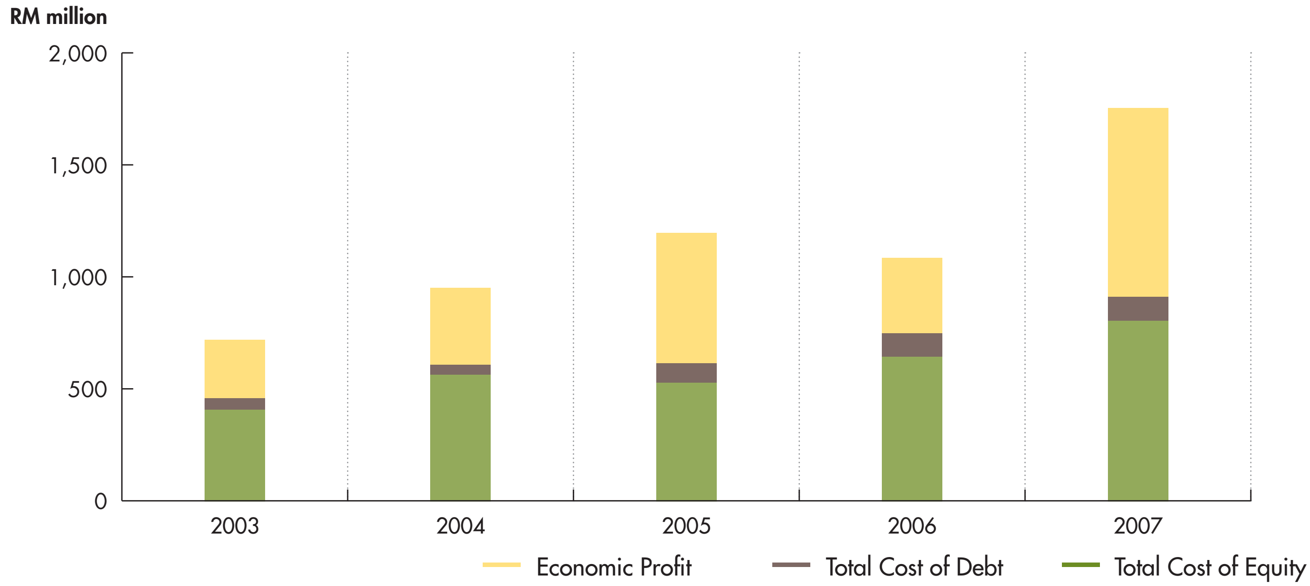
GROUP FINANCIAL REVIEW

FIVE-YEAR ECONOMIC PROFIT TREND

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

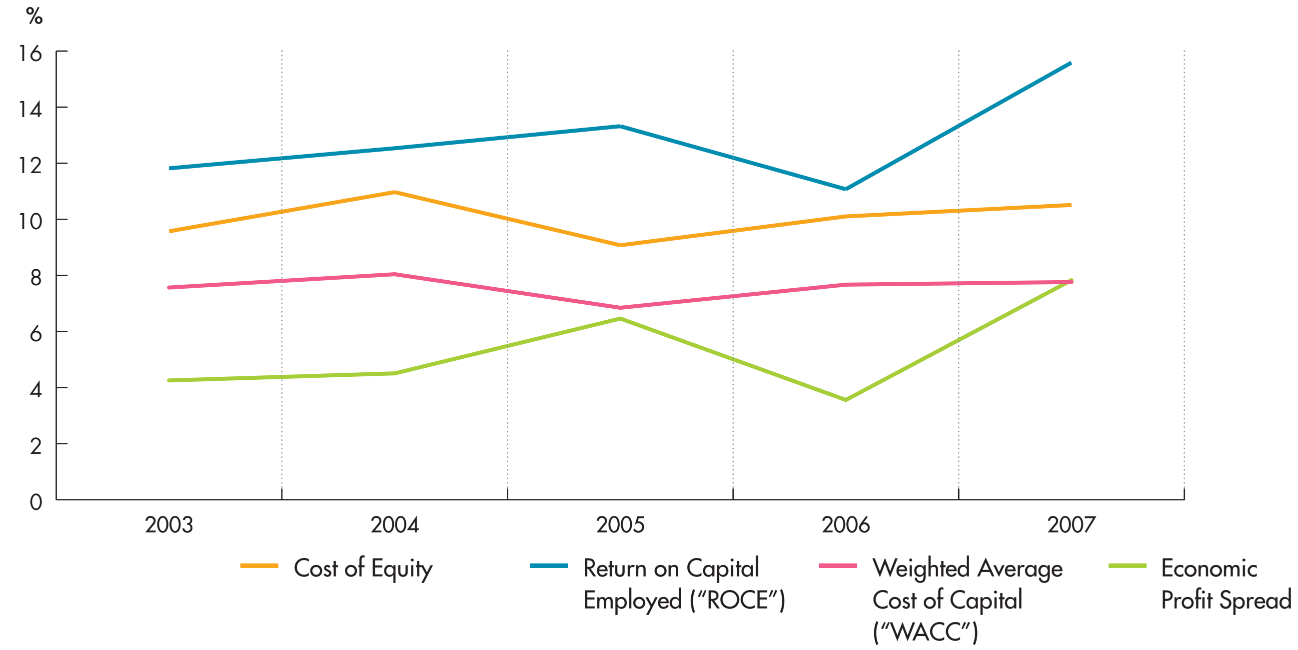
	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
Economic Profit	260,126	343,416	581,241	335,693	**842,743**
Cost of Debt	51,984	43,093	87,971	102,950	**105,232**
Cost of Equity	409,775	567,126	530,571	647,971	**808,221**
NOPAT	721,885	953,635	1,199,783	1,086,614	**1,756,196**

Distribution of NOPAT

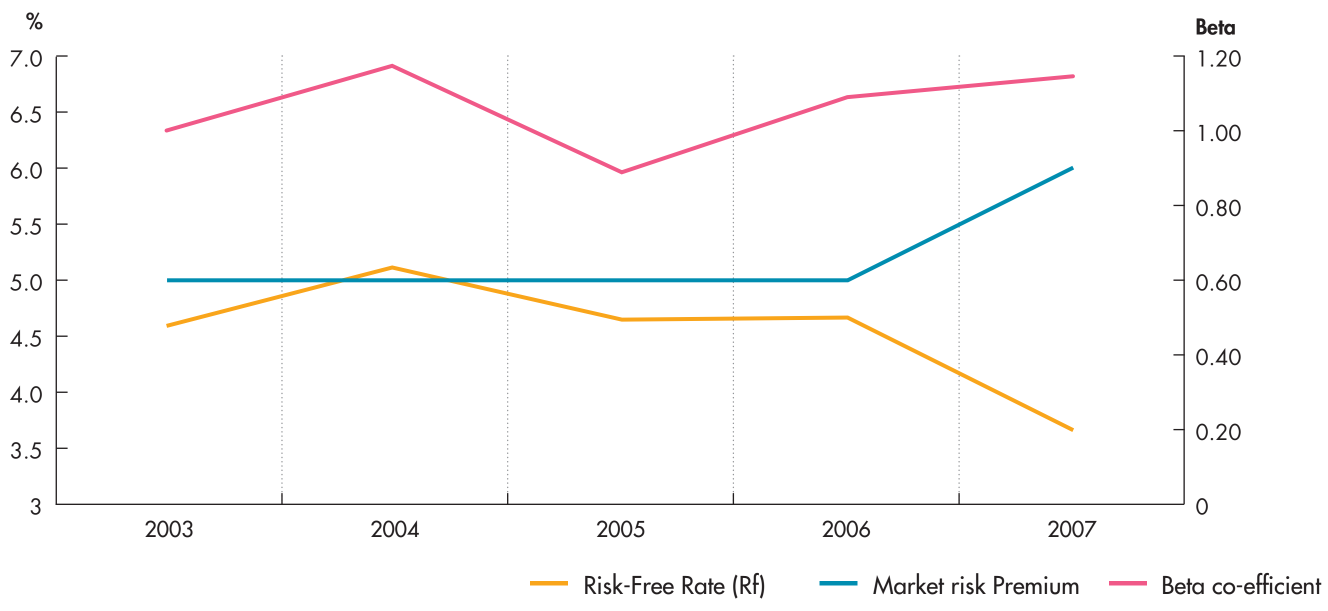


FIVE-YEAR ECONOMIC PROFIT TREND cont'd

COE, ROCE, WACC and Economic Profit



The above computations were arrived at based on the following parameters:



GROUP FINANCIAL REVIEW

RISK MANAGEMENT

The Group has in place a formal risk management framework. Overall through strategic measures, consistent risk management and continuous refinement, we are able to recognise and exclude fundamental dangers for IOI in the ordinary course of business.

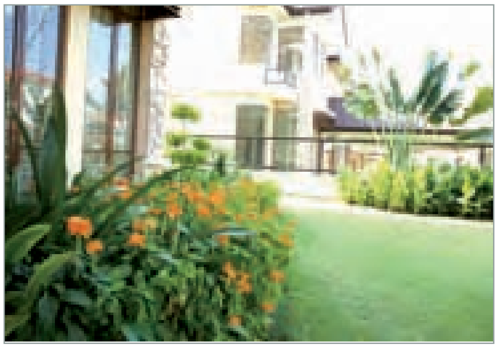
Operating Risk Management

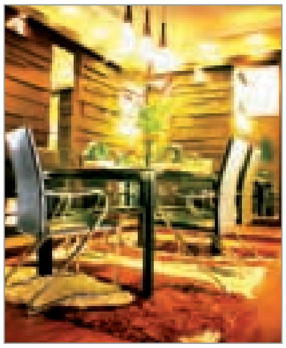
- Our participation in our core businesses, namely palm oil and properties, entails risks that arise in the ordinary course of business. Palm oil prices in particular, can be very volatile and can result in wide fluctuation in revenue and cash flow. Other risks include oleochemical and specialty fats products margin risk, changes in the property market and other operational risks. Our risk management philosophy is to exploit as fully as possible the many opportunities available in the markets we operate in, while taking on only those risks that are necessarily associated with creating added economic value and ensuring always a worthwhile risk-reward ratio. Risks that could not otherwise be managed to a satisfactory level on a proactive basis are strategically mitigated.

- In the case of palm oil, for instance, normal price fluctuations are manageable risks whilst unduly sharp fluctuations and cyclical trends are strategically mitigated by the Group's positioning in different segments of the palm oil value chain, namely plantation, refinery, oleochemicals and specialty oils and fats. The Group's exposure to different segments of the palm oil chain also provides better visibility and enables better risk management execution that enhances value beyond mere balancing out the effects of price fluctuation.

- For the property segment the judicious selection of locations when acquiring land bank and the choice of product mix when making property sales launches during different phases of the property market cycles are the most crucial factors in managing market and operation risks.

- Control risks and other day-to-day operational risks are covered by the Group's Enterprise Risk Management System. Risks of not meeting strategic objectives or performance targets are identified, evaluated and remedial action taken. The Risk Management Committee of the respective business units formally reviews, update status and reports to the Audit Committee on a quarterly basis.





RISK MANAGEMENT cont'd

Financial/Market Risk Management

- The Group's operations which have expanded substantially in recent years expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, market risk (including commodity price risk), credit risk, liquidity and cashflow risk.

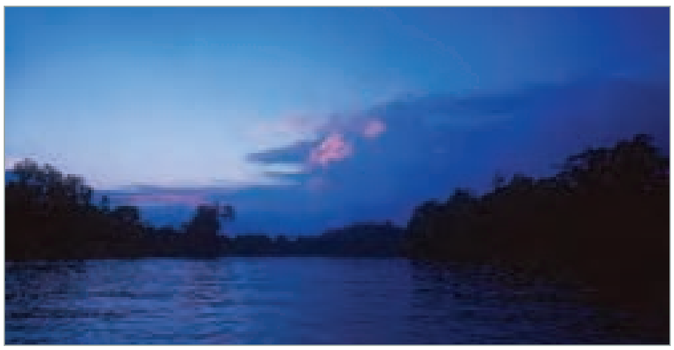
- The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. Main consideration is on potential impact on risks to cash flows.

- The Group addresses the various financial risks exposure by taking pro-active measures within our established risk management framework and clearly defined guidelines that are approved by the Board. In this respect, the Group enters into forward contracts and exchange-traded agricultural commodity futures as well as commodity swap to hedge our inventories, sale and purchase commitments. The effectiveness of hedges are periodically reviewed and limits for mandatory "cut loss" are set to limit commodity price exposures for all relevant operations.

- Besides, the Group also enters into interest rate derivative instruments with the objective of minimising overall cost of borrowings over the tenure of the underlying borrowings. An appropriate mix of fixed and floating rates are taken after giving due consideration to current fixed rates level, forward scenario analysis and potential net cash flow fluctuation.

- Whenever possible, the Group favours taking a "natural hedge" approach as for instance, to have the same currency base in the risk management of its foreign currency denominated assets and liabilities and in respect of income and expenditure as for example, to have USD liabilities as hedge against the Group's USD denominated palm oil income stream.

- Whenever appropriate, we also enter into forward foreign currency contracts to limit the Group's exposure to fluctuation in foreign exchange rates with respect to our foreign currency denominated assets and liabilities as well as committed sales and purchases of commodity and other products.



RISK MANAGEMENT cont'd

Financial/Market Risk Management cont'd

- Credit risks and counter party risks are evaluated and managed at the level of the respective business units within the Group's prescribed framework.

The economic intent and impact of some of these risk management strategies may not be apparent from the accounts as the manner and timing in which these transactions are recognised and reflected in the accounts are in accordance with the requirements of approved accounting standards. In such instances, the Group takes the view that the underlying economic reality and objective should take precedent over reported accounting impact, when deciding if a hedge transaction is to be taken i.e. economic substance is more important than accounting form for risk management decision making.

For more disclosures on the Group's financial risk management, refer to Note 45 of the financial statements included in this Annual Report.

Sensitivity Analysis

The main market risks impacting the profitability of the Group are commodity price risks and foreign exchange risks. The approximate impact that movements in palm oil prices, downstream product margins and currency exposures could have on its operating profit for FY2008, based on its operating conditions, but excluding the impact of hedged transactions are as tabulated below:

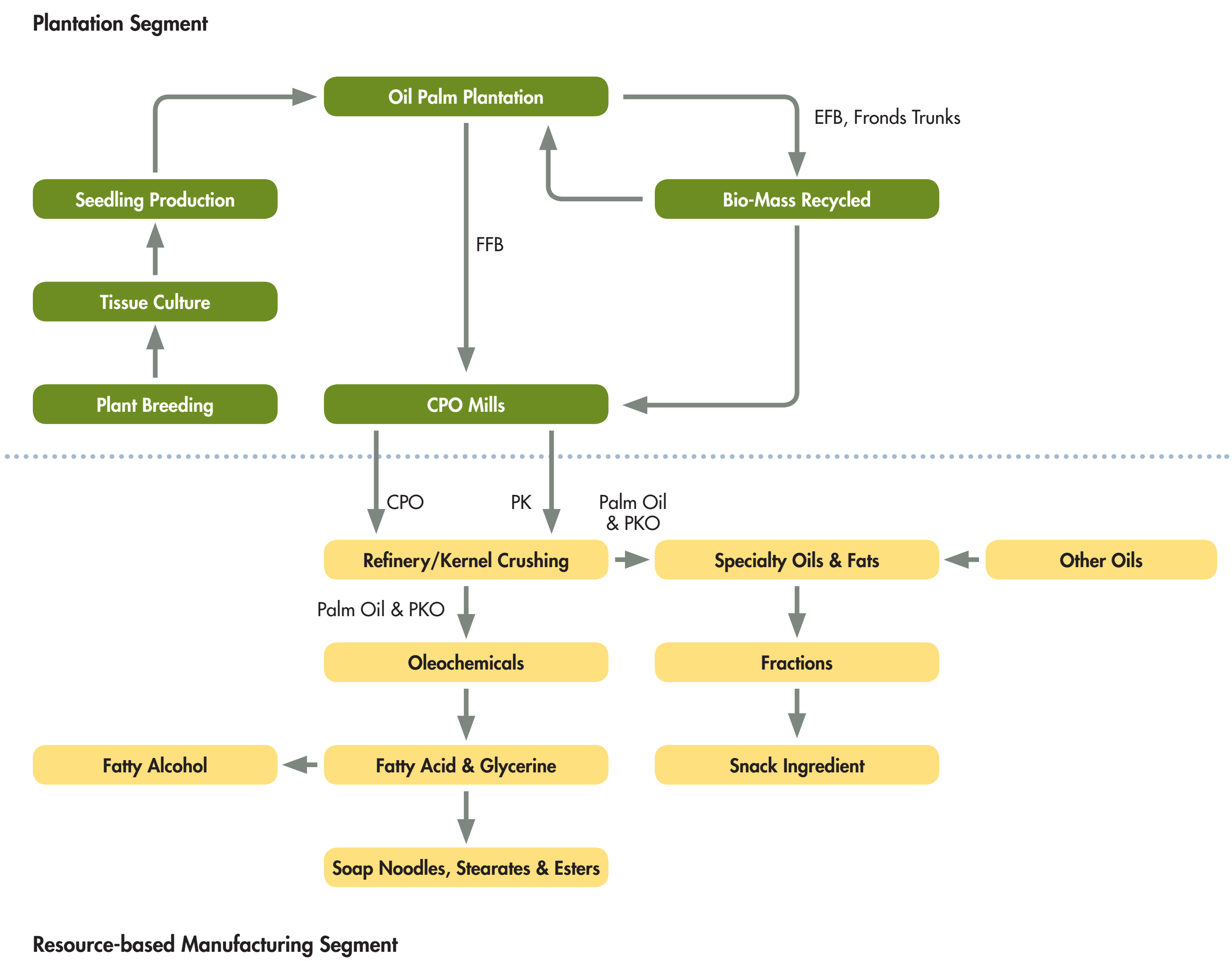
	Impact (If unhedged)
Change of RM100 per MT in CPO price	± RM70 million
Change of 10% in product margin over FY2007 for refining, oleochemicals, speciality fats	± RM73 million
10% change in the USD/RM exchange rate	± RM53 million
10% change in the Euro/RM exchange rate	± RM90 million

The net impact of exchange rate movements on the operating profit of the Group is relatively low mainly because of natural hedge positions.

PALM OIL BUSINESS STREAM

The Group's palm oil business comprises the plantation and the downstream resource-based manufacturing segments. Apart from raw material feedstock originating from the Group's plantation, CPO and PKO are also sourced from pre-qualified suppliers and coordinated by a global supply chain management.

The integration of the two business segments is best illustrated in the following diagram:



Plantation

INTRODUCTION

As at 30 June 2007, the Group's total titled plantation area stood at 169,450 hectares with 99% of the estates' planted area being planted with oil palm.

The Group has 80 estates, an increase from last financial year of 77 estates, as a result of acquisition of estates in Sarawak in September 2006. The total oil palm planted area as at the end of FY2007 stood at 148,871 hectares, an increase of 4,816 hectares from the previous financial year end. Approximately 68% of the Group's plantation holdings are in the state of Sabah and Sarawak with the remaining 32% in Peninsular Malaysia, mainly in the central and southern parts of the Peninsular. The Group's plantation produce are principally processed by its own 12 palm oil mills with an annual milling capacity of approximately 3,900,000 tonnes of fresh fruit bunches ("FFB").

The Group's plantation business strong growth in a short span of 24 years since 1983 was achieved not just through acquisitions whenever opportunities arises, but also because of its distinctive plantation management practices that emphasise greatly on continuous improvement in yields and in cost efficiencies which enable us to be one of the most cost effective producers in the industry. Our achievement on productivity is the result of years of concerted effort and commitment to good plantation management practices.

Our quality commitment approach in the plantation sector 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 fresh fruit bunches yields, the oil and kernel extraction rates and carrying out research involving tissue culture to cultivate seedlings with superior traits. We believe that this helps ensure the high yield of our palm oil and helps ensure optimum sustainability of our oil palm business.

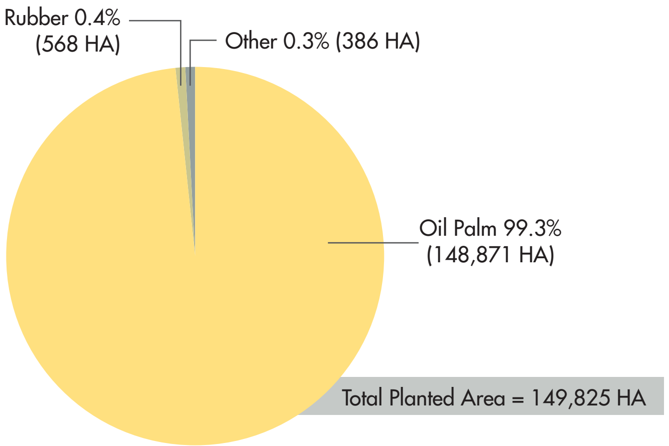
The yield from oil palm plantation also depends on other factors such as soil and climatic conditions, the quality of plantation management, and harvesting and processing of the fresh palm fruit bunches at the optimum time. In this respect, hands-on management, proactive attitude and attention to detail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

GROUP BUSINESS REVIEW

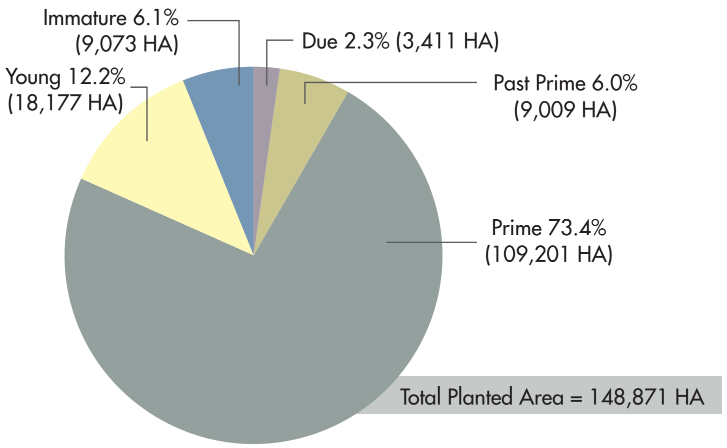
PLANTATION STATISTICS

	2007	2006	2005	2004	2003
CROP STATEMENT					
Oil Palm					
Mature area harvested (hectare)	**138,282**	136,455	132,679	122,401	95,450
FFB production (tonne)	**3,694,535**	3,674,483	3,657,776	2,927,194	2,396,231
Yield per mature hectare (tonne)	**26.72**	26.93	27.57	23.91	25.10
Mill production (tonne)					
Crude palm oil	**793,452**	805,627	815,790	677,319	597,515
Palm kernel	**185,418**	188,235	192,446	157,243	143,307
Oil extraction rate (%)					
Crude palm oil	**21.33**	21.38	21.59	21.54	21.82
Palm kernel	**4.98**	5.00	5.09	5.00	5.23
Average selling price (RM/tonne)					
Crude palm oil	**1,759**	1,386	1,453	1,575	1,461
Palm kernel	**958**	928	1,005	794	711
Operating profit (RM/mature hectare)	**6,728**	4,560	5,783	5,300	5,576
Rubber					
Mature area tapped (hectare)	**568**	619	1,054	1,249	1,605
Rubber production ('000 kg)	**1,723**	1,234	1,730	2,329	3,615
Yield per mature hectare (kg)	**3,034**	1,993	1,641	1,865	2,252
Average selling price (RM/kg)	**3.24**	5.23	4.88	5.27	4.15
Operating profit (RM/mature hectare)	**10,144**	7,583	4,356	4,380	3,850

Crop Mix



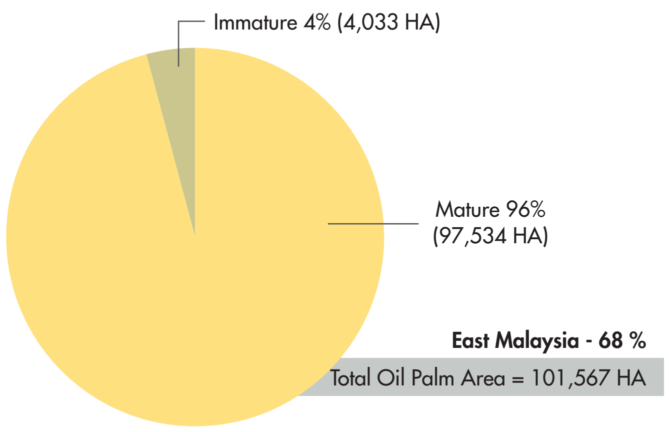
Oil palm Hectarage... By Age

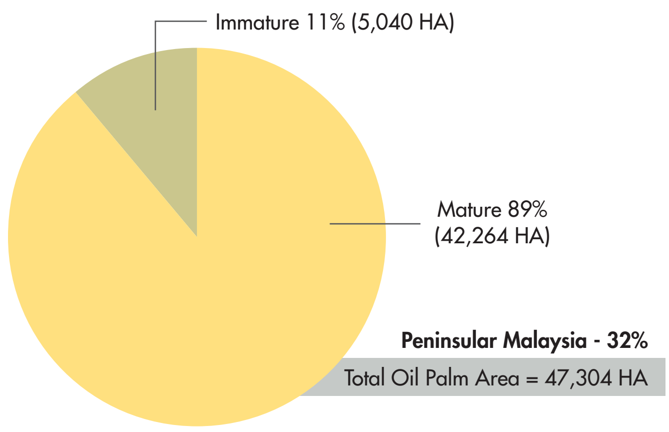


PLANTATION STATISTICS cont'd

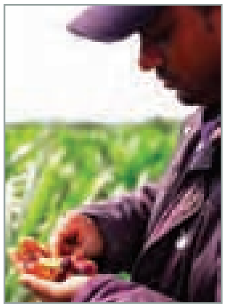
	2007	2006	2005	2004	2003
AREA STATEMENT (In Hectares)					
Oil Palm					
Mature	**139,798**	135,860	135,291	131,333	107,108
Immature	**9,073**	8,195	8,405	13,727	17,095
	148,871	144,055	143,696	145,060	124,203
Rubber					
Mature	**568**	568	1,035	1,172	1,397
Other	**386**	403	433	495	590
Total planted area	**149,825**	145,026	145,164	146,727	126,190
Nursery	**98**	75	76	67	142
Estate under development	**1,650**	-	682	461	805
Housing project	**1,202**	1,201	1,150	1,158	1,162
Labour lines, buildings sites and infrastructure	**16,675**	12,347	11,442	10,089	8,034
Total area	**169,450**	158,649	158,514	158,502	136,333

Oil palm Hectarage... By Region





GROUP BUSINESS REVIEW

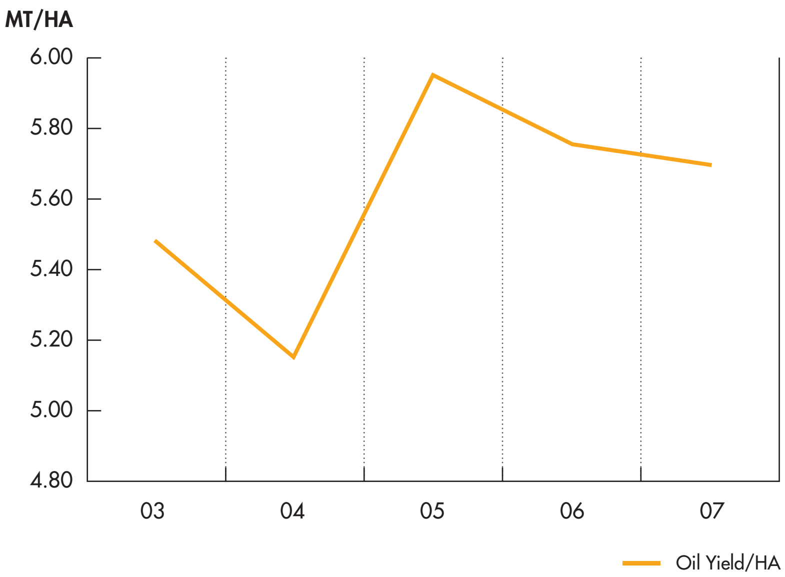


OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.69 million MT of FFB, almost the same level as the previous year.

The average FFB yield per hectare for FY2007 was slightly lower compared to previous financial year. Yields were somewhat affected by unfavourable weather and lingering effect of the cyclical "biological tree-stress" suffered last year. With the lower FFB yield for FY2007 at 26.72 MT (FY2006 - 26.93 MT) per mature hectare and coupled with a slightly lower oil extraction rate of 21.33% (FY2006 - 21.38%) the average CPO yield declined to 5.70 MT per mature hectare as compared to a yield of 5.76 MT per mature hectare for FY2006. Nevertheless, the CPO yield achieved by our Group is still approximately 50% higher than the national average of 3.8-4.0 MT per mature hectare. The Group's CPO yield trend for the last 5 years are as follows:

Oil Yield Per Mature Hectare



The best performing estate which is Moynod Estate, achieved a yield of 7.82 MT of CPO per hectare for FY2007.

OPERATIONS REVIEW cont'd

In line with the marginal decrease in Group CPO yield, the number of estates that managed to achieve oil yields of more than 6 MT per mature hectare has decreased marginally from 38 estates in FY2006 to 37 estates for the financial year under review, the reasons were as explained in the foregoing paragraph. The trend over the last five years are as follows:

Estates that achieved >6 MT of CPO per hectare

FY2007	37 estates	69,407 hectares
FY2006	38 estates	72,436 hectares
FY2005	41 estates	73,859 hectares
FY2004	12 estates	22,410 hectares
FY2003	16 estates	32,089 hectares

Roll of Honour

Estates that achieved >7 MT of CPO per hectare

The following estates achieved more than 7 MT of CPO per hectare in FY2007.

	CPO MT/HA
Moynod	7.82
Luangmanis	7.70
Sg. Sapi	7.56
Syarimo 3	7.50
Mayvin 1	7.35
Laukin Estate	7.35
Sakilan Estate	7.31
Syarimo 1	7.29
Terusan Baru	7.27
Syarimo 6	7.25
Syarimo 2	7.21
Mayvin 2	7.15
Jasin Lalang	7.13
Meliau	7.07
Tangkulap	7.00

GROUP BUSINESS REVIEW

OPERATIONS REVIEW cont'd

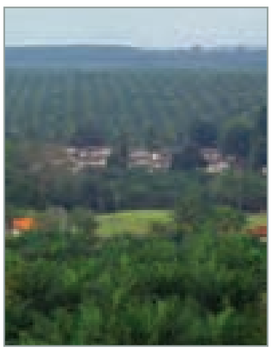
For FY2007, the Group's plantation business, recorded an operating profit of RM926.9 million, an increase of 46% over FY2006's RM636.3 million. Main driver for increase in profitability was the hike in CPO prices which more than offset higher sales tax and the cooking oil cess introduced on 1 June 2007.

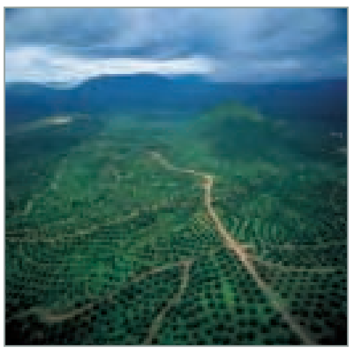
The cess and tax for the year are as follows:

	FY2007 RM'000	FY2006 RM'000
MPOB cess	**11,901**	12,085
Rubber	**-**	125
Cooking oil cess	**6,244**	-
	18,145	12,210
Sabah sales tax	**80,704**	61,132
	98,849	73,342

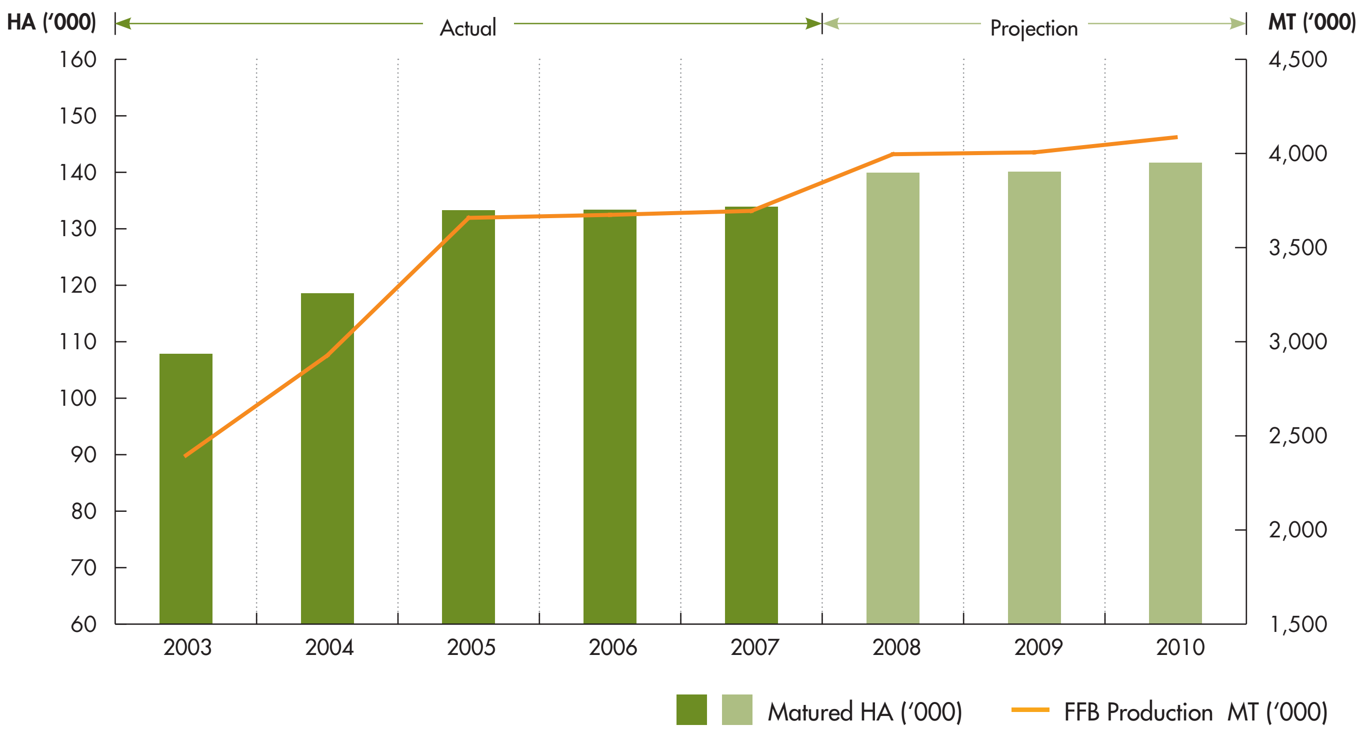
Operating profit per mature hectare for oil palm increased by 48% to RM6,728 per hectare for the financial year under review as compared to RM4,560 per hectare for the previous financial year.

For capital expenditure, the Division spent a total of RM62.1 million in FY2007 as compared to RM59.3 million in FY2006. The capital expenditure is primarily incurred on new planting, staff quarters, road and bridges, agricultural equipment as well as the upgrade and expansion of milling capacity. As for replanting expenditure, RM18.6 million was charged out in the financial year just ended compared to RM12.4 million for the previous financial year.





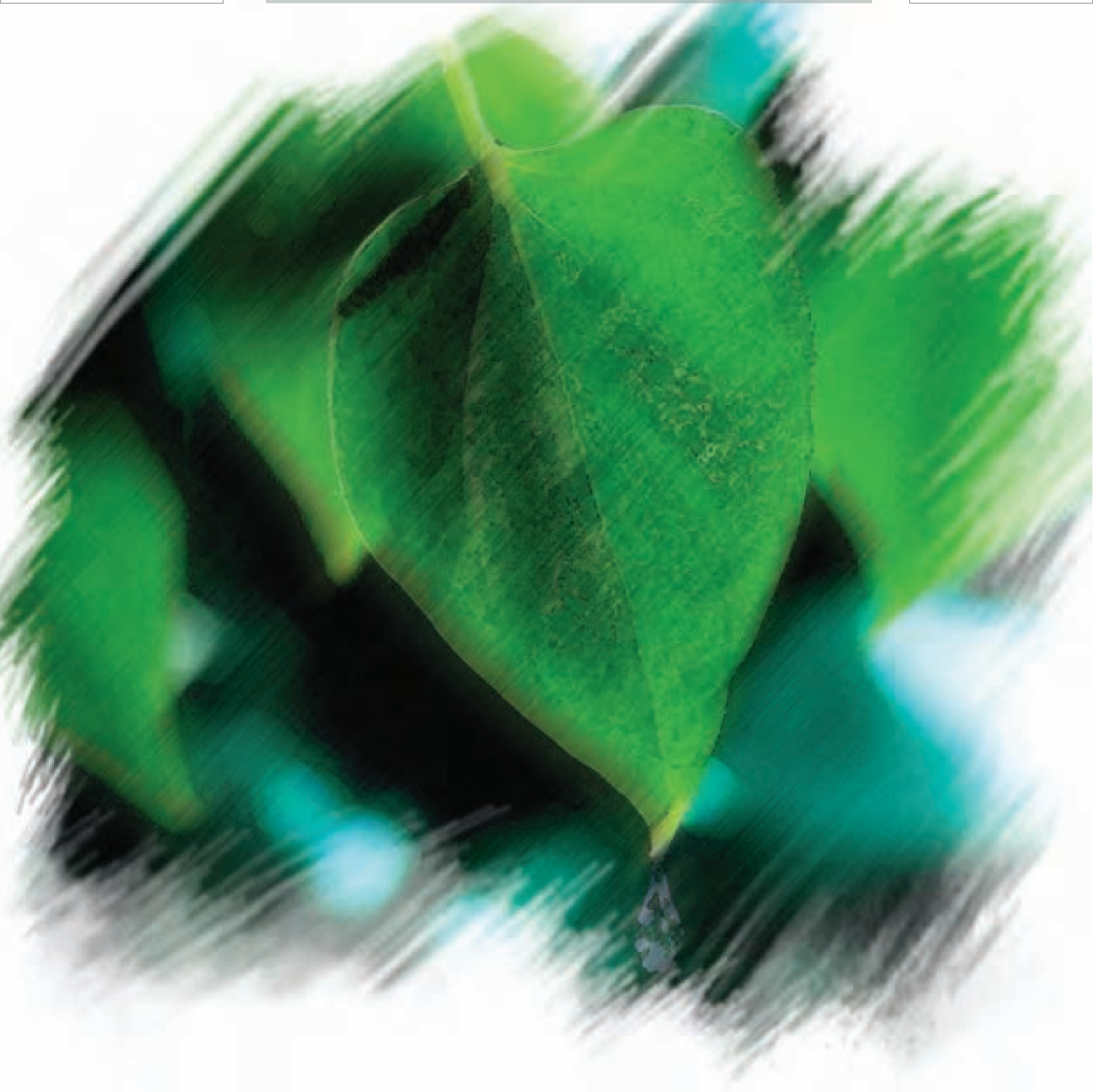
Mature Oil Palm Area/FFB Production



OUTLOOK & PROSPECTS

On the price front, it is a given that prices for FY2008 will average significantly higher than FY2007; in our view at least 30% higher, in view of bullish fundamentals. Current spot month of September 2007, CIF Europe prices for rapeoil, soyoil and sunflower oil are all above USD1,000 PMT whilst crude oil is above USD80 per barrel. It is therefore likely that palm oil price will move to another record high again to close the price gap if the other oil prices stay at these high levels. There should therefore be a substantial jump in earnings level for FY2008, in line with the price increase.

Corporate Social Responsibility



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

Guiding Principle - Ensuring A Sustainable Business

The IOI Group's Corporate Social Responsibility (CSR) principle is encoded in our "Vision IOI" whereby the emphasis is on achieving commercial success in a balanced, responsible manner by addressing the interests of all stakeholders.

Key Initiatives

This simple guiding principle ensures that CSR, as we see it, is part and parcel of how we do business. The key initiatives currently undertaken by the Group are:-

- Enhancing sustainability and adherence to RSPO principles and criteria for our palm oil business.
- Promoting conservation, particularly of energy and other resources, with specific projects being undertaken.
- Improving on environmental care in our business operations, with current projects on improvements to effluence treatment and waste management.
- Enhancing employee health and safety at work places and overall welfare.
- Building and sponsoring of schools and other educational facilities in the communities in which our business operates as well as providing direct support to the educational needs of children, especially in the estates.
- Enhancing the environment in our township and helping to foster better community care and goodwill.

GROUP BUSINESS REVIEW

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT cont’d

Report On Current Key Initiatives

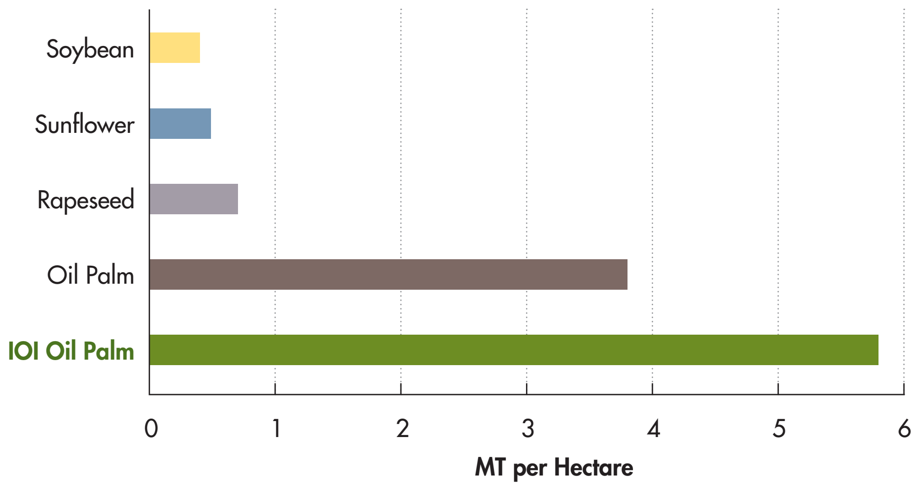
IOI’s focus on operational excellence also applies to our vision for environmental and social responsibility as well as our commitment to the development of programs leading to the production of sustainable palm oil.

Our belief is that the most efficient business model can also be a very effective environmental model. Maximising outputs from our plantations and factories while minimising the inputs required means that we are working with a model that is good for business and good for the environment.

When compared to other major vegetable oil crops, oil palm is recognised as the most productive crop in yield per hectare in the world. Through an efficient and effective plantation management program IOI’s yields per hectare of palm oil are more than 50% greater than the average yields for palm oil among all producers!

This efficient use of land translates into lower fertiliser, pesticide and energy usage which in turn delivers significant benefits to the environment. It also means that there is a dramatically reduced demand for the land required to produce the volumes necessary to satisfy the markets. This reduces the pressure on a precious resource, the beautiful rainforests. To put this efficiency into more descriptive terms, IOI’s yield performance vs. the average yield for a Malaysian plantation has resulted in a reduced demand for land by an astonishing 70,000 hectares. This is a land mass area equivalent to the Republic of Singapore.

Global Vegetable Oil Yields



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT cont'd

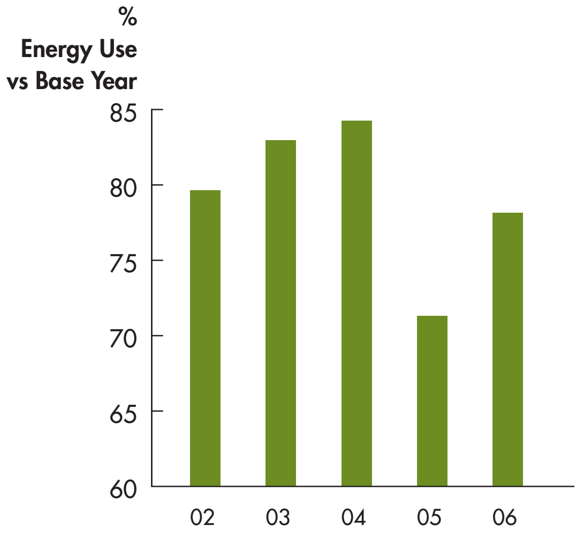
Report On Current Key Initiatives cont'd

IOI's efforts to reduce inputs needed for the production of palm oil does not stop with yield efficiency. Our practice of returning empty fruit bunches and palm fronds to the land reduces the need for fertiliser by 40 - 50% and provides compost that enriches the soil naturally. This practice also assists in soil conservation further by reducing the erosion caused by rain. We also make extensive use of kernel shells and fibre to provide renewable energy to produce the steam needed to extract the palm oil from the fruit. Nearly 98% percent of our fuel consumption for steam generation at our mills now comes from these renewable resources.

IOI is also a downstream added value producer of palm products for the food industry. We employ our passion for efficiency and reduction of inputs to our refineries across the world. Examples of just some of our successful efforts to reduce consumption of scarce resources may be found in our specialty oils refinery in Wormerveer, The Netherlands and our specialty/bulk oils refinery in Channahon, USA.

As a part of a national initiative to reduce energy consumption in the Netherlands, each company was asked to chart consumption and monitor actions for improvement beginning in 1998. IOI's factory in Wormerveer has reduced energy consumption per ton of product produced by 22% since we embarked on this program.

Energy Efficiency Improvement



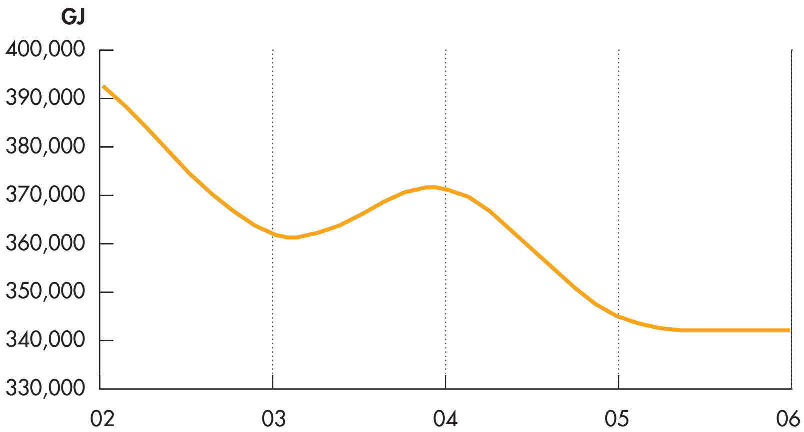
This effort to reduce energy consumption per metric ton has resulted in an energy savings of 150,000 GJ of energy in 2006 compared to the base year which is equivalent to 4.4 million litres of gasoline! The savings in costs are obvious but even more impressive are the elimination of more than 8,600 metric tons of CO_2 emissions last year alone through this initiative.

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT cont'd

Report On Current Key Initiatives cont'd

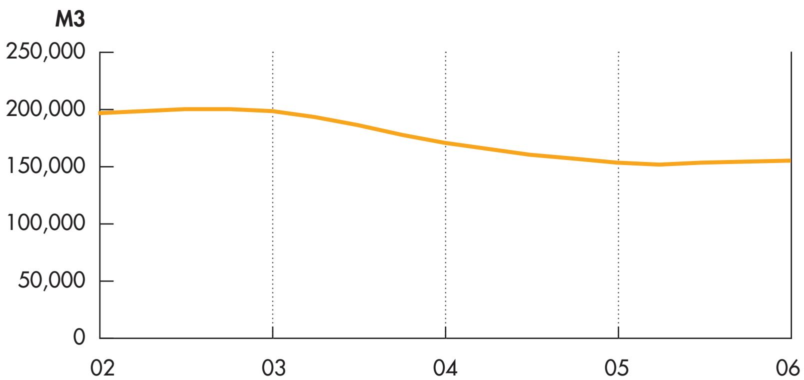
The chart below reveals additional detail on our energy reduction performance in Wormerveer over the past 5 years.

Energy Consumption 5 year Trend



This factory has also focused on the reduction of use of another important but often forgotten scarce resource, water. The following chart shows the results of our efforts to reduce consumption of water used during the processing of our palm products in this refinery.

Water Consumption 5 year Trend



The annual savings of water consumption in the Wormerveer factory in 2006 when compared to the 1998 base year of the program is now large enough to provide the equivalent water consumed by 250 families in the surrounding community for one year.

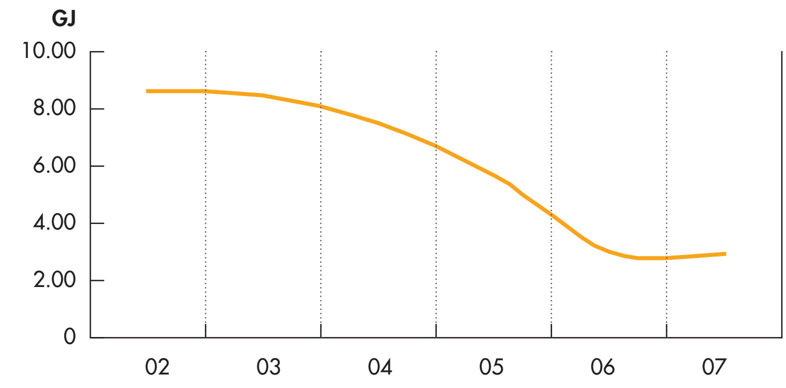
During the past 5 years our North American business has shown remarkable growth. This dramatic growth in our business was a result of the successful reintroduction of palm oil into the market and has been especially gratifying for IOI Group.

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT cont'd

Report On Current Key Initiatives cont'd

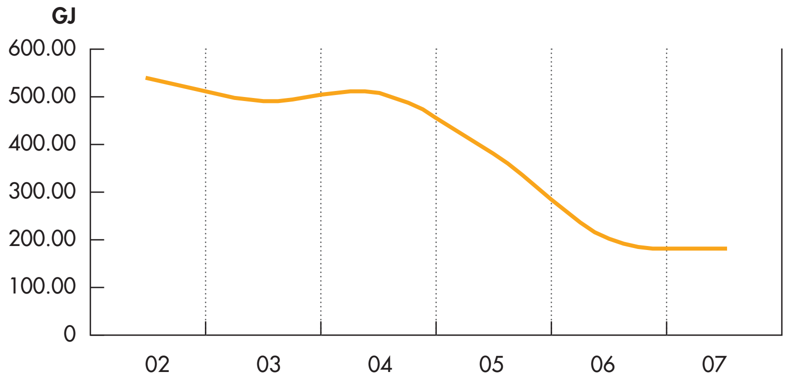
This success however did not deter us from our focus on the reduction of energy consumption during the expansion of our business. While the efforts of growing the business were in progress, IOI was also investing in energy conserving infrastructure as we expanded our factory's production capacity to meet the new demand. Managing both efforts simultaneously was not an easy task. Although a portion of the reduction of energy requirements per MT was indeed due to the expanded volumes, the following table also reflects a successful combination of investment in energy saving devices and the IOI attention to detail in our Channahon USA facility:

Natural Gas Consumption GJ per Metric Tonne



Electrical energy is a costly energy source in the USA supplied largely by coal fired power plants. The importance of conserving this input is therefore important to both the bottom line and the environment. The results depicted in the following graph reflect a combination of our volume expansion as well as our efforts and investments to reduce consumption of electricity.

Electricity KWH per Metric Tonne



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT cont'd

Report On Current Key Initiatives cont'd

At the Oleochemical plant in Penang, Malaysia, the waste water treatment plants were upgraded during the year to ensure discharge are well below stipulated limits. Conversion to yeast technology instead of the conventional primary chemical treatment process also means there is no chemical schedule waste generation whilst the sludge from this plant is fully bio-degradable and can be re-cycled as organic fertilser.

Also, an on-going energy saving project to improve efficiency of the electrical motors used in the production facilities are yielding an average of 10-14% savings to-date.

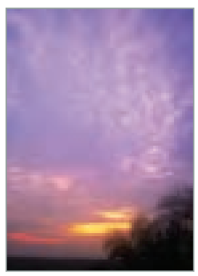
Some of these initiatives have contributed towards IOI Oleo winning 4 silver awards in the CICM (Chemical Industries Council of Malaysia) Responsible Care Awards 2006 in the category of distribution, pollution preventions, process safety and employee health & safety.

Despite some of these successes, we recognise that there still remain facilities in some operating units, especially the newly acquired ones, that need to be upgraded and which is being attended to.

IOI's focus on sustainable improvement does not only include the environment. It also includes considerable efforts toward improving the lives of those that work in and around our 80 estates. One example of our efforts in the area of education was highlighted recently by Borneo Child Aid Society (Humana). Humana is a non governmental organisation that is focused on providing education in Borneo to the children of visiting workers on plantations. Humana has thus far developed 60 schools to provide primary education to children. IOI was acknowledged as the leader in the success of this program having supported the development of 20 of the education centers in and around our estates. We are very proud of this important contribution to development of our future generation.

We have always regard education as a key to a successful future and hence focus on trying to make a difference here. We encourage learning among children and young people by offering incentives for academic achievement as well as scholarships for higher education. Special IOI training events that we hold for local smallholders encourage them to share experiences of good agricultural practices that can end up benefiting the entire community. By improving the structural, educational and spiritual circumstances of the local people, we help to ensure that our business enhances the quality of their daily lives and future prospects as well as their income.

We continue to look for new and effective ways in which to improve the sustainable performance of our business. Social and environmental responsibility are very important, but they must go hand in hand with the efficient and successful production of palm oil to make for profitable, sustainable business.



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT cont'd

Report On Current Key Initiatives cont'd

IOI's commitment to sustainable development is also reflected in our work with the Roundtable on Sustainable Palm Oil (RSPO). The RSPO is a coalition of industry, non governmental organisations, financial institutions, retailers and consumer product companies that have come together during the organisation's short 4 year history to develop a structured way forward for the production and use of sustainable palm oil. IOI is a founding member of the RSPO and is an active contributor though our current position on the executive board. We are firmly committed to the success of this important organisation. The following are the RSPO Principles for sustainable palm oil development:

Roundtable on Sustainable Palm Oil Principles

1. Commitment to Transparency.
2. Compliance with applicable laws and regulations.
3. Commitment to long term economic and financial viability.
4. Use of appropriate best practices by millers and growers.
5. Environmental responsibility and conservation of natural resources and biodiversity.
6. Responsible consideration of employees and individuals and communities affected by growers and mills.
7. Responsible development of new plantings.
8. Commitment to continuous improvement in key areas of activity.

The RSPO is expected to implement its certification program beginning in 2008. The certification program is extremely rigorous with 39 criteria supporting the 8 principles covering a wide range of environmental and social issues. Issues addressed include insuring the respect of workers and community rights, biodiversity, land development guidelines and sustainable economic development, just to name a few. This program requires the certification of every mill in a members operation. With 12 mills in operation this will be a significant effort for IOI. However, this is an initiative that we believe in and are committed to and will pursue certification with all necessary effort. In fact, compliance to these RSPO principles have been highlighted in a new company policy for plantation practices at IOI.

Looking towards the future, although we have significant accomplishments to date we also clearly recognise that we can always do better. We will remain committed to continuously improving our performance with respect to environmental and social practices. This is in fact also a guiding principle of the RSPO. We will also continue with our very active and leadership role within the RSPO and as our business grows we will strive to employ these best practices in any new holdings. Our focus will remain on leadership in the most efficient use of agricultural land and the careful use of other resources needed for a successful palm oil business. We also take our responsibility as an industry leader seriously and will encourage others in our industry to promote sustainable practices as a matter of course. Our belief is that a successful and sustainable economic future is inseparably linked to sustainable practices in the production of palm oil.

Manufacturing

INTRODUCTION

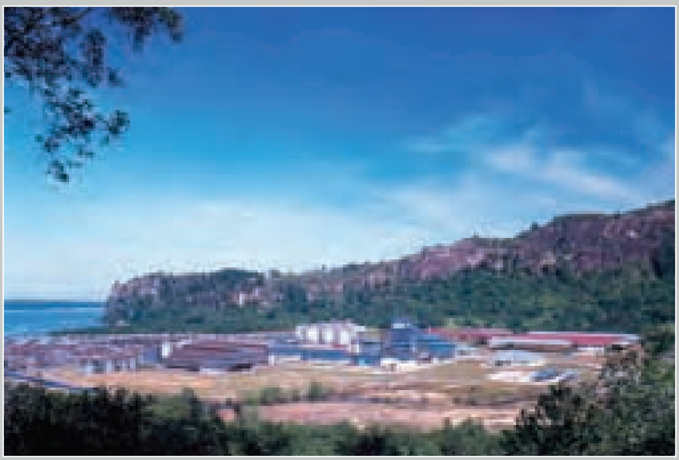
The Group's resource-based manufacturing business is essentially the other segment of our palm oil business that follows after plantation segment and comprises mainly manufacturing and related activities ranging from basic processing such as refining, to downstream processing of palm oil into oleochemicals and specialty oils and fats. Crude palm oil and palm kernel oil are processed into products or fractions that are used in various industries including personal care, households, food, pharmaceutical, cosmetics and chemical industries.

REFINING

As at 30 June 2007, the Group has four refineries with total refining capacity of 3,200,000 MT, i.e. one in Sabah with a refining capacity of 1,200,000 MT and kernel crushing capacity of 300,000 MT per annum, the second refinery in Johor, with an annual refining capacity of 300,000 MT and the third refinery is a newly constructed refinery located in Rotterdam, Netherlands, with a refining capacity of approximately 700,000 MT per annum. The fourth refinery is through the acquisition of Pan-Century Group during the financial year, with a refining capacity of approximately 1 million MT per annum situated in Johor.

The Rotterdam refinery, which started in Oct 2005 provides Loders Croklaan Europe with fresh palm oil for its downstream operations, and also enables the Group to channel its crude palm oil to the European market, for value added sales, utilising Loders Croklaan's established distribution network and market standing.

As for the three Malaysian based refineries, they cover the rapidly growing Asian market as well as occasional shipments to support the needs of Loders Coklaan, USA.



GROUP BUSINESS REVIEW

OLEOCHEMICALS

The oleochemicals manufacturing activities are undertaken through our 100% owned subsidiary, IOI Oleochemical Industries Berhad ("IOI Oleo") as well as newly acquired wholly owned subsidiaries, Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd, better known as Pan-Century Group. With the acquisition, IOI now emerged as one of the world's largest oleochemical producer.

IOI Oleo

IOI Oleo's principal products include fatty acids, glycerine, soap noodles, and metallic stearates. With an annual production capacity of 360,000 MT, IOI Oleo is one of the largest vegetable-based fatty acid producer in Asia. Its products are used in a wide variety of applications, including manufacturing of detergents, surfactants, shampoo, soaps, cosmetics, pharmaceutical products, food additives and plastics. These products are exported to more than 60 countries worldwide, particularly to Europe, Japan and China. IOI Oleo's customers include some of the world's largest multi-national corporations. IOI Oleo is also a 30% joint-venture partner with Kao Corporation of Japan for the production of fatty alcohol. The fatty alcohol plant, which has an annual capacity of about 170,000 MT per annum, is sited next to IOI Oleo's 50 acre production complex.

A significant portion of IOI Oleo's production is sold to customers under long term supply contracts. To better serve its wide geographical distribution of customers, IOI Oleo has a network of distributors and agents in various countries, including countries in Europe, Asia and Australia as well as storage facilities in Europe, and the United States.

Through IOI Oleo's subsidiaries, namely Acidchem, Derichem and Stabilchem, the Group has achieved highly renowned certifications on various areas. Among others, are ISO 9001 certification on quality of products, ISO14001 certification on environmental management system, OHSAS 18001 certification on occupational health and safety management system, as well as Hazard Analysis Critical Control Point/Good Manufacturing Practices (HACCP/GMP) certification on food safety. These certifications reinforce the Group's commitment to quality, environmental protection, occupational health and safety in line with best practices.

OLEOCHEMICALS cont'd

Pan-Century Group

Pan-Century Group operates one of the world's largest single-location vertically integrated palm oil refinery and oleochemical complexes. With an annual splitting capacity of approximately 350,000 MT for its fatty acids and 110,000 MT of soap noodles, the products it produces are closely similar to IOI Oleo products and the customer base is also global base.

With its highly integrated production facilities and its given size, economies of scale can be achieved in greater scale, thus giving the group a strategic cost advantage.

Pan-Century Group has a successful track record with numerous awards and recognitions at national and international levels which includes business and quality excellence and energy environment and safety. Apart from the awards achieved, Pan-Century Group is accredited with certifications on various areas like ISO 9002, ISO 14001, HACCP and KOSHER.

SPECIALTY OILS AND FATS MANUFACTURING

The specialty oils and fats business of the Group is carried out by Loders Croklaan which has manufacturing operations in the Netherlands, the United States, Malaysia, Egypt and Canada, and sales offices in eight other countries with sales to more than 60 countries worldwide. It has one of the most developed specialty oils and fats technology base in the industry and has a corporate history tracing back to 1891, and is a global market leader in its field.

At Loders Croklaan, we place great emphasis on the importance of constant quality control that is carried out to the same consistently high standards at every step of the supply chain. Quality checks are continuously carried out according to rigorous international guidelines. Standards such as GMP, HACCP, ISO 9001 and ISO 14001 are carefully followed and implemented all along the way. Also, the highest standards apply to serve the needs of Kashruth and Islamic laws.

SPECIALTY OILS AND FATS MANUFACTURING cont'd

On the operating structure, Loders Croklaan is organised into two main divisions, namely the snack ingredients and lipid nutrition and a small division called special products division that deal with food and animal feed ingredients such as collagen, soya isolates, concentrates, feed enzymes and colors. A brief summary of the two main divisions are as follows:

Snack Ingredients

The snack ingredients division is the principal business of Loders Croklaan, supplying fractionated oils, mainly coating fats, filling fats or high stability oils to the processed food industry globally, principally for confectionery and bakery application. Currently, Loders Croklaan's most important market is North Western 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, cocoa butter replacers and cocoa butter substitutes. Loders Croklaan's other markets include Eastern Europe, the United States, Canada, Central and Latin America, Egypt, the Middle East countries, China, Japan, Korea, India and South East Asia. Loders Croklaan Asia, provides the much needed competitive cost base, for entry into the rapidly expanding Asian specialty fats market.

Since becoming a member of the IOI Group, Loders Croklaan has gradually moved away from non-palms products to focus on palm-based materials to leverage on the Group's palm oil supply chain. Wormerveer site of Loders Croklaan has moved away completely from soy-based materials to concentrate fully on palm related products. As for the US operations, the advent of the trans fatty acid issue provided an excellent opportunity for the Group's palm-based operations to penetrate the US market and leverages on its technical expertise on palm attributes to introduce palm-based solution into the non-trans fatty acid applications market in USA.

SPECIALTY OILS AND FATS MANUFACTURING cont'd

Lipid Nutrition

Lipid Nutrition is the other business unit of Loders Croklaan, which was started in 1999. This business was developed from the lipid technology of the snack ingredients division, by utilising Loders Croklaan's understanding of the functionality and the nutritional properties of components to build a new business to diversify its product range and earning base. Loders Croklaan manufactures and sells active ingredients for use in the supplements, such as pills and capsules, focusing on three key areas namely conjugated linoleic acid marketed under the brandname "Clarinol", Omega-3 fatty acids marketed under the name "Marinol" and gamma linoleic acid which is marketed under the name "Gammonal". In addition, Loders Croklaan also produces infant formulae products marketed under the name Betapol and lecithins as an ingredient in margarines and spreads. Competitors vary depending on the product segment and come from a range of sectors including chemical, pharmaceutical, food ingredient, oil processing and specialty ingredients.

OPERATIONS REVIEW

The oleochemicals sub-segment, the business, contributed a total of RM128.4 million to Group operating profit for FY2007, a 67% increase over last financial year results of RM76.7 million. This was achieved through volume growth as well as improvement in margins. Newly acquired Pan-Century Group contributed to the 4th quarter.

The refinery and specialty fats combined EBIT contributions increased from RM51.6 million in FY2006 to RM277.0 million in FY2007. The refinery and specialty fats business contributed higher profits in FY2007 because of higher margins as well as volume growth, benefiting from increased demand for food processing needs, non "trans fats" applications and higher CBE/CBS demand.

On the whole, the downstream businesses have benefited from an efficient supply chain management, superior price risk management and the value of traceability that we can offer to customers.

OUTLOOK & PROSPECTS

The downstream operation is expected to enjoy another good year, with volume growth emanating from increased demand and the benefit of a full year contribution from newly acquired Pan-Century Group, whilst margins should remain fairly stable despite higher feed stock prices.

Properties

INTRODUCTION

The Group's property businesses are principally carried out by the Company's 71% owned listed property arm, IOI Properties Berhad. The main stream of the property business is the development activities that contributed approximately 91% of the overall property business's operating profit (excluding a fair value gain on investment properties in FY2007). Besides, the Group is also involved in property investment and most of the investment properties held by the Group are mainly in respect of retail complexes and office buildings developed as part of our township development.

Over the years, the Group has been reputed as a successful township developer with our mainstay being the Puchong growth corridor and southern Johor. As at 30 June 2007, our main property development projects and the status of their development are as follows:

PROJECT	Year of Development Commencement	Original Land Size (Hectares)	Status	Estimated Gross Development Value
Bandar Puchong Jaya	1990	374	Approaching Completion	RM3 billion
Bandar Puteri Puchong	2000	374	On-going	RM4 billion
IOI Resort	1995	37	On-going	RM0.5 billion
Bandar Putra Kulai	1995	2,299	On-going	RM8 billion
Taman Lagenda Putra, Kulai	2006	91	On-going	RM0.5 billion
Dengkil Land	–	217	Expected launching in FY2008/9	RM2 billion

GROUP BUSINESS REVIEW

INTRODUCTION cont'd

The table below sets forth certain information with respect to the performance of our property development business:

	FINANCIAL YEAR				
	2007	**2006**	**2005**	**2004**	**2003**
Units of property sold	**1,373**	1,266	1,588	2,880	1,963
Total sales (RM'000)	**636,945**	533,124	493,378	669,426	428,897
Revenue (RM'000)	**706,858**	623,778	587,848	685,189	509,857
EBIT (RM'000)	**397,171**	331,350	295,249	315,487	241,907
EBIT margin (%)	**56.19**	53.12	50.23	46.04	47.45

OPERATIONS REVIEW

The Malaysian housing market continued to be affected by higher stock overhang in secondary locations in 2006 and this has inevitably lead to slower take-up rates for new launches. With ample options to choose from, buyers were generally not in a hurry to buy, resulting in an increasing trend of houses being sold only when they are in advanced stage of construction, rather than "off plans". However, whilst this was the prevailing trend for the broad base market, the upper tier property market was enjoying a completely different demand scenario.

The global surplus in liquidity and the formation of REITS helped ignite sharp price increases in commercial and retail properties as well as prime residential properties for the rich and super rich in major global cities such as Singapore and this has a spill over effect, albeit relatively on a smaller scale, in the Klang Valley.

Capitalising on this trend firstly, we continue to focus on commercial / retail spaces for sale in our twin townships, Bandar Puteri and Bandar Puchong Jaya, in Puchong, by offering products such as shop offices. These products were very well received as Puchong is clearly establishing as a very vibrant hub of commercial activities for the sizeable and rapidly growing population catchment.

Secondly, in terms of land-banking, we are supplementing our township development by venturing into niche development of luxury homes in prime locations; hence the reason for 50:50 joint venture with Ho Bee Investment Ltd. for the Sentosa Cove condominium project in Singapore and for the planned development of a condominium project in Jalan Ampang, Kuala Lumpur.

For the financial year under review, the Group sold a total of 1,373 units of properties for a total sales value of RM636.9 million against the previous year's 1,266 units at a total sales value of RM533.1 million.

OPERATIONS REVIEW cont'd

Property sales for the various projects are summarised as follows:

	Units		Sales Value (RM million)	
Projects	**FY2007**	**FY2006**	**FY2007**	**FY2006**
Bandar Puchong Jaya	**76**	20	**49.2**	18.7
Bandar Puteri, Puchong	**589**	682	**463.7**	414.6
Bandar Putra, Kulai	**486**	410	**75.6**	75.2
Taman Lagenda, Putra Johor	**39**	22	**8.5**	7.8
Others	**183**	132	**39.9**	16.8
Total	**1,373**	1,266	**636.9**	533.1

The Group sold a wide range of products during the financial year, with higher sales mix recorded for unit prices above RM350,000, which made up of 77% of total sales value for FY2007 (FY2006 - 82%). As a result, the average price per unit has increased by 10% from RM421,000 to RM464,000.

The property sales mix by price range are as follows:

	FY2007		FY2006	
Projects	**RM million**	**%**	**RM million**	**%**
Below RM100,000	**9.3**	**2**	2.8	1
RM100,001 to RM150,000	**32.1**	**5**	42.8	8
RM150,001 to RM250,000	**54.5**	**9**	36.5	7
RM250,001 to RM350,000	**44.0**	**7**	12.3	2
RM350,001 to RM500,000	**111.6**	**17**	160.6	30
Above RM500,001	**385.4**	**60**	278.1	52
Total	**636.9**	**100**	533.1	100

The Group's property investment portfolio comprises mainly of retail and office space totalling approximately 1.6 million sq ft of net lettable space (FY2006 - 1.6 million sq ft), of which about 100,000 sq ft is located in Singapore.

The overall occupancy and rental rate for our investment properties, especially the retail complexes, have also improved during the financial year. The higher occupancy and rental rates have increased the property investment's contribution to Group EBIT by 10%, from RM37.0 million for the previous financial year to RM40.5 million after excluding a fair value gain of RM160.7 million as a result of restating the investment properties at fair value as required by Financial Reporting Standard, FRS 140.

GROUP BUSINESS REVIEW

OPERATIONS REVIEW cont'd

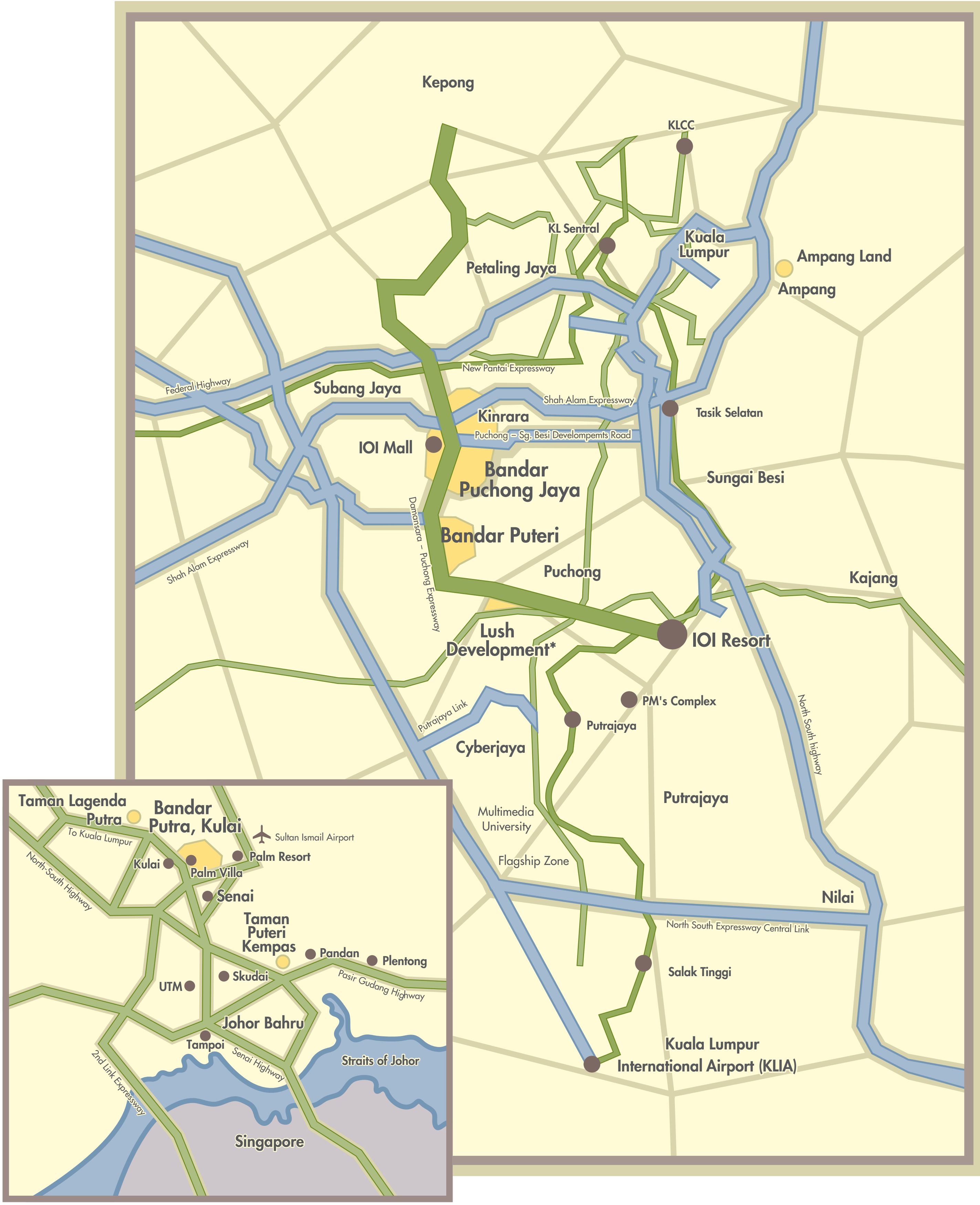
The combined operating profit of the property development and investment activities, inclusive of the fair value gain on investment properties of RM160.7 million, totalled RM598.4 million for FY2007, against RM368.3 million for the previous financial year.

OUTLOOK & PROSPECTS

In line with the positive outlook in the Malaysian Economy and the Government's initiative to enhance the robustness of the property market by introducing favourable policies, such as the removal of RPGT, 50% stamp duty rebate for transactions of low and medium cost properties, withdrawal from EPF for monthly housing loans repayment, the broad base housing market is expected to reflate whilst the higher end market remains buoyant. We are in a good position to capitalise on these positive developments.

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
KLCC
KL Sentral
Kuala Lumpur
Ampang Land
Ampang
Petaling Jaya
New Pantai Expressway
Federal Highway
Subang Jaya
Shah Alam Expressway
Kinrara
Tasik Selatan
Puchong – Sg. Besi Developemts Road
IOI Mall
Bandar Puchong Jaya
Sungai Besi
Damansara – Puchong Expressway
Bandar Puteri
Shah Alam Expressway
Puchong
Kajang
Lush Development*
IOI Resort
PM's Complex
Putrajaya Link
Putrajaya
Cyberjaya
North South highway
Putrajaya
Multimedia University
Flagship Zone
Nilai
North South Expressway Central Link
Salak Tinggi
Kuala Lumpur International Airport (KLIA)
Taman Lagenda Putra
Bandar Putra, Kulai
Sultan Ismail Airport
To Kuala Lumpur
North-South Highway
Kulai
Palm Villa
Palm Resort
Senai
Taman Puteri Kempas
Pandan
Plentong
Pasir Gudang Highway
UTM
Skudai
Johor Bahru
Tampoi
Senai Highway
Straits of Johor
2nd Link Expressway
Singapore

Sustainability

Education for sustainability is a lifelong learning process that leads to an informed and involved citizenry and a commitment to engage in responsible individual and co-operative actions.

The ultimate test of a moral society is the kind of world that it leaves to its children. The goal of sustainability is to enable the present generation to get what they need from the environment in such a way that future generations will be able to do so as well.

Corporate Information

BOARD OF DIRECTORS

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

DATO' LEE YEOW CHOR
DSAP
Executive Director

DATO' YEO HOW
DIMP
Executive Director

LEE CHENG LEANG
Executive Director

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

CHAN FONG ANN
Independent Non-Executive Director

DATUK KHALID B HJ HUSIN
PJN, DIMP, JMN, KMN, BJB
Independent Non-Executive Director
(Resigned on 11 April 2007)

AUDIT COMMITTEE

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

CHAN FONG ANN *

DATO' YEO HOW
DIMP
(MIA 4368)

* *Independent Non-Executive Directors*

SECRETARIES

LEE AI LENG
(LS 005809)

YAP CHON YOKE
(MAICSA 0867308)

REGISTERED OFFICE

Two IOI Square
IOI Resort
62502 Putrajaya
Tel: (03) 8947 8888
Fax: (03) 8943 2266

AUDITORS

BDO Binder
Chartered Accountants
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (03) 2616 2888
Fax: (03) 2616 3191

REGISTRAR

PFA Registration Services Sdn Bhd
1301, Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7718 6000
Fax: (03) 7722 2311

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad

WEBSITES

www.ioigroup.com
www.myioi.com
www.ioioi.com.my
www.croklaan.com

EMAIL ADDRESS

corp@ioigroup.com

Profile of Directors

TAN SRI DATO' LEE SHIN CHENG

Executive Chairman

Malaysian, age 68

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. 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, a Board Member of Universiti Putra Malaysia and the Adviser to the KL & Selangor Chinese Chamber of Commerce and Industry.

Tan Sri is a member of Remuneration Committee of the Company. He is also the Executive Chairman and Chief Executive Officer of IOI Properties Berhad.

Tan Sri is the father of Dato' Lee Yeow Chor and the brother of Lee Cheng Leang, both 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 six out of the eight Board Meetings held during the financial year ended 30 June 2007.

DATO' LEE YEOW CHOR

Executive Director

Malaysian, age 41

Dato' Lee Yeow Chor was first appointed to the Board on 25 April 1996. He is the Group Executive Director of IOI Group of companies which are involved in four core business sectors, namely oil palm plantations, oleochemical manufacturing, specialty fats and oils and lastly, property development and investment.

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 years. His last posting was as a Magistrate.

Dato' Lee also serves as a National Council Member of the Malaysian Real Estate & Housing Developers Association (REHDA), a National Executive Council Member and Chairman of Marketing and Promotion Main Committee in the Malaysian Palm Oil Association (MPOA) and a Board of Trustees member in the Malaysian Palm Oil Council (MPOC).

He is also an Executive Director of IOI Properties Berhad.

Dato' Lee Yeow Chor is the eldest son of Tan Sri Dato' Lee Shin Cheng.

Dato' Lee Yeow Chor 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.

He attended all the eight Board Meetings held during the financial year ended 30 June 2007.

DATO' YEO HOW

Executive Director
Malaysian, age 51

Dato' Yeo How was first appointed to the Board on 25 April 1996. He is a Certified Public Accountant and a member of the Malaysian Institute of Accountants. As a Group Executive Director and apart from his principal responsibilities as Chief Financial Officer, he also oversees the Group's commodity marketing and palm-based manufacturing business units. He has considerable experience in corporate finance and general management. He has been with the IOI Group for the past 24 years and, prior to joining the IOI Group in 1983, he was with a public accounting firm for 5 years. Dato' Yeo How is also a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA).

Dato' Yeo How is a member of the Audit Committee. He is also an Executive Director of IOI Properties Berhad.

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' Yeo 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.

He attended seven out of the eight Board Meetings held during the financial year ended 30 June 2007.

LEE CHENG LEANG

Executive Director
Malaysian, age 59

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.

He attended all the eight Board Meetings held during the financial year ended 30 June 2007.

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR

Independent Non-Executive Director

Malaysian, age 66

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 as the Auditor General of Malaysia (1994-2000). During his 36 years of distinguished service in the public sector, among the many appointments he also 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 Committee, a member of the Remuneration Committee and Nominating Committee of the Company. He is also the Chairman of TIME Engineering Berhad and a director of MNRB Holdings Berhad, and Malaysian Re-insurance Berhad as well as Bank Kerjasama Rakyat Malaysia Berhad, Rakyat Holdings Sdn Bhd (formerly known as Angkasa Raya Development Sdn Bhd) and Rakyat Hartanah Sdn Bhd (formerly known as Aman Properties Sdn Bhd).

He attended all the eight Board Meetings held during the financial year ended 30 June 2007.

CHAN FONG ANN

Independent Non-Executive Director
Malaysian, age 77

Chan Fong Ann was first appointed to the Board on 27 June 1985. He was a member of the Incorporated Society of Planters (1979-1995). He is a businessman with considerable experience in the plantation industry. He also hold directorships in several private companies.

Chan Fong Ann is actively involved in providing advice and guidance to associations and social organisations in Muar such as Kah Yin Thong Sheong Fui (Chairman from 1991-15 April 2007), Hakka Association, Seu Teck Sean Tong, Chong Hwa Associated Chinese School, Chinese Chamber of Commerce, Chinese Association and Chung Hwa Primary Schools.

Chan Fong Ann is also a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Company.

He attended all the eight Board Meetings held during the financial year ended 30 June 2007.

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.*

Excellence in Execution

Our commitment can only be realised through actions and results of a united team of dedicated employees who are committed to give their best. Ours is a results oriented culture which permeates across the whole organisation and which supports successful implementation of programs in every area of our operations.

Audit Committee Report

MEMBERS

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
Chairman / Independent Non-Executive Director

CHAN FONG ANN
Member / Independent Non-Executive Director

DATO' YEO HOW, CPA (M), CA (M)
Member / Executive Director

DATUK KHALID B HJ HUSIN
Member / Independent Non-Executive Director
(Resigned on 11 April 2007)

TERMS OF REFERENCE

1 Composition of Audit Committee

The Audit Committee ("the Committee") shall be appointed by the Board of Directors from amongst its members and shall consist of no fewer than three (3) members, with a majority of the Committee being Independent Non-Executive Directors and at least one member of the Committee being a member of the Malaysian Institute of Accountants.

The Committee shall elect a Chairman from amongst 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 to 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.

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 subsidiary companies' accounting and internal control systems, financial reporting and business ethics policies.

ii Provide greater emphasis on the audit function by serving as the focal point for communication amongst 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.

TERMS OF REFERENCE cont'd

3 Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have:

i Unrestricted access to any information pertaining to the Company and its subsidiary companies.
ii Direct communication channels with both the external auditors and internal auditors.
iii Full access to any employee or member of the management.

The Committee is also authorised by the Board 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 as follows:

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, their audit report.

vii To review the assistance given by employees to the external auditors.

viii To review the adequacy of the scope, functions and resources of the Internal Audit Department and that it has the necessary authority to carry out its work.

ix To review the internal audit programme and results of the internal audit programme and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.

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

TERMS OF REFERENCE cont'd

4 Duties and Responsibilities cont'd

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

The review shall focus on:

- any changes in accounting policies and practices
- major potential risks issues, if any
- significant adjustments and issues arising from the audit
- review for indication of impairment in carrying values of assets
- compliance with the applicable approved accounting standards
- compliance with stock exchange and legal requirements

xii To review any related party transaction and conflict of interest situations that may arise within the Company or the Group.

xiii To undertake any other activities as authorised by the Board.

xiv To review the allocation of options during the year under the Company's Executive Share Option Scheme ("ESOS") to ensure that this was in compliance with the allocation criteria determined by the Option Committee and in accordance with the Bye-Laws of the Company's ESOS.

5 Meetings

Number of Meetings

The Committee shall meet at least five (5) times a year or more frequently as circumstances dictate. 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. The Committee may also invite other directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

Quorum

A quorum shall consist of a majority of Independent Non-executive Directors and shall not be less than two.

TERMS OF REFERENCE cont'd

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.

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 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 of Directors 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 Corporate Governance Statement and Statement on Internal Control pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad.

ACTIVITIES cont'd

Statement on ESOS by the Committee

The Committee confirms that the allocation of options offered by the Company to eligible executives of the Group complies with the Bye-Laws of the Company's ESOS.

Number of Meetings and Details of Attendance

6 meetings were held during the financial year ended 30 June 2007. The attendance record of each member is as follows:

Audit Committee Members	Total Number of Meetings	Number of Meetings Attended
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	6	6
Chan Fong Ann	6	6
Dato' Yeo How	5	5
Datuk Khalid b Hj Husin (Resigned on 11 April 2007)	4	4

3 meetings were held subsequent to the financial year end to the date of Directors' Report and were attended by all 3 members.

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 the Corporate 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.

93 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 of Directors, 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 in place to ensure that all remedial actions had 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.

INTRODUCTION

The Board of Directors of the Company 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" framework whereby responsible and balanced commercial success is to be achieved by addressing the interests of all stakeholders. A set of core values and guiding principles guides our people 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 creation of shareholders' value as well as benefits for all other stakeholders, all of which are reflected by our performance track record over the years.

We are pleased to report that IOI was named the Best Large-Cap Corporate of the Year 2006 in the Asiamoney's Best Managed Companies Award 2006 whereby it has maintained its status since 2004 for its sound management and good corporate vision, was awarded Asia Pacific's Best Brand in the plantation category in the recent Brand Laureate 2006-2007 and also voted among the top 10 companies in Malaysia under The Wall Street Journal Asia's 200 most admired companies in 2006. Besides that, IOI has once again won the Finance Asia's annual Regional Best Managed Companies Award, for four (4) consecutive years and also secured third placing under the categories of "Most Committed to Corporate Governance" and has been recognised for being most committed to consistent good dividends (ninth placing) and with best investor relations (eighth placing). In addition, IOI has also been named as one of the best companies in Malaysia in terms of Corporate Governance in The Asset Magazines' Annual Corporate Governance Ranking 2007.

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 for matters specifically identified, the Board of Directors has 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, critical and material business issues and 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 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 BOARD OF DIRECTORS cont'd

Roles and Principal Duties cont'd

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 and a capable check and balance for 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 six members, of whom four are executive directors and two are independent non-executive directors. The Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that requires a minimum of 2 or 1/3 of the Board to be independent directors. A brief profile of each director is presented on pages 59 to 63 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 roles is not in compliance with best practice, but is comfortable that there is no undue risk involved as all related party transactions are strictly dealt with in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and with independent advisors/consultants to advise other Board members and shareholders.

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.

Besides, there is balance in the Board with the presence of independent directors with distinguished records and credentials to exercise independence of judgement.

Other than the two independent directors, the Board is not comprised of representative from shareholder other than a significant shareholder (i.e. Progressive Holdings Sdn Bhd) as the other major shareholders are mainly institutional funds that individually hold less than 10% shareholding in the Company.

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.

Board Meetings

The Board has at least five 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 strategy, risks issues, performance, resources and standards of conduct.

THE BOARD OF DIRECTORS cont'd

Board Meetings cont'd

Eight Board meetings were held during the financial year ended 30 June 2007. The attendance record of each Director since the last financial year is as follows:

	Total Number of Meetings	Number of Meetings Attended
Executive Directors		
Tan Sri Dato' Lee Shin Cheng	8	6
Dato' Lee Yeow Chor	8	8
Dato' Yeo How	8	7
Lee Cheng Leang	8	8
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	8	8
Chan Fong Ann	8	8
Datuk Khalid b Hj Husin *(Resigned on 11 April 2007)*	6	6

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 provide, 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 the Board is well informed of the latest market and industry trend and development.

The Board has the services of two 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 conflict of interests 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 merchant bankers, valuers, human resource consultants, etc.

THE BOARD OF DIRECTORS cont'd

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 of various appropriate conferences, seminars and briefings.

During the year, members of the Board have attended various training programmes. Besides attending, some Board members have also actively contributed by presenting papers at various conferences and training seminars.

Training Programmes, Seminars and Briefings attended by Directors

On Risk Management and Financial Reporting

- The Malaysian Institute of Certified Public Accountants ("MICPA") Business Forum
- National Accountants Conference (NAC) 2006 organised by Malaysian Institute of Accountants
- MIA Regional Conference 2006
- Seminars on various Financial Reporting Standards

On Other Areas

- CFO Summit 2006
  "CFOs in Leadership – Drivers of Future Corporations" (organised by ASLI)
- Presentation on World Economy – In the Middle of the Longest Recovery Ever
  (by Professor Norbert Walters, Chief Economist of Deutsche Bank Group)
- National Institute of Oil Seed Products (NIOP)
- 2007 Leadership Forum by Bloomberg Television
- Citigroup Asia Pacific Business Leader Summit
- Bursa Malaysia Invest Malaysia 2007
- Asia Pacific Property Conference 2007
- CEP Training Course – Key Performance Indicators as a Management Tool
- CEP Training Course – Corporate Governance and Media
- Building and Leading a High Performance Culture – Succeeding in an Increasingly Competitive World
- Palm and Lauric Oils Conference and Exhibition Price Outlook 2007/2008 by Bursa Malaysia

Appointment to the Board

The Nominating Committee of the Company comprises the independent directors. The Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nominating Committee considers the required mix of skills and experience which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement. No nominations were received during the year.

THE BOARD OF DIRECTORS cont'd

Re-election

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 of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided always that all Directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

Tan Sri Dato' Lee Shin Cheng and Dato' Lee Yeow Chor shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Remuneration

The Company's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities and is periodically benchmarked to market/industry surveys conducted by human resource consultants.

The Remuneration Committee of the Company comprises the following Directors:-

1. Tan Sri Dato' Lee Shin Cheng (Chairman)
2. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
3. Chan Fong Ann

The Committee ascertains and approves remuneration packages of executive directors in accordance with the Company's policy guidelines which set a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performances.

The remuneration package of the Executive Chairman is approved by the full Board and fees for directors are determined by the full Board with the approval from shareholders at the Annual General Meeting.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2007 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	395	5,197	14,476	272	2,987	1,610	24,937
Non-Executive Directors	170	-	-	17	-	173	360

THE BOARD OF DIRECTORS cont'd

Directors' Remuneration cont'd

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

Range of Remuneration	Number of Directors Executive	Number of Directors Non-executive
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	1
RM200,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM1,450,000	-	-
RM1,450,001 to RM1,500,000	1	-
RM1,500,001 to RM1,550,000	1	-
RM1,550,001 to RM21,550,000	-	-
RM21,550,001 to RM21,600,000	1	-

For financial year ended 30 June 2007, none of the Directors was offered share options under the Company's ESOS.

SHAREHOLDERS

Dialogue Between the Company and Investors

The Company strives to maintain an open and transparent channel of communication with its shareholders, institutional investors and the investing public at large with the objectives of providing as clear and complete a 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 to update investors, to explain its business and financial objectives and to solicit feedback from investors:
- Meeting with financial analysts and institutional fund managers;
- Participating in roadshows and investors conferences, both domestically and internationally; and
- Participating in teleconferences with investors and research 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.

SHAREHOLDERS cont'd

Dialogue Between the Company and Investors cont'd

During the financial year, the Group has participated in approximately 8 roadshows and investor conferences and had approximately 80 meetings with financial analysts and investors.

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 significantly 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, 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 Company and that accurate information are provided to the investing public at large.

The Group enjoys a relatively high level of coverage and exposure to the investment community.

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. Following discussions with the external auditors, the Directors consider that the Company 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 the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act. They have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

ACCOUNTABILITY AND AUDIT cont'd

Financial Reporting

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

In addition to 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

The information on the Group's internal control is presented in the Statement on Internal Control in the Annual Report.

Audit Committee

The Company has an Audit Committee whose composition meets the Listing Requirements of Bursa Malaysia Securities Berhad, i.e. independent directors forming the majority and a member who is a qualified accountant.

The Audit 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 Committee. However, at least once a year the Audit Committee meets with the external auditors without executive Board members present.

The Audit 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 IOI Group and the Company for the financial year ended 30 June 2007 by BDO Malaysia and its affiliated firm were RM874,000 and RM74,000 respectively.

The role of the Audit 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 Committee Report.

Statement on Internal Control

INTRODUCTION

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

The Board is pleased to present hereinafter the annual update on the Group's state of internal controls plus work done for the period under review.

ACKNOWLEDGEMENT OF RESPONSIBILITIES

The Board of Directors affirms that it is ultimately responsible for the Group's systems on internal controls - including the assurance of its adequacy and integrity, and its alignment with our business objectives. However, it should be noted that these 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.

INTERNAL CONTROLS & RISK MANAGEMENT BEST PRACTICES

We have in the past statements provided detailed description of our integrated systems of internal controls, and how these are continuously shaped through our Enterprise Risk Management ("ERM") Framework that interweaves the Group's Vision and business objectives of our global operation. We have explained the Group's oversight structure that ensures the integrity of adopted frameworks in engaging every business unit and hierarchical level to proactively embrace uncertainties and manage associated risks. We have also highlighted the Group's expanded view on "uncertainties" – that it gives rise to not only *risks and controls* but also *opportunities and strategic response*. Hence, the Group's top-down risk management program drives a continuous cycle of control activities plus timely strategic respond to opportunities and threats.

As a Group with global operations and markets, our internal controls and ERM Framework are benchmarked against global standards and best practices that seek to enhance not only the achievement of business objectives and goals but also to ensure compliance with laws and regulations in the respective countries of operation. Our widely spread operations' ability to leverage on each other's global experiences ensures our adopted standards and best practices continue to evolve to meet dynamic global challenges and risks. This financial period also marks the implementation of standardised "Internal Control Certification and Assessment Disclosure" by all divisions certified by the respective heads of business units and their respective heads of finance to the Group's Audit Committee and the Board.

WORK DONE UNDER PERIOD REVIEWED & SUCCESS STORY

For the period under review, each business unit - via its risk management committee and workgroups comprising of personnel at all levels carried out the following areas of work:

- Conducted review and update of risk profile including emerging risks, and re-rated principal risks
- Evaluated the adequacy of key processes, systems, and internal controls related to the rated principal risks, and established actionable programs and tasks to manage the aforementioned and/or eliminate performance gap
- Ensured internal audit programs covered identified principal risks. Audit findings throughout the financial period served as key feedback mechanism 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

We view risk management as a component of our commitment towards excellence in Enterprise Governance, and its success or failure should be measured in terms of its contribution towards the overall achievement of the Group's business objectives. In that regard, we are pleased to report that our Risk Management Program has contributed significantly towards the aforementioned. We highlight below major cases of managed risks at enterprise level during the period under review:

- Neutralised volatile commodity price risks, foreign exchange risks, and interest rate risks with our extensive hedge operations – which itself is closely controlled
- Tightened liquidity and credit control management on group-wide basis
- Addressed feedstock procurement and logistic support in tandem with growth in demand by our downstream resource based manufacturing beyond internal upstream's ability to supply
- Tightened quality and physical controls of commodity feedstock and value-added downstream produces moved through our global supply chain - in the face of enlarged volume throughput and all time high prices

At operational level, existing internal controls have served well against functional and transactional risks in all major business units without any significant hitches.

BOARD'S CONCLUSION

The Board is pleased to disclose that the state of the Group's Internal Control System is generally adequate, effective, and in line with global best practices. The Board is also of the opinion that the adopted ERM Framework provides an adequate systemic mechanism for continuous principal risks identification, assessment, monitoring, and control. For the financial year under review, there were no material control failures or weaknesses that have resulted in any material loss to the Group that requires disclosure herein. The Board's conclusion is reached based on its review as mentioned above, and also on the following:

- Periodic internal audit reports and discussion with the Audit Committee
- Periodic management report on the state of the company's affairs which also covers the state of internal controls
- Operating Units' CEO/CFO's Internal Control Certification & Assessment Disclosure
- Review of work done by the respective Risk Management Committees and work groups
- Our assessment on the general state of affairs and performance of the Group

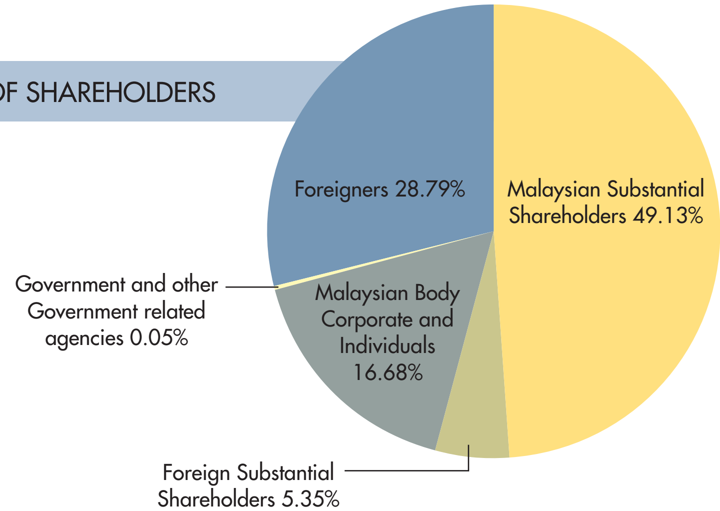
Statement of Directors' Interests
in the company and related corporations as at 30 August 2007

Name of Director	Direct	%	Indirect	%
The Company				
No. of ordinary shares of RM0.10 each *				
Tan Sri Dato' Lee Shin Cheng	46,022,670	0.77	2,340,256,543	39.36
Dato' Lee Yeow Chor	5,263,000	0.09	2,334,298,143	39.26
Dato' Yeo How	712,500	0.01	-	-
Lee Cheng Leang	456,000	0.01	-	-
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	308,750	0.01	-	-
Chan Fong Ann	6,400,625	0.11	158,611,321	2.67
Subsidiaries				
IOI Properties Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	810,200	0.25	2,009,800	0.62
Dato' Lee Yeow Chor	15,000	-	2,009,800	0.62
Dato' Yeo How	4,000	-	-	-
Chan Fong Ann	11,200	-	-	-
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000 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 shares of the Company, Tan Sri Dato' Lee Shin Cheng and Dato' Lee Yeow Chor are also deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

** Adjusted pursuant to the Share Split on 6 June 2007*

COMPOSITION OF SHAREHOLDERS



MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2007 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 2007 are as follows:

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM'000
Pilihan Megah Sdn Bhd, Dynamic Management Sdn Bhd, Flora Development Sdn Bhd and Lush Development Sdn Bhd [1] & [2]	Sale of plants and provision of landscaping services by IOI Landscape Services Sdn Bhd	• Tan Sri Dato' Lee Shin Cheng [6] • Puan Sri Datin Hoong May Kuan [7] • Dato' Lee Yeow Chor [8] • Dato' Yeo How [9] • Progressive Holdings Sdn Bhd [10] • Lee Yeow Seng [11] • YM Raja Said Abidin b Raja Shahrome [12]	1,451
Nice Frontier Sdn Bhd [1]	Purchase of estate produce by Pamol Plantations Sdn Bhd	• Tan Sri Dato' Lee Shin Cheng [6] • Puan Sri Datin Hoong May Kuan [7] • Dato' Lee Yeow Chor [8] • Dato' Yeo How [9] • Progressive Holdings Sdn Bhd [10] • Lee Yeow Seng [11] • YM Raja Said Abidin b Raja Shahrome [12]	11,045

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE cont'd

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM'000
Continental Estates Sdn Bhd (3)	Purchase of estate produce by Dynamic Plantations Berhad	• Tan Sri Dato' Lee Shin Cheng (6) • Puan Sri Datin Hoong May Kuan (7) • Dato' Lee Yeow Chor (8) • Dato' Yeo How (9) • Progressive Holdings Sdn Bhd (10) • Lee Yeow Seng (11)	24,552
Permodalan Plantations Sdn Bhd (4)	Purchase of estate produce and palm oil products by Morisem Palm Oil Mill Sdn Bhd	• Tan Sri Dato' Lee Shin Cheng (6) • Puan Sri Datin Hoong May Kuan (7) • Dato' Lee Yeow Chor (8) • Dato' Yeo How (9) • Progressive Holdings Sdn Bhd (10) • Lee Yeow Seng (11)	74,988
Fatty Chemical (M) Sdn Bhd (5)	Sale of palm oil products by IOI Edible Oils Sdn Bhd and IOI Speciality Fats Sdn Bhd	• Tan Sri Dato' Lee Shin Cheng (6) • Puan Sri Datin Hoong May Kuan (7) • Dato' Lee Yeow Chor (8) • Dato' Yeo How (9) • Progressive Holdings Sdn Bhd (10) • Lee Yeow Seng (11)	3,274
Pamol Estates (Sabah) Sdn Bhd (4)	Purchase of palm oil products by IOI Edible Oils Sdn Bhd, IOI Speciality Fats Sdn Bhd and IOI Commodity Trading Sdn Bhd	• Tan Sri Dato' Lee Shin Cheng (6) • Puan Sri Datin Hoong May Kuan (7) • Dato' Lee Yeow Chor (8) • Dato' Yeo How (9) • Progressive Holdings Sdn Bhd (10) • Lee Yeow Seng (11)	135,834
Palmco Estates (Sabah) Sdn Bhd and Milik Berganda Sdn Bhd (4)	Management of oil palm estates by IOI Corporation Berhad	• Tan Sri Dato' Lee Shin Cheng (6) • Puan Sri Datin Hoong May Kuan (7) • Dato' Lee Yeow Chor (8) • Dato' Yeo How (9) • Progressive Holdings Sdn Bhd (10) • Lee Yeow Seng (11)	4,020

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM'000
Affinity Future Sdn Bhd[19]	Securing of transportation of CPO and PK by Morisem Palm Oil Mill Sdn Bhd, Ladang Sabah Sdn Bhd, Halusah Ladang Sdn Bhd and Syarimo Sdn Bhd	• Datuk Koh Kin Chee [13]	8,662
Malayapine Estates Sdn Bhd [20]	Property project management services by Pilihan Megah Sdn Bhd [1]	• Progressive Holdings Sdn Bhd [14] • Tan Sri Dato' Lee Shin Cheng [15] • Puan Sri Datin Hoong May Kuan [16] • Dato' Lee Yeow Chor [17] • Lee Yeow Seng [18]	1,258
Flora Development Sdn Bhd [1]	Rental of properties from Resort Villa Development Sdn Bhd [21]	• Tan Sri Dato' Lee Shin Cheng [6] • Puan Sri Datin Hoong May Kuan [7] • Dato' Lee Yeow Chor [8] • Dato' Yeo How [9] • Progressive Holdings Sdn Bhd [10] • Lee Yeow Seng [11] • YM Raja Said Abidin b Raja Shahrome [12]	3,740

Note

1 Subsidiaries of IOI Properties Berhad ("IOIP")
2 Subsidiaries of IOIP, which undertake property development activities of the IOIP Group
3 An associated company of IOIP
4 Non-wholly owned subsidiaries of IOI
5 An associated company of IOI
6 Tan Sri Dato' Lee Shin Cheng is the Executive Chairman and deemed Major Shareholder of IOI and IOIP. He has an interest (direct and indirect) of 231,614,600 shares representing 71.32% equity interest in IOIP
7 Puan Sri Datin Hoong May Kuan is a Director of IOIP and a deemed Major Shareholder of IOI and IOIP and person connected to both Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng. She has an indirect interest of 231,614,600 shares representing 71.32% equity interest in IOIP

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE cont'd

8 Dato' Lee Yeow Chor is an Executive Director and a deemed Major Shareholder of IOI and IOIP 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 an interest (direct and indirect) of 230,804,400 shares representing 71.07% equity interest in IOIP

9 Dato' Yeo How is an Executive Director of IOI and IOIP and he holds 4,000 shares representing less than 0.01% equity interest in IOIP

10 Progressive Holdings Sdn Bhd ("PHSB") is a Major Shareholder of IOI, deemed Major Shareholder of IOIP and person connected to Tan Sri Dato' Lee Shin Cheng. PHSB has an interest (direct and indirect) of 230,789,400 shares representing 71.07% equity interest in IOIP

11 Lee Yeow Seng is a deemed Major Shareholder of IOI and IOIP 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 has an interest (direct and indirect) of 230,804,400 shares representing 71.07% equity interest in IOIP

12 YM Raja Said Abidin b Raja Shahrome is a Director of IOIP and was a Director of IOI Oleochemical Industries Berhad, a wholly owned subsidiary of IOI. He holds 5,000 shares representing less than 0.01% stake in IOP

13 Datuk Koh is a Director of certain subsidiaries of IOI namely, IOI Edible Oils Sdn Bhd, IOI Specialty Fats Sdn Bhd, IOI Jeti Sdn Bhd and IOI Bio-Energy Sdn Bhd and he is also a Director and Major Shareholder of Affinity Future Sdn Bhd ("Affinity Future"). He has an indirect interest of 14,570,000 shares representing 1.19% stake in IOI

14 PHSB is a Major Shareholder of IOI and deemed Major Shareholder of IOIP and Malayapine Estates Sdn Bhd ("Malayapine")

15 Tan Sri Dato' Lee Shin Cheng is the Executive Chairman/Director and deemed Major Shareholder of IOI and Malayapine

16 Puan Sri Datin Hoong is a deemed Major Shareholder of IOI and Malayapine and person connected to Tan Sri Dato' Lee Shin Cheng

17 Dato' Lee Yeow Chor is an Executive Director/Director and deemed Major Shareholder of IOI and Malayapine 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

18 Lee Yeow Seng is a Director of Malayapine and a deemed Major Shareholder of IOI and Malayapine 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

19 Affinity Future is a company connected to Datuk Koh Kin Chee, who is a Director and Major Shareholder of the said company

20 Malayapine is a subsidiary company of PHSB and a company connected to Tan Sri Dato' Lee Shin Cheng

21 The rental property relates to a space in an office block located at Two IOI Square, IOI Resort, 62502 Putrajaya with a built-up area of 85,791 sq ft at a monthly rental of RM300,269

- Notwithstanding the related party disclosure already presented in the financial statements in accordance with Financial Reporting Standards No. 124 ("FRS 124"), the above disclosure are made in order to comply with Paragraph 10.09 of the 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 as shown above are based on information disclosed in the Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature dated 28 September 2006.

PENALTIES

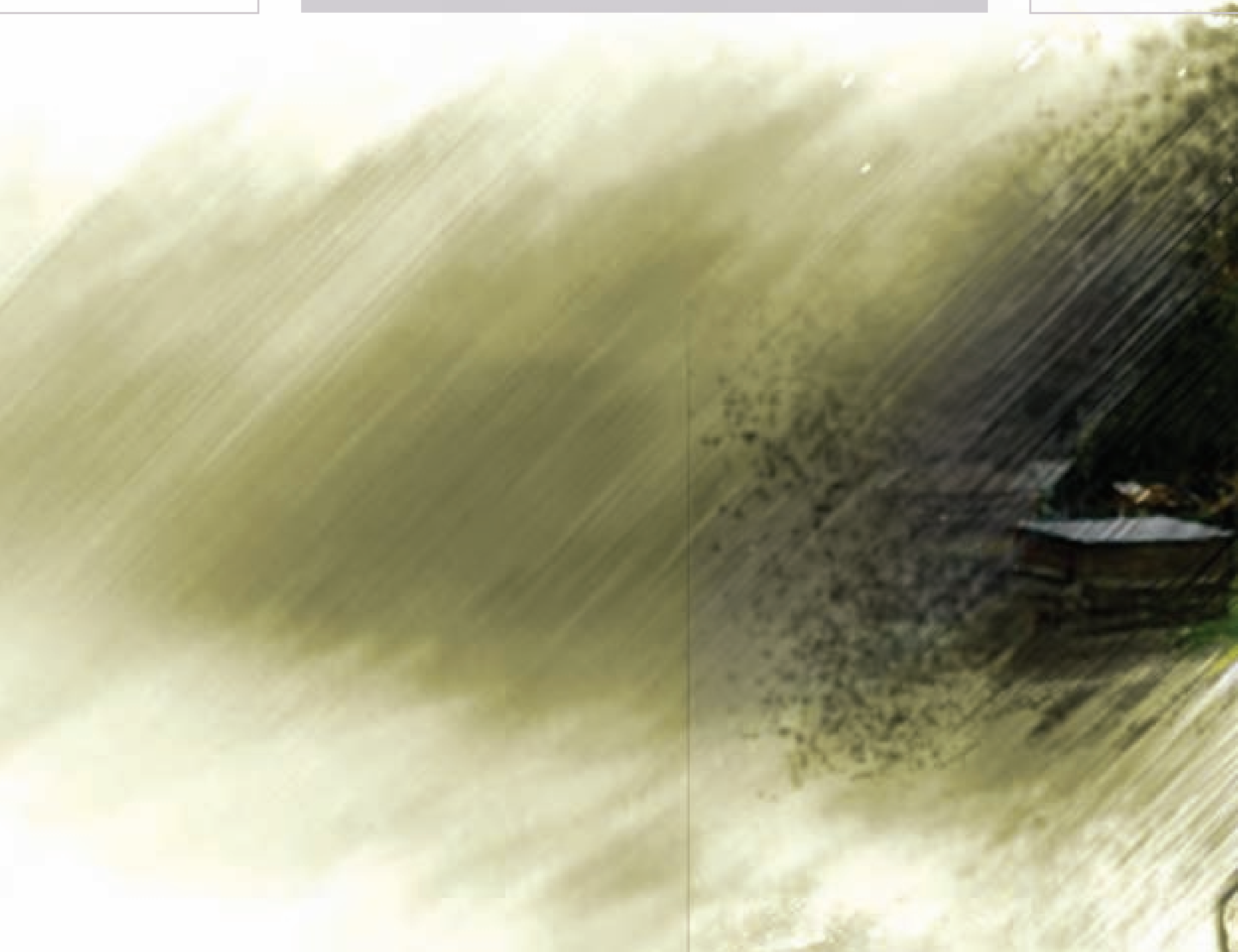
The particulars of penalties imposed on the Group by the relevant regulatory bodies during the financial year under review are follows:

Name of Company	Penalty imposed by the regulatory bodies	Remarks
IOI Corporation Bhd ("IOI")	IOI was fined RM4,000 for 2 offences under Regulation 3(1) and 10(2) of the Environmental Quality (Scheduled Waste) Regulations 2005.	IOI's Baturong Palm Oil Mill was found by the Department of Environment ("DOE") of Sabah to have failed to explain the category and quantity of the scheduled waste and to properly label the scheduled waste. Remedial action has been implemented to prevent the recurrence of this problem.
Ladang Sabah Sdn Bhd ("LSSB")	LSSB was fined RM30,000 by Sandakan Session Court for an offence under Section 16(1) of the Environmental Quality Act 1974 ("EQA").	LSSB's Ladang Sabah Palm Oil Mill was found by DOE, Sabah to have discharged effluent which exceeded the limits for parameters of effluent stipulated under the EQA. Remedial action has been implemented to prevent the recurrence of this problem.
	LSSB was fined RM38,000 by Sandakan Session Court for an offence under Section 16(1) of the EQA.	LSSB's Ladang Sabah Palm Oil Mill was found by DOE, Sabah to have processed fresh fruit bunches exceeded the approved capacity. LSSB has applied to DOE for the increase of approved capacity and the approval is pending.
Mayvin Incorporated Sdn Bhd ("MISB")	MISB was fined RM22,000 by Sandakan Session Court for an offence under Section 16(1) of the EQA.	MISB's Mayvin Palm Oil Mill was found by the DOE, Sabah to have discharged effluent which exceeded the limits for parameters of effluent stipulated under the EQA. Remedial action has been implemented to prevent the recurrence of this problem.

Community Care

We place emphasis on supporting and nurturing the communities in which our businesses operate.

We establish housing, places of worship, schools and recreational facilities for communities surrounding our estates. These efforts contribute to the overall social stability and gives the local population greater self sufficiency.



Senior Management Team

Group Chief Executive Officer
Tan Sri Dato' Lee Shin Cheng

Group Executive Directors
Dato' Lee Yeow Chor
Dato' Yeo How
Lee Cheng Leang

PLANTATION

Group Plantation Director
Dato' Foong Lai Choong

Executive Director, Sabah
Lai Poh Lin

Group Commodity Marketing Director
Yong Chin Fatt

Senior General Manager, Lahad Datu
Tan Peng Chan

General Manager (Finance)
Lim Eik Hoy

General Manager, Lahad Datu
Tee Ke Hoi

General Manager, Sandakan
Lee Foo Wah

Assistant General Manager, Peninsular
Tay Ching An

Senior Plantation Controller
Ragupathy A/L Selvaraj

Plantation Controllers
Goh Pey Seng
Toh Beng Lim

Controller (Biotechnology)
Dr Lim Loon Lui

REFINERY

General Manager
Sudhakaran A/L Nottath Bhaskar

PROPERTY

Property Director
Dato' David Tan Thean Thye

Senior General Manager
Simon Heng Kwang Hock

General Managers
Lim Beng Yeang
Lee Thian Yew

Assistant General Managers
Teh Chin Guan
Albert Lee Wen Loong

Assistant General Manager
Complex
Ronnie Aurther Francis

Chief Accountant
Michael Chai Chee Loong

OLEOCHEMICALS

Chief Operating Officers
Lee Sing Hin (Pan-Century)
Tan Kean Hua (IOI Oleo)

Chief Financial Officer
Khoo Tian Cheng

General Manager, Production & Engineering
Lai Choon Wah

SPECIALTY OILS AND FATS

Senior General Manager (CEO's Office)
Wong Chee Kuan

Chief Financial Officer
Lee Hock Keat

Chief Operating Officers
Michael-van Sallandt (Europe)
Julian Veitch (North America)
UR, Sahasranaman (Asia)

HOTEL

General Manager
Yeow Hock Siew

GOLF CLUB

General Manager
Lim Hock Seng

CORPORATE

Special PA to Group CEO
Lee Yeow Seng

Group Legal Adviser/Company Secretary
Lee Ai Leng

General Manager, Legal/Group Operations
Lee Yoke Har

Assistant Group Financial Controller
Kong Chee Khoon

Snr. Manager, Corporate Planning /
Risk Management
Choo Kah Yean

Senior Manager, Corporate Finance
Mah Siew Khoon

Group Accounting Manager
Kong Kian Beng

Senior Manager, Corporate Affairs
Carol Chan Chui Yoke

Company Secretary
Yap Chon Yoke

Global Sustainability Director
Donald C Grubba

INTERNAL AUDIT

Senior Internal Audit Managers
Lim Kea Ang
Prithipal Singh

Group Business Structure

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 SDN BHD
IOI SPECIALITY FATS SDN BHD
- Palm Oil Refinery
- Palm Kernel Crushing

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

PAN-CENTURY GROUP
- Oleochemicals
- Refinery

PROPERTY DEVELOPMENT & INVESTMENT

IOI PROPERTIES BERHAD GROUP*
PROPERTY SUBSIDIARIES
- Township Development
- Shopping Mall
- Office Complex
- Hotel
- Resorts

** Listed on Bursa Malaysia Securities Berhad*

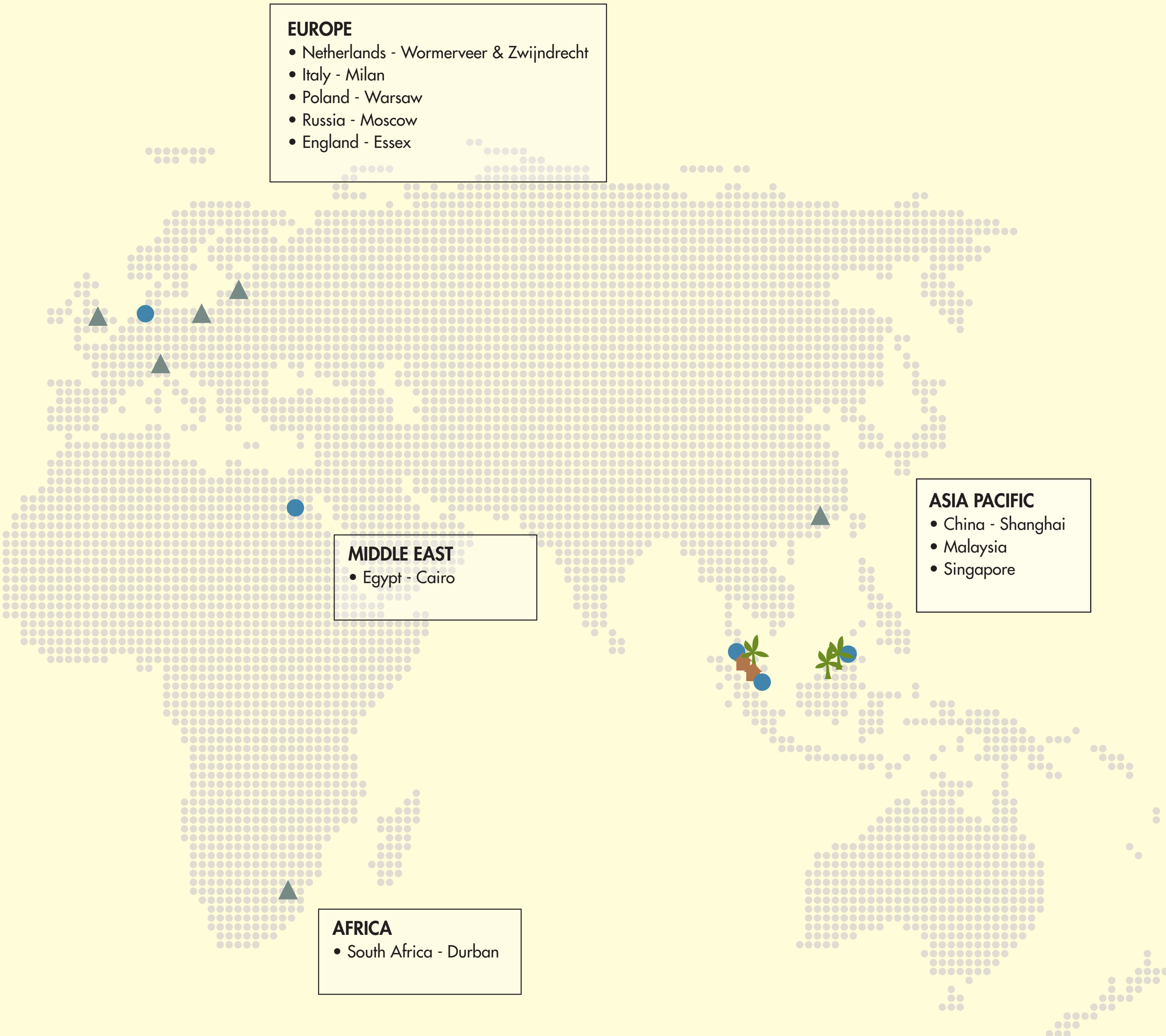
Global Presence

Plantation

Properties

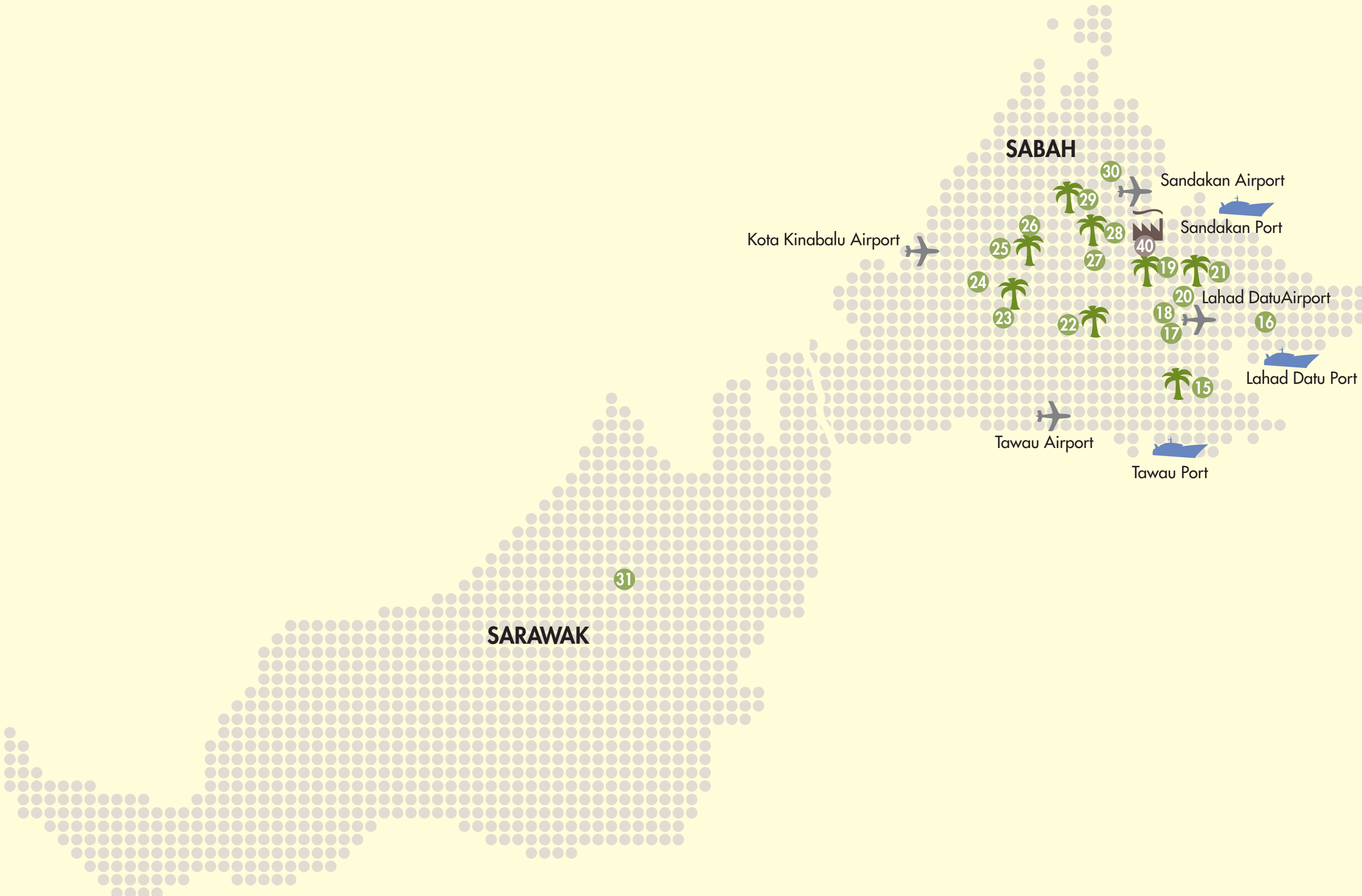
Resource-based manufacturing facilities

Resource-based manufacturing sales office



EUROPE
• Netherlands - Wormerveer & Zwijndrecht
• Italy - Milan
• Poland - Warsaw
• Russia - Moscow
• England - Essex
MIDDLE EAST
• Egypt - Cairo
ASIA PACIFIC
• China - Shanghai
• Malaysia
• Singapore
AFRICA
• South Africa - Durban

Location of Operations in Malaysia



PLANTATION

1 Bukit Dinding Estate
2 Detas Estate
3 Bukit Leelau Estate
4 Mekassar Estate, Merchong Estate, Leepang A Estate and Laukin A Estate
5 Pukin Estate and Shahzan IOI Estate
6 Bahau Estate and Kuala Jelei Estate
7 IOI Research Centre
8 Regent Estate
9 Gomali Estate, Paya Lang Estate and Tambang Estate
10 Bukit Serampang Estate and Sagil Estate
11 Segamat Estate
12 Kahang Estate
13 Pamol Kluang Estate
14 Swee Lam Estate
15 Baturong Estate
16 Cantawan Estate
17 Halusah Estate
18 Tas Estate
19 Morisem Estate
20 Leepang Estate
21 Permodalan Estate
22 Syarimo Estate
23 Tangkulap Estate and Bimbingan Estate
24 Mayvin Estate
25 Laukin Estate
26 Ladang Sabah Estate, IOI Lab and Sandakan Regional Office
27 Linbar Estate
28 Sakilan Estate
29 Pamol Sabah Estate
30 Sugut Estate
31 Sejap Estate and Tegai Estate

PROPERTY DEVELOPMENT

32 Bandar Puchong Jaya and Bandar Puteri Puchong
33 Bandar Putra Kulai
34 Bandar Putra Segamat
35 Taman Regent
36 Sagil Resort
37 Desaria Sungai Ara

RESORT

38 IOI Resort, Putrajaya (Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club)

RESOURCE-BASED MANUFACTURING

39 IOI Oleochemical Operations
40 IOI Palm Oil Refinery/Kernel Crushing Plant
41 IOI-Loders Croklaan Refinery/Specialty Fats Operations
42 Pan-Century Oleochemical and Refinery Operations

Corporate Calendar

Nov 2006

- IOI Properties Berhad ("IOIP") organised its yearly IOI Community Run at Bandar Puteri Puchong. The second community run saw over 2,500 runners participated in the community event. As part of its CSR initiative, the community run aims at promoting running as a healthy activity and to foster closer ties among the local community. In conjunction with the event, IOI donated RM32,000 to various organisations, they are Shuang Fu Disabled Independent Living Association, Rumah Shalom and four schools located in Puchong area.

- Loders Croklaan Lipid Nutrition won the Silver HI Award for their breakthrough appetite suppressant PinnoThin™ at the Health Ingredients Europe 2006 Congress and Exhibition. The purpose of the award is to spotlight the very best new health ingredients launched in the past two years by the ingredients industry.

Dec 2006

- IOI Corporation Berhad ("IOI") 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 Exchangeable and will mature on 18 December 2011.

- Four of the estates and plants of IOI Group received the prestigious Malaysian Palm Oil Industry Award from Malaysian Palm Oil Board (MPOB), for their high productivity, best estate/plant's management, high quality produce and adherence to MPOB rules. Among the awards won by IOI are the Best Oleochemical Plant – Acidchem International Sdn Bhd, the Best Private Estate (Peninsular-) – Jasin Lalang Estate, the Best Private Estate (Sabah) – Laukin Estate, Sugut and the Best Kernel Crushing Plant – IOI Edible Oils Sdn Bhd.

Jan 2007

- IOI acquired the entire ordinary share capital in both Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd (collectively referred to as "Pan-Century") for a cash consideration of RM424 million. Pan-Century owns one of the largest single-location vertically integrated palm oil refinery and oleochemicals complex in the world, which is located in Pasir Gudang, Johor.

- IOI and IOI Ventures (L) Berhad entered into a Term Facility Agreement with American Family Life Assurance Company of Columbus, Japan Branch for a 30-year JPY15 billion (equivalent to approximately USD128 million) fixed-rate loan due 2037. The said loan was drawn down on 22 January 2007 and shall be repayable in full on 22 January 2037.

- IOI once again won the Asiamoney's Best Managed Companies Award in Malaysia under the category of large capitalised companies based on its sound management and good corporate vision. It has been maintaining the status since 2004.

- IOI was awarded the Brand Laureate 2006-2007 for "Best Brands Plantation". The Brand Laureate Awards is the first regional brand award to originate from Malaysia, covering various industries and categories from multinationals to small and medium industries. The award is in recognition of IOI's strong corporate branding superior brand strategy and good agricultural practice in plantation.

March 2007

- IOI Land Singapore Pte Ltd and a Singaporean public listed company, Ho Bee Investment Limited have successfully tendered for a 99-year lease land in Sentosa Cove of Sentosa Island, Singapore measuring approximately 14,596 square meters or approximately 3.6 acres, for a total cash consideration of SGD 460 million. The land has been approved for a condominium development of up to a maximum of 200 units.

- IOIP together with Rakan Cop launched the Rakan Cop programme for Puchong district as part of its CSR initiatives. The main objective of the event is to forge a better co-operation between the police and the Puchong's community and have a quicker response in fighting crime. The ultimate aim of the initiative is to create a safe township and friendly neighbourhood for the local community.

- PinnoThin™, all-natural appetite suppressant, won The Most Innovative Ingredient Award at the Slimming Ingredients Germany 2007 conference, after beating nine other competing ingredients, including our main competitor Fabuless from DSM. The award showed that market recognises its unique properties and application possibilities in dietary supplements and functional foods.

April 2007

- IOI Group received an award for being voted among the top 10 companies in the country under The Wall Street Journal Asia's annual survey of Asia's 200 most admired companies in 2006. The survey graded companies based on five attributes – reputation, long-term vision, innovation, quality and financial soundness.

- IOI has been named as one of the best companies in Malaysia, in terms of Corporate Governance in The Asset Magazine's annual Corporate Governance Ranking 2007. The Asset Corporate Governance Ranking is based on a six-month survey conducted from September 2006 to March 2007. Participating companies were asked to complete a questionnaire on their adherence to the basic principles of corporate governance.

June 2007

- IOI has once again won the Finance Asia's Annual Regional Best Managed Companies Award, for four consecutive years. IOI clinched the second position for the best managed company in Malaysia and Dato' Yeo How topped the list for Best CFO award. Adding to the achievement, IOI also won third placing under the categories of "Most Committed to Corporate Governance" and recognised for most committed to consistent good dividends (ninth placing) and with best investor relations (eight placing).

- IOI implemented a share split exercise involving the subdivision of every one existing ordinary share of RM0.50 each held in the Company into five ordinary shares of RM0.10 each.

- IOI issued 9,000,000 new ordinary shares of RM0.10 each for cash to Bumiputera investors at an issue price of RM4.976 per share ("Special Issue"). The Special Issue was undertaken to comply with one of the conditions imposed by the Equity Compliance Unit of the Securities Commission in approving the proposed issuance of new shares by IOI following the exchange of the 1st Exchangeable Bonds.

July 2007

- The Laukin Estate located in Sandakan, Sabah won the Commodity Industry Awards 2007 under the Estate Category. The awards presentation was held in conjunction with the Malaysia International Commodity Conference and Showcase 2007.

August 2007

- IOI completed a capital repayment exercise via cancellation of ordinary shares of RM0.10 each in the Company ("IOI Shares") on the basis of one IOI Share cancelled ("Cancelled Share") for every twenty existing IOI Shares held. Total cash amount of RM1.3 billion was distributed for 312,950,341 shares of RM0.10 each cancelled, on the basis of RM4.20 for each Cancelled Share.

- IOIP once again won the prestigious The Edge Top Ten Property Developer Awards 2007, for five years running. The awards started in year 2003, identify the country's best property players from the consumer's perspective. All companies in the property sector listed on the Main and Second Boards of Bursa Malaysia were scrutinised on their quantitative and qualitative attributes.

Social Contribution

Sep 2006

- Yayasan Tan Sri Dato' Lee Shing Cheng ("Yayasan") contributed RM30,000 to UPM Clock Tower Fund, a fund raising program through the sales of tiles in celebration of its 75th Year of its establishment.

- In order to fulfil the demand of education, Yayasan donated RM230,000 to support the fund raising activities for the Kuen Cheng 2 Chinese Primary Schools in building a new school building to cater for the increasing number of students.

Oct 2006

- In support of the new Alzheimer's centre fund raising activity, Yayasan contributed RM30,000 to help people afflicted with Alzheimer to maintain a decent quality of life and lighten the burden of the people caring for them.

- Putrajaya Marriott Hotel staff visited the Titian Kasih Home, an emergency shelter home located in Kuala Lumpur which houses 60 children and 23 battered and abused women. The hotel extended their time and love by donating some provisions including clothing, pampers, baby walkers, toiletries, toys and stationeries.

- Palm Garden Hotel hosted a Charity Berbuka Puasa function for children from the Pertubuhan Kebajikan Anak Yatim Malaysia.

Nov 2006

- Palm Garden Hotel hosted their Annual Charity Hari Raya Aidilfitri Open House at Perdana Ballroom for the children from Nurul Iman Welfare Society for the Children of People Living with HIV/AIDS and the poorer community from Daerah Sepang and Kuala Langat, with the assistant from Lembaga Zakat Selangor. The guests were being entertained by the local artist, Aishay and TV3 presenter Ezzah Azziz Fawzy.

Dec 2006

- Putrajaya Marriott Hotel organised a Christmas Charity Benefit themed "An Enchanting Christmas" by treating more than 150 children from four orphanages to a Christmas lunch at the hotel. The children were being entertained by the Marriott Christmas Carolers, magical clown, balloon sculptures, and violinist performance.

Dec 2006

- In conjunction with the Christmas Celebration, Putrajaya Marriott Hotel had a month long charity drive called the "Make a Kid Beary Beary Happy" drive on 1/12/06 – 1/1/07 where little teddy bears are sold at RM10/- each and proceeds from the sale were donated to Rumah Shalom, Rumah Charis, House of Joy and Rumah Faith.

- The Yayasan's Young Achievers' Awards ceremony was held at IOI Research Centre on 7 December 2006 whereby outstanding scholastic achievers in the UPSR, PMR, SPM and STPM category were given awards in the categories of gold, silver, bronze and commendation.

Jan 2007

- In doing our part as a caring society, Yayasan made a donation to the Yayasan Nanyang Press whereby the money collected will be channelled to the Johor afflicted flood victims to rebuild their school.

- As part of its Corporate Social Responsibility (CSR) effort, Palm Garden Hotel held its yearly Blood Donation Drive in collaboration with the National Blood Centre, to encourage staff and general public to donate blood and save a life.

Feb 2007

- Yayasan presented scholarships and educational grants amounted to RM216,000 to eight students during the award presentation ceremony held at the Palm Garden Hotel, IOI Resort, Putrajaya. The scholarships cover their course fees and living expenses during the entire course.

- Primary school education is an important aspect of human resource development and community development. In view of this, the Yayasan made a donation of RM100,000 for the construction of the new school building of SJK Chung Hua Tudan, Miri.

- IOI embarked on an educational programme by funding the curriculum infrastructure development of the Ethnic Child Education Centre in Sarawak, through its charity arm, Yayasan. The Centre for Ethnic Childhood Education (CECES) is a project initiated by World Vision Malaysia, aims to provide quality training for educators and caregivers involve with ethnic children in Sarawak.

Social Contributions cont'd

May 2007

- In promoting the transformation and development of lower income communities, Yayasan sponsored a "Vision for a Village" model to World Vision Malaysia during the "Tribute to Sponsors" get together at Hilton Hotel, Petaling Jaya. The scale model served to help people to get an idea of the development projects and activities undertaken by World Vision Malaysia at the local community level.

- In line with Yayasan's objectives to foster a strong culture of learning and skills development amongst Malaysians, as well as to improve the standard of education, Yayasan has committed to sponsor the Universiti Teknologi Mara, Shah Alam (UiTM's) "Best Student Award" since 2005. The best EMBA student who was selected to receive the Best Student Award is entitled for RM3000 cash award sponsored by the Yayasan.

- Yayasan donated RM42,000 to National Kidney Foundation of Malaysia to purchase dialysis machines to help the kidney failure patients to have life-saving dialysis treatment and care.

Jul 2007

- Yayasan made a contribution to Kolej WIT (formerly known as Workers Institute of Technology) through its Fund Raising Dinner to assist the college to construct a 3-storey hostel and to upgrade the college facilities.

Aug 2007

- Yayasan was the premier sponsor for the faculty of the Malaysia International Conference on Foreign Languages and Communication, University Putra Malaysia held on 14-15 Aug 2007 at Putrajaya Marriott Hotel. The conference aims to generate interest in the teaching and learning of foreign languages as well as to bring forth discussions of the challenges confronting both private and public bodies concerned with the effects of globalisation and the creation of harmonious and beneficial international relations.

financial statement

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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 2007.

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 and associates are set out in Note 51 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 2007 are as follows:

	Group RM'000	Company RM'000
Profit before taxation	1,991,073	693,593
Taxation	(340,109)	(102,976)
Profit for the financial year	1,650,964	590,617
Attributable to:		
Equity holders of the Company	1,482,104	590,617
Minority interests	168,860	-
	1,650,964	590,617

Dividends

A second interim tax-exempt dividend of 27% in respect of the financial year ended 30 June 2006 amounted to RM162,166,601 was paid on 28 September 2006 as dealt with in the Directors' Report of that financial year. In addition, the Company paid an amount of RM2,612,306 in respect of the same dividend payment to account for the issue of 19,350,419 ordinary shares of RM0.50 each arising from the conversion of the USD310 million Zero Coupon Guaranteed Exchangeable Bonds due 2009 subsequent to the financial year end but before the book closure for dividend entitlement on 15 September 2006.

On 13 February 2007, the Directors declared an interim dividend of 70% less income tax which amounted to RM316,351,092 in respect of the financial year ended 30 June 2007. The dividend was paid on 27 March 2007, to shareholders whose names appear in the Record of Depositors at the close of business on 16 March 2007.

No final dividend is recommended for the financial year ended 30 June 2007.

Issue of Shares and Debentures

On 6 June 2007, the Company has subdivided its existing 1,243,764,378 ordinary shares of RM0.50 each into 6,218,821,890 ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed with the listing and quotation of the new shares on the Main Board of Bursa Malaysia Securities on 7 June 2007.

During the financial year, the Company issued:

a) Before Share Split

i. 2,565,000 new ordinary shares of RM0.50 each for cash at RM12.50 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.

ii. 42,530,382 new ordinary shares of RM0.50 each at RM11.06 per share arising from the exchange of USD123,786,000 Zero Coupon Guaranteed Exchangeable Bonds due 2009.

iii. 2,848,111 new ordinary shares of RM0.50 each at RM23.50 per share arising from the exchange of USD18,907,000 Zero Coupon Guaranteed Exchangeable Bonds due 2011.

b) After Share Split

i. 9,000,000 new ordinary shares of RM0.10 each for cash at RM4.976 per share pursuant to a special issue to Bumiputera Investors.

ii. 3,010,400 new ordinary shares of RM0.10 each for cash at RM2.50 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.

iii. 10,294,544 new ordinary shares of RM0.10 each at RM2.20 per share arising from the exchange of USD5,960,000 Zero Coupon Guaranteed Exchangeable Bonds due 2009.

iv. 17,681,156 new ordinary shares of RM0.10 each at RM4.70 per share arising from the exchange of USD23,475,000 Zero Coupon Guaranteed Exchangeable Bonds due 2011.

The above-mentioned shares rank pari passu with the then existing issued shares of the Company.

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

Treasury Shares

During the financial year and before the Share Split, the Company repurchased 5,413,200 shares of RM0.50 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM19.42 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965. On 28 March 2007, the Company cancelled all its accumulated 14,712,900 treasury shares with carrying amount of RM213,317,501 or at an average price of RM14.50 per share. The share capital cancelled was transferred to capital reserve and the consideration paid for the shares cancelled was set off against the share premium in accordance with the requirement of Section 67A of the Companies Act, 1965.

USD310 Million Zero Coupon Guaranteed Exchangeable Bonds due 2009 ("1st Exchangeable Bonds")

On 17 September 2004, the Company's wholly-owned subsidiary, IOI Investment (L) Berhad, a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD310 million Zero Coupon Guaranteed Exchangeable Bonds due 2009 ("1st Exchangeable Bonds"). The 1st 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 18 September 2009. The 1st Exchangeable Bonds were unconditionally and irrevocably guaranteed by the Company.

The salient features of the 1st Exchangeable Bonds are disclosed in Note 34.2 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia ("CCM") from having to comply with Section 169(11) of the Companies Act, 1965 to disclose the list of 1st Exchangeable Bondholders who have the options to exchange their 1st Exchangeable Bonds into the Company's shares.

During the financial year, the remaining balance of USD129,746,000 of the 1st Exchangeable Bonds were exchanged into 222,946,454 * new ordinary shares of RM0.10 each of the Company.

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 10-year USD500 million Guaranteed Notes at an issue price of 99.294% ("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 September 2005 and will mature on 16 September 2015. The Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company.

The salient features of the Guaranteed Notes are disclosed in Note 34.4 to the financial statements.

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, 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 will mature on 18 December 2011. The 2nd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

The salient features of the 2nd Exchangeable Bonds are disclosed in Note 34.3 to the financial statements.

The Company has been granted exemption by the CCM from having to comply with Section 169(11) of the Companies Act, 1965 to disclose the list of 2nd Exchangeable Bondholders who have the options to exchange their 2nd Exchangeable Bonds into the Company's shares.

During the financial year, USD42,382,000 of the 2nd Exchangeable Bonds was exchanged into 31,921,711* new ordinary shares of RM0.10 each of the Company.

* *Adjusted pursuant to the Share Split on 6 June 2007*

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") to any executive or executive Director of the Group ("Offer") who meets the criteria of eligibility for participation in the ESOS as set out in the rules, terms and conditions of the ESOS ("Bye-Laws").

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.

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) 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.

Executive Share Option Scheme cont'd

c) **Maximum allowable allotment and basis of allocation** cont'd

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 cont'd

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 are as follows:

		No. of share options *				
Option price *	**Date of offer**	**As at 1 July 2006**	**Offered and accepted**	**Exercised**	**Lapsed**	**As at 30 June 2007**
RM2.50	12 January 2006	116,430,000	-	(15,835,400)	(7,124,000)	93,470,600
RM4.30	2 April 2007	-	46,071,000	-	-	46,071,000
Total		**116,430,000**	**46,071,000**	**(15,835,400)**	**(7,124,000)**	**139,541,600**

The Company has been granted exemption by the CCM from having to comply with Section 169(11) of the Companies Act, 1965 to disclose the list of option holders who are granted options during the financial year to subscribe for less than 1,250,000 shares in the Company.

Option holders who has been granted options to subscribe for 1,250,000 shares and above during the financial year are as follows:

Name of option holders	**Option price***	**No. of Share options***
Lee Sing Hin	RM4.30	1,920,000
Khoo Tiang Cheng	RM4.30	1,350,000
Lai Choon Wah	RM4.30	1,350,000

* *Adjusted pursuant to the Share Split on 6 June 2007*

Reserves and Provisions

There were no material transfers to and from reserves or provisions during the financial year other than as 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
Dato' Yeo How
Lee Cheng Leang
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
Chan Fong Ann
Datuk Khalid b Hj Husin *(Resigned on 11 April 2007)*

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

Chan Fong Ann who has attained the age of seventy, retires in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting. The Directors recommend that he 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

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations are as follows:

Direct Interests	**As at 1 July 2006**	**Acquired**	**Disposed**	**As at 30 June 2007**
The Company				
*No. of ordinary shares of RM0.10 each **				
Tan Sri Dato' Lee Shin Cheng	48,444,915	-	-	**48,444,915**
Dato' Lee Yeow Chor	4,540,000	1,000,000	-	**5,540,000**
Dato' Yeo How	400,000	1,250,000	(900,000)	**750,000**
Lee Cheng Leang	-	800,000	(320,000)	**480,000**
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	325,000	-	-	**325,000**
Chan Fong Ann	6,737,500	-	-	**6,737,500**
Subsidiaries				
IOI Properties Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	810,200	-	-	**810,200**
Dato' Lee Yeow Chor	15,000	-	-	**15,000**
Dato' Yeo How	4,000	-	-	**4,000**
Chan Fong Ann	11,200	-	-	**11,200**
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000 each				
Tan Sri Dato' Lee Shin Cheng	100	-	-	**100**

* *Adjusted pursuant to the Share Split on 6 June 2007*

Directors' Interests cont'd

Indirect Interests	As at 1 July 2006	Acquired	Disposed	As at 30 June 2007
The Company				
*No. of ordinary shares of RM0.10 each **				
Tan Sri Dato' Lee Shin Cheng	2,293,675,645	167,439,400	(40,000)	**2,461,075,045**
Dato' Lee Yeow Chor	2,288,510,645	166,295,400	-	**2,454,806,045**
Chan Fong Ann	166,540,100	508,685	(125,000)	**166,923,785**
Subsidiaries				
IOI Properties Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	2,009,800	-	-	**2,009,800**
Dato' Lee Yeow Chor	2,009,800	-	-	**2,009,800**
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 shares of the Company, Tan Sri Dato' Lee Shin Cheng and Dato' Lee Yeow Chor are also deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or its related corporations.

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 are as follows:

		No. of share options *			
Director	**Option Price ***	**As at 1 July 2006**	**Offered and Accepted**	**Exercised**	**As at 30 June 2007**
Tan Sri Dato' Lee Shin Cheng	RM2.50	15,000,000	-	-	**15,000,000**
Dato' Lee Yeow Chor	RM2.50	6,000,000	-	(1,000,000)	**5,000,000**
Dato' Yeo How	RM2.50	6,000,000	-	(1,250,000)	**4,750,000**
Lee Cheng Leang	RM2.50	3,200,000	-	(800,000)	**2,400,000**

* *Adjusted pursuant to the Share Split on 6 June 2007*

Directors' Benefits

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 Directors of the Company pursuant to the Company's ESOS.

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 43 to the financial statements) by reason of a contract made by the Company or by a related corporation with a 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 43 to the financial statements.

Statutory Information on the Financial Statements

Before the income statements and balance sheets 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 allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance 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.

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 allowance 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.

Statutory Information on the Financial Statements cont'd

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 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 respective financial statements as misleading.

In the opinion of the Directors:

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

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

Different Financial Year End of Subsidiaries

Due to the local requirements, three indirect subsidiaries of the Company, Loders Croklaan (Shanghai) Trading Co. Ltd., Tianjin Palmco Oil & Fats Co. Ltd., Loders Croklaan Latin America Comercio e Industria Ltda are adopting 31 December financial year end which do 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 by the CCM for the aforementioned subsidiaries to have different financial year end from that of the Company for the financial year ended 30 June 2007.

Significant Events During the Financial Year

i. Acquisition of 70% equity interest in Rinwood Pelita Plantation Sdn Bhd and Rinwood Pelita Quarry Sdn Bhd

On 1 September 2006, the Company acquired from Rinwood Oil Palm Plantation Sdn Bhd ("Vendor") the following:

a) 9,100,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Rinwood Pelita Plantation Sdn Bhd ("Rinwood Pelita") for a cash consideration of RM21.4 million; and

b) 2,100,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital in Rinwood Pelita Quarry Sdn Bhd ("Rinwood Quarry") for a cash consideration of RM1.5 million.

Rinwood Pelita is principally engaged in the cultivation of oil palm and is the beneficial and/or registered proprietor of lands with a total titled area of 9,040 hectares located in the Dulit and Tinjar Land Districts in Baram, Sarawak, of which approximately 3,167 hectares is planted with oil palm trees with ages ranging from 3 - 10 years. Rinwood Quarry is the holder of a license to quarry and remove stone issued by the Land and Survey Department.

In addition, the Company also paid RM29.5 million on behalf of Rinwood Pelita to the Vendor, for the settlement of debt owing by Rinwood Pelita to the Vendor and its associates as at the completion date of 1 September 2006.

Subsequent to the acquisitions, Rinwood Pelita and Rinwood Quarry have changed names to IOI Pelita Plantation Sdn Bhd and IOI Pelita Quarry Sdn Bhd respectively.

ii. Acquisition of 925 hectares of land in Melaka

On 5 May 2006, IOI Properties Berhad ("IOIP"), a subsidiary of the Company, announced that its wholly-owned subsidiaries, Flora Horizon Sdn Bhd, Hartawan Development Sdn Bhd, Pilihan Teraju Sdn Bhd and Paduwan Development Sdn Bhd, had respectively entered into conditional sale and purchase agreements with Guthrie Ropel Berhad and its wholly-owned subsidiary, Guthrie Ropel Development Sdn Bhd to acquire freehold land located in the State of Melaka with a combined area of approximately 925 hectares for a total purchase consideration of RM91.3 million. The acquisition was completed on 1 November 2006.

iii. Issuance of USD370 million Zero Coupon Guaranteed Exchangeable Bonds due 2011

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad, 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 ("2^{nd} Exchangeable Bonds"). The 2^{nd} 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 18 December 2011. The 2^{nd} Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

Significant Events During the Financial Year cont'd

iv. Acquisition of the entire interest of Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd

On 7 December 2006, the Company entered into a conditional share purchase agreement with Trapti Trading and Investments Private Limited and others to acquire the entire ordinary share capital in both Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd (collectively referred to as "Pan-Century") for a cash consideration of RM424 million. Pan-Century owns one of the largest single-location vertically integrated palm oil refinery and oleochemicals complex in the world, which is located in Pasir Gudang, Johor. The acquisition was completed on 26 January 2007.

v. 30-year Japanese Yen 15 Billion fixed-rate loan due 2037

On 17 January 2007, the Company and its wholly-owned subsidiary, IOI Ventures (L) Berhad entered into a Term Facility Agreement with American Family Life Assurance Company of Columbus, Japan Branch for a 30-year JPY 15 billion (equivalent to approximately USD128 million) fixed-rate loan due 2037. The said loan was drawn down on 22 January 2007 and shall be repayable in full on 22 January 2037.

vi. Acquisition of land in Sentosa Cove of Sentosa Island, Singapore

On 12 March 2007, a wholly-owned subsidiary of IOIP, IOI Land Singapore Pte Ltd ("IOI Land") and a Singaporean public listed company, Ho Bee Investment Limited have successfully tendered for a 99-year lease land in Sentosa Cove of Sentosa Island, Singapore measuring approximately 14,596 square meters or approximately 3.6 acres, for a total cash consideration of SGD 460 million.

The land has been approved for a condominium development of up to a maximum of 200 units. This acquisition will enable IOIP Group to increase and diversify its existing property development land banks, which are presently all located in Malaysia, and primarily in Puchong and Johor. The acquisition was completed on 11 June 2007.

vii. Share split and amendment to the Memorandum and Articles of Association

On 19 March 2007, the Company announced that it proposed to implement a share split exercise involving the subdivision of every one existing ordinary share of RM0.50 each held in the Company into five ordinary shares of RM0.10 each ("Share Split").

To facilitate the implementation of the Share Split, the Company also made amendment to the Memorandum and Articles of Association of the Company involving the alteration of the authorised share capital of the Company from RM750,000,000 comprising 1,500,000,000 ordinary shares of RM0.50 each to RM750,000,000 comprising 7,500,000,000 ordinary shares of RM0.10 each.

The Share Split was completed on 6 June 2007 with the listing and quotation of the new shares on the Main Board of Bursa Malaysia Securities on 7 June 2007.

Significant Events During the Financial Year cont'd

viii. Special issue of 1,800,000 new ordinary shares of the Company

On 15 August 2006, the Company announced that it proposed to undertake a special issue of 1,800,000 new ordinary shares of RM0.50 each in the Company to Bumiputera investors at an issue price to be determined later ("Special Issue"). The Special Issue was undertaken to comply with one of the conditions imposed by the Equity Compliance Unit of the Securities Commission in approving the proposed issuance of new ordinary shares by the Company following the exchange of the 1st Exchangeable Bonds. The said condition requires the Company to increase its Bumiputera equity by 0.14% (equivalent to 1,800,000 ordinary shares of RM0.50 each) of its enlarged issued and paid-up share capital after the full exchange of the 1st Exchangeable Bonds within 2 years of the implementation of the said 1st Exchangeable Bonds.

On 10 January 2007, the Securities Commission had granted the Company an extension of time until 17 July 2007 for the implementation of the said Special Issue. Subsequently, 9,000,000 new ordinary shares of RM0.10 each in the Company were allotted and issued for cash at an issue price of RM4.976 per share on 8 June 2007. The number of the shares issued and the issue price were adjusted pursuant to the Share Split exercise of the Company.

ix. Proposed capital repayment

On 30 March 2007, the Company announced its proposed capital repayment to its shareholders to be implemented via a cancellation of ordinary shares of RM0.10 each in the Company on the basis of one ordinary share cancelled ("Cancelled Share") for every twenty existing ordinary shares held at an entitlement date to be determined later, with the remaining balance being the difference between the cash distributed and par value for each Cancelled Share to be set-off against the share premium account of the Company pursuant to Sections 64 and 60(2) of the Companies Act, 1965 ("Capital Repayment").

The Capital Repayment was completed on 22 August 2007 with a cash distribution of RM1,314,391,432 for 312,950,341 ordinary shares of RM0.10 each cancelled, on the basis of RM4.20 for each Cancelled Share.

Significant Events Subsequent to the Financial Year

Proposed joint-venture for oil palm cultivation in Indonesia

On 15 August 2007, the Company announced that it has entered into Heads of Agreement which outline the general terms under which the Company will participate in a joint-venture for oil palm cultivation in Kalimantan, Indonesia with Harita Group ("Harita") and affiliates ("Proposed Joint Venture").

The Proposed Joint Venture will involve the Company acquiring:

i. a 33% stake in PT Bumitama Gunajaya Agro ("1st JV Co") which has a total planted hectarage of 35,340 hectares ("ha") and unplanted land of approximately 64,000 ha, together with three palm oil mills. The 1st JV Co also oversees a 'plasma' scheme which covers an area of approximately 22,000 ha; and

ii. a 67% stake in several companies ("2nd JV Co") which will have total land available for planting of approximately 128,000 ha.

Total consideration payable for the above stakes is expected to be approximately USD130 million, based on an estimated total enterprise value of about USD385 million.

Under the Proposed Joint Venture, the Company shall be responsible for providing plantation management and technical support under a technical support agreement whereas Harita, will be responsible for human resource and regulatory matters.

The Proposed Joint Venture is in line with the Group's strategy of growing its core palm oil business under appropriate conditions. It will provide immediate addition to planted hectarage as well as substantial suitable land bank for sustained business growth, hence providing the Group with the opportunity to capitalise on the very favourable outlook for the oil palm industry.

The definitive agreements are expected to be executed in September 2007.

Audit Committee

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

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
Chan Fong Ann
Dato' Yeo How (MIA No. 4368)
Datuk Khalid b Hj Husin *(Resigned on 11 April 2007)*

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)
Chan Fong Ann
Datuk Khalid b Hj Husin *(Resigned on 11 April 2007)*

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
Chan Fong Ann

Auditors

The retiring auditors, Messrs. BDO Binder, have indicated their willingness to accept reappointment.

Signed in accordance with a resolution of the Directors:

Dato' Lee Yeow Chor
Executive Director

Dato' Yeo How
Executive Director

Putrajaya
5 September 2007

Income Statements
for the financial year ended 30 June 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
Revenue	6	**8,952,727**	6,109,668	**766,385**	787,467
Cost of sales		**(6,296,932)**	(4,237,176)	**(95,485)**	(91,788)
Gross profit		**2,655,795**	1,872,492	**670,900**	695,679
Other operating income	7	**412,830**	172,726	**182,627**	158,958
Marketing and selling expenses		**(290,055)**	(301,719)	**(126)**	(128)
Administration expenses		**(257,742)**	(205,558)	**(61,167)**	(34,259)
Other operating expenses		**(462,597)**	(317,676)	**(91,867)**	(36,028)
Operating profit	8	**2,058,231**	1,220,265	**700,367**	784,222
Interest income	9	**39,680**	20,012	**105,164**	85,631
Finance costs	10	**(144,154)**	(129,985)	**(111,938)**	(100,360)
Share of results of associates		**37,323**	42,581	**-**	-
Share of results of jointly controlled entity		**(7)**	-	**-**	-
Profit before taxation		**1,991,073**	1,152,873	**693,593**	769,493
Taxation	11	**(340,109)**	(196,158)	**(102,976)**	(100,650)
Profit for the financial year		**1,650,964**	956,715	**590,617**	668,843
Attributable to:					
Equity holders of the Company		**1,482,104**	829,002	**590,617**	668,843
Minority interests		**168,860**	127,713	**-**	-
		1,650,964	956,715	**590,617**	668,843
Earnings per share (sen) *	12				
Basic		**24.13**	14.51		
Diluted		**22.84**	13.38		

* *Comparative earnings per share have been restated to take into account the effect on the subdivision of ordinary share of RM0.50 each into RM0.10 each on 6 June 2007.*

	Note	Group 2007	Group 2006	Company 2007	Company 2006
Gross dividend per ordinary share of RM0.50 each (sen)	13				
First interim dividend		**35.0**	30.0	**35.0**	30.0
Second interim dividend		**-**	13.5	**-**	13.5
Total		**35.0**	43.5	**35.0**	43.5

The notes on pages 131 to 255 form an integral part of the financial statements

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
ASSETS					
Non-current assets					
Property, plant and equipment	14	**4,467,810**	4,164,394	**378,068**	374,715
Prepaid lease payments	15	**826,258**	790,509	**8,030**	8,136
Land held for property development	16	**821,744**	628,327	**-**	-
Investment properties	17	**699,469**	512,976	**-**	-
Other long term investments	18	**27,699**	30,376	**4,823**	9,825
Goodwill on consolidation	19	**510,661**	415,830	**-**	-
Investment in subsidiaries	20	**-**	-	**5,363,441**	4,724,118
Investment in associates	21	**280,924**	247,385	**22,850**	29,300
Investment in jointly controlled entity	22	**1,122**	-	**-**	-
Amount due from jointly controlled entity	22	**160,357**	-	**-**	-
Deferred tax assets	36	**78,993**	95,389	**-**	-
		7,875,037	6,885,186	**5,777,212**	5,146,094
Current assets					
Property development costs	23	**428,934**	356,207	**-**	-
Inventories	24	**1,332,819**	907,895	**4,696**	6,025
Trade and other receivables	25	**1,200,261**	787,827	**16,312**	14,036
Amount due from subsidiaries	20	**-**	-	**1,978,398**	2,072,184
Tax recoverable		**95,406**	144,201	**78,616**	122,095
Short term investments	26	**7,199**	2,032	**-**	-
Short term funds	27	**1,879,345**	460,633	**1,650,139**	196,701
Deposits with financial institutions	28	**507,070**	418,595	**242,121**	76,148
Cash and bank balances	29	**341,581**	349,110	**3,559**	15,670
		5,792,615	3,426,500	**3,973,841**	2,502,859
Non-current assets held for sale	30	**13,190**	-	**-**	-
		5,805,805	3,426,500	**3,973,841**	2,502,859
TOTAL ASSETS		**13,680,842**	10,311,686	**9,751,053**	7,648,953

The notes on pages 131 to 255 form an integral part of the financial statements

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	31	**625,881**	605,267	**625,881**	605,267
Reserves	32	**2,405,817**	1,836,535	**2,414,780**	1,788,708
Retained earnings	33	**4,707,560**	3,592,121	**1,842,515**	1,733,028
		7,739,258	6,033,923	**4,883,176**	4,127,003
Minority interests		**856,954**	746,984	**-**	-
Total equity		**8,596,212**	6,780,907	**4,883,176**	4,127,003
Liabilities					
Non-current liabilities					
Long term borrowings	34	**3,381,663**	2,334,231	**-**	-
Amount due to subsidiaries	20	**-**	-	**3,288,834**	2,302,671
Other long term liabilities	35	**53,722**	55,823	**1,021**	1,108
Deferred tax liabilities	36	**502,857**	430,885	**390**	670
		3,938,242	2,820,939	**3,290,245**	2,304,449
Current liabilities					
Trade and other payables	37	**815,952**	522,673	**25,516**	27,384
Bank overdrafts	38	**7,013**	7,897	**-**	-
Short term borrowings	39	**242,681**	153,656	**-**	-
Amount due to subsidiaries	20	**-**	-	**1,550,058**	1,187,378
Amount due to an associate	21	**2,058**	2,739	**2,058**	2,739
Taxation		**78,684**	22,875	**-**	-
		1,146,388	709,840	**1,577,632**	1,217,501
Total liabilities		**5,084,630**	3,530,779	**4,867,877**	3,521,950
TOTAL EQUITY AND LIABILITIES		**13,680,842**	10,311,686	**9,751,053**	7,648,953

The notes on pages 131 to 255 form an integral part of the financial statements

	Attributable to equity holders of the Company										
	Share capital RM'000	Share premium RM'000	Revaluation surplus RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Negative goodwill RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Group											
As at 1 July 2005	559,241	890,919	82,310	156,422	(101,357)	7,263	(15,869)	3,283,399	4,862,328	1,175,183	6,037,511
Transfer of revaluation surplus to retained earnings upon disposal of investment properties	-	-	(20)	-	-	-	-	20	-	-	-
Currency translation differences	-	-	-	-	39	-	-	-	39	808	847
Net (expense) / income recognised directly in equity	-	-	(20)	-	39	-	-	20	39	808	847
Profit for the financial year	-	-	-	-	-	-	-	829,002	829,002	127,713	956,715
Total recognised expense and income for the financial year	-	-	(20)	-	39	-	-	829,022	829,041	128,521	957,562
Exchange of 1st Exchangeable Bonds	30,966	654,001	-	(69,734)	-	-	-	9,844	625,077	-	625,077
Issue of shares on privatisation of a subsidiary	15,060	310,845	-	-	-	-	-	-	325,905	-	325,905
Recognition of share option expenses	-	-	-	14,786	-	-	-	-	14,786	343	15,129
Repurchase of shares	-	-	-	-	-	-	(92,319)	-	(92,319)	-	(92,319)
Amortisation of negative goodwill	-	-	-	-	-	(751)	-	-	(751)	-	(751)
First interim dividend paid	-	-	-	-	-	-	-	(246,411)	(246,411)	-	(246,411)
Privatisation of a subsidiary	-	-	-	-	-	-	-	(283,733)	(283,733)	(463,588)	(747,321)
Changes in equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	(39,047)	(39,047)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(54,428)	(54,428)
As at 30 June 2006 (restated)	605,267	1,855,765	82,290	101,474	(101,318)	6,512	(108,188)	3,592,121	6,033,923	746,984	6,780,907

The notes on pages 131 to 255 form an integral part of the financial statements

	Attributable to equity holders of the Company										
	Share capital RM'000	Share premium RM'000	Revaluation surplus RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Negative goodwill RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Group											
As at 1 July 2006											
As previously reported	605,267	1,855,765	82,290	86,688	(101,318)	6,512	(108,188)	3,606,907	6,033,923	746,984	6,780,907
Effect of adopting FRS 2											
- Share-based Payment	-	-	-	14,786	-	-	-	(14,786)	-	-	-
As restated but before opening balance adjustments	605,267	1,855,765	82,290	101,474	(101,318)	6,512	(108,188)	3,592,121	6,033,923	746,984	6,780,907
Effect of adopting FRS 140											
- Investment Property	-	-	(82,290)	-	-	-	-	82,290	-	-	-
Effect of adopting FRS 3											
- Business Combinations	-	-	-	-	-	(6,512)	-	32,125	25,613	2,148	27,761
As restated	605,267	1,855,765	-	101,474	(101,318)	-	(108,188)	3,706,536	6,059,536	749,132	6,808,668
Currency translation differences	-	-	-	-	(659)	-	-	-	(659)	(1,405)	(2,064)
Net expense recognised directly in equity	-	-	-	-	(659)	-	-	-	(659)	(1,405)	(2,064)
Profit for the financial year	-	-	-	-	-	-	-	1,482,104	1,482,104	168,860	1,650,964
Total recognised income and expense for the financial year	-	-	-	-	(659)	-	-	1,482,104	1,481,445	167,455	1,648,900
Recognition of share option expenses	-	-	-	25,969	-	-	-	-	25,969	679	26,648
Issue of 2nd Exchangeable Bonds	-	-	-	92,023	-	-	-	-	92,023	-	92,023
Exchange of 1st Exchangeable Bonds	22,295	470,740	-	(50,194)	-	-	-	1,803	444,644	-	444,644
Exchange of 2nd Exchangeable Bonds	3,192	146,839	-	(10,541)	-	-	-	(1,753)	137,737	-	137,737
Special issue of shares to Bumiputera investors	900	43,884	-	-	-	-	-	-	44,784	-	44,784
Exercise of share options	1,583	45,649	-	(7,644)	-	-	-	-	39,588	-	39,588
Exercise of share options in a subsidiary	-	-	-	(209)	-	-	-	-	(209)	-	(209)
Repurchase of shares	-	-	-	-	-	-	(105,129)	-	(105,129)	-	(105,129)
Cancellation of treasury shares	(7,356)	(213,317)	-	7,356	-	-	213,317	-	-	-	-
Dividend paid in respect of previous financial year	-	-	-	-	-	-	-	(164,779)	(164,779)	-	(164,779)
Dividend paid in respect of current financial year	-	-	-	-	-	-	-	(316,351)	(316,351)	-	(316,351)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	8,986	8,986
Changes in equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	(20,977)	(20,977)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(48,321)	(48,321)
As at 30 June 2007	625,881	2,349,560	-	158,234	(101,977)	-	-	4,707,560	7,739,258	856,954	8,596,212

The notes on pages 131 to 255 form an integral part of the financial statements

		Non Distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Company							
As at 1 July 2005							
As previously reported	559,241	890,919	27,164	(44,384)	(15,869)	1,354,980	2,772,051
Effect of adopting FRS121							
- The Effects of Changes in Foreign Exchange Rates	-	-	-	44,384	-	(44,384)	-
As restated	559,241	890,919	27,164	-	(15,869)	1,310,596	2,772,051
Profit for the financial year	-	-	-	-	-	668,843	668,843
Total recognised income for the financial year	-	-	-	-	-	668,843	668,843
Recognition of share option expenses	-	-	13,967	-	-	-	13,967
First interim dividend paid	-	-	-	-	-	(246,411)	(246,411)
Exchange of 1st Exchangeable Bonds	30,966	654,001	-	-	-	-	684,967
Issue of share on privatisation of a subsidiary	15,060	310,845	-	-	-	-	325,905
Repurchase of shares	-	-	-	-	(92,319)	-	(92,319)
As at 30 June 2006 (restated)	605,267	1,855,765	41,131	-	(108,188)	1,733,028	4,127,003

The notes on pages 131 to 255 form an integral part of the financial statements

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		Non Distributable				Distributable	
Company							
As at 1 July 2006							
As previously reported	605,267	1,855,765	27,164	(31,659)	(108,188)	1,778,654	4,127,003
Effect of adopting FRS 2							
- Share-based Payment	-	-	13,967	-	-	(13,967)	-
Effect of adopting FRS 121							
- The Effects of Changes in Foreign Exchange Rates	-	-	-	31,659	-	(31,659)	-
As restated	605,267	1,855,765	41,131	-	(108,188)	1,733,028	4,127,003
Profit for the financial year	-	-	-	-	-	590,617	590,617
Total recognised income for the financial year	-	-	-	-	-	590,617	590,617
Recognition of share option expenses	-	-	24,377	-	-	-	24,377
Exchange of 1st Exchangeable Bonds	22,295	470,740	-	-	-	-	493,035
Exchange of 2nd Exchangeable Bonds	3,192	146,839	-	-	-	-	150,031
Special issue of shares to Bumiputera investors	900	43,884	-	-	-	-	44,784
Exercise of share options	1,583	45,649	(7,644)	-	-	-	39,588
Repurchase of shares	-	-	-	-	(105,129)	-	(105,129)
Cancellation of treasury shares	(7,356)	(213,317)	7,356	-	213,317	-	-
Dividend paid in respect of previous financial year	-	-	-	-	-	(164,779)	(164,779)
Dividend paid in respect of current financial year	-	-	-	-	-	(316,351)	(316,351)
As at 30 June 2007	625,881	2,349,560	65,220	-	-	1,842,515	4,883,176

The notes on pages 131 to 255 form an integral part of the financial statements

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
Cash Flows From Operating Activities					
Profit before taxation		**1,991,073**	1,152,873	**693,593**	769,493
Adjustments for:					
Depreciation of property, plant and equipment		**187,105**	157,578	**4,735**	5,376
Interest expenses		**144,154**	129,985	**111,938**	100,360
Share option expenses		**26,648**	15,129	**24,377**	13,967
Expenses for retirement benefits		**18,370**	6,966	**8**	162
Inventories write down		**23,647**	11,856	**-**	-
Amortisation of prepaid lease payments		**12,725**	11,164	**106**	105
Property, plant and equipment written off		**11,738**	12,017	**775**	7,571
Allowance for doubtful debts		**10,221**	244	**-**	-
Impairment loss on other long term investments		**1,120**	-	**976**	-
Loss on disposal of a subsidiary		**538**	-	**-**	-
Share of results of a jointly controlled entity		**7**	-	**-**	-
Gain on disposal of land held for property development		**(168)**	-	**-**	-
Negative goodwill recognised arising from additional interest acquired in a subsidiary		**(263)**	-	**-**	-
Allowance for doubtful debts written back		**(318)**	(332)	**-**	-
Dividend income from other investments		**(912)**	(340)	**(142)**	(113)
Gain on disposal of other long term investments		**(3,402)**	(482)	**(1,354)**	(43)
Impairment loss on short term investments written back		**(5,167)**	-	**-**	-
Gain on disposal of short term funds		**(5,813)**	(11,638)	**(2,854)**	(11,108)
Realised foreign currency translation (gain)/loss		**(7,184)**	(16,179)	**20,740**	-
Gain on disposal of property, plant and equipment		**(10,068)**	(4,704)	**(625)**	(251)
Dividend income from short term funds		**(10,484)**	(5,833)	**(10,484)**	(5,833)
Share of results of associates		**(37,323)**	(42,581)	**-**	-
Interest income		**(39,680)**	(20,012)	**(105,164)**	(85,631)
Fair value gain of investment properties		**(160,650)**	-	**-**	-
Unrealised foreign currency translation gain on borrowings		**(163,058)**	(76,092)	**(148,710)**	(90,885)
Amortisation of goodwill on consolidation		**-**	29,908	**-**	-
Loss on impairment of goodwill of subsidiaries		**-**	13,886	**-**	-
Unrealised foreign currency translation loss		**-**	954	**-**	-
Gain on disposal of short term investments		**-**	(28)	**-**	-
Gain on disposal of investment properties		**-**	(58)	**-**	-
Impairment loss on other long term investments written back		**-**	(285)	**-**	-
Amortisation of negative goodwill of subsidiaries		**-**	(751)	**-**	-
Amortisation of negative goodwill of associates		**-**	(2,208)	**-**	-
Dividend income from associates		**-**	-	**(5,040)**	(6,696)
Dividend income from subsidiaries		**-**	-	**(515,945)**	(580,504)
Operating profit before working capital changes		**1,982,856**	1,361,037	**66,930**	115,970

The notes on pages 131 to 255 form an integral part of the financial statements

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
Cash Flows From Operating Activities cont'd					
Operating profit before working capital changes		**1,982,856**	1,361,037	**66,930**	115,970
Increase in property development costs		**(6,085)**	(72,991)	**-**	-
(Increase)/decrease in inventories		**(339,195)**	(163,146)	**1,329**	(1,427)
(Increase)/decrease in trade receivables		**(256,050)**	(84,742)	**11**	259
(Increase)/decrease in other receivables, deposits and prepayments		**(10,585)**	(18,496)	**(2,287)**	2,860
(Increase)/decrease in amount due from customers on contracts		**(2,520)**	465	**-**	-
Increase/(decrease) in trade payables		**111,285**	29,669	**(38)**	(262)
Increase/(decrease) in other payables and accruals		**82,271**	17,151	**(1,830)**	1,856
Increase in amount due to customers		**88**	-	**-**	-
Cash generated from operations		**1,562,065**	1,068,947	**64,115**	119,256
Club membership deposits refunded		**(1,303)**	(256)	**-**	-
Retirement benefits paid		**(633)**	(746)	**(95)**	(96)
Retirement benefits contributed		**(22,971)**	(21,290)	**-**	-
Tax paid		**(295,703)**	(264,547)	**(357)**	-
Tax refund		**76,027**	21,145	**73,915**	19,900
Net cash generated from operating activities		**1,317,482**	803,253	**137,578**	139,060

The notes on pages 131 to 255 form an integral part of the financial statements

		Group		Company	
		2007	2006	2007	2006
	Note	RM'000	RM'000	RM'000	RM'000
			(restated)		(restated)
Cash Flows From Investing Activities					
Interest received		**39,797**	19,995	**17,833**	2,834
Proceeds from disposal of a subsidiary	40	**35,197**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**32,098**	6,059	**916**	437
Dividends received from associates		**26,095**	46,845	**3,679**	4,821
Dividends received from short term funds		**10,484**	5,833	**10,484**	5,833
Proceeds from disposal of other long term investments		**9,037**	1,090	**5,394**	112
Capital return from associates		**7,450**	-	**6,450**	-
Proceeds from disposal of short term funds		**5,813**	11,638	**2,854**	11,108
Dividends received from other investments		**491**	295	**104**	83
Proceeds from disposal of land held for property development		**211**	-	**-**	-
Payments (to)/from associates		**(770)**	12	**(681)**	-
Additions to investment properties		**(901)**	(2,647)	**-**	-
Additions to investment in associates		**(2,000)**	-	**-**	-
Investment in a jointly controlled entity		**(1,129)**	-	**-**	-
Additions to prepaid lease payments		**(3,047)**	(1,000)	**-**	-
Additions to other long term investments		**(4,078)**	-	**(14)**	-
Deposit paid for property development land		**(24,500)**	(26,970)	**-**	-
Acquisition of additional interest in subsidiaries		**(29,477)**	(16,430)	**(29,477)**	(16,430)
Payment made to a jointly controlled entity		**(160,357)**	-	**-**	-
Additions to property, plant and equipment		**(182,310)**	(326,142)	**(9,154)**	(8,710)
Additions to land held for property development		**(269,165)**	(69,591)	**-**	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	41	**(480,444)**	-	**(447,359)**	-
Proceeds from disposal of investment properties		**-**	319	**-**	-
Proceeds from disposal of short term investments		**-**	53	**-**	-
Payments made for the privatisation of a subsidiary		**-**	(421,416)	**-**	(547,385)
Payments from/(to) subsidiaries		**-**	-	**2,027,476**	(409,715)
Dividends received from subsidiaries		**-**	-	**384,009**	440,637
Net cash (used in)/generated from investing activities		**(991,505)**	(772,057)	**1,972,514**	(516,375)

The notes on pages 131 to 255 form an integral part of the financial statements

Cash Flow Statements cont'd
for the financial year ended 30 June 2007

		Group		Company	
		2007	2006	2007	2006
	Note	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Cash Flows From Financing Activities					
Proceeds from issuance of 2nd Exchangeable Bonds		**1,314,980**	-	**-**	-
Drawdown of term loans		**616,129**	-	**-**	-
Proceeds from issuance of shares		**84,372**	-	**84,372**	-
Proceeds from shares issued to minority shareholders		**2,202**	182	**-**	-
Repayment of short term borrowings		**(206)**	-	**-**	-
Repurchase of shares by a subsidiary		**(481)**	(35,055)	**-**	-
Dividend paid to minority shareholders		**(48,321)**	(54,428)	**-**	-
Interest paid		**(92,956)**	(100,766)	**(905)**	(1,058)
Repurchase of shares		**(105,129)**	(92,319)	**(105,129)**	(92,319)
Repayment of term loans		**(114,354)**	(94,444)	**-**	-
Dividend paid		**(481,130)**	(413,919)	**(481,130)**	(413,919)
Proceeds from short term borrowings		**-**	34,906	**-**	-
Payment on interest rate swaps		**-**	(13,672)	**-**	(13,672)
Net cash generated from/(used in) financing activities		**1,175,106**	(769,515)	**(502,792)**	(520,968)
Net increase/(decrease) in cash and cash equivalents		**1,501,083**	(738,319)	**1,607,300**	(898,283)
Cash and cash equivalents as previously reported		**1,220,441**	1,958,141	**288,519**	1,186,802
Effect of exchange rate changes		**(541)**	619	**-**	-
Cash and cash equivalents at beginning of financial year, as restated		**1,219,900**	1,958,760	**288,519**	1,186,802
Cash and cash equivalents at end of financial year	42	**2,720,983**	1,220,441	**1,895,819**	288,519

The notes on pages 131 to 255 form an integral part of 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 and associates are set out in Note 51 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 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

On 1 July 2006, the Group and the Company adopted new and revised FRSs which are mandatory for the periods beginning on or after 1 January 2006 and those that are relevant to the Group and the Company as disclosed in Note 3.1.

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for investment properties which have been measured at fair value.

2.3 Presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and all financial information presented in RM are rounded to the nearest thousand (RM'000), except when otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. In addition, the Directors are also required to exercise their judgement in the process of applying the Group's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4.

Judgements, estimates and assumptions are assessed on an ongoing basis. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, it is subject to risks and uncertainties and hence actual results may differ from these estimates.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs

3.1 New and revised FRSs adopted

During the financial year, the Group adopted the following new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB") which are relevant to the Group's operations and became effective for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition, the Group has also early adopted the revised FRSs below which are effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

3.2 New and Revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRSs, Amendments to FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a significant impact on the results and the financial position of the Group.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.2 New and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations not adopted cont'd

	For financial periods beginning on or after
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosures of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

The adoption of FRS 107, 111, 112, 118, 134 and 137 does not have any significant financial impact on the results and the financial position of the Group when these standards become effective to the Group.

IC Interpretation 1, 2, 5, 6, 7 and FRS 6 and 120 are not relevant to the Group's operations.

3.2.1 Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and if whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment from its annual periods beginning 1 July 2007.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.2 New and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations not adopted cont'd

3.2.2 IC Interpretation 8

This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to income statement. The Group will apply this interpretation from its annual periods beginning 1 July 2007.

3.3 Impact of FRSs and Amendments to FRSs adopted

The adoption of FRS 102, 108, 110, 116, 127, 128, 131, 132, 133 and 124 does not have any significant financial impact on the Group. The principal effects of changes in accounting policies resulting from the adoption of other new and revised FRSs are as follows:

3.3.1 FRS 2: Share-based Payment

FRS 2 requires an entity to recognise the fair value of share options granted to employees as an expense with a corresponding increase in equity over the vesting period.

The Company together with its listed subsidiary, IOI Properties Berhad, a 71% owned subsidiary of the Company each operates an equity-settled share-based compensation plan, where share options are issued by the respective companies to their respective eligible executives and full time executive directors.

Prior to 1 July 2006, no compensation expense was recognised in income statement for share options granted. The Company and its subsidiary recognised an increase in share capital and share premium when the options were exercised.

With the adoption of FRS 2, the compensation expense relating to share options is now recognised within staff costs in the income statement 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 every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of the estimates is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

In accordance with the transitional provisions, this change in accounting policy for share options has been accounted retrospectively to all options granted after 31 December 2004 but not yet vested on 1 January 2006. Accordingly, certain comparatives have been restated as disclosed in Note 3.5.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.3 Impact of FRSs and Amendments to FRSs adopted cont'd

3.3.1 FRS 2: Share-based Payment cont'd

The financial impacts for the adoption of FRS 2 are as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Income statement				
Decrease in profit attributable to:				
Equity holders of the Company	**(25,969)**	(14,786)	**(24,377)**	(13,967)
Minority interests	**(679)**	(343)	**-**	-
Balance sheet				
Cumulative decrease in retained earnings	**(40,755)**	(14,786)	**(38,344)**	(13,967)
Cumulative increase in capital reserve	**32,902**	14,786	**30,700**	13,967
Cumulative increase in share premium	**7,644**	-	**7,644**	-
Cumulative increase in minority interests	**209**	-	**-**	-

3.3.2 FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

i. Goodwill

Prior to 1 July 2006, goodwill was amortised on a straight line basis over its estimated useful life of not exceeding 20 years and was tested for impairment only if there was any indication of impairment of the Cash-generating Units to which the goodwill was attached to at each balance sheet date.

The adoption of FRS 3 and the revised FRS 136 resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

In accordance with the transitional provisions of FRS 3, this change in accounting policy for goodwill has been accounted for prospectively for business combinations for which the agreement date is on or after 1 January 2006.

The balance of unamortised goodwill with a carrying amount of RM415,830,000 as at 1 July 2006 has been carried forward without amortisation but subject to impairment testing.

This change in accounting policy has been applied prospectively and there is no restatement of comparative amounts.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.3 Impact of FRSs and Amendments to FRSs adopted cont'd

3.3.2 FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets cont'd

ii. Previously recognised negative goodwill

The previously recognised "negative goodwill" represents the excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition.

Prior to 1 July 2006, negative goodwill was taken up as reserve on consolidation and discount on acquisition of associates, and was amortised on a straight line basis over its estimated useful life of not exceeding 20 years.

Under FRS 3, any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in the income statement as it arises.

The revised accounting policy has been applied prospectively. In accordance with the transitional provisions of FRS 3, the negative goodwill of subsidiaries of RM6,512,000 and negative goodwill of associates of RM27,761,000 as at 1 July 2006 have been derecognised with a corresponding adjustments to the retained earnings.

As the revised accounting policy has been applied prospectively, the change has no financial impact on amounts reported for financial year ended 30 June 2006 and prior periods. The financial impact to the Group for the current financial year arising from the aforesaid changes in accounting policies is an increase in profit for the financial year attributable to a reduction of net amortisation charges of RM29,203,000. The negative goodwill recognised in the income statement for the acquisition of shares from minority shareholders during the financial year amounted to RM263,000.

3.3.3 FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 July 2006, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use.

Under FRS 5, 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) and are stated at the lower of carrying amount and fair value less costs to sell.

Prior to 1 July 2006, a discontinued operation was recognised at the earlier of the date the Group enters into a binding sale agreement and the date the Board of Directors have approved and announced a formal disposal plan.

Under FRS 5, a component of an entity is to be classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose off a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.3 Impact of FRSs and Amendments to FRSs adopted cont'd

3.3.3 FRS 5: Non-Current Assets Held for Sale and Discontinued Operations cont'd

This change in accounting policy has been applied prospectively in accordance with the transitional provisions and there is no restatement of comparative amounts.

The financial impacts for the adoption of FRS 5 for the current financial year are as follows:

	Group 2007 RM'000
Balance sheet	
Decrease in property, plant and equipment	(1,959)
Decrease in land held for property development	(11,231)
Increase in non-current assets held for sale	13,190

3.3.4 FRS 101: Presentation of Financial Statements

i. Disclosure and presentation of minority interests

Prior to 1 July 2006, minority interests were presented in the consolidated balance sheets separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the profit or loss for the period. A similar requirement is also applicable to the statements of changes in equity. FRS 101 also requires disclosure, on the face of the statements of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and minority interests.

ii. Presentation of share of tax of associates

Prior to 1 July 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's taxation in the consolidated income statements. Upon the adoption of FRS 101, the share of taxation of associates accounted for using the equity method is now included in the respective share of profit or loss reported in the consolidated income statements before arriving at the Group's profit or loss before taxation.

iii. Disclosure of judgements and estimates

FRS 101 requires disclosures of judgements made by management in the process of applying accounting policies and the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date. These disclosures are made in Note 4.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.3 Impact of FRSs and Amendments to FRSs adopted cont'd

3.3.4 FRS 101: Presentation of Financial Statements cont'd

These changes in presentation have been applied retrospectively. The presentation of the Group's financial statements of the current period is based on the revised requirements of FRS 101, with the comparatives restated to conform to the current period's presentation. These changes in presentation have no financial impact on the financial statements of the Company.

The requirement of FRS 101 for a separate line item with disclosure on "Biological Assets" has not been dealt with as currently there is no operative accounting standard in Malaysia that provides the definition of "Biological Assets".

3.3.5 FRS 117: Leases

Prior to 1 July 2006, leasehold land and leasehold plantations land were classified as property, plant and equipment and were stated at cost less accumulated amortisation and impairment loss, if any. In addition, prepaid lease rental was classified as other receivables and was carried at anticipated realisable value.

Under FRS 117, leasehold land, leasehold plantations land and prepaid lease rental are classified as operating lease and the up-front payments made represent prepaid lease payments.

In accordance with the transitional provisions of FRS 117, the following unamortised amount of leasehold land, leasehold plantations land and prepaid lease rental as at 1 July 2006 are retained as the surrogate carrying amount of prepaid lease payments and presented as a separate line item under non-current assets and are amortised on a straight-line basis over the remaining lease terms:

	Group RM'000	Company RM'000
Long term leasehold plantations land	721,117	8,136
Long term leasehold land	6,545	-
Short term leasehold land	35,494	-
Prepaid lease rental	27,353	-
	790,509	8,136

The reclassifications have been accounted for retrospectively. Accordingly, certain comparatives have been restated as disclosed in Note 3.5. There is no financial impact on the income statement of the Group and of the Company.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.3 Impact of FRSs and Amendments to FRSs adopted cont'd

3.3.6 FRS 121: The Effect of Changes in Foreign Exchange Rates

i. Exchange differences on a monetary item that forms part of the Company's net investment in a foreign operation

Prior to 1 July 2006, exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, regardless of the denomination of the currency of the monetary item, were recognised in equity in the Company's financial statements.

Under the revised FRS 121, such exchange differences are now recognised in income statement.

This change in accounting policy has been accounted for retrospectively. Accordingly, certain comparatives have been restated as disclosed in Note 3.5.

The financial impacts for the adoption of the revised FRS 121 to the Company are as follows:

	Company	
	2007 RM'000	**2006 RM'000**
Income statement		
(Decrease)/increase in operating profit	**(4,856)**	12,725
Balance sheet		
Cumulative decrease in retained earnings	**(36,515)**	(31,659)
Cumulative increase in foreign currency translation reserve	**36,515**	31,659

The change in accounting policy has no financial impact to the Group.

ii. Goodwill and fair value adjustments

Prior to 1 July 2006, goodwill arising on the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities arising on such an acquisition were deemed to be assets and liabilities of the parent company and were translated using exchange rate at the date of acquisition.

Under the revised FRS 121, goodwill and fair value adjustments arising on the acquisition of a foreign operation are now treated as assets and liabilities of the foreign operation and are translated at the closing rate.

In accordance with the transitional provisions of FRS 121, the Group has applied this change in accounting policy prospectively to all acquisitions occurring after 1 January 2006. The change in accounting policy, therefore, has had no impact on amounts reported for financial year ended 30 June 2006 and prior periods. There was also no material effect on the financial statements of the Group for the current financial year.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.3 Impact of FRSs and Amendments to FRSs adopted cont'd

3.3.7 FRS 140: Investment Property

Prior to 1 July 2006, investment properties were stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to revaluation surplus unless the total of the surplus is insufficient to cover a deficit for the same assets, in which case the amount by which the deficit exceeds the amount in the revaluation surplus was charged to the income statement. The investment properties were last revalued in 2003.

Upon adoption of FRS 140, investment properties are now stated at fair value. Any gain or loss arising from a change in the fair value of the investment properties is recognised in the income statement for the period in which it arises.

In accordance with the transitional provisions of FRS 140, the carrying amounts of the revalued investment properties as at 1 July 2006 were taken up as the surrogate carrying amounts and the revaluation surplus of RM82,290,000 has been transferred to retained earnings.

As this accounting policy is applied prospectively, it has no financial impact on amounts reported for financial year ended 30 June 2006 and prior periods. The financial impact to the Group for the current financial year arising from the adoption of FRS 140 is an increase in operating profit for the financial year attributable to change in fair value of the investment properties of RM160,650,000.

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.4 Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the financial year ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current financial year:

3.4.1 Cumulative effects on balance sheets as at 30 June 2007

	Cumulative Increase/(Decrease)							
	FRS 2 Note 3.3.1 RM'000	FRS 3 Note 3.3.2 (i) RM'000	FRS 3 Note 3.3.2 (ii) RM'000	FRS 5 Note 3.3.3 RM'000	FRS 117 Note 3.3.5 RM'000	FRS 121 Note 3.3.6 RM'000	FRS 140 Note 3.3.7 RM'000	Total RM'000
Group								
Property, plant and equipment	-	-	-	(1,959)	(799,677)	-	-	(801,636)
Land held for property development	-	-	-	(11,231)	-	-	-	(11,231)
Investment property	-	-	-	-	-	-	160,650	160,650
Prepaid lease payments	-	-	-	-	826,258	-	-	826,258
Goodwill on consolidation	-	32,167	-	-	-	-	-	32,167
Investment in associates	-	-	25,541	-	-	-	-	25,541
Receivables	-	-	-	-	(26,581)	-	-	(26,581)
Non-current assets held for sale	-	-	-	13,190	-	-	-	13,190
Share premium	7,644	-	-	-	-	-	-	7,644
Revaluation surplus	-	-	-	-	-	-	(82,290)	(82,290)
Capital reserve	32,902	-	-	-	-	-	-	32,902
Negative goodwill	-	-	(6,031)	-	-	-	-	(6,031)
Retained earnings	(40,755)	32,145	29,529	-	-	-	170,739	191,658
Minority interests	209	22	2,043	-	-	-	46,619	48,893
Deferred tax liabilities	-	-	-	-	-	-	25,582	25,582
Company								
Property, plant and equipment	-	-	-	-	(8,030)	-	-	(8,030)
Prepaid lease payments	-	-	-	-	8,030	-	-	8,030
Share premium	7,644	-	-	-	-	-	-	7,644
Capital reserve	30,700	-	-	-	-	-	-	30,700
Foreign currency translation reserve	-	-	-	-	-	36,515	-	36,515
Retained earnings	(38,344)	-	-	-	-	(36,515)	-	(74,859)

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.4 Summary of effects of adopting new and revised FRSs on the current year's financial statements cont'd

3.4.2 Effects on income statements for financial year ended 30 June 2007

	Increase/(Decrease)					
	FRS 2 Note 3.3.1 RM'000	FRS 3 Note 3.3.2 (i) RM'000	FRS 3 Note 3.3.2 (ii) RM'000	FRS 121 Note 3.3.6 RM'000	FRS 140 Note 3.3.7 RM'000	Total RM'000
Group						
Other operating income	-	-	-	-	160,650	160,650
Administration expenses	26,648	-	-	-	-	26,648
Other operating expenses	-	(32,167)	2,701	-	-	(29,466)
Operating profit	(26,648)	32,167	(2,701)	-	160,650	163,468
Profit before taxation	(26,648)	32,167	(2,701)	-	160,650	163,468
Taxation	-	-	-	-	25,582	25,582
Profit for the financial year	(26,648)	32,167	(2,701)	-	135,068	137,886
Profit for the financial year attributable to equity holders of the Company	(25,969)	32,145	(2,596)	-	88,449	92,029
Profit for the financial year attributable to minority interests	(679)	22	(105)	-	46,619	45,857
EPS - Basic	(0.42)	0.52	(0.04)	-	1.44	1.50
- Diluted	(0.40)	0.50	(0.04)	-	1.38	1.44
Company						
Administration expenses	24,377	-	-	-	-	24,377
Other operating expenses	-	-	-	4,856	-	4,856
Operating profit	(24,377)	-	-	(4,856)	-	(29,233)
Profit before taxation	(24,377)	-	-	(4,856)	-	(29,233)
Profit for the financial year attributable to equity holders of the Company	(24,377)	-	-	(4,856)	-	(29,233)

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.5 Restatement of comparatives

The following comparative amounts have been restated as a result of adoption of the new and revised FRSs:

3.5.1 Balance sheets

		Cumulative Increase/(Decrease)			
	As reported previously RM'000	FRS 2 Note 3.3.1 RM'000	FRS 117 Note 3.3.5 RM'000	FRS 121 Note 3.3.6 RM'000	As restated RM'000
As at 30 June 2006					
Group					
Property, plant and equipment	4,927,550	-	(763,156)	-	4,164,394
Prepaid lease payments	-	-	790,509	-	790,509
Trade and other receivables	815,180	-	(27,353)	-	787,827
Capital reserve	86,688	14,786	-	-	101,474
Retained earnings	3,606,907	(14,786)	-	-	3,592,121
Company					
Property, plant and equipment	382,851	-	(8,136)	-	374,715
Prepaid lease payments	-	-	8,136	-	8,136
Capital reserve	27,164	13,967	-	-	41,131
Foreign currency translation reserve	(31,659)	-	-	31,659	-
Retained earnings	1,778,654	(13,967)	-	(31,659)	1,733,028

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") AND AMENDMENTS TO FRSs cont'd

3.5 Restatement of comparatives cont'd

3.5.2 Income statements

	As reported previously RM'000	Increase/(Decrease) FRS 2 Note 3.3.1 RM'000	FRS 101 Note 3.3.4 (ii) RM'000	FRS 121 Note 3.3.6 RM'000	As restated RM'000
For the financial year ended 30 June 2006					
Group					
Administration expenses	190,429	15,129	-	-	205,558
Operating profit	1,235,394	(15,129)	-	-	1,220,265
Share of results of associates	57,664	-	(15,083)	-	42,581
Profit before taxation	1,183,085	(15,129)	(15,083)	-	1,152,873
Taxation	211,241	-	(15,083)	-	196,158
Profit for the financial year	971,844	(15,129)	-	-	956,715
Profit for the financial year attributable to equity holders of the Company	843,788	(14,786)	-	-	829,002
Profit for the financial year attributable to minority interests	128,056	(343)	-	-	127,713
EPS - Basic	14.77	(0.26)	-	-	14.51
- Diluted	13.62	(0.24)	-	-	13.38
Company					
Other operating income	146,233	-	-	12,725	158,958
Administration expenses	20,292	13,967	-	-	34,259
Operating profit	785,464	(13,967)	-	12,725	784,222
Profit before taxation	770,735	(13,967)	-	12,725	769,493
Profit for the financial year	670,085	(13,967)	-	12,725	668,843
Profit for the financial year attributable to equity holders of the Company	670,085	(13,967)	-	12,725	668,843

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date 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:

4.1.1 Impairment of goodwill

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 ("CGUs") 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. The carrying amount of goodwill as at the balance sheet date is disclosed in Note 19.

4.1.2 Property development

The Group recognises property development revenue and expenses in the income statements by using the "stage of completion" method. The stage of completion is determined by the proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total contract 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 results would result in approximately 1% variance in the Group's revenue and 2% variance in the Group's results.

4.1.3 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses and the 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.

4.2 Critical judgements made in applying accounting policies

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 rentals or for both. Some properties comprise a portion that is held to earn rentals 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.

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 Subsidiaries

Subsidiaries are entities in which the Group has 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, investment in subsidiaries is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year. All subsidiaries' financial statements are consolidated based on the purchase method of accounting. Under the purchase method of accounting, the results of the subsidiaries acquired or disposed during the financial year are included in the consolidated income statements from the date of acquisition or up to the date of disposal.

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 cost directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities 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. 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 combination; and

ii. recognise immediately in the income statement any remaining after that reassessment.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interest of the Group is accounted for as a revaluation.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.1 Basis of Consolidation cont'd

5.1.1 Subsidiaries cont'd

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.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statements.

Minority interests at the balance sheet date, are the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries. The minority interests are presented in the consolidated balance sheets and statements of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests' share of results of the Group is presented on the face of the consolidated income statements as an allocation of the total profit or loss for the financial year between minority interests and the equity holders of the Company.

Where losses applicable to the minority in a subsidiary exceed the minority interests in the equity of that subsidiary, the excess, and any further losses applicable to the minority, are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

When the Group purchases a subsidiary's equity from minority interests for cash consideration and the purchase price is established at fair value, the accretion of the Group's interest in the subsidiary is treated as purchases of equity interest for which the acquisition method of accounting is applied.

However, the changes of the Group's interest in a subsidiary that does not satisfy the conditions of cash and fair value as described in the preceding paragraph are treated as equity transactions. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against group reserves.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.1 Basis of Consolidation cont'd

5.1.2 Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating 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 the income statement.

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 investment in associates in the consolidated balance sheets 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 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 represent 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 net assets of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in the consolidated income statements.

The Group's share of results of the associates during the financial year is recognised in the consolidated income statements. 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 income statement. 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 construction obligations or made payments on its behalf.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.1 Basis of Consolidation cont'd

5.1.3 Jointly controlled entity

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investment in jointly controlled entity is stated in the investor's balance sheet at cost less impairment losses, if any.

Jointly controlled entity is 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 entity, 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.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

5.1.4 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 entity 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 entity. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

5.2 Foreign Currency

5.2.1 Functional and presentation currency

The individual financial statements of each entity in 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. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.2 Foreign Currency cont'd

5.2.2 Foreign currency transaction and translations

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the income statement in the period in which they arise.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in the income statement of the Company or the individual financial statements of the foreign operation, as appropriate.

In the consolidated financial statements, such exchange differences are recognised initially in the foreign currency translation reserve except for a monetary item that is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, which exchange differences is recognised in the consolidated income statements. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in the consolidated income statements when the gain or loss on disposal is recognised.

For consolidation purpose, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at exchange rates closely approximating to those ruling at the balance sheet date. Income statement items are translated at average exchange rates for the financial year. All exchange differences arising on translation are included in the foreign currency translation reserve until the disposal of the net investment.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated at closing rate at the balance sheet date.

Goodwill and fair value adjustments which arose on the acquisition of a foreign operation prior to 1 January 2006, were deemed to be assets and liabilities of the parent company and are recorded in the functional currency of the parent company and translated at rate prevailing at the date of acquisitions.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

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 item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are charged to the income statement 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, are depreciated separately.

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

Freehold land and construction in progress are not depreciated.

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 rates are as follows:

Buildings and improvements	2% - 10%
Plant and machinery	4% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	5% - 33%
Golf Course	2%

Depreciation on assets under construction commences when the assets are ready for their intended use.

At each balance sheet date, 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.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.3 Property, Plant and Equipment and Depreciation cont'd

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

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 the income statement.

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 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. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

5.4 New Planting and Replanting Expenditure

New planting expenditure, which represents 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 the income statement in the financial year it is incurred.

5.5 Borrowing Costs

Costs incurred on external borrowings to finance qualifying assets are capitalised until the assets are ready for their intended use after which such expenses are charged to the income statement.

5.6 Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. Subsequently, the land and buildings elements of a lease are considered separately for the purposes 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. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.6 Leases cont'd

5.6.1 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 the income statement on a straight-line basis over the period of the lease.

5.6.2 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 interest in the land element and the building 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 building in which the amount that would initially be recognised for land element is immaterial, the land and building is 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 buildings is regarded as the economic life of the entire leased asset.

5.7 Property Development Activities

5.7.1 Land held for property development

Land held for property development consists of land where no development activities 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.

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 cost

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.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement 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 the income statement is shown as progress billings under trade and other payables.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.8 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially 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 an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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 the income statement 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 losses 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 the income statement in the period of the retirement or disposal.

5.9 Construction Contracts

Contract cost comprise 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 cost 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 the 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 cont'd

5.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a first-in first-out or 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 maturity of less than three months which have an insignificant risk of changes in value.

5.12 Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

5.13 Impairment of Non-financial Assets

The carrying values of assets, other than inventories, deferred tax assets, assets arising from construction contracts, assets arising from employee benefits and financial assets (other than investment in subsidiaries, associates, and jointly controlled entity) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.13 Impairment of Non-financial Assets cont'd

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.

Recoverable amount is the higher of net selling price and value-in-use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the assets belong.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity.

Impairment loss on goodwill is not reversed in a subsequent period. 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 the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

5.14 Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

5.14.1 Other long term investments

Other long term investments are stated at cost less impairment losses, if any.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.14 Financial Instruments cont'd

5.14.2 Short term investments

Short term investments are stated at the lower of cost and market value, calculated on a portfolio basis. Cost is determined on weighted average basis while market value is determined based on quoted market values. Increase or decrease in the carrying amount of short term investments is recognised in the income statement.

Investments in fixed income trust funds that do not meet the definition of cash and cash equivalent are classified as short term investments.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

5.14.3 Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off to the income statement in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

5.14.4 Guaranteed notes

Notes issued by the special purpose entity are stated at the net proceeds received on issue. The difference between the net proceeds and the total amount of the payments of these borrowings are allocated to periods over the term of the borrowings at a constant rate on the carrying amount and are charged to the income statement.

Interest, losses and gains relating to a financial instrument classified as a liability is reported within finance cost in the income statement.

5.14.5 Exchangeable bonds

The exchangeable bonds are regarded as compound instruments, consisting of a liability component and an equity component.

At the date of issue, the fair value of the liability component is estimated based on the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate applicable to similar instruments, but without the exchangeable option. The difference between the proceeds from the exchangeable bonds and the fair value assigned to the liability component, representing the embedded option for the holder to exchange the bonds into equity of the Company, is included in equity (capital reserves).

The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. The imputed interest is charged to the income statement together with the effective tax effect and is added to the carrying value of the exchangeable bonds.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.14 Financial Instruments cont'd

5.14.6 Other liabilities

Other borrowings, trade and other payables are stated at cost.

5.14.7 Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

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.

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 the income statement 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.

5.14.8 Derivative financial instruments

The Group uses derivative financial instruments, including foreign exchange forward, interest rate swap and option and commodity future and swap contracts, to hedge its exposure to foreign currency translation, interest rate and commodity price fluctuation arising from operational, financing and investment activities. These instruments are not recognised in the financial statements on inception.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

5.15 Provisions and Contingent Liabilities

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote except for cases where the amount involved is material and the Directors are of the opinion that disclosure is appropriate.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.16 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.

5.16.1 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.

5.16.2 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 contract costs incurred for work performed up to the balance sheet date over the estimated total contract 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 the income statement.

5.16.3 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 balance sheet date 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. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.16 Revenue Recognition cont'd

5.16.4 Dividend income

Dividend income is recognised when shareholder's right to receive payment is established.

5.16.5 Rental income

Rental income from investment properties is recognised based on accrual basis.

5.16.6 Interest income

Interest income is recognised in the income statement as it accrues.

5.16.7 Club membership license fee

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

5.16.8 Management fees

Management fees are recognised when services are rendered.

5.17 Employee Benefits

5.17.1 Short term employee benefits

Wages, salaries, bonuses, 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.

5.17.2 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 an amount of pension benefit to be provided, usually as a function of one or more factors such as age and years of service.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.17 Employee Benefits cont'd

5.17.2 Retirement benefits cont'd

i. Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

ii. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

5.17.3 Equity compensation benefits

The Group operates equity-settled share-based compensation plans, allowing the employees of the Group to acquire ordinary share of the Company or of a listed subsidiary at predetermined prices. The compensation expense relating to share options is now recognised within staff costs in the income statement over the vesting periods of the grants with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a binomial options pricing model performed by an actuary.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.17 Employee Benefits cont'd

5.17.3 Equity compensation benefits cont'd

At each balance sheet date, 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 the income statement, 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.

5.18 Income Tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and their related tax bases. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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, unabsorbed tax losses and unutilised capital allowances can be utilised.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

5.19 Research and Development Expenditure

All general research and development expenditure are charged to the income statement in the financial year in which the expenditure is incurred.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

5.20 Non-current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount 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.

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 benefit 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 the income statement.

6. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sales of plantation produce and related products	**394,276**	373,911	**234,774**	194,321
Sales of development properties	**703,927**	623,641	**-**	-
Sales of specialty oils and fats and related products	**2,800,807**	2,176,918	**-**	-
Sales of oleochemicals and related products	**1,429,697**	1,217,631	**-**	-
Sales of refined palm oil and related products	**3,458,223**	1,572,463	**-**	-
Rental income from investment properties	**67,090**	60,291	**-**	-
Rendering of services	**84,380**	78,503	**-**	-
Construction contract	**2,931**	137	**-**	-
Dividend income	**11,396**	6,173	**531,611**	593,146
	8,952,727	6,109,668	**766,385**	787,467

7. OTHER OPERATING INCOME

	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
Unrealised foreign currency translation gain on borrowings	**163,058**	76,092	**148,710**	90,885
Fair value gain on investment properties	**160,650**	-	**-**	-
Realised foreign currency translation gain	**31,806**	20,196	**-**	-
Gain on disposal of property, plant and equipment	**10,068**	4,704	**625**	251
Gain on disposal of short term funds	**5,813**	11,638	**2,854**	11,108
Impairment loss on short term investments written back	**5,167**	-	**-**	-
Gain on disposal of other long term investments	**3,402**	482	**1,354**	43
Gain on commodity swap	**-**	33,413	**-**	33,413
Gain on disposal of short term investments	**-**	28	**-**	-
Management fees	**-**	-	**20,453**	18,521
Others	**32,866**	26,173	**8,631**	4,737
	412,830	172,726	**182,627**	158,958

8. OPERATING PROFIT

	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
a) Operating profit has been arrived at after charging:				
Allowance for doubtful debts	**10,221**	244	**-**	-
Amortisation of goodwill on consolidation	**-**	29,908	**-**	-
Amortisation of prepaid lease payments	**12,725**	11,164	**106**	105
Auditors' remuneration				
BDO Binder and affiliates				
Statutory audit	**630**	593	**80**	77
Non-statutory audit				
- tax compliance and advisory services	**320**	261	**-**	-
- others	**85**	10	**74**	-
Member firms of BDO International				
Statutory audit	**1,255**	1,255	**-**	-
Non-statutory audit				
- tax compliance and advisory services	**294**	-	**-**	-
- others	**175**	-	**-**	-
Other auditors				
Statutory audit	**397**	303	**-**	-
Depreciation of property, plant and equipment	**187,105**	157,578	**4,735**	5,376
Direct operating expenses of investment properties	**18,643**	17,318	**-**	-
Expenses for retirement benefits	**18,370**	6,966	**8**	162
Foreign currency translation loss				
- realised	**52,260**	10,625	**77,166**	1,157
- unrealised	**-**	954	**-**	-
Hire of plant and machinery	**9,322**	9,082	**-**	-
Impairment loss in other long term investments	**1,120**	-	**976**	-
Inventories write down	**23,647**	11,856	**-**	-
Loss on disposal of a subsidiary	**538**	-	**-**	-
Loss on impairment of goodwill of subsidiaries	**-**	13,886	**-**	-
Property, plant and equipment written off	**11,738**	12,017	**775**	7,571
Rental of premises	**1,276**	959	**957**	922
Replanting expenditure	**18,552**	12,412	**3,497**	1,375
Research and development expenditure	**16,553**	18,327	**8,600**	8,293
Share option expenses	**26,648**	15,129	**24,377**	13,967

8. OPERATING PROFIT cont'd

	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
and crediting:				
Allowance for doubtful debts written back	**318**	332	**-**	-
Amortisation of negative goodwill of subsidiaries	**-**	751	**-**	-
Amortisation of negative goodwill of associates	**-**	2,208	**-**	-
Gain on disposal of investment properties	**-**	58	**-**	-
Gain on disposal of land held for property development	**168**	-	**-**	-
Gross dividend received from				
- short term funds quoted in Malaysia	**10,484**	5,833	**10,484**	5,833
- other quoted investments in Malaysia	**875**	303	**142**	113
- other unquoted investments in Malaysia	**37**	37	**-**	-
- subsidiary quoted in Malaysia	**-**	-	**148,345**	136,455
- unquoted subsidiaries	**-**	-	**367,600**	444,049
- unquoted associates	**-**	-	**5,040**	6,696
Impairment loss on other long term investments written back	**-**	285	**-**	-
Negative goodwill recognised arising from additional interest acquired in a subsidiary	**263**	-	**-**	-
Rental income from plant and machinery	**6,107**	6,135	**-**	-
Rental income	**69,766**	63,603	**-**	-

Contract cost of the Group recognised as an expense during the financial year amounted to RM324,000 (2006 - RM21,000). Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM5,330,268,000 (2006 - RM3,436,241,000) and RM27,001,000 (2006 - RM29,390,000) respectively.

b) Employee information

The employee benefits expense are as follows:

	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000 (restated)
Wages, salaries and others	**515,438**	492,800	**50,014**	47,767
Contributions to Employee's Provident Fund	**47,115**	18,344	**3,954**	3,876
Expenses for retirement benefits	**18,370**	6,966	**8**	162
Share option expenses	**26,732**	15,129	**24,377**	13,967
	607,655	533,239	**78,353**	65,772

9. INTEREST INCOME

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Short term deposits	**29,736**	15,261	**17,250**	2,229
Subsidiaries	**-**	-	**87,331**	82,797
Jointly controlled entity	**277**	-	**-**	-
Housing development accounts	**2,002**	3,007	**-**	-
Others	**7,665**	1,744	**583**	605
	39,680	20,012	**105,164**	85,631

10. FINANCE COSTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Interest expenses				
Bank overdrafts	**562**	775	**-**	2
Revolving credits	**1,235**	850	**-**	-
Short term loans	**3,607**	2,135	**905**	1,056
Subsidiaries	**-**	-	**111,033**	99,302
Term loans	**19,390**	13,751	**-**	-
1st Exchangeable Bonds	**6,392**	33,431	**-**	-
2nd Exchangeable Bonds	**31,277**	-	**-**	-
Guaranteed Notes	**82,107**	85,557	**-**	-
Others	**304**	16	**-**	-
	144,874	136,515	**111,938**	100,360
Less: Interest capitalised	**(720)**	(6,530)	**-**	-
	144,154	129,985	**111,938**	100,360

11. TAXATION

	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000
Current year				
Malaysian income taxation	**316,538**	215,393	**103,000**	106,000
Foreign taxation	**546**	472	**-**	-
Deferred taxation (Note 36)	**10,107**	(22,132)	**(1,350)**	(5,350)
	327,191	193,733	**101,650**	100,650
Prior years				
Malaysian income taxation	**(369)**	(643)	**256**	-
Foreign taxation	**7,988**	(42)	**-**	-
Deferred taxation (Note 36)	**5,299**	3,110	**1,070**	-
	12,918	2,425	**1,326**	-
	340,109	196,158	**102,976**	100,650

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	Group 2007 %	Group 2006 % (restated)	Company 2007 %	Company 2006 % (restated)
Applicable tax rate	**27.00**	28.00	**27.00**	28.00
Tax effects in respect of:				
Non allowable expenses	**2.36**	3.64	**4.44**	1.04
Non taxable income	**(4.54)**	(5.28)	**(6.62)**	(4.38)
Revenue expenses capitalised	**(0.01)**	(0.04)	**(0.02)**	(0.03)
Tax exempt income	**(0.27)**	(0.35)	**(3.42)**	(4.90)
Tax incentives and allowances	**(4.95)**	(5.40)	**(6.62)**	(6.17)
Utilisation of previously unrecognised tax losses and capital allowances	**(0.39)**	(1.22)	**-**	-
Double deduction	**(0.05)**	(0.15)	**(0.14)**	(0.11)
Deferred tax assets recognised	**(0.96)**	(1.29)	**-**	(0.44)
Different tax rates in foreign jurisdiction	**(0.13)**	0.01	**-**	-
Effect of changes in tax rates on deferred tax	**(1.00)**	-	**(0.01)**	-
Share of post tax results of associates	**(0.38)**	(0.67)	**-**	-
Other items	**(0.25)**	(0.45)	**0.05**	0.07
Average effective tax rate	**16.43**	16.80	**14.66**	13.08
Under provision in prior years	**0.65**	0.21	**0.19**	-
	17.08	17.01	**14.85**	13.08

11. TAXATION cont'd

The amount of tax savings arising from the utilisation of previously unrecognised brought forward unabsorbed tax losses of the Group amounted to approximately RM7,323,000 (2006 - RM11,187,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unabsorbed tax losses of approximately RM120,615,000 (2006 - RM153,254,000), 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 27% (2006: 28%) of the estimated assessable profit for the year. The Malaysian corporate tax decreased from 28% to 27% for the year of assessment ("YA") 2007 and will further reduce to 26% for YA2008, as announced in the 2007 Malaysian Budget. The computation of deferred tax as at 30 June 2007 has reflected these changes. 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 SHARE

Basic earnings per share

The basic earnings per share of the Group is calculated based on the net profit attributable to equity holders of the Company 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	
	2007	**2006 (restated)**
Net profit attributable to equity holders of the Company (RM'000)	**1,482,104**	829,002
Weighted average number of ordinary shares of RM0.10 each in issue ('000) *	**6,143,103**	5,712,378
Basic earnings per share (sen)	**24.13**	14.51

* *Adjusted pursuant to the Share Split on 6 June 2007*

12. EARNINGS PER SHARE cont'd

Diluted earnings per share

The diluted earnings per share of the Group is calculated based on the adjusted net profit attributable to equity holders of the Company divided by the adjusted weighted average number of ordinary shares after taking into consideration of all dilutive potential ordinary shares.

	Group	
	2007 RM'000	**2006 RM'000 (restated)**
Net profit attributable to equity holders of the Company	**1,482,104**	829,002
Assumed exchange of the 1st Exchangeable Bonds at beginning of the period		
Net interest savings	**4,666**	24,070
Net foreign currency translation differences taken up	**(9,728)**	(30,186)
	(5,062)	(6,116)
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period		
Net interest savings	**22,832**	-
Net foreign currency translation differences taken up	**(35,168)**	-
	(12,336)	-
Adjusted net profit attributable to equity holders of the Company	**1,464,706**	822,886

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

	Group	
	2007 '000	**2006 '000**
Weighted average number of ordinary shares in issue *	**6,143,103**	5,712,378
Assumed exchange of the 1st Exchangeable Bonds at beginning of the period *	**82,737**	431,413
Assumed exchange of the 2nd Exchangeable Bonds at inception date *	**146,782**	-
Adjustments for share option granted to executives of the Group	**41,617**	5,399
Adjusted weighted average number of ordinary shares for diluted earnings per share *	**6,414,239**	6,149,190
Diluted earnings per share (sen)	**22.84**	13.38

* *Adjusted pursuant to the Share Split on 6 June 2007*

The comparative basic and diluted earnings per share have been restated to take into account the effect of the changes in accounting policies on profit for that financial year (Note 3.5.2).

13. DIVIDENDS

	Group and Company 2007 RM'000	Group and Company 2006 RM'000
First interim dividend declared and paid of 35.0 sen (2006 - 30.0 sen) less income tax per ordinary share of RM0.50 each	**316,351**	246,411
Second interim tax-exempt dividend declared of nil (2006 - 13.5 sen) per ordinary share of RM0.50 each	**-**	162,167
Adjustments in interim dividends paid in respect of previous financial year	**2,612**	-
	318,963	408,578

14. PROPERTY, PLANT AND EQUIPMENT

Group
2007

At Cost	At beginning of financial year RM'000 (restated)	Additions RM'000	Additions through subsidiaries acquired RM'000	Disposals RM'000	Disposals through subsidiary disposed RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	Reclassification/ transfer * RM'000	At end of financial year RM'000
Freehold land	548,806	242	-	(72)	(30,096)	(1,696)	-	(511)	516,673
Plantation development expenditure	1,647,536	16,709	58,618	(98)	-	-	(5,152)	-	1,717,613
Golf course development expenditure	44,016	-	-	-	-	-	-	-	44,016
Buildings and improvements	1,217,969	18,218	53,988	(3,064)	(28,058)	(5,403)	(6,384)	(37,951)	1,209,315
Plant and machinery	1,873,019	76,797	483,580	(59,061)	(3,366)	(12,800)	(5,747)	74,968	2,427,390
Motor vehicles	70,651	11,020	3,211	(6,781)	(219)	(140)	(270)	-	77,472
Furniture, fittings and equipment	134,597	8,637	6,097	(2,965)	(4,220)	(132)	(1,476)	-	140,538
Construction in progress	70,427	50,949	783	-	-	(557)	(457)	(70,344)	50,801
	5,607,021	182,572	606,277	(72,041)	(65,959)	(20,728)	(19,486)	(33,838)	6,183,818

14. PROPERTY, PLANT AND EQUIPMENT cont'd

Group
2007

Accumulated Depreciation	At beginning of financial year RM'000 (restated)	Current year depreciation charge RM'000	Additions through subsidiaries acquired RM'000	Disposals RM'000	Disposals through subsidiary disposed RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	Reclassi-fication/ transfer * RM'000	At end of financial year RM'000
Golf course development expenditure	-	327	-	-	-	-	-	-	327
Buildings and improvements	312,208	38,511	14,291	(1,505)	(11,221)	(1,455)	(1,813)	(4,904)	344,112
Plant and machinery	993,468	129,324	149,735	(41,211)	(2,974)	(4,820)	(4,465)	3,390	1,222,447
Motor vehicles	50,157	6,761	2,341	(4,620)	(219)	(287)	(338)	-	53,795
Furniture, fittings and equipment	86,794	12,182	3,843	(2,675)	(3,626)	(59)	(1,132)	-	95,327
	1,442,627	187,105	170,210	(50,011)	(18,040)	(6,621)	(7,748)	(1,514)	1,716,008

* *Freehold land with carrying amount of RM282,000 has been transferred to land held for property development*
Freehold land and building with carrying amount of RM30,083,000 has been reclassified to investment properties
Building with carrying amount of RM1,959,000 has been reclassified to non-current assets held for sale

Group
2006

At Cost (restated)	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	Write-offs RM'000	Reclassi-fication/ transfer* RM'000	At end of financial year RM'000
Freehold land	548,491	488	(359)	111	-	75	548,806
Plantation development expenditure	1,633,262	19,918	(67)	-	(8,342)	2,765	1,647,536
Golf course development expenditure	44,016	-	-	-	-	-	44,016
Buildings and improvements	983,598	163,135	(1,601)	857	(2,454)	74,434	1,217,969
Plant and machinery	1,669,379	60,028	(2,109)	5,221	(5,782)	146,282	1,873,019
Motor vehicles	71,130	7,166	(7,313)	(44)	(151)	(137)	70,651
Furniture, fittings and equipment	132,500	6,324	(2,504)	(65)	(2,367)	709	134,597
Construction in progress	215,864	75,189	-	1,544	(41)	(222,129)	70,427
	5,298,240	332,248	(13,953)	7,624	(19,137)	1,999	5,607,021

14. PROPERTY, PLANT AND EQUIPMENT cont'd

Group
2006

Accumulated Depreciation (restated)	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	Reclassi-fication RM'000	At end of financial year RM'000
Buildings and improvements	277,283	32,863	(1,013)	876	(1,306)	3,505	312,208
Plant and machinery	892,693	105,774	(2,352)	4,354	(3,468)	(3,533)	993,468
Motor vehicles	50,645	6,744	(6,916)	(18)	(144)	(154)	50,157
Furniture, fittings and equipment	78,958	12,197	(2,317)	(24)	(2,202)	182	86,794
	1,299,579	157,578	(12,598)	5,188	(7,120)	-	1,442,627

* *Buildings and improvements amounted to RM1,999,000 has been transferred from investment properties.*

Company
2007

At Cost	At beginning of financial year RM'000 (restated)	Additions RM'000	Disposals RM'000	Write-offs RM'000	Reclassi-fication RM'000	At end of financial year RM'000
Freehold land	**174,053**	**-**	**(72)**	**-**	**-**	**173,981**
Plantation development expenditure	**168,459**	**2,506**	**(98)**	**(728)**	**-**	**170,139**
Buildings and improvements	**30,347**	**1,503**	**-**	**(19)**	**366**	**32,197**
Plant and machinery	**32,493**	**2,329**	**(11)**	**(1,190)**	**-**	**33,621**
Motor vehicles	**7,406**	**1,783**	**(328)**	**(26)**	**-**	**8,835**
Furniture, fittings and equipment	**12,297**	**823**	**(12)**	**(121)**	**-**	**12,987**
Construction in progress	**366**	**210**	**-**	**-**	**(366)**	**210**
	425,421	**9,154**	**(521)**	**(2,084)**	**-**	**431,970**

14. PROPERTY, PLANT AND EQUIPMENT cont'd

Company
2007

Accumulated Depreciation	At beginning of financial year RM'000 (restated)	Current year depreciation charge RM'000	Disposals RM'000	Write-offs RM'000	At end of financial year RM'000
Buildings and improvements	10,905	1,309	-	(9)	12,205
Plant and machinery	25,935	1,678	(5)	(1,089)	26,519
Motor vehicles	5,473	903	(213)	(102)	6,061
Furniture, fittings and equipment	8,393	845	(12)	(109)	9,117
	50,706	4,735	(230)	(1,309)	53,902

Company
2006

At Cost (restated)	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Reclassi-fication RM'000	At end of financial year RM'000
Freehold land	174,136	-	(83)	-	-	174,053
Plantation development expenditure	171,472	4,383	(67)	(7,329)	-	168,459
Buildings and improvements	29,072	931	-	(246)	590	30,347
Plant and machinery	31,557	1,593	(17)	(640)	-	32,493
Motor vehicles	7,042	647	(232)	(51)	-	7,406
Furniture, fittings and equipment	11,673	818	(30)	(164)	-	12,297
Construction in progress	618	338	-	-	(590)	366
	425,570	8,710	(429)	(8,430)	-	425,421

14. PROPERTY, PLANT AND EQUIPMENT cont'd

Company
2006

Accumulated Depreciation (restated)	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
Buildings and improvements	9,810	1,274	-	(179)	10,905
Plant and machinery	24,049	2,375	(14)	(475)	25,935
Motor vehicles	4,960	777	(213)	(51)	5,473
Furniture, fittings and equipment	7,613	950	(16)	(154)	8,393
	46,432	5,376	(243)	(859)	50,706

	Group		Company	
Net Book Value	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
Freehold land	**516,673**	548,806	**173,981**	174,053
Plantation development expenditure	**1,717,613**	1,647,536	**170,139**	168,459
Golf course development expenditure	**43,689**	44,016	**-**	-
Buildings and improvements	**865,203**	905,761	**19,992**	19,442
Plant and machinery	**1,204,943**	879,551	**7,102**	6,558
Motor vehicles	**23,677**	20,494	**2,774**	1,933
Furniture, fittings and equipment	**45,211**	47,803	**3,870**	3,904
Construction in progress	**50,801**	70,427	**210**	366
	4,467,810	4,164,394	**378,068**	374,715

Included in plantations development expenditure and construction in progress is an amount of interest expense capitalised during the financial year amounted to RM262,000 (2006 - RM6,106,000) for the Group.

15. PREPAID LEASE PAYMENTS

	Group			Company
	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000	Long term leasehold land RM'000
2007				
At Cost				
At beginning of financial year (restated)	**886,627**	**44,759**	**931,386**	**9,695**
Additions	**3,047**	**-**	**3,047**	**-**
Additions through subsidiaries acquired	**19,600**	**28,469**	**48,069**	**-**
Disposal	**-**	**(9)**	**(9)**	**-**
Transfer to land held for property development (Note 16)	**-**	**(262)**	**(262)**	**-**
At end of financial year	**909,274**	**72,957**	**982,231**	**9,695**
Accumulated Amortisation				
At beginning of financial year (restated)	**131,612**	**9,265**	**140,877**	**1,559**
Additions through subsidiaries acquired	**-**	**2,469**	**2,469**	**-**
Disposal	**-**	**(9)**	**(9)**	**-**
Transfer to land held for property development (Note 16)	**-**	**(89)**	**(89)**	**-**
Current year amortisation	**10,904**	**1,821**	**12,725**	**106**
At end of financial year	**142,516**	**13,457**	**155,973**	**1,665**
Carrying Amount				
At end of financial year	**766,758**	**59,500**	**826,258**	**8,030**
2006 (restated)				
At Cost				
At beginning of financial year	885,627	44,759	930,386	9,695
Additions	1,000	-	1,000	-
At end of financial year	886,627	44,759	931,386	9,695
Accumulated Amortisation				
At beginning of financial year	121,358	8,355	129,713	1,454
Current year amortisation	10,254	910	11,164	105
At end of financial year	131,612	9,265	140,877	1,559
Carrying Amount				
At end of financial year	755,015	35,494	790,509	8,136

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
2007					
At cost					
At beginning of financial year	**332,513**	**274**	**-**	**295,540**	**628,327**
Costs incurred	**184,018**	**-**	**-**	**112,569**	**296,587**
Reclassification	**(72,503)**	**81,912**	**-**	**(9,409)**	**-**
Transfer to property development costs (Note 23)	**(26,190)**	**-**	**-**	**(66,161)**	**(92,351)**
Transfer from property, plant and equipment (Note 14)	**282**	**-**	**-**	**-**	**282**
Transfer from prepaid lease payments (Note 15)	**-**	**-**	**173**	**-**	**173**
Transfer to non-current assets held for sale (Note 30)	**(11,071)**	**-**	**-**	**(160)**	**(11,231)**
Disposals	**-**	**(43)**	**-**	**-**	**(43)**
At end of financial year	**407,049**	**82,143**	**173**	**332,379**	**821,744**
2006					
At cost					
At beginning of financial year	362,351	274	-	274,768	637,393
Costs incurred	869	-	-	69,146	70,015
Reclassification	(1,864)	-	-	1,864	-
Transfer to property development costs (Note 23)	(28,843)	-	-	(49,888)	(78,731)
Transfer to investment properties (Note 17)	-	-	-	(350)	(350)
At end of financial year	332,513	274	-	295,540	628,327

Included in development costs is interest expense incurred during the financial year amounted to RM452,000 (2006 - RM424,000).

17. INVESTMENT PROPERTIES

Group

2007	At beginning of financial year RM'000	Transfer from property, plant and equipment RM'000	Fair value adjustments RM'000	Additions RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
Freehold land and buildings	**348,624**	**30,083**	**94,392**	**901**	**-**	**474,000**
Leasehold land and buildings	**164,352**	**-**	**66,258**	**-**	**(5,141)**	**225,469**
	512,976	**30,083**	**160,650**	**901**	**(5,141)**	**699,469**

2006	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	Transfer to property, plant and equipment RM'000	Transfer from land held for property development RM'000	At end of financial year RM'000
Freehold land and buildings	345,888	2,647	(261)	-	-	350	348,624
Leasehold land and buildings	162,288	-	-	4,063	(1,999)	-	164,352
	508,176	2,647	(261)	4,063	(1,999)	350	512,976

During the financial year, the investment properties are restated to fair value with a corresponding fair value gain of RM160,650,000 recognised to income statement in accordance with the Group's accounting policies as disclosed in Note 3.3.7.

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	58,992 sq. m
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	37 units of commercial lot	Freehold	5,336 sq. m

17. INVESTMENT PROPERTIES cont'd

Name of building/location	Description	Tenure of land	Net lettable area
Mayang Plaza Jalan SS 26/2, Taman Mayang Jaya Petaling Jaya Selangor Darul Ehsan	4 storey commercial complex	Freehold	12,575 sq. m
IOI Resort Putrajaya	33 units of residential bungalow	Freehold	22,082 sq. m
IOI Square IOI Resort Putrajaya	2 blocks of 12 storey office building	Freehold	30,701 sq. m
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	3 storey shopping mall	Freehold	22,398 sq. m
IOI Plaza 210 Middle Road Singapore	12 storey office building	Leasehold	8,740 sq. m
Shop office Bandar Puchong Jaya Selangor Darul Ehsan	3 ½ storey shop office	Freehold	465 sq. m

Investment property with carrying amount of RM225,469,000 (2006 - RM164,352,000) has been pledged to banks for credit facilities granted to a foreign incorporated subsidiary.

18. OTHER LONG TERM INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
At cost				
In Malaysia				
- Quoted shares	**31,682**	33,457	**9,472**	13,128
- Unquoted shares	**1,783**	1,783	**860**	860
- Quoted warrants	**-**	1,711	**-**	1,711
	33,465	36,951	**10,332**	15,699
Outside Malaysia				
- Quoted shares	**5**	5	**5**	5
	33,470	36,956	**10,337**	15,704
Less: impairment losses	**(5,771)**	(6,580)	**(5,514)**	(5,879)
	27,699	30,376	**4,823**	9,825
At market value				
- Shares quoted in Malaysia	**59,143**	40,588	**4,501**	6,280
- Warrants quoted in Malaysia	**-**	26	**-**	26

19. GOODWILL ON CONSOLIDATION

	Group 2007 RM'000	Group 2006 RM'000
At beginning of financial year	**415,830**	447,485
Arising from acquisition of subsidiaries (Note 41)	**88,097**	-
Arising from acquisition of additional shares in a subsidiary	**6,618**	4,401
Arising from purchase of own shares by a subsidiary	**116**	7,738
Impairment loss in a foreign subsidiary	**-**	(13,886)
	510,661	445,738
Amortisation for the financial year	**-**	(29,908)
At end of financial year	**510,661**	415,830

The goodwill recognised on the acquisitions during the financial year is 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.

19. GOODWILL ON CONSOLIDATION cont'd

For the purpose of impairment testing, goodwill is allocated to the Group's Cash-generating Units ("CGUs") identified according to the business segments as follows:

	Group	
	2007	**2006**
	RM'000	**RM'000**
Plantation	**93,025**	90,999
Property development	**80,108**	73,373
Resource-based manufacturing	**337,528**	251,458
	510,661	415,830

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 three-year business plan.

ii. Discount rates used for cash flows discounting purpose are the management's estimate of return on capital employed required in the respective segments. The discount rates applied for cash flow projections are ranging from 10.03% to 10.28%.

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 predetermined 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 amount of the CGUs to materially exceed their recoverable amounts.

20. SUBSIDIARIES

20.1 Investment in subsidiaries

	Company 2007 RM'000	Company 2006 RM'000
At cost		
Shares quoted in Malaysia	**612,574**	588,932
Unquoted shares in Malaysia	**4,061,375**	3,608,181
Unquoted shares outside Malaysia	**695,216**	532,729
	5,369,165	4,729,842
Less: accumulated impairment losses	**(5,724)**	(5,724)
	5,363,441	4,724,118
At market value		
Shares quoted in Malaysia	**3,053,023**	1,825,737

Details of the subsidiaries are set out in Note 51.

During the current financial year, the Company subscribed for additional shares of EUR35.0 million in Loders Croklaan Group B. V. ("LC Group"). The consideration for the subscription was settled by offsetting the amount due from LC Group to the Company.

20.2 Privatisation of IOI Oleochemical Industries Berhad

During the previous financial year, the Company acquired 39% interest in IOI Oleochemical Industries Berhad ("IOI Oleo") pursuant to a privatisation exercise and thereafter, IOI Oleo became a wholly-owned subsidiary of the Company. The summary of the shares acquired was as follows:

Acquired from	No. of IOI Oleo Shares acquired	Mode of settlement #	Cash payment RM'000	New IOI Shares issued
IOI Properties Berhad	11,369,000	Cash Option	125,969	-
Other minority shareholders	7,156,403	Cash Option	79,293	-
Other minority shareholders	60,241,355	Share + Cash Option	341,568	30,120,634
Total	78,766,758		546,830	30,120,634

Mode of Settlement

Cash Option - *Cash payment of RM11.08 for each share in IOI Oleo*

Share + Cash Option - *Issuance of one IOI Share of RM0.50 each at an issue price of RM10.82 and a cash payment of RM11.34 for every two IOI Oleo Shares*

20. SUBSIDIARIES cont'd

20.2 Privatisation of IOI Oleochemical Industries Berhad cont'd

Cash outflow on the privatisation

	Group RM'000	Company RM'000
Amount paid for the acquisition of IOI Oleo Shares		
- IOI Properties Berhad	-	125,969
- Other minority shareholders	420,861	420,861
	420,861	546,830
Add: incidental expenses	555	555
	421,416	547,385

Analysis of share of net assets acquired and consideration

	Group RM'000
Cash outflow on the privatisation	421,416
30,120,634 IOI Share of RM0.50 each issued at RM10.82	325,905
Total consideration paid	747,321
Less: share of net assets acquired	(463,588)
Difference between share of net assets acquired and consideration paid	283,733

The privatisation of IOI Oleo was treated as equity transaction between the Group and the minority shareholders as explained in the Group's Significant Accounting Policy Note 5.1.1. The difference between the Group's share of net assets acquired and total consideration paid was adjusted against retained earnings.

20.3 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, bear interest at rates ranging from 0% to 7.75% (2006 - 0% to 7.8%) per annum. Except for the non-current portion, the amounts due from and to subsidiaries have no fixed terms of repayment.

21. ASSOCIATES

21.1 Investment in associates

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unquoted shares, at cost	**95,537**	100,987	**22,850**	29,300
Share of post acquisition results and reserves	**141,241**	130,013	**-**	-
Negative goodwill transferred to retained earnings upon adoption of FRS 3	**27,761**	-	**-**	-
Negative goodwill amortised	**16,385**	16,385	**-**	-
	185,387	146,398	**-**	-
	280,924	247,385	**22,850**	29,300

Details of the associates are set out in Note 51.

21.2 Summary of financial information of associates

	2007 RM'000	2006 RM'000
Total assets	**1,209,608**	1,181,613
Total liabilities	**251,294**	250,264
Revenue	**930,632**	986,414
Profit for the financial year	**130,344**	145,526

21.3 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 have no fixed terms of repayment.

22. JOINTLY CONTROLLED ENTITY

22.1 Investment in a jointly controlled entity

	Group 2007 RM'000	2006 RM'000
Unquoted shares, at cost	**1,129**	-
Share of post acquisition results and reserves	**(7)**	-
	1,122	-

Details of the jointly controlled entity are set out in Note 51.

22.2 Interest in a jointly controlled entity

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

	Group 2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	**536,463**	-
Total assets	**536,463**	-
Current liabilities	**704**	-
Non-current liabilities	**534,637**	-
Total liabilities	**535,341**	-
Results		
Revenue	**-**	-
Expenses, including finance costs and tax expense	**(7)**	-

22. JOINTLY CONTROLLED ENTITY cont'd

22.3 Amount due from jointly controlled entity

	Group 2007 RM'000	Group 2006 RM'000
Amount due from jointly controlled entity	**160,357**	-

Amount due from jointly controlled entity represents outstanding amount arising from a subsidiary's proportionate advances for the purchase of a development land in Singapore which is unsecured, bearing interest at 3.12% and has no fixed terms of repayment.

23. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM'000	Development costs RM'000	Accumulated cost charged to income statement RM'000	Total RM'000
2007				
At cost				
At beginning of financial year	**202,068**	**2,460,466**	**(2,306,327)**	**356,207**
Costs incurred	**-**	**303,770**	**-**	**303,770**
Transfer from land held for property development (Note 16)	**26,190**	**66,161**	**-**	**92,351**
Transfer to inventories	**(672)**	**(25,043)**	**-**	**(25,715)**
Recognised as expense in the income statement	**-**	**-**	**(297,679)**	**(297,679)**
At end of financial year	**227,586**	**2,805,354**	**(2,604,006)**	**428,934**
2006				
At cost				
At beginning of financial year	174,299	2,083,618	(2,021,222)	236,695
Costs incurred	-	358,096	-	358,096
Transfer from land held for property development (Note 16)	28,843	49,888	-	78,731
Transfer to inventories	(1,074)	(31,136)	-	(32,210)
Recognised as expense in the income statement	-	-	(285,105)	(285,105)
At end of financial year	202,068	2,460,466	(2,306,327)	356,207

24. INVENTORIES

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Plantation produce	**8,357**	27,339	**2,534**	2,625
Raw materials and consumables	**895,079**	427,299	**917**	2,376
Completed development properties	**94,836**	75,405	-	-
Nursery inventories	**3,514**	3,882	**1,245**	1,024
Trading inventories	**723**	96	-	-
Finished goods	**318,709**	366,349	-	-
Others	**11,601**	7,525	-	-
	1,332,819	907,895	**4,696**	6,025

25. TRADE AND OTHER RECEIVABLES

	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000
Trade receivables (Note 25.1)	**935,994**	571,384	-	11
Other receivables, deposits and prepayments (Note 25.2)	**160,066**	120,203	**16,312**	14,025
Accrued billings	**101,626**	96,185	-	-
Amount due from customers on contracts (Note 25.3)	**2,575**	55	-	-
	1,200,261	787,827	**16,312**	14,036

25.1 Trade receivables

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Trade receivables	**955,380**	580,115	-	11
Allowance for doubtful debts	**(19,386)**	(8,731)	-	-
	935,994	571,384	-	11

In the previous financial year, included in trade receivables of the Group was the retention sum of progress billings for contract works amounted to RM166,000.

Credit terms of trade receivables range from 7 to 120 days from date of invoice and progress billing.

25. TRADE AND OTHER RECEIVABLES cont'd

25.2 Other receivables, deposits and prepayments

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
Other receivables	**104,250**	62,028	**2,329**	3,821
Allowance for doubtful debts	**(1,129)**	(1,127)	**-**	-
	103,121	60,901	**2,329**	3,821
Other deposits	**35,216**	38,761	**739**	649
Prepayments	**21,729**	20,541	**13,244**	9,555
	160,066	120,203	**16,312**	14,025

Included in other receivables of the Group is an amount due from affiliates of RM234,000 (2006 - RM350,000) for property project management services provided by a subsidiary which are unsecured, interest-free and have no fixed terms of repayment.

25.3 Amount due from customers on contracts

	Group	
	2007 RM'000	2006 RM'000
Aggregate cost incurred to date	**22,232**	23,371
Recognised profit	**5,549**	5,240
	27,781	28,611
Progress billings	**(25,206)**	(28,556)
Amount due from customers on contracts	**2,575**	55

26. SHORT TERM INVESTMENTS

	Group	
	2007 RM'000	2006 RM'000
At cost		
In Malaysia		
- Quoted shares	**413**	413
Outside Malaysia		
- Quoted shares	**16,189**	16,189
- Unquoted shares	**5**	5
	16,607	16,607
Less: accumulated impairment losses	**(9,408)**	(14,575)
	7,199	2,032
At market value		
In Malaysia		
- Quoted shares	**22**	18
Outside Malaysia		
- Quoted shares	**7,177**	3,829
- Quoted warrants *	**-**	323

** Bonus issue, no cost incurred*

27. SHORT TERM FUNDS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost				
Investment in fixed income trust funds in Malaysia	**1,879,345**	460,633	**1,650,139**	196,701

28. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**406,738**	302,498	**242,121**	19,089
Deposits with discount houses	**100,332**	116,097	**-**	57,059
	507,070	418,595	**242,121**	76,148

29. CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM112,964,000 (2006 - RM132,156,000) held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is not available for general use by the Group.

30. NON-CURRENT ASSETS HELD FOR SALE

As at end of the financial year 30 June 2007, the non-current assets held for sale are as follows:

	Group	
	2007	2006
	RM'000	RM'000
Property, plant and equipment (Note 14)	**1,959**	-
Land held for property development (Note 16)	**11,231**	-
	13,190	-

There is no liability directly associated with non-current assets classified as held for sale.

The Group has presented the above non-current assets as held for sale as the Group has entered into separate agreements to dispose off two parcels of land previously held for property development. These land have a combined acreage of 165.2 hectares. The disposals are pending completion.

The Group is also committed to dispose off a residential apartment located in London, United Kingdom previously classified as property, plant and equipment. This asset will be recovered principally through sales.

31. SHARE CAPITAL

On 6 June 2007, the Company has subdivided its existing 1,243,764,378 ordinary shares of RM0.50 each into 6,218,821,890 ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed with the listing and quotation of the new shares on the Main Board of Bursa Malaysia Securities on 7 June 2007.

	Group and Company	
	No. of shares	**RM'000**
Authorised		
2007		
Ordinary shares of RM0.10 each	**7,500,000,000**	**750,000**
2006		
Ordinary shares of RM0.50 each	1,500,000,000	750,000
Issued and fully paid-up		
2007		
Before Share Split		
Ordinary shares of RM0.50 each		
At beginning of financial year	**1,210,533,785**	**605,267**
Issue of shares arising from the exercise of ESOS at RM12.50 per share	**2,565,000**	**1,282**
Issue of shares arising from the exchange of the 1st Exchangeable Bonds at RM11.06 per share	**42,530,382**	**21,266**
Issue of shares arising from the exchange of the 2nd Exchangeable Bonds at RM23.50 per share	**2,848,111**	**1,424**
Transfer to capital reserve arising from cancellation of treasury shares (Note 32.1)	**(14,712,900)**	**(7,356)**
	1,243,764,378	**621,883**
After Share Split		
Ordinary shares of RM0.10 each		
Subdivision of ordinary shares of RM0.50 each into RM0.10 each	**4,975,057,512**	**-**
Issue of shares arising from the exercise of ESOS at RM2.50 per share	**3,010,400**	**301**
Issue of shares arising from the exchange of the 1st Exchangeable Bonds at RM2.20 per share	**10,294,544**	**1,029**
Issue of shares arising from the exchange of the 2nd Exchangeable Bonds at RM4.70 per share	**17,681,156**	**1,768**
Issue of shares pursuant to a special issue to Bumiputera Investors	**9,000,000**	**900**
At end of financial year	**6,258,807,990**	**625,881**

31. SHARE CAPITAL cont'd

	Group and Company	
	No. of shares	RM'000
2006		
Ordinary shares of RM0.50 each		
At beginning of financial year	1,118,481,490	559,241
Issue of shares arising from the exchange of the 1st Exchangeable Bonds at RM11.06 per share	61,931,661	30,966
Issue of shares arising from the privatisation of a subsidiary at RM10.82 per share	30,120,634	15,060
At end of financial year	1,210,533,785	605,267

The holders of ordinary shares 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.

Of the total 6,258,807,990 issued and fully paid-up ordinary shares of RM0.10 each (2006 - 1,210,533,785 ordinary shares of RM0.50 each), none of the shares (2006 - 9,299,700 ordinary shares of RM0.50 each) are held as treasury shares (Note 32.2) by the Company. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at 30 June 2007 is 6,258,807,990 ordinary shares of RM0.10 each (2006 - 1,201,234,085 ordinary shares of RM0.50 each).

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") to any executive or executive Director of the Group ("Offer") who meets the criteria of eligibility for participation in the ESOS as set out in the rules, terms and conditions of the ESOS ("Bye-Laws").

31. SHARE CAPITAL cont'd

31.1 Executive Share Option Scheme cont'd

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.

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) 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.

31. SHARE CAPITAL cont'd

31.1 Executive Share Option Scheme cont'd

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, have 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.

31. SHARE CAPITAL cont'd

31.1 Executive Share Option Scheme cont'd

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 share options *					
Option price * (RM)	**Date of offer**	**Outstanding as at beginning of the financial year**	**Offered and accepted**	**Exercised**	**Lapsed**	**Outstanding as at end of the financial year**	**Exercised as at end of the financial year**
2007							
2.50	12 January 2006	**116,430,000**	**-**	**(15,835,400)**	**(7,124,000)**	**93,470,600**	**11,800,600**
4.30	2 April 2007	**-**	**46,071,000**	**-**	**-**	**46,071,000**	**-**
		116,430,000	**46,071,000**	**(15,835,400)**	**(7,124,000)**	**139,541,600**	**11,800,600**
Weighted average exercise price * (RM)		**RM2.50**	**RM4.30**	**RM2.50**	**RM2.50**	**RM3.09**	**RM2.50**
2006							
2.50	12 January 2006	-	116,430,000	-	-	116,430,000	-
		-	116,430,000	-	-	116,430,000	-
Weighted average exercise price * (RM)		-	RM2.50	-	-	RM2.50	-

* *Adjusted pursuant to the Share Split on 6 June 2007*

31. SHARE CAPITAL cont'd

31.1 Executive Share Option Scheme cont'd

i. Share options outstanding at the end of the financial year

Option price * (RM)	No. of share options *	Weighted average exercise price * (RM)	Exercisable period
2007			
2.50	**93,470,600**	**2.50**	12 January 2007 - 23 November 2016
4.30	**46,071,000**	**4.30**	2 April 2008 - 23 November 2016
	139,541,600	**3.09**	
2006			
2.50	116,430,000	2.50	12 January 2007 - 23 November 2016
	116,430,000	2.50	

ii. Share options exercised during the financial year

Option price * (RM)	Date of exercise	No. of share options exercised *	Weighted average share price * (RM)
2.50	February 2007	1,296,000	3.94
2.50	March 2007	5,839,500	3.88
2.50	April 2007	2,593,000	4.97
2.50	May 2007	3,096,500	5.39
2.50	June 2007	3,010,400	5.47
		15,835,400	4.66

* *Adjusted pursuant to the Share Split on 6 June 2007*

31. SHARE CAPITAL cont'd

31.1 Executive Share Option Scheme cont'd

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

The fair value of share options granted during the 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 value of share options measured at grant date are as follows:

Option price * (RM)	Grant Date	Vesting Date	Fair Value* (RM)
2007			
4.30	2 April 2007	2 April 2008	**0.890**
		2 April 2009	**0.989**
		2 April 2010	**1.058**
		2 April 2011	**1.105**
2006			
2.50	12 January 2006	12 January 2007	0.508
		12 January 2008	0.567
		12 January 2009	0.610
		12 January 2010	0.640

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

	Granted on 2 April 2007	Granted on 12 January 2006
Weighted average share price (RM) *	**4.40**	2.52
Weighted average exercise price (RM) *	**4.30**	2.50
Risk free rate (%)	**3.4**	3.7
Expected dividend yield (%)	**3.5**	3.5
Volatility of share return (%)	**30.0**	30.0
Rate of leaving service of eligible executive (%)		
• Prior to the vesting date	**0.0**	0.0
• After the vesting date	**6.0**	6.0

* *Adjusted pursuant to the Share Split on 6 June 2007*

32. RESERVES

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
Share premium	**2,349,560**	1,855,765	**2,349,560**	1,855,765
Revaluation surplus	**-**	82,290	**-**	-
Capital reserve (Note 32.1)	**158,234**	101,474	**65,220**	41,131
Foreign currency translation reserve	**(101,977)**	(101,318)	**-**	-
Negative goodwill	**-**	6,512	**-**	-
Treasury shares, at cost (Note 32.2)	**-**	(108,188)	**-**	(108,188)
	2,405,817	1,836,535	**2,414,780**	1,788,708

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

32.1 Capital reserve

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to minority shareholders	**9,330**	9,330	**-**	-
Equity component of 1st Exchangeable Bonds (Note 34.2)	**-**	50,194	**-**	-
Equity component of 2nd Exchangeable Bonds (Note 34.3)	**81,482**	-	**-**	-
Capital redemption reserve arising from the cancellation of treasury shares (Note 31)	**34,520**	27,164	**34,520**	27,164
Share option reserve	**32,902**	14,786	**30,700**	13,967
	158,234	101,474	**65,220**	41,131

32.2 Treasury shares

The shareholders of the Company, by a special resolution passed in 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 the subsequent Annual General Meetings of the Company including the last meeting held on 30 October 2006.

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.

32. RESERVES cont'd

32.2 Treasury shares cont'd

During the financial year, the Company bought back its issued ordinary shares of RM0.50 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
2007					
At beginning of financial year	**9,299,700**	**108,188,116**	**12.54**	**9.03**	**11.63**
Purchases during the financial year					
February 2006	**3,036,900**	**60,385,671**	**20.16**	**19.52**	**19.88**
March 2006	**2,376,300**	**44,743,714**	**19.40**	**17.70**	**18.83**
	5,413,200	**105,129,385**	**20.16**	**17.70**	**19.42**
Total prior to cancellation	**14,712,900**	**213,317,501**	**20.16**	**9.03**	**14.50**
Cancellation	**(14,712,900)**	**(213,317,501)**	**20.16**	**9.03**	**14.50**
At end of financial year	**-**	**-**	**-**	**-**	**-**
2006					
At beginning of financial year	1,758,700	15,869,462	8.68	9.03	9.02
Purchases during the financial year					
November 2005	3,029,700	36,856,129	12.54	11.94	12.16
December 2006	3,157,000	38,705,561	12.34	12.24	12.26
January 2006	1,354,300	16,756,964	12.44	12.34	12.37
	7,541,000	92,318,654	12.54	11.94	12.24
At end of financial year	9,299,700	108,188,116	12.54	9.03	11.63

The transactions of Share Buy Back were financed by internally generated funds. The shares of the Company bought back prior to cancellation were held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

33. RETAINED EARNINGS

Subject to agreement with the tax authorities:

i. the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank approximately RM316,894,000 (2006 - RM335,776,000) of its retained earnings as dividends; and

ii. the Company has approximately RM178,595,000 (2006 - RM265,643,000) in its tax exempt accounts available for distribution of tax exempt dividends.

The extent of the retained earnings not covered as at 30 June 2007 amounted to RM1,347,026,000 (2006 - RM1,131,609,000).

34. LONG TERM BORROWINGS

	Group	
	2007	**2006**
	RM'000	**RM'000**
Secured		
Term loans (Note 34.1)	**68,552**	163,658
Less: portion due within 12 months included under short term borrowings (Note 39)	**(68,552)**	(94,444)
	-	69,214
Unsecured		
Term loans (Note 34.1)	**619,951**	-
Less: portion due within 12 months included under short term borrowings (Note 39)	**(6,718)**	-
	613,233	-
1st Exchangeable Bonds (Note 34.2)	**-**	439,163
2nd Exchangeable Bonds (Note 34.3)	**1,051,107**	-
Guaranteed Notes (Note 34.4)	**1,717,323**	1,825,854
	3,381,663	2,265,017
	3,381,663	2,334,231

34. LONG TERM BORROWINGS cont'd

34.1 Term loans

The term loans of the Group include:

Secured

i. RM350 million term loan that is secured by a fixed charge over shares in subsidiaries of IOI Oleochemical Industries Berhad, Unipamol Sdn Bhd and Pamol Plantations Sdn Bhd. The outstanding amount as at end of the financial year is RM43.75 million (2006 - RM131.25 million). This term loan bears interest at 4.5% per annum and is repayable by equal quarterly instalments of RM21.875 million commencing January 2004.

ii. SGD20 million term loan pertaining to a foreign incorporated subsidiary that is secured by a first legal charge over the subsidiary's investment property. The outstanding amount as at end of the financial year is SGD11.0 million (2006 - SGD14.0 million). This term loan bears interest at rates ranging from 3.17% to 4.54% (2006 - 2.79% to 4.48%) per annum and is repayable by annual instalments of varying amount over 5 years commencing June 2004.

Unsecured

i. 30-year JPY15 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 end of the financial year is JPY15 billion. This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

ii. SGD75 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year is SGD75.0 million (2006 - nil). This term loan bears interest at rates ranging from 3.05% to 3.32% (2006 - nil) per annum and is repayable in 3 years from drawndown date in June 2007.

iii. USD4.6 million term loan that was drawn down by a subsidiary acquired during the financial year. The outstanding amount as at end of the financial year is USD1.4 million (2006 - nil). This term loan bears interest at 5.8% (2006 - nil) per annum and is repayable by semi-annual instalments of USD0.46 million commencing February 2004.

iv. USD4.6 million term loan that was drawn down by a subsidiary acquired during the financial year. The outstanding amount as at end of the financial year is USD1.5 million (2006 - nil). This term loan bears interest at 5.51% (2006 - nil) per annum and is repayable by semi-annual instalments of USD0.51 million commencing January 2005.

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

	Group	
	2007 RM'000	**2006 RM'000**
Less than 1 year	**75,270**	94,444
1 - 2 years	**3,356**	69,214
2 - 3 years	**169,102**	-
3 - 4 years	**-**	-
4 - 5 years	**-**	-
More than 5 years	**440,775**	-
	688,503	163,658

34. LONG TERM BORROWINGS cont'd

34.2 USD310 Million Zero Coupon Guaranteed Exchangeable Bonds due 2009 ("1st Exchangeable Bonds")

On 17 September 2004, the Company's wholly-owned subsidiary, IOI Investment (L) Berhad (the "Issuer"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD310 million Zero Coupon Guaranteed Exchangeable Bonds due 2009 ("1st Exchangeable Bonds"). The 1st 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 18 September 2009. The 1st Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

The salient features of the 1st Exchangeable Bonds are as follows:

i. The 1st Exchangeable Bonds are exchangeable at any time on and after 28 October 2004 and prior to 8 September 2009 by holders of the 1st Exchangeable Bonds (the "Bondholders") into newly issued ordinary shares of the Company (the "IOI Shares"), at an initial exchange price of RM11.06 per ordinary share of RM0.50 each at a fixed exchange rate of USD1.00 = RM3.80 (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 1st Exchangeable Bonds are redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 0.875% compounded semi-annually ("Accreted Principal Amount"):

  a) on or after 1 October 2007, 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 USD10 million in aggregate principal amount of the 1st Exchangeable Bonds remain outstanding.

34. LONG TERM BORROWINGS cont'd

34.2 USD310 Million Zero Coupon Guaranteed Exchangeable Bonds due 2009 ("1st Exchangeable Bonds") cont'd

iv. Unless the 1st 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 1st Exchangeable Bonds at the Accreted Principal Amount on 8 August 2006.

v. Unless previously redeemed, repurchased and cancelled or exchanged, the 1st Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 104.46% on 18 September 2009.

At initial recognition, the 1st Exchangeable Bonds were recognised in the Group balance sheets as follows:

	Group RM'000
Face value	1,178,000
Equity component	(119,928)
Deferred tax liability	(46,638)
Liability component on initial recognition	1,011,434

The 1st Exchangeable Bonds exchanged during the financial year are as follows:

Group	Nominal Value of 1st Exchangeable Bonds (USD)	Exchange price	No. of shares issued	Remarks
2007				
Exchange prior to Share Split	**123,786,000**	**RM11.06**	**42,530,382**	*Ordinary share of RM0.50 each*
Adjustment pursuant to Share Split	**-**	**-**	**170,121,528**	*Ordinary share of RM0.10 each*
	123,786,000	**-**	**212,651,910**	*Ordinary share of RM0.10 each*
Exchange after Share Split	**5,960,000**	**RM2.20**	**10,294,544**	*Ordinary share of RM0.10 each*
	129,746,000	**-**	**222,946,454**	*Ordinary share of RM0.10 each*
2006				
Exchange during the financial year	180,254,000	RM11.06	61,931,661	*Ordinary share of RM0.50 each*
Adjustment pursuant to Share Split	-	-	247,726,644	*Ordinary share of RM0.10 each*
	180,254,000	-	309,658,305	*Ordinary share of RM0.10 each*

34. LONG TERM BORROWINGS cont'd

34.2 USD310 Million Zero Coupon Guaranteed Exchangeable Bonds due 2009 ("1st Exchangeable Bonds") cont'd

The movement of the 1st Exchangeable Bonds during the financial year is as follows:

Group	Liability Component RM'000	Equity Component RM'000	Deferred Tax RM'000
2007			
At beginning of financial year	**439,163**	**50,194**	**10,542**
Exchange of USD129,746,000 nominal value of the 1st Exchangeable Bonds	**(436,012)**	**(50,194)**	**(8,632)**
Interest expense	**6,392**	**-**	**(1,726)**
Foreign currency translation differences	**(9,543)**	**-**	**(184)**
At end of financial year	**-**	**-**	**-**
2006			
At beginning of financial year	1,043,135	119,928	37,762
Exchange of USD180,254,000 nominal value of the 1st Exchangeable Bonds	(608,077)	(69,734)	(16,999)
Interest expense	33,431	-	(9,361)
Foreign currency translation differences	(29,326)	-	(860)
At end of financial year	439,163	50,194	10,542

During the financial year, the remaining balance of USD129,746,000 of the 1st Exchangeable Bonds were exchanged into the ordinary shares of the Company.

34.3 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 will mature on 18 December 2011. The 2nd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

34. LONG TERM BORROWINGS cont'd

34.3 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") cont'd

The salient features of the 2nd Exchangeable Bonds are as follows:

i. The 2nd Exchangeable Bonds are 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"), at an initial exchange price of RM23.50 per ordinary share of RM0.50 each at a fixed exchange rate of USD1.00 = RM3.54 (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 2nd Exchangeable Bonds are 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, 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 USD40 million in aggregate principal amount of the 2nd Exchangeable Bonds remain outstanding.

iv. Unless the 2nd 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 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 will be redeemed at their Accreted Principal Amount of 116.05% on 18 December 2011.

34. LONG TERM BORROWINGS cont'd

34.3 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") cont'd

At initial recognition, the 2nd Exchangeable Bonds were recognised in the Group balance sheets as follows:

	Group RM'000
Face value	1,314,980
Equity component	(92,023)
Deferred tax liability	(34,036)
Liability component on initial recognition	1,188,921

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

Group	Nominal Value of 2nd Exchangeable Bonds (USD)	Exchange price	No. of shares issued	Remarks
2007				
Exchange prior to Share Split	**18,907,000**	**RM23.50**	**2,848,111**	*Ordinary share of RM0.50 each*
Adjustment pursuant to Share Split	-	-	**11,392,444**	*Ordinary share of RM0.10 each*
	18,907,000	-	**14,240,555**	*Ordinary share of RM0.10 each*
Exchange after Share Split	**23,475,000**	**RM4.70**	**17,681,156**	*Ordinary share of RM0.10 each*
	42,382,000	-	**31,921,711**	*Ordinary share of RM0.10 each*

The movement of the 2nd Exchangeable Bonds during the financial year is as follows:

Group	Liability Component RM'000	Equity Component RM'000	Deferred Tax RM'000
2007			
At Initial recognition	**1,188,921**	**92,023**	**34,036**
Exchange of USD42,382,000 nominal value of the 2nd Exchangeable Bonds	**(134,862)**	**(10,541)**	**(2,875)**
Interest expense	**31,277**	-	**(8,445)**
Foreign currency translation differences	**(34,229)**	-	**(940)**
At end of financial year	**1,051,107**	**81,482**	**21,776**

34. LONG TERM BORROWINGS cont'd

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 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 September 2005 and will mature on 16 September 2015. The Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company.

At initial recognition, the Guaranteed Notes were recognised in the Group balance sheets as follows:

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

The movement of the Guaranteed Notes during the financial year is as follows:

	Group	
	2007 RM'000	2006 RM'000
At beginning of financial year	**1,825,854**	1,886,892
Foreign currency translation differences	**(109,582)**	(62,086)
Interest expense	**1,051**	1,048
At end of financial year	**1,717,323**	1,825,854

35. OTHER LONG TERM LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Retirement benefits (Note 35.1)	**40,121**	40,919	**1,021**	1,108
Club membership deposits	**13,601**	14,904	**-**	-
	53,722	55,823	**1,021**	1,108

35. OTHER LONG TERM LIABILITIES cont'd

35.1 Retirement benefits

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Present value of funded obligations	**278,221**	257,497	**-**	-
Fair value of plan assets	**(234,446)**	(199,802)	**-**	-
	43,775	57,695	**-**	-
Present value of unfunded obligations	**18,649**	12,658	**1,021**	1,108
Present value of net obligations	**62,424**	70,353	**1,021**	1,108
Unrecognised actuarial losses	**(23,166)**	(30,526)	**-**	-
Unrecognised past service cost	**863**	1,092	**-**	-
Recognised liability for defined benefit obligations	**40,121**	40,919	**1,021**	1,108

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 2007 and 30 June 2006.

Movement in the net liability recognised in the balance sheets:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Net liability at beginning of financial year	**40,919**	55,439	**1,108**	1,042
Contributions to funded plans	**(22,971)**	(21,290)	**-**	-
Benefits paid for unfunded plans	**(633)**	(746)	**(95)**	(96)
Expense recognised in the income statement	**18,370**	5,874	**8**	162
Reversal of provision in prior year	**-**	1,092	**-**	-
Addition through subsidiaries acquired	**7,354**	-	**-**	-
Reduction through subsidiary disposed	**(1,982)**	-	**-**	-
Foreign currency translation differences	**(936)**	550	**-**	-
Net liability at end of financial year	**40,121**	40,919	**1,021**	1,108

35. OTHER LONG TERM LIABILITIES cont'd

35.1 Retirement benefits cont'd

Expense recognised in the income statements:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current service cost				
Current year	**16,824**	18,899	**44**	103
Prior year	**-**	554	**-**	-
Interest cost				
Current year	**13,168**	12,275	**31**	59
Prior year	**-**	538	**-**	-
Expected return on plan assets	**(12,049)**	(10,077)	**-**	-
Net actuarial gain/ (loss)	**595**	870	**(67)**	-
Plan change	**-**	(15,917)	**-**	-
Past service cost	**(168)**	(176)	**-**	-
	18,370	6,966	**8**	162

The expense is recognised in the following line items in the income statements:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost of sales	**8,793**	2,486	**8**	162
Distribution expenses	**1,416**	2,500	**-**	-
Administrative expenses	**8,161**	1,980	**-**	-
	18,370	6,966	**8**	162
Actual return on plan assets	**14,596**	4,043	**-**	-

35. OTHER LONG TERM LIABILITIES cont'd

35.1 Retirement benefits cont'd

Liability for defined benefit obligations

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	Group and Company	
	2007	2006
	RM'000	RM'000
Discount rate	**5.44%**	4.91%
Expected return on plan assets	**5.77%**	5.80%
Future salary increases	**3.36%**	3.00%

36. DEFERRED TAXATION

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	**335,496**	371,417	**670**	6,020
Recognised in the income statement				
- Current year	**10,107**	(22,132)	**(1,350)**	(5,350)
- Prior years	**5,299**	3,110	**1,070**	-
	15,406	(19,022)	**(280)**	(5,350)
Addition through issuance of 2nd Exchangeable Bonds (Note 34.3)	**34,036**	-	**-**	-
Addition through subsidiaries acquired	**54,749**	-	**-**	-
Reduction through subsidiary disposed	**(2,731)**	-	**-**	-
Reduction through exchange of 1st Exchangeable Bonds (Note 34.2)	**(8,632)**	(16,999)	**-**	-
Reduction through exchange of 2nd Exchangeable Bonds (Note 34.3)	**(2,875)**	-	**-**	-
Foreign currency translation differences	**(1,585)**	100	**-**	-
At end of financial year	**423,864**	335,496	**390**	670

36. DEFERRED TAXATION cont'd

Presented after appropriate offsetting as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deferred tax liabilities	**502,857**	430,885	**390**	670
Deferred tax assets	**(78,993)**	(95,389)	**-**	-
	423,864	335,496	**390**	670

The movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At beginning of financial year	**430,885**	490,209	**670**	6,020
Recognised in the income statements				
Temporary differences on accelerated capital allowances	**12,853**	(18,149)	**(210)**	(5,350)
Temporary differences on prepaid lease rental	**(148)**	(449)	**-**	-
Temporary differences on recognition of project expenses	**(248)**	(1,995)	**-**	-
Temporary differences on amortisation of fair value adjustments on business combinations	**(2,718)**	(1,917)	**-**	-
Temporary differences on revaluation of assets	**(547)**	(5,275)	**-**	-
Temporary differences on 1st Exchangeable Bonds	**(1,726)**	(9,361)	**-**	-
Temporary differences on 2nd Exchangeable Bonds	**(8,445)**	-	**-**	-
Temporary differences on fair value adjustments on investment properties	**20,623**	-	**-**	-
Other temporary differences	**173**	(5,892)	**-**	-
Effect of changes in tax rates on deferred tax	**(24,567)**	-	**(70)**	-
	(4,750)	(43,038)	**(280)**	(5,350)
Addition through issuance of 2nd Exchangeable Bonds	**34,036**	-	**-**	-
Reduction through exchange of 1st Exchangeable Bonds	**(8,632)**	(16,999)	**-**	-
Reduction through exchange of 2nd Exchangeable Bonds	**(2,875)**	-	**-**	-
Addition through subsidiaries acquired	**58,530**	-	**-**	-
Reduction through subsidiary disposed	**(2,731)**	-	**-**	-
Foreign currency translation differences	**(1,606)**	713	**-**	-
At end of financial year	**502,857**	430,885	**390**	670

36. DEFERRED TAXATION cont'd

Deferred tax assets

	Group 2007 RM'000	Group 2006 RM'000
At beginning of financial year	**95,389**	118,792
Recognised in the income statements		
Temporary differences on unabsorbed tax losses	**(14,124)**	(6,686)
Temporary differences on unutilised capital allowances	**(2,807)**	(1,732)
Other deductible temporary differences	**321**	(15,598)
Effect of changes in tax rates on deferred tax	**(3,546)**	-
	(20,156)	(24,016)
Addition through subsidiaries acquired	**3,781**	-
Foreign currency translation differences	**(21)**	613
At end of financial year	**78,993**	95,389

The components of deferred tax liabilities and assets at the end of the financial year comprise tax effects of:

Deferred tax liabilities

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Temporary differences on accelerated capital allowances	**242,460**	230,211	**390**	670
Temporary differences on prepaid lease rental	**6,965**	7,659	**-**	-
Temporary differences on recognition of project expenses	**1,844**	2,240	**-**	-
Temporary differences on 1st Exchangeable Bonds	**-**	10,542	**-**	-
Temporary differences on 2nd Exchangeable Bonds	**21,776**	-	**-**	-
Other taxable temporary differences	**285**	120	**-**	-
Temporary differences on fair value adjustments on investment properties	**25,582**	6,411	**-**	-
Temporary differences on fair value adjustments on business combinations	**173,436**	138,011	**-**	-
Temporary differences on revaluation of assets	**30,509**	35,691	**-**	-
	502,857	430,885	**390**	670

36. DEFERRED TAXATION cont'd

Deferred tax assets

	Group 2007 RM'000	Group 2006 RM'000
Unabsorbed tax losses	**48,007**	64,544
Unutilised capital allowances	**9,607**	9,188
Retirement benefit obligations	**3,660**	3,198
Other deductible temporary differences	**17,719**	18,459
	78,993	95,389

Deferred tax assets have not been recognised in respect of the following items:

	Group 2007 RM'000	Group 2006 RM'000
Unabsorbed tax losses	**31,360**	42,911
Unutilised capital allowances	**7,964**	6,196
Other deductible temporary differences	**74**	776
	39,398	49,883

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables (Note 37.1)	**393,035**	243,674	**1,526**	1,564
Other payables and accruals (Note 37.2)	**394,626**	272,266	**23,990**	25,820
Progress billings	**28,203**	6,733	**-**	-
Amount due to customers on contracts (Note 37.3)	**88**	-	**-**	-
	815,952	522,673	**25,516**	27,384

37.1 Trade payables

Included in trade payables of the Group are retention monies of RM51,284,000 (2006 - RM48,287,000).

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.

37. TRADE AND OTHER PAYABLES cont'd

37.2 Other payables and accruals

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Land premium payable	**25,738**	26,671	**-**	-
Advances from minority shareholders	**17,064**	12,849	**-**	-
Other payables	**210,088**	98,056	**14,368**	18,863
Customer deposits and other deposits	**25,304**	27,413	**1,722**	1,956
Accruals	**116,432**	107,277	**7,900**	5,001
	394,626	272,266	**23,990**	25,820

37.3 Amount due to customers on contracts

	Group	
	2007	**2006**
	RM'000	**RM'000**
Aggregate cost incurred to date	**2,680**	-
Recognised profit	**867**	-
	3,547	-
Progress billings	**(3,635)**	-
Amount due to customers on contracts	**(88)**	-

38. BANK OVERDRAFTS

	Group	
	2007	**2006**
	RM'000	**RM'000**
Unsecured	**7,013**	7,897

The bank overdrafts bear interest at rates ranging from 7.25% to 10.50% (2006 - 3.75% to 12.20%) per annum. The significantly higher interest rate of 10.50% (2006 - 12.20%) incurred is in respect of an indirect subsidiary in Egypt.

39. SHORT TERM BORROWINGS

	Group	
	2007 RM'000	2006 RM'000
Secured		
Term loans - portion due within 12 months (Note 34)	**68,552**	94,444
Revolving credits (Note 39.1)	**30,664**	28,935
Trade financing (Note 39.2)	**136,747**	30,277
	235,963	153,656
Unsecured		
Term loans - portion due within 12 months (Note 34)	**6,718**	-
	242,681	153,656

39.1 Revolving credits

The secured revolving credits are secured by a first legal mortgage of an investment property of the Group. The revolving credits bear interest at rates ranging from 3.17% to 4.54% (2006 - 2.79% to 4.48%) per annum.

39.2 Trade financing

Trade financing utilised during the financial year is subject to interest at rates ranging from 3.68% to 5.89% (2006 - 3.00% to 4.00%) per annum.

39.3 Short term loans

The Company has entered into a RM300 million Islamic Notes Issuance Facility on 21 May 2002. The RM300 million Islamic Notes Issuance Facility comprises the issuance of Commercial Papers ("CPs") with maturity of 1 to 12 months and/or Medium Term Notes ("MTNs") with maturity of 1 to 7 years based on the Syariah Principle of Al-Murabahah.

The CPs issued by the Company during the financial year bear yield to maturity at 3.55% (2006 - 3.30% to 3.46%) per annum. The Company has not issued any MTNs during the financial year.

No CP was outstanding as at end of the financial year.

40. DISPOSAL OF A SUBSIDIARY

2007

Palmco Hotels Sdn Bhd

On 1 September 2006, a wholly-owned subsidiary of the Company, IOI Oleochemical Industries Berhad ("IOI Oleo") disposed off its 22,500,002 ordinary shares of RM1.00 each in Palmco Hotels Sdn Bhd ("PHSB"), representing the entire issued and paid-up share capital of PHSB, for a cash consideration of RM24,489,000. In addition, IOI Oleo also received RM18,692,000 for the settlement of debt owing by PHSB to IOI Oleo as at 1 September 2006. The subsidiary was previously reported as part of the hotel operation and management.

Details of fair value of the net assets disposed and cash inflow on disposal of the subsidiary were as follows:

	RM'000
Property, plant and equipment	47,919
Net current liabilities	(18,180)
Other long term liabilities	(4,712)
Net assets disposed	25,027
Less: Net proceeds from disposal	(24,489)
Loss on disposal of a subsidiary	538
Cash consideration for the disposal	24,489
Settlement of inter-company loan owing by PHSB	18,692
Total proceeds from disposal	43,181
Less: cash and cash equivalents of subsidiary disposed	(1,055)
Cash inflow on disposal of a subsidiary	42,126
Less: Deposit received in the previous financial year	(4,550)
Less: Retention sum	(2,379)
	35,197

40. DISPOSAL OF A SUBSIDIARY cont'd

The effect of the above disposal on the financial results of the Group for the current financial year was as follows:

	2007 * RM'000
Operating profit	**242**
Net interest expense	**-**
Profit before taxation	**242**
Taxation	**-**
Profit after taxation	**242**
Loss on disposal of a subsidiary	**(538)**
Decrease in Group's net profit	**(296)**

* *Financial results up to date of disposal*

41. ACQUISITION OF SUBSIDIARIES

2007

During the current financial year, the Company acquired the following subsidiaries:

	Note	Cash outflow, net of cash and cash equivalents acquired RM'000
Rinwood Pelita Plantation Sdn Bhd and Rinwood Pelita Quarry Sdn Bhd	41.1	52,345
Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd	41.2	428,099
		480,444

41. ACQUISITION OF SUBSIDIARIES cont'd

41.1 Rinwood Pelita Plantation Sdn Bhd and Rinwood Pelita Quarry Sdn Bhd

On 1 September 2006, the Company acquired from Rinwood Oil Palm Plantation Sdn Bhd ("Vendor") the following:

i. 9,100,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Rinwood Pelita Plantation Sdn Bhd ("Rinwood Pelita") for a cash consideration of RM21,446,000; and

ii. 2,100,000 ordinary shares of RM1.00 each representing 70% of the issued share capital in Rinwood Pelita Quarry Sdn Bhd ("Rinwood Quarry") for a cash consideration of RM1,547,000.

In addition, the Company also paid RM29,510,000 on behalf of Rinwood Pelita to the Vendor, for the settlement of debt owing by Rinwood Pelita to the Vendor and its associates as at 1 September 2006.

Subsequent to the acquisitions, Rinwood Pelita and Rinwood Quarry have changed names to IOI Pelita Plantation Sdn Bhd and IOI Pelita Quarry Sdn Bhd respectively.

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amount RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	29,416	30,984	60,400
Prepaid lease payments	9,499	10,101	19,600
Inventories	180	-	180
Trade and other receivables	3,100	-	3,100
Cash and cash equivalents	158	-	158
Trade and other payables	(35,849)	-	(35,849)
Long term borrowings	(14,910)	-	(14,910)
Deferred tax liabilities	-	(2,727)	(2,727)
Net identifiable assets and liabilities	(8,406)	38,358	29,952
Less: minority interests			(8,986)
Group's share of net assets			20,966
Goodwill on consolidation			2,027
Purchase consideration discharged by cash			22,993
Settlement of inter-company loan owing by Rinwood Pelita to the Vendor			29,510
Less: cash and cash equivalents of subsidiaries acquired			(158)
Cash outflow on acquisition of subsidiaries			52,345

41. ACQUISITION OF SUBSIDIARIES cont'd

41.1 Rinwood Pelita Plantation Sdn Bhd and Rinwood Pelita Quarry Sdn Bhd cont'd

The effect of the above acquisition on the financial results of the Group for the current financial year is as follows:

	RM'000
Operating profit	1,209
Net interest expense	(3,001)
Loss before taxation	(1,792)
Taxation	138
Loss for the financial year	(1,654)
Minority interests	496
Decrease in Group's net profit	(1,158)

41.2 Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd

On 26 January 2007, the Company acquired the following companies from Trapti Trading and Investments Private Limited and others for a total cash consideration of RM424 million:

i. 20,250,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Pan-Century Edible Oils Sdn Bhd ("PCEO"); and

ii. 22,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Pan-Century Oleochemicals Sdn Bhd ("PCOC").

41. ACQUISITION OF SUBSIDIARIES cont'd

41.2 Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd cont'd

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amount RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	222,687	152,980	375,667
Prepaid lease payments	14,596	11,404	26,000
Inventories	86,073	-	86,073
Trade and other receivables	121,080	-	121,080
Cash and cash equivalents	(3,733)	-	(3,733)
Trade and other payables	(82,851)	-	(82,851)
Short term borrowings	(109,156)	-	(109,156)
Long term borrowings	(15,408)	-	(15,408)
Deferred tax liabilities	(9,282)	(42,740)	(52,022)
Long term liabilities	(7,354)	-	(7,354)
Net identifiable assets	216,652	121,644	338,296
Goodwill on consolidation			86,070
Purchase consideration discharged by cash			424,366
Add: cash and cash equivalents of subsidiaries acquired			3,733
Cash outflow on acquisition of subsidiaries			428,099

The effect of the above acquisition on the financial results of the Group for the current financial year is as follows:

	RM'000
Operating profit	14,875
Net interest expense	(1,953)
Profit before taxation	12,922
Taxation	260
Increase in Group's net profit	13,182

41. ACQUISITION OF SUBSIDIARIES cont'd

41.2 Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd cont'd

If the above acquisitions had occurred on 1 July 2006, management estimates that the consolidated revenue and profit for the financial year would have been as follows:

	Revenue RM'000	Profit for the financial year RM'000
As reported	8,952,727	1,650,964
Acquisition of Rinwood Pelita Plantation Sdn Bhd and Rinwood Pelita Quarry Sdn Bhd	2,241	(551)
Acquisition of Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd	1,046,983	35,220
Estimated results if acquisitions had occurred on 1 July 2006	10,001,951	1,685,633

42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short term funds	**1,879,345**	460,633	**1,650,139**	196,701
Deposits with financial institutions	**507,070**	418,595	**242,121**	76,148
Cash and bank balances	**341,581**	349,110	**3,559**	15,670
Bank overdrafts	**(7,013)**	(7,897)	**-**	-
	2,720,983	1,220,441	**1,895,819**	288,519

The Group has undrawn borrowing facilities of RM980,000,000 (2006 - RM688,719,000) at end of the financial year.

43. SIGNIFICANT RELATED PARTY DISCLOSURES

43.1 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.

43. SIGNIFICANT RELATED PARTY DISCLOSURES cont'd

43.1 Identity of related parties cont'd

Related parties of the Group include:

i. Direct and indirect subsidiaries as disclosed in Note 51;

ii. Progressive Holdings Sdn Bhd, the major corporate shareholder of the Company;

iii. Associates and jointly controlled entity as disclosed in Note 51;

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.

43.2 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:

	2007 RM'000	2006 RM'000
Group		
Associates		
Sales of oleochemical products and palm kernel oil	**398,660**	400,869
Purchases of oleochemical products	**14,916**	15,347
Purchases of palm products	**24,428**	18,782
Agency fees income	**614**	407
Rental income on storage tank	**6,091**	6,105
Affiliates		
Property project management services	**1,258**	1,805
Company		
Subsidiaries		
Sales of palm products	**223,875**	182,728
Purchases of palm products	**18,258**	15,434
Agency fees income	**1,215**	1,117
Interest income	**87,331**	82,797
Interest expense	**111,033**	99,302

43. SIGNIFICANT RELATED PARTY DISCLOSURES cont'd

43.2 Significant related party transactions cont'd

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 2007 are disclosed in Note 21.3 and Note 25.2.

43.3 Key management personnel compensation

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

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
Directors				
Fees	**565**	622	**410**	350
Remuneration	**21,456**	19,150	**11,631**	10,284
Estimated monetary value of benefits-in-kind	**289**	240	**60**	70
Total short term employee benefits	**22,310**	20,012	**12,101**	10,704
Post employment benefits	**2,987**	2,789	**1,503**	1,519
Share option expenses	**6,060**	3,623	**6,060**	3,623
	31,357	26,424	**19,664**	15,846
Other key management personnel				
Short term employee benefits	**2,003**	1,599	**-**	-
Post employment benefits	**281**	224	**-**	-
Share option expenses	**1,678**	945	**-**	-
	3,962	2,768	**-**	-

43. SIGNIFICANT RELATED PARTY DISCLOSURES cont'd

43.3 Key management personnel compensation cont'd

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

	Group	
	2007	**2006**
	'000	**'000**
Executive share option scheme of the Company		
At beginning of financial year	**36,700**	-
Granted	**3,040**	36,700
Exercised	**(4,175)**	-
At end of financial year	**35,565**	36,700
Executive share option scheme of a subsidiary		
At beginning of financial year	**800**	-
Granted	**-**	800
At end of financial year	**800**	800

The share options were granted on the same terms and conditions as those to other employees of the Group. The number of share options is adjusted pursuant to the Share Split on 6 June 2007.

44. CONTINGENT LIABILITIES - UNSECURED

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Litigations involving claims for damages and compensation	**1,679**	2,345	**-**	-
Guarantees issued to third parties	**8,750**	8,442	**1,205**	971
Counter indemnities to banks for bank guarantees issued	**13,854**	10,391	**7,501**	4,025
	24,283	21,178	**8,706**	4,996

A foreign subsidiary of IOI Properties Berhad, IOI Land Singapore Pte Ltd has jointly guaranteed the credit facilities granted to a jointly controlled entity up to SGD 175.5 million being the Group's 50% share.

44. CONTINGENT LIABILITIES - UNSECURED cont'd

Material litigations - subsidiaries

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

i. Unipamol Malaysia Sdn Bhd ("Unipamol"), a subsidiary of IOI Oleochemical Industries Berhad ("IOI Oleo"), has obtained summary judgement against Unitangkob (Malaysia) Berhad ("Unitangkob") in 2001 for the principal sum of approximately RM5 million. Unitangkob's appeal against the summary judgement was dismissed with costs and it has filed further appeal to the Court of Appeal. Meanwhile Unipamol has commenced winding-up proceedings against Unitangkob to recover the amount due under the summary judgement. Other applications pending disposal in court are Unitangkob's application to stay the execution of summary judgement and an application to amend their Defence and include a Counter-claim against Unipamol for a sum of RM208 million for special and general damages.

ii. Legal suit instituted by the shareholders of Unitangkob against 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. Unipamol and PPSB have filed a Defence to the claim as well as Counter-claim against the Plaintiffs. The next case management is fixed on 12 September 2007.

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.

45. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity and cashflow 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 established risk management framework and clearly defined guidelines that are approved by the Board.

45.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar, Euro, Canadian Dollar, Japanese Yen and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

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.

45. FINANCIAL INSTRUMENTS cont'd

45.1 Foreign currency risk cont'd

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. Sale contracts and purchase contracts are in respect of sales proceeds receivable and purchase commitments payable in foreign currencies respectively.

As at the balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Maturities			Total
	Less than 1 year	1 - 2 years	2 - 3 years	Notional Amount
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2007				
Sale contracts used to hedge sale proceeds receivable				
USD	2,775,925	316,588	24,182	3,116,695
EUR	719,435	40,117	-	759,552
Others	82,204	-	-	82,204
	3,577,564	356,705	24,182	3,958,451
Purchase contracts used to hedge purchase commitments payable				
USD	27,214	6,484	-	33,698
	27,214	6,484	-	33,698

45. FINANCIAL INSTRUMENTS cont'd

45.1 Foreign currency risk cont'd

Group	Maturities Less than 1 year RM'000	Maturities 1 - 2 years RM'000	Maturities 2 - 3 years RM'000	Total Notional Amount RM'000
2006				
Sale contracts used to hedge sale proceeds receivable				
USD	1,211,127	194,220	-	1,405,347
EUR	506,251	112,830	-	619,081
Others	50,725	-	-	50,725
	1,768,103	307,050	-	2,075,153
Purchase contracts used to hedge purchase commitments payable				
USD	137,389	31,473	-	168,862
Others	845	-	-	845
	138,234	31,473	-	169,707

The net unrecognised loss as at the balance sheet date on forward foreign exchange sale and purchase contracts used are deferred until the occurrence of the related future transactions in the following manner:

Group	Maturities Less than 1 year RM'000	Maturities 1 - 2 years RM'000	Maturities 2 - 3 years RM'000	Total net unrecognised loss as at end of the financial year RM'000
2007				
Sale contracts	**(7,734)**	**(4,566)**	**(469)**	**(12,769)**
Purchase contracts	**(1,534)**	**(448)**	**-**	**(1,982)**
2006				
Sale contracts	(12,298)	(1,315)	-	(13,613)
Purchase contracts	(3,705)	(1,049)	-	(4,754)

45. FINANCIAL INSTRUMENTS cont'd

45.1 Foreign currency risk cont'd

The net financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies as at the balance sheet date are as follows:

	Net financial assets/(liabilities) held in non-functional currencies			
Functional currency	**USD RM'000**	**EUR RM'000**	**Others RM'000**	**Total RM'000**
Group				
2007				
RM	**(2,349,375)**	**23,564**	**(434,865)**	**(2,760,676)**
USD	**-**	**14**	**85,886**	**85,900**
EUR	**7,950**	**-**	**10,473**	**18,423**
Others	**85,600**	**3,143**	**7,199**	**95,942**
	(2,255,825)	**26,721**	**(331,307)**	**(2,560,411)**
2006				
RM	(2,040,856)	27,395	3,635	(2,009,826)
USD	-	14	24,101	24,115
EUR	32,189	-	3,217	35,406
Others	70,871	3,273	2,033	76,177
	(1,937,796)	30,682	32,986	(1,874,128)
Company				
2007				
RM	**(3,152,789)**	**649,666**	**-**	**(2,503,123)**
2006				
RM	(2,328,386)	840,879	-	(1,487,507)

As at the balance sheet date, the Group and the Company have also entered into the following currency swap and option contracts:

Group and Company
2007

i. Cross currency swaps to swap fixed rate USD liability of USD209.6 million to fixed rate EUR liability of EUR161.0 million. The contracts 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.

45. FINANCIAL INSTRUMENTS cont'd

45.1 Foreign currency risk cont'd

ii. Cross currency swaps to swap JPY liability of JPY15.0 billion to USD liability of USD127.60 million. This was entered into as a cashflow hedge for the Group's principal repayment for the loan obtained.

iii. EUR/USD currency option and forward contracts for a total of EUR14.2 million over the period from June 2007 to February 2009 to cover the Company's interest payment commitment under the cross currency swaps as mentioned in note (i) above.

iv. Structured foreign exchange contracts 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 subsidiaries' foreign currencies denominated estimated receipts and payments. The summary of the contracts are as follows:

Description	Notional Amount	Effective Period
EUR/USD Target Redemption Forward	EUR168.0 million	June 2007 to August 2009
EUR/USD Strike Lift	EUR54.0 million	May 2007 to April 2010
USD/RM Strike Lift	USD231.85 million	May 2007 to August 2009

2006

i. Cross currency swaps to swap fixed rate USD liability of USD209.6 million to fixed rate EUR liability of EUR161.0 million. The contracts 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.

ii. EUR/USD currency option and forward contracts for a total of EUR7.2 million over the period from June 2005 to August 2007 to cover the Company's interest payment commitment under the cross currency swaps as mentioned in note (i) above.

iii. EUR/USD currency options of EUR515,000, effective from May 2005 to November 2006 to cover the Company's committed payables denominated in EUR.

45.2 Interest rate risk

The Group's interest rate risk relates primarily to the Group's debt obligations.

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.

45. FINANCIAL INSTRUMENTS cont'd

45.2 Interest rate risk cont'd

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Weighted average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
2007								
Fixed rate instruments								
Term loans	**5.51**	**484,525**	**43,750**	-	-	-	-	**440,775**
2nd Exchangeable Bonds	**5.12**	**1,051,107**	-	-	-	-	**1,051,107**	-
Guaranteed Notes	**5.34**	**1,717,323**	-	-	-	-	-	**1,717,323**
Floating rate instruments								
Amount due from a jointly controlled entity	**3.12**	**160,357**	**160,357**	-	-	-	-	-
Short term funds	**3.00**	**1,879,345**	**1,879,345**	-	-	-	-	-
Deposits with financial institutions	**3.41**	**507,070**	**507,070**	-	-	-	-	-
Cash held in Housing Development Accounts	**2.10**	**112,964**	**112,964**	-	-	-	-	-
Bank overdraft *	**10.50**	**7,013**	**7,013**	-	-	-	-	-
Revolving credits	**3.76**	**30,644**	**30,644**	-	-	-	-	-
Trade financing	**5.06**	**136,747**	**136,747**	-	-	-	-	-
Term loans	**3.61**	**203,978**	**203,978**	-	-	-	-	-
2006								
Fixed rate instruments								
Term loan	4.50	131,250	87,500	43,750	-	-	-	-
1st Exchangeable Bonds	4.00	439,163	-	-	-	439,163	-	-
Guaranteed Notes	5.34	1,825,854	-	-	-	-	-	1,825,854
Floating rate instruments								
Short term funds	3.00	460,633	460,633	-	-	-	-	-
Deposits with financial institutions	3.09	418,595	418,595	-	-	-	-	-
Cash held in Housing Development Accounts	2.10	132,156	132,156	-	-	-	-	-
Bank overdraft *	12.20	7,897	7,897	-	-	-	-	-
Revolving credits	3.65	28,935	28,935	-	-	-	-	-
Trade financing	4.93	30,277	30,277	-	-	-	-	-
Term loans	3.71	32,408	32,408	-	-	-	-	-

* *Unsecured bank overdraft of an indirect subsidiary in Egypt*

45. FINANCIAL INSTRUMENTS cont'd

45.2 Interest rate risk cont'd

Company	Weighted average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
2007								
Floating rate instruments								
Short term funds	**3.00**	**1,650,139**	**1,650,139**	**-**	**-**	**-**	**-**	**-**
Deposits with financial institutions	**3.41**	**242,121**	**242,121**	**-**	**-**	**-**	**-**	**-**
Fixed rate instruments								
Amount due to subsidiaries	**4.37**	**4,838,892**	**1,550,058**	**-**	**-**	**-**	**1,131,756**	**2,157,078**
Amount due from subsidiaries	**4.55**	**1,978,398**	**1,978,398**	**-**	**-**	**-**	**-**	**-**
2006								
Floating rate instruments								
Short term funds	3.00	196,701	196,701	-	-	-	-	-
Deposits with financial institutions	3.25	76,148	76,148	-	-	-	-	-
Fixed rate instruments								
Amount due to subsidiaries	4.53	3,490,049	1,187,378	-	-	476,817	-	1,825,854
Amount due from subsidiaries	5.05	2,072,184	2,072,184	-	-	-	-	-

45. FINANCIAL INSTRUMENTS cont'd

45.2 Interest rate risk cont'd

As at the balance sheet date, the Group and the Company have the following interest rate swap contracts to optimise interest cost over the respective loan tenure and also to enhance the return of amount held under the Housing Development Account:

Interest Rate Swap	Notional Amount	Effective Period
2007		
Group and Company		
Fixed rate to USD LIBOR (Settlement in Ringgit)	RM350 million, to be fully amortised over a period of four years, commencing 15 April 2004	15 January 2004 to 15 January 2008
CMS Spread Range Accrual Swap	RM100 million, over a period of 5 years, commencing 11 May 2006	11 May 2006 to 11 May 2011
CMS Spread Range Accrual Swap	EUR100 million, over a period of 5 years, commencing 28 August 2007	28 August 2007 to 28 August 2012
CMS Spread Range Accrual Swap	USD100 million, over a period of 5 years, commencing 12 October 2005	12 October 2005 to 12 October 2010
CMS Spread Range Accrual Swap	USD50 million, over a period of 5 years, commencing 13 October 2005	13 October 2005 to 13 October 2010
2006		
Group and Company		
Fixed rate to USD LIBOR (Settlement in Ringgit)	RM350 million, to be fully amortised over a period of four years, commencing 15 April 2004	15 January 2004 to 15 January 2008
CMS Spread Range Accrual Swap	RM100 million, over a period of 5 years, commencing 11 May 2006	11 May 2006 to 11 May 2011
EURIBOR to USD LIBOR (Settlement in EUR)	EUR230 million, half yearly amortisation of EUR23 million, commencing 30 November 2004	27 June 2003 to 30 November 2006
CMS Spread Range Accrual Swap	USD100 million, over a period of 5 years, commencing 12 October 2005	12 October 2005 to 12 October 2010
CMS Spread Range Accrual Swap	USD50 million, over a period of 5 years, commencing 13 October 2005	13 October 2005 to 13 October 2010

45. FINANCIAL INSTRUMENTS cont'd

45.3 Price fluctuation risk cont'd

The Group's plantation and downstream manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two business segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

As at the balance sheet date, the Group has entered into the following commodity future and swap contracts:

i. Commodity future

Group	Total RM'000	Net unrecognised gain/(loss) as at end of the financial year RM'000
2007		
Sale contracts	**184,383**	**(17,567)**
Purchase contracts	**307,230**	**20,469**
2006		
Sale contracts	22,712	(302)
Purchase contracts	92,023	2,552

The above commodity future contracts have maturities of less than 1 year.

ii. Commodity swap

	Contract Amount	Effective Period	Net unrecognised gain as at end of the financial year RM'000
Group			
2007			
To pay fixed CPO price and to receive floating CPO prices from counter party	1,000 MT per month	April 2007 to March 2008	**4,493**
2006			
To pay fixed CPO price and to receive floating CPO prices from counter party	2,084 MT per month	May 2006 to March 2007	2,660

45. FINANCIAL INSTRUMENTS cont'd

45.3 Price fluctuation risk cont'd

The net unrecognised gain on the commodity future and swap contracts have been deferred until the related future transactions occur, at which time they will be included in the measurement of the transactions.

The Group is also exposed to price fluctuation risk arising from changes in the market prices of its quoted investments. The Group does not use derivative instruments to manage this risk as these quoted investments are mainly held as long term investments.

45.4 Credit risk

Credit risk or risk of financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations, is managed through the application of credit approvals, credit limits, insurance programme and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counter parties as a means of mitigating losses in the event of default.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instruments.

The maximum exposure to credit risk for the Group and for the Company were represented by the carrying amount to each financial asset; and in addition, in respect of derivatives, the notional amount as disclosed in the respective notes to financial statements.

45.5 Liquidity risk

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 operation and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

45. FINANCIAL INSTRUMENTS cont'd

45.6 Fair values

The carrying amounts of financial instruments of the Group and of the Company at the balance sheet date approximated their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2007				
Recognised				
Quoted other long term investments	25,916	59,143	3,963	4,501
Quoted short term investments	7,194	7,199	-	-
2nd Exchangeable Bonds	1,051,107	1,030,187	-	-
Guaranteed Notes	1,717,323	1,642,247	-	-
Term loans	484,525	484,708	-	-
Amount due to subsidiaries	-	-	3,288,834	3,113,209
Unrecognised				
Forward foreign exchange contracts				
Sale contracts	-	(12,769)	-	-
Purchase contracts	-	(1,982)	-	-
Currency swap, option and future contracts	-	(49,292)	-	(16,825)
Commodity future contracts				
Sale contracts	-	(17,567)	-	-
Purchase contracts	-	20,469	-	-
Commodity swap contract	-	4,493	-	-
Interest rate swap contracts	-	(9,267)	-	(4,807)

45. FINANCIAL INSTRUMENTS cont'd

45.6 Fair values cont'd

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2006				
Recognised				
Quoted other long term investments	28,706	40,614	8,965	6,306
Quoted short term investments	2,027	4,170	-	-
1st Exchangeable Bonds	439,163	398,199	-	-
Guaranteed Notes	1,825,548	1,708,687	-	-
Term loans	131,250	133,144	-	-
Amount due to subsidiaries	-	-	2,302,671	2,106,886
Unrecognised				
Forward foreign exchange contracts				
Sale contracts	-	(13,613)	-	-
Purchase contracts	-	(4,754)	-	-
Currency swap, option and future contracts	-	(13,230)	-	(13,230)
Commodity future contracts				
Sale contracts	-	(302)	-	-
Purchase contracts	-	2,552	-	-
Commodity swap contract	-	2,660	-	-
Interest rate swap contracts	-	(24,205)	-	(16,439)

The following methods and assumptions are used to estimate the fair values of financial instruments:

i. The carrying amounts of financial assets and liabilities maturing within 12 months approximate fair values due to the relatively short term maturity of these financial instruments.

ii. The fair values of quoted securities are their quoted market prices at the balance sheet date.

iii. The fair values of the Group's 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 arising from such contracts.

v. It is not practical to estimate the fair value of the Group's long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable value.

46. COMMITMENTS

46.1 Capital Commitments

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Authorised capital expenditure not provided for in the financial statements				
- Contracted				
Purchase of property, plant and equipment	**16,370**	33,057	**1,160**	1,090
Purchase of land held for property development	**24,500**	151,378	**-**	-
Construction in progress	**57,666**	669	**-**	-
- Not Contracted				
Purchase of property, plant and equipment	**102,910**	80,824	**7,901**	11,233
New planting	**6,379**	5,163	**3,704**	2,875

46.2 Operating Lease Commitments

46.2.1 The Group as lessee

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

i. lease of a 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 the office space for a lease period of 3 years with a renewal term of 3 years which covers 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.

46. COMMITMENTS cont'd

46.2 Operating Lease Commitments cont'd

46.2.1 The Group as lessee cont'd

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2007	**2006**
	RM'000	**RM'000**
Not later than 1 year	**9,686**	4,117
Later than 1 year and not later than 5 years	**17,052**	14,290
Later than 5 years	**124,212**	114,614
	150,950	133,021

46.2.2 The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease terms of between 2 - 3 years. The Group also entered into long term property leases on its future property investment land.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	Group	
	2007	**2006**
	RM'000	**RM'000**
Not later than 1 year	**54,179**	48,862
Later than 1 year and not later than 5 years	**42,766**	58,064
Later than 5 years	**13,486**	15,965
	110,431	122,891

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

47.1 Acquisition of 70% equity interest in Rinwood Pelita Plantation Sdn Bhd and Rinwood Pelita Quarry Sdn Bhd

On 1 September 2006, the Company acquired from Rinwood Oil Palm Plantation Sdn Bhd ("Vendor") the following:

i. 9,100,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Rinwood Pelita Plantation Sdn Bhd ("Rinwood Pelita") for a cash consideration of RM21.4 million; and

ii. 2,100,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Rinwood Pelita Quarry Sdn Bhd ("Rinwood Quarry") for a cash consideration of RM1.5 million.

Rinwood Pelita is principally engaged in the cultivation of oil palm and is the beneficial and/or registered proprietor of lands with a total titled area of 9,040 hectares located in the Dulit and Tinjar Land Districts in Baram, Sarawak, of which approximately 3,167 hectares is planted with oil palm trees with ages ranging from 3 - 10 years. Rinwood Quarry is the holder of a license to quarry and remove stone issued by the Land and Survey Department.

In addition, the Company also paid RM29.5 million on behalf of Rinwood Pelita to the Vendor, for the settlement of debt owing by Rinwood Pelita to the Vendor and its associates as at the completion date of 1 September 2006.

Subsequent to the acquisitions, Rinwood Pelita and Rinwood Quarry have changed names to IOI Pelita Plantation Sdn Bhd and IOI Pelita Quarry Sdn Bhd respectively.

47.2 Acquisition of 925 hectares of land in Melaka

On 5 May 2006, IOI Properties Berhad ("IOIP"), a subsidiary of the Company, announced that its wholly-owned subsidiaries, Flora Horizon Sdn Bhd, Hartawan Development Sdn Bhd, Pilihan Teraju Sdn Bhd and Paduwan Development Sdn Bhd, had respectively entered into conditional sale and purchase agreements with Guthrie Ropel Berhad and its wholly-owned subsidiary, Guthrie Ropel Development Sdn Bhd to acquire freehold land located in the State of Melaka with a combined area of approximately 925 hectares for a total purchase consideration of RM91.3 million. The acquisition was completed on 1 November 2006.

47.3 Issuance of USD370 million Zero Coupon Guaranteed Exchangeable Bonds due 2011

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad, 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 will mature on 18 December 2011. The 2nd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR cont'd

47.4 Acquisition of the entire interest of Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd

On 7 December 2006, the Company entered into a conditional share purchase agreement with Trapti Trading and Investments Private Limited and others to acquire the entire ordinary share capital in both Pan-Century Edible Oils Sdn Bhd and Pan-Century Oleochemicals Sdn Bhd (collectively referred to as "Pan-Century") for a cash consideration of RM424 million. Pan-Century owns one of the largest single-location vertically integrated palm oil refinery and oleochemicals complex in the world, which is located in Pasir Gudang, Johor. The acquisition was completed on 26 January 2007.

47.5 30-year Japanese Yen 15 Billion fixed-rate loan due 2037

On 17 January 2007, the Company and its wholly-owned subsidiary, IOI Ventures (L) Berhad entered into a Term Facility Agreement with American Family Life Assurance Company of Columbus, Japan Branch for a 30-year JPY 15 billion (equivalent to approximately USD128 million) fixed-rate loan due 2037. The said loan was drawn down on 22 January 2007 and shall be repayable in full on 22 January 2037.

47.6 Acquisition of land in Sentosa Cove of Sentosa Island, Singapore

On 12 March 2007, a wholly-owned subsidiary of IOIP, IOI Land Singapore Pte Ltd ("IOI Land") and a Singaporean public listed company, Ho Bee Investment Limited have successfully tendered for a 99-year lease land in Sentosa Cove of Sentosa Island, Singapore measuring approximately 14,596 square meters or approximately 3.6 acres, for a total cash consideration of SGD 460 million.

The land has been approved for a condominium development of up to a maximum of 200 units. This acquisition will enable IOIP Group to increase and diversify its existing property development land banks, which are presently all located in Malaysia, and primarily in Puchong and Johor. The acquisition was completed on 11 June 2007.

47.7 Share split and amendment to the Memorandum and Articles of Association

On 19 March 2007, the Company announced that it proposed to implement a share split exercise involving the subdivision of every one existing ordinary share of RM0.50 each held in the Company into five ordinary shares of RM0.10 each ("Share Split").

To facilitate the implementation of the Share Split, the Company also made amendment to the Memorandum and Articles of Association of the Company involving the alteration of the authorised share capital of the Company from RM750,000,000 comprising 1,500,000,000 ordinary shares of RM0.50 each to RM750,000,000 comprising 7,500,000,000 ordinary shares of RM0.10 each.

The Share Split was completed on 6 June 2007 with the listing and quotation of the new share on the Main Board of Bursa Malaysia Securities Berhad on 7 June 2007.

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR cont'd

47.8 Special issue of 1,800,000 new ordinary shares of the Company

On 15 August 2006, the Company announced that it proposed to undertake a special issue of 1,800,000 new ordinary shares of RM0.50 each in the Company to Bumiputera investors at an issue price to be determined later ("Special Issue"). The Special Issue was undertaken to comply with one of the conditions imposed by the Equity Compliance Unit of the Securities Commission in approving the proposed issuance of new ordinary shares by the Company following the exchange of the 1st Exchangeable Bonds. The said condition requires the Company to increase its Bumiputera equity by 0.14% (equivalent to 1,800,000 ordinary shares of RM0.50 each) of its enlarged issued and paid-up share capital after the full exchange of the 1st Exchangeable Bonds within 2 years of the implementation of the said 1st Exchangeable Bonds.

On 10 January 2007, the Securities Commission had granted the Company an extension of time until 17 July 2007 for the implementation of the said Special Issue. Subsequently, 9,000,000 new ordinary shares of RM0.10 each in the Company were allotted and issued for cash at an issue price of RM4.976 per share on 8 June 2007. The number of the shares issued and the issue price were adjusted pursuant to the Share Split exercise of the Company.

47.9 Proposed capital repayment

On 30 March 2007, the Company announced its proposed capital repayment to the shareholders to be implemented via a cancellation of ordinary shares in the Company on the basis of one ordinary shares cancelled ("Cancelled Share") for every twenty existing ordinary shares held at an entitlement date to be determined later, with the remaining balance being the difference between the cash distributed and par value for each Cancelled Share to be set-off against the share premium account of the Company pursuant to Sections 64 and 60(2) of the Companies Act, 1965 ("Capital Repayment").

The Capital Repayment was completed on 22 August 2007 with a cash distribution of RM1,314,391,432 for 312,950,341 ordinary shares of RM0.10 each cancelled, on the basis of RM4.20 for each Cancelled Share.

48. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

Proposed joint-venture for oil palm cultivation in Indonesia

On 15 August 2007, the Company announced that it has entered into Heads of Agreement which outline the general terms under which the Company will participate in a joint-venture for oil palm cultivation in Kalimantan, Indonesia with Harita Group ("Harita") and affiliates ("Proposed Joint Venture").

The Proposed Joint Venture will involve the Company acquiring:

i. a 33% stake in PT Bumitama Gunajaya Agro ("1st JV Co") which has a total planted hectarage of 35,340 hectares ("ha") and unplanted land of approximately 64,000 ha, together with three palm oil mills. The 1st JV Co also oversees a 'plasma' scheme which covers an area of approximately 22,000 ha; and

48. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR cont'd

Proposed joint-venture for oil palm cultivation in Indonesia cont'd

ii. a 67% stake in several companies ("2nd JV Co") which will have total land available for planting of approximately 128,000 ha.

Total consideration payable for the above stakes is expected to be approximately USD130 million, based on an estimated total enterprise value of about USD385 million.

Under the Proposed Joint Venture, the Company shall be responsible for providing plantation management and technical support under a technical support agreement whereas Harita, will be responsible for human resource and regulatory matters.

The Proposed Joint Venture is in line with the Group's strategy of growing its core palm oil business under appropriate conditions. It will provide immediate addition to planted hectarage as well as substantial suitable land bank for sustained business growth, hence providing the Group with the opportunity to capitalise on the very favourable outlook for the oil palm industry.

The definitive agreements are expected to be executed in September 2007.

49. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

Business Segments

The Group comprises the following main business segments:

Plantation	Cultivation of oil palm and rubber and processing of palm oil
Property development	Development of residential and commercial 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

49. SEGMENTAL INFORMATION cont'd

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 residential and commercial 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
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

Business Segments

	Plantation RM'000	Property development RM'000	Property investment RM'000	Resource -based manufacturing RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2007							
Revenue							
External sales	394,276	706,858	67,090	7,688,727	95,776	-	8,952,727
Inter-segment sales	1,111,467	-	-	-	-	(1,111,467)	-
Total revenue	1,505,743	706,858	67,090	7,688,727	95,776	(1,111,467)	8,952,727
Result							
Segment results	926,859	397,171	201,182	405,427	54,679	-	1,985,318
Translation gain on USD denominated borrowings							112,423
Other unallocated corporate expenses							(39,510)
Operating profit							2,058,231
Interest income							39,680
Finance costs							(144,154)
Share of results of associates	10,600	-	-	26,723	-	-	37,323
Share of results of jointly controlled entity	-	(7)	-	-	-	-	(7)
Profit before taxation							1,991,073
Taxation							(340,109)
Profit for the financial year							1,650,964

49. SEGMENTAL INFORMATION cont'd

Business Segments cont'd

	Plantation RM'000	Property development RM'000	Property investment RM'000	Resource -based manufacturing RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2007							
Segment assets							
Segment assets	**3,803,413**	**1,673,625**	**730,485**	**4,213,927**	**522,632**	-	**10,944,082**
Interest in associates	**114,851**	-	-	**162,070**	**4,003**	-	**280,924**
Interest in jointly controlled entity	-	**161,479**	-	-	-	-	**161,479**
Unallocated corporate assets							**2,294,357**
Consolidated total assets							**13,680,842**
Liabilities							
Segment liabilities	**123,406**	**188,952**	**25,589**	**469,747**	**71,051**	-	**878,745**
Unallocated corporate liabilities							**4,205,885**
Consolidated total liabilities							**5,084,630**
Other Information							
Capital expenditure	**62,116**	**3,352**	**4,290**	**113,820**	**2,680**	-	**186,258**
Depreciation and amortisation	**62,521**	**2,152**	**1,501**	**118,668**	**14,988**	-	**199,830**
Non-cash items other than depreciation and amortisation	**12,872**	**2,298**	**81**	**51,788**	**24,705**	-	**91,744**
2006							
Revenue							
External sales	373,911	623,778	60,291	4,967,012	84,676	-	6,109,668
Inter-segment sales	865,039	-	-	-	-	(865,039)	-
Total revenue	1,238,950	623,778	60,291	4,967,012	84,676	(865,039)	6,109,668
Result							
Operating result	636,288	331,350	36,959	142,162	19,811	-	1,166,570
Loss on impairment of goodwill	-	-	-	(13,886)	-	-	(13,886)
Segment results	636,288	331,350	36,959	128,276	19,811	-	1,152,684
Translation gain on USD denominated borrowings							92,271
Other unallocated corporate expenses							(24,690)
Operating profit							1,220,265
Interest income							20,012
Finance costs							(129,985)
Share of results of associates	3,434	-	-	38,916	231	-	42,581
Profit before taxation							1,152,873
Taxation							(196,158)
Profit for the financial year							956,715

49. SEGMENTAL INFORMATION cont'd

Business Segments cont'd

	Plantation RM'000	Property development RM'000	Property investment RM'000	Resource-based manufacturing RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2006							
Segment assets							
Segment assets	3,655,391	1,468,927	527,120	3,095,918	403,687	-	9,151,043
Interest in associates	87,619	-	-	155,675	4,091	-	247,385
Unallocated corporate assets							913,258
Consolidated total assets							10,311,686
Liabilities							
Segment liabilities	119,762	179,818	24,257	193,393	71,902	-	589,132
Unallocated corporate liabilities							2,941,647
Consolidated total liabilities							3,530,779
Other Information							
Capital expenditure	62,087	2,119	1,245	257,930	3,630	-	327,011
Depreciation and amortisation	64,241	6,808	3,379	106,831	11,450	-	192,709
Non-cash items other than depreciation and amortisation	12,581	608	(241)	23,374	269	-	36,591

Geographical Segments

	Malaysia RM'000	Europe RM'000	North America RM'000	Asia RM'000	Others RM'000	Consolidated RM'000
2007						
Revenue from external customers by location of customers	**2,819,839**	**3,056,672**	**839,908**	**1,836,870**	**399,438**	**8,952,727**
Segment assets by location of assets	**11,324,986**	**1,535,506**	**405,827**	**413,366**	**1,157**	**13,680,842**
Capital expenditure by location of assets	**152,246**	**25,905**	**8,078**	**25**	**4**	**186,258**
2006						
Revenue from external customers by location of customers	2,305,813	1,631,651	817,544	1,270,094	84,566	6,109,668
Segment assets by location of assets	7,186,020	1,284,306	481,460	170,300	28,957	9,151,043
Capital expenditure by location of assets	176,811	134,118	16,082	-	-	327,011

50. ANALYSIS OF LIABILITIES PAYABLE AND DEBTS RECEIVABLE

The liabilities payable and debts receivable by the Group, estimated by the Directors are as follows:

	Group	
	2007 RM'000	**2006 RM'000 (restated)**
Liabilities Payable		
Amount due to an associate	**2,058**	2,739
Trade payables	**393,035**	243,674
Other payables and accruals	**394,714**	272,266
Progress billings	**28,203**	6,733
Bank overdrafts	**7,013**	7,897
Short term borrowings [1]	**167,411**	59,212
Taxation	**78,684**	22,875
Term loans	**688,503**	163,658
1st Exchangeable Bonds	**-**	439,163
2nd Exchangeable Bonds	**1,051,107**	-
Guaranteed Notes	**1,717,323**	1,825,854
Club membership deposits	**13,601**	14,904
	4,541,652	3,058,975
Less:		
Short term funds	**1,879,345**	460,633
Deposits with financial institutions	**507,070**	418,595
Cash and bank balances	**341,581**	349,110
	1,813,656	1,830,637
(Receivable)/Payable as follows:		
Not later than 1 year [2]	**(1,581,608)**	(518,498)
Later than 1 year and not later than 5 years	**1,223,565**	508,377
Later than 5 years	**2,171,699**	1,840,758
	1,813,656	1,830,637
Debts Receivable		
Trade receivables	**935,994**	571,384
Other receivables, deposits and prepayments	**160,066**	120,203
Accrued billings	**101,626**	96,185
Amount due from customers on contracts	**2,575**	55
Amount due from jointly controlled entity	**160,357**	-
Tax recoverable	**95,406**	144,201
	1,456,024	932,028
Receivable as follows:		
Not later than 1 year	**1,295,667**	932,028
Later than 1 year	**160,357**	-
	1,456,024	932,028

Notes:

1 *Included in short term borrowings of RM 167,411,000 (2006 - RM59,212,000) are revolving credit facilities of RM 30,664,000 (2006 - RM28,935,000) and trade financing of RM 136,747,000 (2006 - RM30,277,000). Even though these facilities have been classified as payable not later than 1 year based on accounting requirements, the Directors are however of the view that the facilities form part of the basic financing tools of the Group and therefore significant portion of these facilities will continue to be available in the foreseeable future.*

2 *The liabilities payable not later than 1 year is net of short term funds, deposits with financial institutions and cash and bank balances.*

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

The subsidiaries and associates, incorporated in Malaysia except otherwise stated, are as follows:

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm and investment holding
Cantawan Oil Palms Sdn Bhd	**100%**	100%	Cultivation of oil palm
Fruitful Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Hill Land Sdn Bhd	**100%**	100%	Cultivation of oil palm
Ladang Asas Sdn Bhd	**100%**	100%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm
Mayvin (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm and investment holding
Meriteam Sdn Bhd	**100%**	100%	Cultivation of oil palm
Morisem Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70%**	70%	Cultivation of oil palm
Pine Capital Sdn Bhd	**100%**	100%	Cultivation of oil palm and investment holding
PR Enterprise Sdn Bhd	**100%**	100%	Cultivation of oil palm
Priceland Sdn Bhd	**100%**	100%	Cultivation of oil palm
Right Purpose Sdn Bhd	**100%**	100%	Cultivation of oil palm
Safima Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100%**	90%	Cultivation of oil palm
Sri Cantawan Sdn Bhd	**100%**	100%	Cultivation of oil palm
Terusan Baru Sdn Bhd	**100%**	100%	Cultivation of oil palm
Dynamic Plantations Berhad	**100%**	100%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
Ladang Sabah Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
Mayvin Incorporated Sdn Bhd	**100%**	100%	Cultivation of oil palm, processing of palm oil and investment holding
Morisem Palm Oil Mill Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
IOI Pelita Plantation Sdn Bhd *(formerly known as Rinwood Pelita Plantation Sdn Bhd)*	**70%**	-	Cultivation of oil palm
IOI Pelita Quarry Sdn Bhd *(formerly known as Rinwood Pelita Quarry Sdn Bhd)*	**70%**	-	Quarry operator

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Direct Subsidiaries cont'd			
Plantation cont'd			
Perusahaan Mekassar (M) Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
Syarikat Pukin Ladang Kelapa Sawit Sdn Berhad	**100%**	100%	Cultivation of oil palm and processing of palm oil
Syarimo Sdn Bhd	**100%**	100%	Cultivation of oil palm, processing of palm oil and investment holding
IOI Commodity Trading Sdn Bhd	**100%**	100%	Trading in commodities
Future Growth Sdn Bhd	**100%**	100%	Dormant
Ladang Sabah Holdings Sdn Bhd (in liquidation)	**100%**	100%	Dormant
Morisem Consolidated Sdn Bhd	**100%**	100%	Dormant
Morisem Sdn Bhd	**100%**	100%	Dormant
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	**100%**	100%	Property development
Kayangan Heights Sdn Bhd	**60%**	60%	Property development
Nice Skyline Sdn Bhd	**88%**	88%	Property development and investment holding
Rapat Jaya Sendirian Berhad	**100%**	100%	Property development
Eng Hup Industries Sdn Berhad	**100%**	100%	Property development and management
IOI Properties Berhad	**71%**	70%	Property development, property investment and investment holding
Kean Ko Sdn Berhad	**100%**	100%	Investment holding
Projects IOI (Mauritius) Ltd * *(Incorporated in Mauritius)*	**55%**	55%	Investment holding
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd *	**100%**	100%	Produce and supply palm-based renewable energy generation using biomass
IOI Edible Oils Sdn Bhd *	**100%**	100%	Commodities trading, palm oil refinery/kernel crushing plant
IOI Speciality Fats Sdn Bhd *	**100%**	100%	Commodities trading and palm oil refinery and palm kernel fractionation
IOI Loders Croklaan Procurement Company Sdn Bhd	**100%**	100%	Commodities trading and international procurement of palm oil

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Direct Subsidiaries cont'd			
Resource-based Manufacturing cont'd			
IOI Oleochemical Industries Berhad *	**100%**	100%	Investment holding
Loders Croklaan Group B. V. *(Incorporated in The Netherlands)*	**100%**	100%	Investment holding
Pan-Century Edible Oils Sdn Bhd	**100%**	-	Refining and processing of crude palm oil, soap noodles and glycerine
Pan-Century Oleochemicals Sdn Bhd	**100%**	-	Manufacture of oleochemical products
Non-Segment			
IOI Construction Sdn Bhd +	**70%**	70%	Building, engineering and construction services
IOI Landscape Services Sdn Bhd	**100%**	100%	Landscape services, sale of ornamental plants and turfing grass
IOI Palm Products Sdn Bhd	**100%**	100%	Manufacturing and trading of oil palm related by-products
Resort Villa Development Sdn Bhd	**100%**	100%	Hotel and resort development
Resort Villa Golf Course Berhad	**100%**	100%	Golf and recreational club services
Resort Villa Golf Course Development Sdn Bhd	**100%**	100%	Hotel and hospitality services
IOI Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	-	Issuance of Exchangeable Bonds
IOI Investment (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	100%	Issuance of Exchangeable Bonds
IOI Ventures (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	100%	Issuance of Guaranteed Notes
IOI Resources (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	-	Dormant
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	**100%**	100%	Investment holding
Swee Lam Estates (Malaya) Sdn Berhad	**100%**	100%	Investment holding
Jasasinar Multimedia Sdn Bhd	**94%**	94%	Dormant
Affinity Communications Sdn Bhd	**100%**	100%	Dormant
IOI Biofuel Sdn Bhd	**100%**	100%	Dormant
IOI Pulp & Paper Sdn Bhd	**100%**	100%	Dormant
IOI Management Sdn Bhd	**100%**	100%	Dormant
Tampoi Development Sdn Bhd	**100%**	100%	Dormant

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Deramakot Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Ladang Mayvin Sdn Bhd	**100%**	100%	Cultivation of oil palm
Mowtas Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sri Mayvin Plantation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Pine Capital Sdn Bhd			
Ladang Tebu Batu Putih Sdn Bhd	**100%**	100%	Cultivation of oil palm
Luminous Aspect Sdn Bhd	**100%**	100%	Cultivation of oil palm
Priceland Plantation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sayang Segama Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sri Vagas Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sri Yongdankong Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Vantage Wealth Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm
Bilprice Development Sdn Bhd	**100%**	100%	Cultivation of oil palm
Erat Manis Sdn Bhd	**100%**	100%	Cultivation of oil palm
Hidayat Rakyat Sdn Bhd	**100%**	100%	Cultivation of oil palm
Hidayat Ria Sdn Bhd	**100%**	100%	Cultivation of oil palm
Kunimas Sdn Bhd	**100%**	100%	Cultivation of oil palm
Lokoh Sdn Bhd	**100%**	100%	Cultivation of oil palm
Maxgrand Sdn Bhd	**100%**	100%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100%**	100%	Cultivation of oil palm
Muara Julang Sdn Bhd	**100%**	100%	Cultivation of oil palm
Pricescore Enterprise Sdn Bhd	**100%**	100%	Cultivation of oil palm
Pujian Harum Sdn Bhd	**100%**	100%	Cultivation of oil palm
Syarikat Best Cocoa Sdn Bhd	**100%**	100%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Very Good Estate Sdn Bhd	**100%**	100%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100%**	100%	Cultivation of soft wood timber

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	2006	Principal Activities
Indirect Subsidiaries cont'd			
Plantation cont'd			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Plantations (Sabah) Sdn Bhd *	**100%**	100%	Cultivation of oil palm
Pamol Plantations Sdn Bhd *	**100%**	100%	Cultivation of oil palm and processing of palm oil
Unipamol Malaysia Sdn Bhd *	**100%**	100%	Dormant
Pamol Bintang Sdn Bhd *	**100%**	100%	Dormant
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd *	**70%**	70%	Cultivation of oil palm and processing of palm oil
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	**70%**	70%	Cultivation of oil palm
Property Development and Investment			
Subsidiary of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	**88%**	88%	Building, engineering and construction services
Subsidiary of Projects IOI (Mauritius) Ltd			
A. P. Gems & Jewellery Park Pvt Ltd (India) * *(Incorporated in India)*	**49%**	49%	Property investment
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	**71%**	70%	Property development, property investment and investment holding
Flora Development Sdn Bhd	**71%**	70%	Property development
Kapar Realty And Development Sdn Berhad	**48%**	48%	Property development
Kumpulan Mayang Sdn Bhd	**71%**	70%	Property development
Pine Properties Sdn Bhd	**71%**	70%	Property development and property investment
Dynamic Management Sdn Bhd	**71%**	70%	Property development and investment holding
Commercial Wings Sdn Bhd	**71%**	70%	Property investment
Property Skyline Sdn Bhd *	**64%**	63%	Provision of management services and investment holding
IOI Land Singapore Pte Ltd * *(Incorporated in Singapore)*	**71%**	70%	Investment holding
Flora Horizon Sdn Bhd	**71%**	70%	Property development and cultivation of oil palm
Pilihan Teraju Sdn Bhd	**71%**	70%	Property development and cultivation of oil palm
Hartawan Development Sdn Bhd	**71%**	70%	Property development and cultivation of oil palm
Jutawan Development Sdn Bhd	**71%**	70%	Property development and cultivation of oil palm
Paduwan Development Sdn Bhd	**71%**	70%	Dormant
Paska Development Sdn Bhd	**71%**	70%	Dormant

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Indirect Subsidiaries cont'd			
Property Development and Investment cont'd			
Subsidiaries of Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	**71%**	70%	Building maintenance services
Lush Development Sdn Bhd	**71%**	70%	Property development
Riang Takzim Sdn Bhd	**71%**	70%	Dormant
Tanda Bestari Development Sdn Bhd	**71%**	70%	Dormant
Subsidiaries of Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	**71%**	70%	General contractors
Pilihan Megah Sdn Bhd	**71%**	70%	Property development, property investment and investment holding
Legend Advance Sdn Bhd *	**50%**	49%	Property development
Subsidiary of Pilihan Megah Sdn Bhd			
Future Link Properties Pte Ltd * *(Incorporated in Singapore)*	**43%**	43%	Property investment
Subsidiaries of Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd *	**64%**	65%	Property development, property investment and cultivation of oil palm
Property Village Berhad *	**57%**	57%	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd *	**64%**	-	Dormant
Subsidiary of Property Village Berhad			
Baycrest Sdn Bhd *	**58%**	57%	General contractors
Subsidiary of IOI Land Singapore Pte Ltd			
Multi Wealth (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**71%**	-	Dormant
Subsidiary of Kean Ko Sdn Berhad			
Seremban Enterprise Corporation Berhad	**58%**	58%	Property development

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	2006	Principal Activities
Indirect Subsidiaries cont'd			
Resource-based Manufacturing			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmex Industries Sdn Berhad *	**100%**	100%	Property development and investment holding
Palmco Properties Sdn Bhd *	**100%**	100%	Property investment
PMX Bina Sdn Bhd *	**100%**	100%	General contractor
Subsidiary of IOI Edible Oils Sdn Bhd			
IOI Jeti Sdn Bhd *	**100%**	100%	Dormant
Subsidiaries of IOI Oleochemical Industries Berhad			
Acidchem International Sdn Bhd *	**100%**	100%	Manufacturing of fatty acids and glycerine
Derichem (M) Sdn Bhd *	**100%**	100%	Manufacturing of soap noodles
Esterchem (M) Sdn Bhd *	**100%**	100%	Trading in esters
Stabilchem (M) Sdn Bhd *	**100%**	100%	Manufacturing of metallic stearates
Palmco Oil Mill Sendirian Berhad *	**100%**	100%	Trading in commodities
Subsidiaries of Loders Croklaan Group B. V.			
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	**100%**	100%	Manufacturing of specialty oils and fats
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	**100%**	100%	Manufacturing of specialty oils and fats
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	**100%**	100%	Investment holding
Loders Croklaan For Oils S.A.E. Egypt * *(Incorporated in Egypt)*	**100%**	100%	Production of emulsified raw materials and semi finished goods on oils and fats
IOI-Loders Croklaan Oils B.V. # *(Incorporated in The Netherlands)*	**100%**	100%	Palm oil refinery
Loders Croklaan (Shanghai) Trading Co., Ltd. # *(Incorporated in the People's Republic of China)*	**100%**	100%	Trading of specialty oils and fats products
IOI Loders Croklaan Oils Sdn Bhd	**100%**	100%	Refining and trading of crude palm oil, other refined products and tolling services

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	2006	Principal Activities
Indirect Subsidiaries cont'd			
Resource-based Manufacturing cont'd			
Subsidiaries of Loders Croklaan Group B. V. cont'd			
Loders Croklaan (Asia) Sdn Bhd	**100%**	100%	Processing and sale of palm oil and palm kernel oil derived specialty fats and related products
Loders Croklaan (Ghana) Limited * *(Incorporated in Ghana)*	**100%**	100%	Procurement and development of raw material for specialty fat application
Loders Croklaan Malaysia Sdn Bhd	**100%**	100%	Dormant
Loders Croklaan Latin America Comercio e Industria Ltda * *(Incorporated in Brazil)*	**100%**	100%	Dormant
Lipid Nutrition B.V. *(Incorporated in The Netherlands)*	**100%**	-	Develop, produce and commercialise nutritional lipid ingredients to the dietary supplement and food industry
Subsidiary of Loders Croklaan USA B. V.			
Loders Croklaan USA LLC # *(Incorporated in United States of America)*	**100%**	100%	Manufacturing of specialty oils and fats
Subsidiary of Loders Croklaan For Oils S. A. E. Egypt			
Loders Croklaan Trading & Distribution LLC Egypt * *(Incorporated in Egypt)*	**100%**	100%	Trading and marketing of food-based products
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Jaya Sendirian Berhad *	**100%**	100%	Bulk cargo warehousing
Palmco Hotels Sdn Bhd*	**-**	100%	Hotels and related activities
Palmco Management Services Sdn Bhd *	**100%**	100%	Management services and rental of storage tanks
Care Security Services Sdn Bhd *	**100%**	100%	Management of collection of service charges
Performance Chemicals (M) Sdn Bhd *	**100%**	100%	Dormant
Palmina Sendirian Berhad *	**100%**	100%	Dormant
Palmco Plantations Sendirian Berhad *	**100%**	100%	Dormant

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Indirect Subsidiaries cont'd			
Non-Segment cont'd			
Subsidiaries of IOI Oleochemical Industries Berhad cont'd			
Peter Greven Asia Sdn Bhd *(formerly known as Palmco Cocoa Sendirian Berhad)* *	-	100%	Dormant
Direct Consolidated Sdn Bhd *	**100%**	100%	Dormant
Quantum Green Sdn Bhd *	**100%**	100%	Dormant
Acidchem (Sabah) Sdn Bhd *	**100%**	100%	Dormant
Subsidiary of Acidchem International Sdn Bhd			
Acidchem (USA) Inc * *(Incorporated in United States of America)*	**100%**	100%	Trading in fatty acids and glycerine
Subsidiary of Palmex Industries Sdn Berhad			
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**100%**	100%	Investment holding
Palmco Engineering Limited * *(Incorporated in Hong Kong)*	**100%**	100%	Investment holding
Acidchem (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**100%**	100%	Dormant
Subsidiary of Palmco Engineering Limited			
Tianjin Palmco Oil & Fats Co Ltd * *(Incorporated in People's Republic of China)*	**100%**	100%	Dormant
Subsidiary of IOI Construction Sdn Bhd	**70%**	70%	Dormant
IOI Concrete Sdn Bhd			
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	**60%**	60%	Dormant
Subsidiaries of Swee Lam Estates (Malaya) Sdn Bhd			
Swee Lam Development Sdn Bhd	**100%**	100%	Dormant
Swee Lam Properties Sdn Bhd	**100%**	100%	Dormant

* Subsidiaries not audited by BDO Binder

\# Subsidiaries audited by member firms of BDO International

51. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY cont'd

Name of Company	Effective Group Interest 2007	Effective Group Interest 2006	Principal Activities
Associates			
Perumahan Abadi Sdn Bhd	**25%**	25%	Dormant
Reka Halus Sdn Bhd	**30%**	30%	Cultivation of oil palm and processing of palm oil
Associate of IOI Properties Berhad			
Continental Estates Sdn Bhd	**18%**	18%	Property development and cultivation of oil palm
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30%**	30%	Manufacturing of fatty alcohol and methyl esters
Kao Plasticizer (Malaysia) Sdn Bhd	**30%**	30%	Manufacturing of plasticizer and other chemical products
Peter Greven Asia Sdn. Bhd. *(formerly known as Palmco Cocoa Sendirian Berhad)**	**40%**	-	Manufacturing and sales of metalic stearates
Associate of Palmex Industries Sdn Berhad			
Malaysia Pakistan Venture Sdn Bhd	**25%**	25%	Investment holding
Jointly Controlled Entity			
Jointly controlled entity of IOI Land Singapore Pte. Ltd.			
Seaview (Sentosa) Pte Ltd *(Incorporated in Singapore)*	**36%**	-	Property development

52. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2007 were authorised for issue by the Board of Directors on 5 September 2007.

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 120 to 255 are drawn up in accordance with the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 and so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:

Dato' Lee Yeow Chor
Executive Director

Dato' Yeo How
Executive Director

Putrajaya
5 September 2007

Statutory Declaration

I, Dato' Yeo How, being the Director primarily responsible for the financial management of IOI Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 120 to 255 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	)	Dato' Yeo How
at Puchong, Selangor Darul Ehsan	)	
this 5 September 2007	)	

Before me

S. Nirmala Devi
Commissioner for Oaths
No. B076

We have audited the financial statements set out on pages 120 to 255.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

 (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

 (ii) the state of affairs of the Group and of the Company as at 30 June 2007 and of their results and cash flows for the financial year then ended;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 51 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the said Act.

BDO Binder
AF : 0206
Chartered Accountants

Datuk Tan Kim Leong
235/06/09 (J/PH)
Partner

Kuala Lumpur
5 September 2007

Group Properties

A. PLANTATION ESTATES

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,660	OP	-	21,236	1983
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	M	41,143	1985
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	-	19,740	1985
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	-	26,252	1989
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	M	23,689	1989
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	-	29,108	1990
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	-	20,579	2000
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	-	12,372	2000
Shahzan IOI Estate, Rompin	Leasehold expiring 2062	3,204	OP	-	27,953	2002
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,313	OP R	-	40,176	1990
Bahau Estate, Kuala Pilah	Freehold	3,028	OP R	-	50,446	1990
Kuala Jelei Estate, Kuala Pilah	Freehold	678	OP	-	12,645	1990
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	3,595	OP	M	81,469	1990
Paya Lang Estate, Segamat	Freehold	1,476	OP	-	25,626	1990
Tambang Estate, Segamat	Freehold	2,020	OP	-	39,235	1990
Bukit Serampang Estate, Tangkak	Freehold	2,725	OP	-	47,452	1990

A. PLANTATION ESTATES cont'd

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Johor Darul Takzim cont'd						
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	-	35,649	1990
Sagil Estate, Tangkak	Freehold	2,518	OP R	-	46,968	1990
Segamat Estate, Segamat	Freehold	1,946	OP R	-	39,265	1990
Pamol Plantations Estate, Kluang	Freehold	8,110	OP	M	278,135	2003
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	-	27,064	1993
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2087	2,023	OP	-	27,064	1993
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	M	45,235	1993
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	-	25,353	1993
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	M	33,983	1993
Baturong 1-3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	M	67,099	1991
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	-	209	1991
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2077-2990	18,417	OP	M	238,647	1985-2000
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,093	OP	-	109,157	1995
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	-	31,060	1996
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	M	49,089	1996
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	M	258,554	1998-2003

Group Properties cont'd

A. PLANTATION ESTATES cont'd

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Sabah cont'd						
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078-2080	1,452	OP	-	32,167	1998
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	-	28,844	1998
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	-	60,360	2001
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	-	77,144	2001
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2081, 2097	1,442	OP	-	24,621	2003
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2037	351	OP	-	3,194	2007
Pamol Estate, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	M	200,455	2003
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	-	105,525	2003
Linbar 1 & 2 Estate,Kinabatangan	Leasehold expiring 2081	4,840	OP	-	121,590	2003
Mayvin 1-2 Estate, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	M	125,616	2003
Mayvin 5-6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	-	101,408	2003
Leepang 1-5 Estate, Kinabatangan	Leasehold expiring 2080-2094, 2974-2995	9,241	OP	-	270,703	2003
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	5,000	OP	-	46,383	2002
Tegai Estate, Baram	Leasehold expiring 2058, 2095	4,040	OP	-	32,037	2002

OP Oil palm
R Rubber
M Oil palm mill

B. DEVELOPMENT PROPERTIES .

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
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	1,147	1989
Bandar Puchong Jaya - Parcel B Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	210 hectares	29 hectares	On-going mix development project	98,448	1990
Bandar Puteri Lots 12, 356, 5452-5473, 5475-5490 Puchong, Petaling Selangor Darul Ehsan	Freehold	374 hectares	104 hectares	On-going mix development project	268,288	1994
IOI Resort Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	15 hectares	Condominium and bungalow development	49,724	1990
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	80 hectares	On-going mix development project	120,284	1988
Bandar Putra Lots 26737, 3783, 3785 & various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	733 hectares	On-going mix development project	231,836	1988
Taman Lagenda Putra Geran No 25031-25040 (Lot No.7021,7024-7032) Geran No 22-23 (MG No 12-13) Title No 14708-14719 (Lot 5585-5596) Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	91 hectares	41 hectares	On-going mix development project	82,319	2005

B. DEVELOPMENT PROPERTIES cont'd

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Bandar Putra PTD 5746, 5747 & 5748, Segamat, Johor Darul Takzim	Freehold	198 hectares	69 hectares	On-going mix development project	43,465	1990
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	113 hectares	Homestead development	2,242	1990
Taman Bidara Seremban Negeri Sembilan Darul Khusus	Freehold	-	12,368 sq. m	On-going mix development project	704	1985
Lot 1758 (part of CT 2121) Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	16 hectares	4 hectares	On-going mix development project	278	1990
GRN 106724 Lot 18485 Seksyen 39 Sg. Buloh, Petaling Bandar Petaling Jaya Selangor Darul Ehsan	Freehold	-	3,962 sq. m	Residential development	516	1980
HS (D) 13605 PTD 4911 Sg. Segamat Segamat Selangor Darul Ehsan	Leasehold expiring 2046	6,930 sq. m	6,930 sq. m	Vacant industrial land	173	1986
Taman Klang Utama Various sub-divided lots in Kapar, Klang, Selangor Darul Ehsan	Freehold	-	2,525 sq. m	Future development land	1,553	1991
Lots 2, 3, 177 & 179 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	196 hectares	196 hectares	Future development land	5,846	1990
Lots 429, 432 & 434, Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	19 hectares	Future development land	11,869	1990
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	20 hectares	On-going mix development project	1,998	1990

B. DEVELOPMENT PROPERTIES cont'd

Location	Tenure	Initial Gross Land Area	Balance of Net Land Area for Development	Usage	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Lot 369 (Part), Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1,308	1990
PTD 2637 Lot 2630 Mukim Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	3,002	2003
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	446 hectares	446 hectares	Future development land	13,885	1983
HSD 11323 PT No 12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	196 hectares	196 hectares	Future development land	115,050	2001
Lot 3175 Town of Tanjung Tokong Seksyen 1, DTL Penang	Freehold	-	17,617 sq. m	Residential development	11,693	2001
Desaria Sungai Ara Penang	Freehold	159 hectares	21 hectares	Residential development	10,016	1983
HSD 1431 PT No 4471 Dengkil, Sepang Selangor Darul Ehsan	Leasehold Expiring 2091	21 hectares	21 hectares	Future development land	11,646	2002
Taman Puteri Kempas Various sub-divided lots in Tebrau, Johor Bahru Johor Darul Takzim	Freehold	102 hectares	102 hectares	Future development land	89,306	2006
Lots 3210, 3211, 3220, 3221 & 3421 Durian Tunggal Alor Gajah, Melaka.	Freehold	435 hectares	435 hectares	Future development land	37,864	2006
Lots 378, 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	27,165	2006
Lots 186, 216, 726, 1024, 1026, 1029, 1030-1033, 1041, 1081, 1082 & 1774 Krubong, Melaka Tengah, Melaka	Freehold	217 hectares	217 hectares	Future development land	18,166	2006

Net book value 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)	Net Book Value as at 30 June 2007 RM'000	Year of Revaluation
IOI Mall Bandar Puchong Jaya, Puchong Selangor Darul Ehsan	Freehold	66,521 sq. m	58,992 sq. m	3 storey shopping mall	11	200,000	2007*
IOI Business Park Bandar Puchong Jaya, Puchong Selangor Darul Ehsan	Freehold	-	5,336 sq. m	37 units commercial lot	9	26,400	2007*
Mayang Plaza Jalan SS26/2, Taman Mayang Jaya Petaling Jaya Selangor Darul Ehsan	Freehold	11,573 sq. m	12,575 sq. m	4 storey commercial complex	11	27,000	2007*
IOI Resort Putrajaya	Freehold	63,449 sq. m	22,082 sq. m	33 units of residential bungalow	3-11	58,000	2007*
One IOI Square IOI Resort Putrajaya	Freehold	18,802 sq. m	18,092 sq. m	12 storey new office building erected on existing land	4	60,000	2007*
Two IOI Square IOI Resort Putrajaya	Freehold	21,907 sq. m	12,609 sq. m	12 storey new office building erected on existing land	4	38,000	2007*
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	43,482 sq. m	22,398 sq. m	3 storey shopping mall	6	60,000	2007*
IOI Plaza 210 Middle Road Singapore	Leasehold expiring 2095	2,600 sq. m	8,740 sq. m	12 storey office building	9	225,469	2007*
Lot 17355 Petaling Jaya Selangor Darul Ehsan	Freehold	506 sq. m	465 sq. m	1 unit 3.5 storey shop office	13	4,600	2007*

* Year of revaluation

D. INDUSTRIAL PROPERTIES

Location	Tenure	Land Area	Usage	Age of Building (Year)	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
27, Section 13 Jalan Kemajuan Petaling Jaya Selangor Darul Ehsan	Leasehold expiring 2059	8,336 sq. m	Industrial premises for rental	-	5,324	1984
Country lease 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan, Sabah	Leasehold expiring 2039, 2042,2044	22 hectares	Palm oil refinery	10	133,772	1995
Plot 57 Mukim 1 Bukit Tengah Industrial Park Prai, Penang	Leasehold expiring 2053	41,224 sq. m	Vacant industrial land	-	2,664	2001
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	28 6	52,620 9,281	2001
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai, Penang	Leasehold expiring 2025	13,400 sq. m	Bulk cargo terminal	33	61	2001
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	8,615 sq. m	Bulking installation	33	-	2001
HS (D) 160988 PTD No.89217 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2041	9 hectares	Factory sites	26	48,721	2005

D. INDUSTRIAL PROPERTIES cont'd

Location	Tenure	Land Area	Usage	Age of Building (Year)	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
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	18	-	2001
Loders Croklaan Hogeweg 1, 1520 Wormerveer The Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	16-37	131,550	2002
Durkee Road 24708 W Channahon Illinois, United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	5-37	59,656	2002
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rotterdam, The Netherlands	Leasehold	15 hectares	Palm oil refinery	2-6	156,527	2004
195, Belfield Rd. Rexdale Ontario M9W-1G8 Canada	Freehold	1,022 sq. m	Specialty oils and fats manufacturing facilities	31	1,337	2002
PT 110296, 15926 & 15927 Jalan Timah Pasir Gudang Johor Bahru	Leasehold expiring 2037, 2052	8 hectares	Factory complex and vacant industrial land	-	19,966	2007
PT 17368 & 101373 Jalan Timah PT 80565, Jalan Pekeliling Pasir Gudang Johor Bahru	Leasehold expiring 2038, 2047, 2051	8 hectares	Factory complex	-	42,249	2007

E. OTHER PROPERTIES

Location	Tenure	Land/ Built Up Area	Usage	Age of Building (Year)	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Palm Garden Hotel Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	12,181 sq. m	152-room hotel	11	18,807	1990
IOI Palm Garden Golf Course Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	90 hectares	27-hole golf course and clubhouse	14	43,918	1990
HS (D) 45891 PT 9428 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq. m	Petrol station land	-	9	1991
HS (D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq. m	Petrol station land	-	313	1993
HS (D) 125263 PT 17727 Mukim Petaling Selangor Darul Ehsan	Freehold	2,601 sq. m	Petrol station land	-	112	1995
HS (D) 55058, PT 56477 Mukim of Klang Selangor Darul Ehsan	Freehold	3,900 sq. m	1.5 storey factory	10	369	1997
IOI Resort Lot 3991 (part), Dengkil, Sepang Selangor Darul Ehsan	Freehold	6 hectares	Hotel and 12 storey new office building erected on existing land	4-5	118,845	1990
HSD 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Leasehold expiring 2026	1,803 sq. m	Petrol station land	-	10	1992
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq. m	Bungalow plots	-	1,976	1992

E. OTHER PROPERTIES cont'd

Location	Tenure	Land/ Built Up Area	Usage	Age of Building (Year)	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	-	129	1998
No. 1, Lebuh Putra Utama Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,041 sq. m	Bandar Putra corporate office	10	1,253	1994
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	96 hectares	27-hole golf course	-	18,407	1994
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	6	7,335	1994
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	27	182	2005
PT 3865, Pasir Ponyang Port Dickson Negeri Sembilan Darul Khusus	Freehold	917 sq. m	Holiday bungalow	24	103	1990
Lot 8, Jalan Segama Lahad Datu Sabah	Leasehold expiring 2894	112 sq. m	Shoplot	14	-	1993
Lot 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq. m	Semi-detached house and staff apartments	21	-	1993

E. OTHER PROPERTIES cont'd

Location	Tenure	Land/ Built Up Area	Usage	Age of Building (Year)	Net Book Value as at 30 June 2007 RM'000	Year of Acquisition
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	6	708	1993
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Warehouse	-	1,653	1993
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Warehouse	-	2,956	1993
302-H, Jalan Relau Desaria, Sg Ara Penang	Freehold	167 sq. m	Shoplot	12	289	2001
Lot 8165 Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq. m	Vacant commercial land	-	150	2001
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	-	1,115	1990

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of the Company will be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 29 October 2007 at 10.30 a.m. for the following purposes:

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2007 and the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors retiring by rotation pursuant to Article 101 of the Company's Articles of Association:

   a. Tan Sri Dato' Lee Shin Cheng
   b. Dato' Lee Yeow Chor

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

   "THAT Mr Chan Fong Ann, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

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

   "THAT the increase in the payment of Directors' fees to RM410,000/-, to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved."

5. To re-appoint BDO Binder, the retiring auditors and to authorise the Directors to fix their remuneration.

6. As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

   6.1 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 ("Bursa Securities") for the listing of and quotation for the additional shares so issued."

AGENDA cont'd

6.2 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 up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company;

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, 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 Listing Requirements of Bursa Securities or any other relevant authorities."

6.3 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 5 of the Circular to Shareholders of the Company dated 28 September 2007 subject to the following:

AGENDA cont'd

6.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature cont'd

(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 Proposed Renewal of Shareholders' Mandate."

7. To transact any other business of which due notice shall have been given.

By Order of the Board

Lee Ai Leng
Yap Chon Yoke
Secretaries

Putrajaya
28 September 2007

Notes

1. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

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. If a member appoints two 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. 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.

5. 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.

6. **Explanatory Notes on Special Business**

   (i) Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

   The ordinary resolution proposed under item 6.1 of the Agenda, if passed will empower the Directors 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 for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   (ii) Proposed Renewal of Existing Share Buy-Back Authority

   The ordinary resolution proposed under item 6.2 of the Agenda, 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 Securities. 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

   The ordinary resolution proposed under item 6.3 of the Agenda is to renew the Shareholders' Mandate granted by the Shareholders of the Company at the previous Annual General Meeting held on 30 October 2006. The proposed renewal of 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 2007.

Statement Accompanying Notice of Annual General Meeting

pursuant to Paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. **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:

   - Tan Sri Dato' Lee Shin Cheng
   - Dato' Lee Yeow Chor

   (b) The Director seeking for re-appointment under Section 129(2) of the Companies Act, 1965 is:

   - Mr Chan Fong Ann

   The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 59 to 63 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 82 of the Annual Report.

2. **Board Meeting held in the financial year ended 30 June 2007**

   A total of eight Board Meetings were held in the financial year ended 30 June 2007. The details of the attendance of Directors at the Board Meeting held in the financial year ended 30 June 2007 were as disclosed on page 73 of the Annual Report.

3. **Date, Time and Venue of the Annual General Meeting**

   The Thirty-Eighth Annual General Meeting of the Company will be held as follows:

   Date : Monday, 29 October 2007

   Time : 10.30 a.m.

   Venue : Putrajaya Ballroom I (Level III)
   Putrajaya Marriott Hotel
   IOI Resort, 62502 Putrajaya
   Malaysia

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	:	16,919

Analysis of Shareholdings

Size of holdings	No. of holders	Total holdings	%
1-99	205	9,802	0.00
100-1,000	3,964	3,296,060	0.05
1,001-10,000	8,702	40,786,430	0.69
10,001-100,000	3,033	94,971,419	1.60
100,001- 297,317,456	1,012	3,548,924,250	59.68
297,317,457 and above	3	2,258,361,188	37.98
Total	16,919	5,946,349,149	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.	Progressive Holdings Sdn Bhd	1,290,252,938	21.70
2.	Employees Provident Fund Board	502,094,950	8.44
3.	Progressive Holdings Sdn Bhd	466,013,300	7.84
4.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Progressive Holdings Sdn Bhd	218,500,000	3.67
5.	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)	207,354,895	3.49
6.	Citigroup Nominees (Asing) Sdn Bhd CPB for Progressive Holdings Sdn Bhd	200,687,500	3.37
7.	Annhow Holdings Sdn Bhd	95,324,601	1.60
8.	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Narisa Heights Investments Limited	85,469,838	1.44
9.	HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	79,559,840	1.34
10.	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Westmead Holdings Limited	72,350,919	1.22

List of Top 30 Shareholders cont'd

	Name	No. of shares held	%
11.	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for J.P. Morgan Bank Luxembourg S.A.	69,605,455	1.17
12.	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.K.)	60,502,600	1.02
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Progressive Holdings Sdn Bhd	57,000,000	0.96
14.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Target Asia Fund Limited (HTHK)	54,800,905	0.92
15.	Citigroup Nominees (Asing) Sdn Bhd Royal Bank of Scotland as Depository for First State Asia Pacific Leader Fund (CB LDN)	54,577,500	0.92
16.	HSBC Nominees (Asing) Sdn Bhd Crystal Palace Investments Limited	53,507,606	0.90
17.	Progressive Holdings Sdn Bhd	49,499,505	0.83
18.	Tan Sri Dato' Lee Shin Cheng	46,022,670	0.77
19.	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)	39,421,732	0.66
20.	HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Progressive Holdings Sdn Bhd	38,000,000	0.64
21.	Citigroup Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for Mellon Bank (Mellon)	37,834,301	0.64
22.	Rickoh Holdings Sdn Bhd	37,525,000	0.63
23.	HSBC Nominees (Asing) Sdn Bhd Happy Palace Investments Limited	36,614,582	0.62
24.	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for Ishares, Inc.	36,544,030	0.61
25.	Citigroup Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for American International Assurance Company Limited	36,488,625	0.61
26.	Citigroup Nominees (Asing) Sdn Bhd CB LDN for First State Asia Pacific Fund	31,731,330	0.53
27.	Valuecap Sdn Bhd	31,276,400	0.53
28.	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for The Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	30,655,030	0.52
29.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	28,500,000	0.48
30.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Annhow Holdings Sdn Bhd	27,763,750	0.47
	Total	4,075,479,802	68.54

Substantial Shareholders as at 30 August 2007

(as per Register of Substantial Shareholders)

Name of shareholders	No. of shares held Direct	%	Indirect	%
Tan Sri Dato' Lee Shin Cheng	46,022,670	0.77	*2,340,256,543	39.36
Puan Sri Datin Hoong May Kuan	-	-	**2,386,279,213	40.13
Dato' Lee Yeow Chor	5,263,000	0.09	***2,334,298,143	39.26
Lee Yeow Seng	695,400	0.01	***2,334,298,143	39.26
Progressive Holdings Sdn Bhd	2,334,298,143	39.26	-	-
First State Investments	-	-	#318,099,520	5.35
Employees Provident Fund Board	502,094,950	8.44	@33,376,145	0.56

* Deemed interested by virtue of his interests in Progressive Holdings Sdn Bhd, 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 in Progressive Holdings Sdn Bhd, the interests of her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in Progressive Holdings Sdn Bhd, 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 Progressive Holdings Sdn Bhd.

Shares held by First State Investment Management (UK) Limited, its subsidiary First State Investments International Limited and their associated companies (collectively "First State Investments") on behalf of their clients who have appointed First State Investments as investment manager.

@ Shares managed by Portfolio Managers.

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PROXY FORM

IOI Corporation Berhad (Company No. 9027-W)
(Incorporated in Malaysia)

I/We ______________________________ (Please use block letters)
of ______________________________
being a member(s) of **IOI Corporation Berhad**, hereby appoint ______________________________
____
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 Thirty-Eighth Annual General Meeting of the Company to be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 29 October 2007 at 10.30 a.m. or any adjournment thereof.

My proxy shall vote as follows:

	Resolutions	**For**	**Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2007 and the Reports of the Directors and Auditors thereon		
2.	To re-elect Tan Sri Dato' Lee Shin Cheng as a Director		
3.	To re-elect Dato' Lee Yeow Chor as a Director		
4.	To re-appoint Mr Chan Fong Ann pursuant to Section 129 of the Companies Act, 1965		
5.	To approve Directors' Fees		
6.	To re-appoint BDO Binder as Auditors and to authorise the Directors to fix their remuneration		
7.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
8.	To approve the proposed renewal of existing share buy-back authority		
9.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

(Please indicate with an "X" or "✓" in the space provided as to how you wish your votes to be cast.)

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy : ______________ %
Second proxy : ______________ %
100%

Dated this ________ day of ____________ 2007.

No. of Shares Held : ______________
CDS A/C No. : ______________

Signature of Shareholder ______________________

Notes

1. A member may appoint any person to be his proxy and the provisions 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. If a member appoints two 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. 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.
5. 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.

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stamp

The Company Secretary
IOI Corporation Berhad
Two IOI Square
IOI Resort, 62502
Putrajaya, Malaysia

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