IOI GROUP

proven balance

IOI CORPORATION BERHAD 9027-W ANNUAL REPORT 2010



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Our Vision

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

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

Our Core Values

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

Integrity
which is essential and cannot be compromised

Commitment
as we do what we say we will do

Loyalty
is crucial because we are one team sharing one vision

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

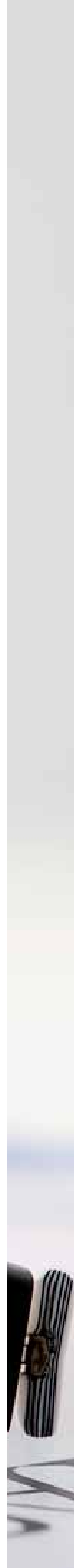
Speed** or **Timeliness
in response is important in our ever changing business environment

Innovativeness
to provide us additional competitive edge

Cost Efficiency
is crucial as we need to remain competitive

CONTENTS

Proven balance ~ work in harmony to achieve both our business goals and the wider goals of a caring society.



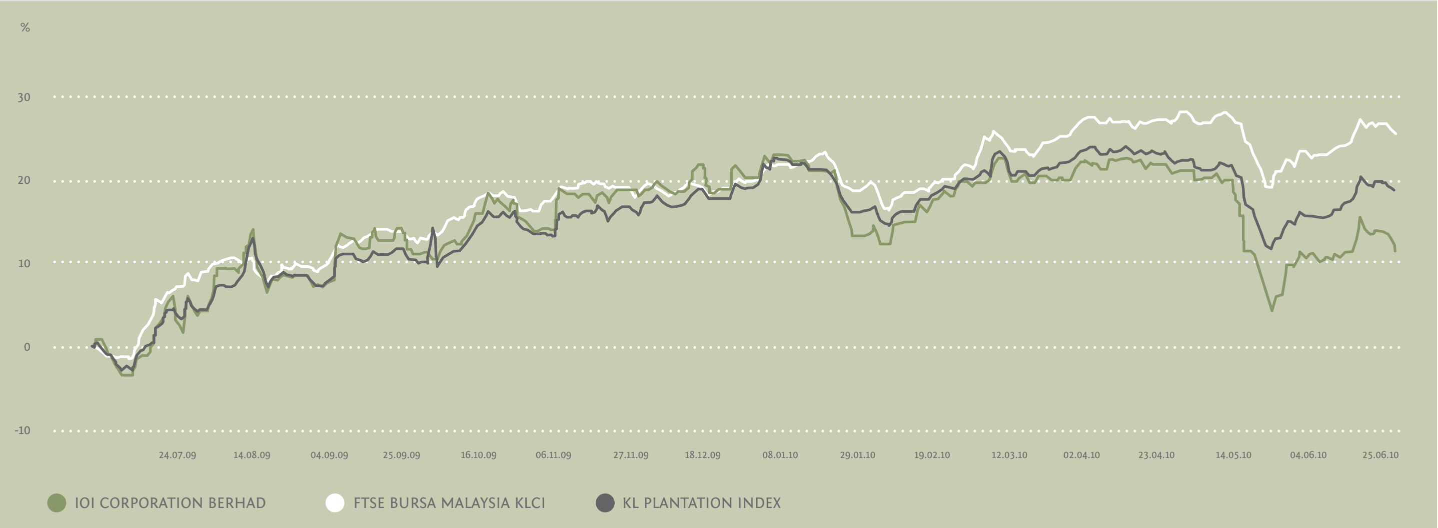
meeting business goals

Delivering maximum returns to our stakeholders and ensuring high productivity and high profitability.

maintaining a sustainable environment

Our CSR activities enable and support sustainable and responsible business practices in all sectors, thereby ensuring a balanced strategy for our planet.

KEY INDICATORS



		2010	2009	2008	2007	2006
FINANCIAL						
Profit before taxation	RM'000	**2,550,633**	1,550,117	3,095,197	1,991,073	1,152,873
Profit attributable to equity holders of the Company	RM'000	**2,035,661**	983,517	2,231,632	1,482,104	829,002
Equity attributable to equity holders of the Company	RM'000	**10,780,181**	8,346,290	8,391,361	7,739,258	6,033,923
Return on average equity	%	**21.29**	11.75	27.67	21.52	15.22
Basic earnings per share	SEN	**32.96**	16.62	36.85	24.13	14.51
Gross dividend per share	%	**170.0**	80.0	170.0	70.0	87.0
PLANTATION						
FFB production	MT	**3,405,090**	3,626,776	3,957,281	3,694,535	3,674,483
Total oil palm area	HA	**154,709**	150,931	149,445	148,871	144,055
PROPERTY						
Sales value	RM'000	**1,045,095**	688,487	696,743	683,471	570,842
Sales	UNIT	**2,044**	1,465	1,934	1,529	1,524
MANUFACTURING						
Oleochemical						
Plant utilisation	%	**91**	78	92	95	99
Sales	MT	**684,389**	597,351	668,808	509,965	364,393
Refinery						
Plant utilisation	%	**75**	78	91	85	87
Sales	MT	**2,533,527**	2,817,987	2,996,439	2,287,190	1,283,647
Specialty oils and fats						
Plant utilisation	%	**96**	100	100	95	91
Sales	MT	**486,828**	504,317	521,719	502,695	482,876

Dividend Per Share

2010
170.0%
2009
80.0%

Profit Before Taxation

2010
RM2.55 BILLION
2009
RM1.55 BILLION

Return on Average Equity

2010
21.29 %
2009
11.75 %

Share Price

2010
RM5.01
2009
RM4.72

Basic Earnings Per Share

2010
32.96 SEN
2009
16.62 SEN

Market Capitalisation

2010
RM31.95 BILLION
2009
RM28.11 BILLION

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of IOI Corporation Berhad, I am pleased to present to you the annual report of the Company and the Group for the financial year ended 30 June 2010 ("FY2010").

OPERATING ENVIRONMENT

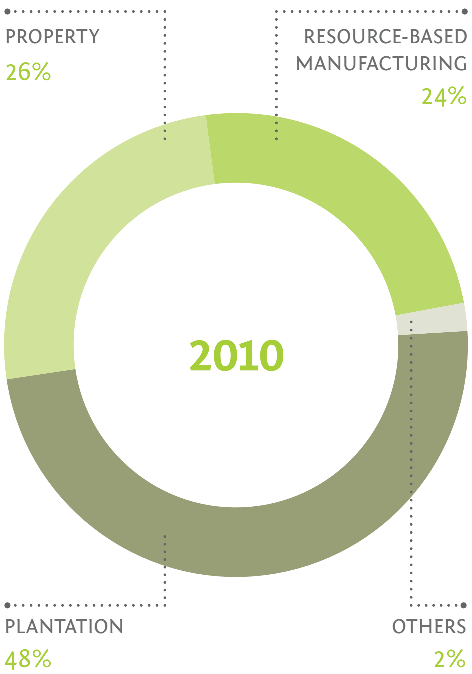
Whilst markets have rebounded from their lows, the global economy is currently in a period of uncertainty and is likely to experience greater volatility until a clearer picture emerges on the strength of the global economic recovery. Global economic growth is likely to slowdown in the second half of 2010 as worldwide fiscal spending dissipates and austerity measures in developed countries begin to take effect. These will be compounded by policy tightening in some Asian countries and other emerging economies. There is therefore a risk of a sharper than expected slowdown in global economic growth.

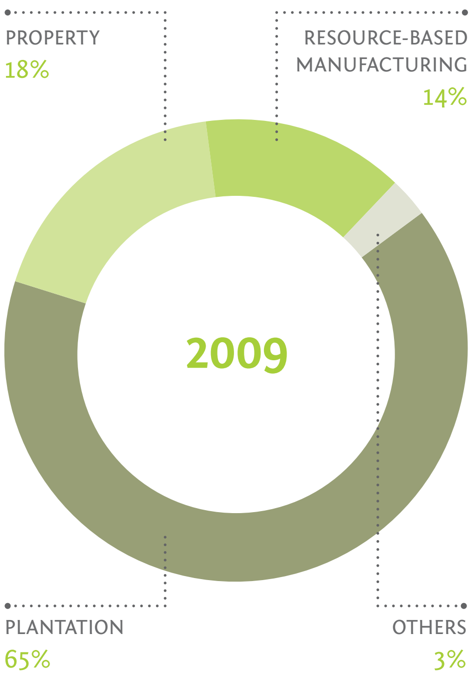
The Malaysian economy is also likely to slow down in the second half of 2010 after recording strong growth in the first half on the back of a surge in exports. Although most sectors of the domestic economy are likely to moderate in line with external demand, domestic demand is expected to remain resilient due to the high level of savings and rising consumerism.

REVIEW OF RESULTS

The Group's operating profit of RM2,636.3 million for FY2010 was higher by 34% compared to the previous year with increases reported in all main business segments except for plantation.

Segmental Contribution to Operating Profit





Plantation division's earnings were 31% lower at RM1,126.2 million on the back of lower CPO prices realised and a reduction in FFB production. The average selling price of CPO reduced from RM2,831 per MT in FY2009 to RM2,372 per MT as CPO prices retreated from their highs towards more sustainable levels. Production of FFB reduced from 3.63 million MT to 3.41 million MT in FY2010 largely due to lower yields achieved as a result of poor weather conditions.

The resource-based manufacturing division's earnings improved by 59% to RM568.6 million in FY2010 mainly coming from better results in the specialty oils and fats and oleochemicals businesses. The refinery business was adversely affected by excess capacity in the industry and recorded a reduction in capacity utilisation in its plants.

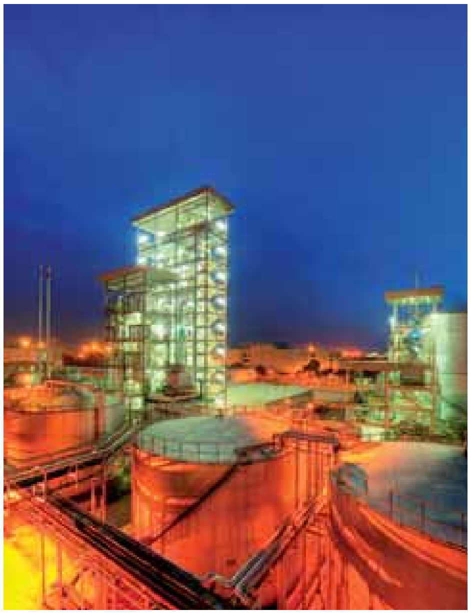
The property division's results for FY2010 of RM602.9 million was 29% higher than the previous year despite a lower fair value gain on investment properties of RM21.0 million (FY2009 – RM110.8 million). The property division achieved a total revenue exceeding RM1 billion contributed by an overall increase in units sold and higher average sales value per unit.

The Group's pre-tax profit of RM2,550.6 million was 65% better than the profit achieved in FY2009 whilst net earnings for FY2010 improved 107% to RM2,035.7 million partly due to unrealised translation gains on its long term USD denominated borrowings as opposed to foreign currency losses recorded in FY2009. The Group continues to generate healthy cash flow from its operations, which amounted to RM2,008.6 million for FY2010.

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

RETURNS TO SHAREHOLDERS

Two interim dividends totalling 17.0 sen per ordinary share amounting to a total payout of approximately RM1,084.6 million were declared for FY2010. The dividends represent an approximately 50% distribution of the Group's net profit attributable to shareholders which is in line with the dividend payout ratio in FY2009.



If a shareholder had subscribed for 1,000 ordinary shares of RM1.00 each in 1980 when the Company was listed and assuming the shareholder had taken up all the rights issues to date, the 1,000 shares that the shareholder subscribed for would have increased to 76,000 ordinary shares of RM0.10 each worth RM433,960 based on a share price of RM5.71 as at 15 September 2010. If we take into consideration all the dividends received less capital outlay for the past 30 years together with the capital appreciation as stated above, the shareholder would have achieved a remarkable compounded annual return of 22.8% per annum over the same period.

The company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. During the year, the Company completed a renounceable rights issue of 398,821,324 new ordinary shares at an issue price of RM2.90 per Rights Share. The proceeds from the Rights Issue of RM1.157 million are to finance potential investment opportunities and repayment of borrowings. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2010 stood at RM3.9 billion, and a net gearing ratio of 8%.

CORPORATE SOCIAL RESPONSIBILITY

The Company is a founding member of the Roundtable on Sustainable Palm Oil ("RSPO"), a global initiative which operates on a multi-stakeholder format and involves strict principles and criteria covering the social and environmental development requirements for the production and use of sustainable palm oil. Preparation and training for RSPO certification began three years ago and todate, four groupings of the Company's estates and palm oil mills have been awarded the RSPO compliance certification and a further two groupings have been audited and are pending certification. The Group is actively pursuing certification audits on its other estates and mills in Malaysia with a target towards completing the RSPO audits by the end of 2011. The Group is also involved in other projects such as the Prince Charles Rainforest Project and the Sainsbury Responsible Palm Project to promote its standing as a responsible and value-added palm oil producer.

Education remains an integral part of our corporate social responsibility via Yayasan Tan Sri Lee Shin Cheng, a charitable foundation fully funded by the Group to provide sponsorships to schools and students from poor families as well as award scholarships and grants to high-achieving university undergraduates.


MAERSK LINE

PROSPECTS

Against a backdrop of slowing economic growth globally, Asia and other emerging economies remain relatively resilient and their moderate growth will provide the Group with opportunities for growth.

FFB production volume from our estates in Malaysia is expected to improve in FY2010 due to more favourable weather conditions and better yielding trees coming to maturity. Planting on our land in Indonesia continues to gather momentum and we expect to plant 10,000 hectares every year over the next 5 years. With 79% of our Group planted acreage in Malaysia within the prime ages of 7 to 20 years old, production volume will increase steadily over the next few years to meet increasing demand. Demand for palm oil and its products remain strong supported by growing demand from the food sector, increasing awareness arising from mandatory labelling of trans fatty acid content in food products, price competitiveness over other edible oils and higher consumption in emerging markets such as China and India. Prices of palm oil are also expected to be underpinned by the relatively low world vegetable oil stock to usage ratio and strong biofuel commitments from developed countries.

Prospects for the Group's resource-based manufacturing business are expected to remain mixed, with compressed margins in the refinery sector but stable volume and margins in the oleochemicals and specialty oils and fats sectors. Our refinery expansion in the Netherlands to produce mainly value added margarine ingredients was commissioned in April 2010 and our Bionexus-status plant in Johor to supply enzymatic components to the Group is expected to be completed by the end of 2010. The enzymatic lipid modification manufacturing process used by the Group in the specialty oils and fats business holds great promise as it fulfils the quest for healthier edible oils and also offers unique solutions that cannot be met with conventional lipid modification techniques.

With a development land bank of approximately 6,000 acres, the Group's proven track record in township development will provide a strong base for the Group's property business. Our strength in township development has also enabled the Group to build more commercial properties in existing mature developments for investment to earn good rental returns. The property market in Singapore has improved and with the completion of the integrated resorts augers well for our projects in Sentosa Cove. The launching in March 2010 of the first phase of our Seascape collection in Sentosa met with encouraging response.

The Group's strong cash flow from operations and a healthy balance sheet provides the Group with opportunities to acquire additional landbank both locally and abroad. The Group has recently acquired a piece of leasehold land measuring approximately 7.7 acres in Xiamen, Fujian Province in the People's Republic of China for a total consideration of RMB314.2 million. The property is to be developed into residential and commercial units for sale. We view this project as a stepping stone towards further larger property projects in China.

ACKNOWLEDGEMENTS

I wish to take this opportunity to express my gratitude and appreciation to our employees for their contribution, dedication and loyalty. I also wish to thank all our customers, business partners, government authorities, shareholders and fellow Board members for their continued strong support.

Thank you.

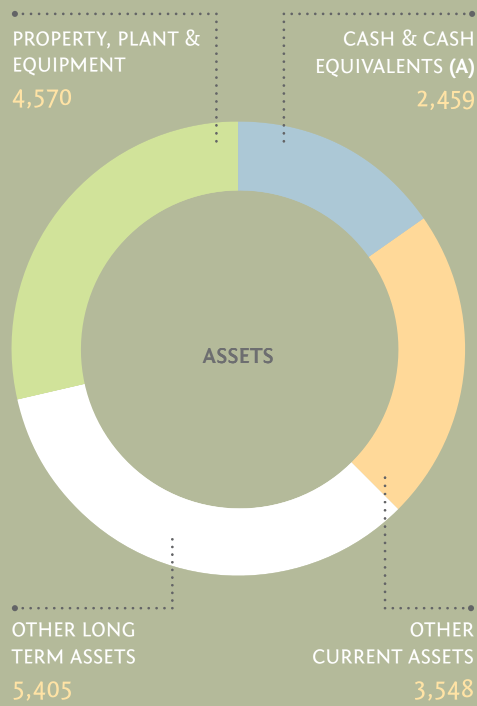
Tan Sri Dato' Lee Shin Cheng
EXECUTIVE CHAIRMAN

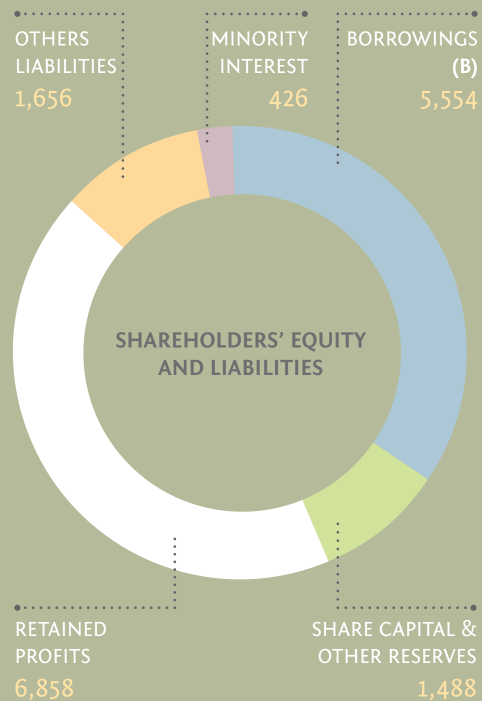
GROUP FINANCIAL OVERVIEW

CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010
RM MILLION

Net operating cash flow	2,009
Capital expenditure, net of disposal	(423)
Free cash flow from operation	1,586
Proceeds from right issue of a subsidiary	1,157
Proceeds from disposal of investments, net of payments for other investments	201
Proceeds from issuance of shares	24
Privatisation of a subsidiary	(12)
Share repurchases by the company	(35)
Payment to jointly controlled entities	(118)
Investment in development land bank	(132)
Interest paid	(145)
Dividend payments	
- Shareholders of the Company	(566)
- Shareholders of subsidiaries	(23)
Cash outflow in net borrowings	1,937
Repurchase of of 3rd Exchangeable Bonds	(20)
Accretion of exchangeable bonds	(94)
Accretion of guaranteed notes	(1)
Net decrease in net borrwoings	1,822
Net borrowings as at 30.06.09	(3,095)
Translation difference	393
Net borrowings as at 30.06.10	(880)

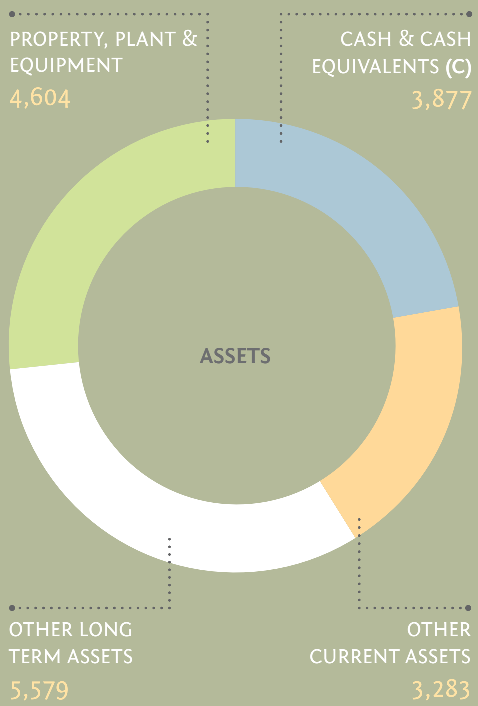
BALANCE SHEET AS AT 30 JUNE 2009
RM MILLION

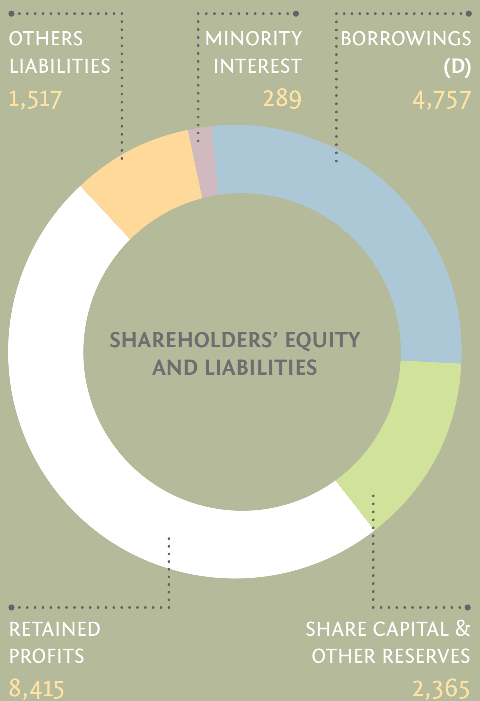




NET BORROWINGS=(B)-(A)=RM3,095 MILLION
NET GEARING=37%

BALANCE SHEET AS AT 30 JUNE 2010
RM MILLION

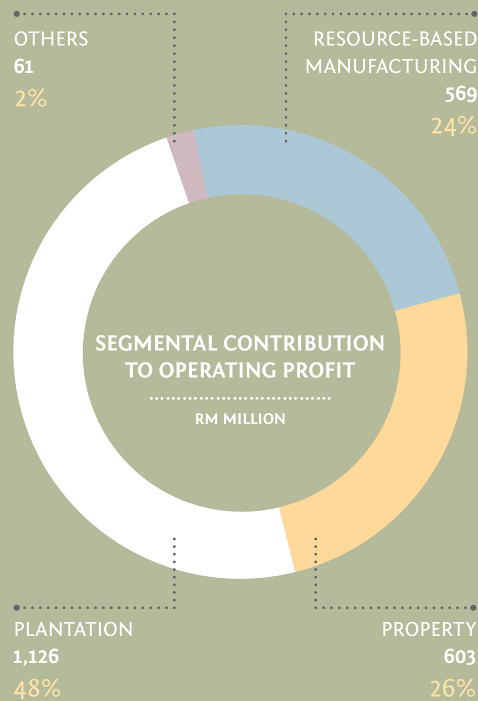




NET BORROWINGS=(D)-(C)=RM880 MILLION
NET GEARING=8%

RETAINED PROFIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010
RM MILLION

Segment results	2,359
Unallocated corporate expenses	277
Operating profit	2,636
Net interest expenses	(174)
Share of results of associates	55
Share of results of jv	33
Profit before taxation	2,550
Taxation	(486)
Profit for the financial year	2,064
Less: Attributable to minority interests	(29)
Profit for the financial year attributable to equity holders of the Company	2,035
Dividend paid	(566)
Purchase of 3rd exchangeable bonds	38
Changes in equity interest in subsidiaries	50
Retained profit for the financial year	1,557
Retained profit as at 30.06.09	6,858
Retained profit as at 30.06.10	8,415



SEGMENT RESULTS=RM2,359 MILLION

GROUP PERFORMANCE HIGHLIGHTS

RM'000	2010	2009	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**12,542,962**	14,600,474	(14)
Profit before interest and taxation	**2,636,343**	1,969,055	34
Profit before taxation	**2,550,633**	1,550,117	65
Net operating profit after taxation ("NOPAT")	**2,230,994**	1,236,314	80
Net profit attributable to equity holders	**2,035,661**	983,517	107
Average shareholders' equity	**9,563,236**	8,368,826	14
Average capital employed	**15,611,798**	15,426,081	1
Operating margin (%)	**21.02**	13.49	56
Return on average equity (%)	**21.29**	11.75	81
NOPAT/Average capital employed (%)	**14.29**	8.01	78
Basic earnings per share (sen)	**32.96**	16.62	98
Dividend per share - gross (sen)	**17.0**	8.0	113
Net assets per share (sen)	**169**	140	21
Dividend cover (number of times)	**1.88**	2.07	(9)
Interest cover (number of times)	**12.53**	7.71	62
PLANTATION PERFORMANCE			
FFB production (MT)	**3,405,090**	3,626,776	(6)
Yield per mature hectare (MT)	**24.44**	26.03	(6)
Mill production (MT)			
Crude palm oil	**732,275**	777,310	(6)
Palm kernel	**170,876**	182,075	(6)
Oil extraction rate (%)			
Crude palm oil	**21.53**	21.38	-
Palm kernel	**5.02**	5.01	-
Average selling price (RM / MT)			
Crude palm oil	**2,372**	2,831	(16)
Palm kernel	**1,229**	1,279	(4)
Operating profit (RM / mature hectare)	**8,148**	11,448	(29)
PROPERTY PERFORMANCE			
Sales value	**1,045,095**	688,487	52
Sales (unit)	**2,044**	1,465	40
Average selling price	**511**	470	9
Revenue	**945,538**	660,167	43
Operating profit	**532,052**	309,556	72
Progress billings	**917,548**	642,374	43
MANUFACTURING PERFORMANCE			
OLEOCHEMICAL			
Plant utilisation (%)	**91**	78	17
Sales (MT)	**684,389**	597,351	15
REFINERY			
Plant utilisation (%)	**75**	78	(4)
Sales (MT)	**2,533,527**	2,817,987	(10)
SPECIALTY OILS AND FATS			
Plant utilisation (%)	**96**	100	(4)
Sales (MT)	**486,828**	504,317	(3)

GROUP QUARTERLY RESULTS

	1ST QUARTER RM'000	%	2ND QUARTER RM'000	%	3RD QUARTER RM'000	%	4TH QUARTER RM'000	%	FY2010 RM'000	%
Revenue	3,275,460	26	3,060,237	24	3,147,327	25	3,059,938	25	12,542,962	100
Operating profit	657,289	25	623,147	24	733,533	28	622,374	23	2,636,343	100
Interest income	11,121	24	14,694	31	9,760	20	11,639	25	47,214	100
Finance costs	(59,366)	27	(55,153)	25	(51,291)	23	(55,360)	25	(221,170)	100
Share of results of associates	15,450	28	15,212	28	16,791	31	7,394	13	54,847	100
Share of results of jointly controlled entities	622	2	341	1	475	1	31,961	96	33,399	100
Profit before taxation	625,116	25	598,241	23	709,268	28	618,008	24	2,550,633	100
Taxation	(136,851)	28	(122,494)	25	(149,048)	31	(77,124)	16	(485,517)	100
Profit for the financial year	488,265	24	475,747	23	560,220	27	540,884	26	2,065,116	100
Attributable to:										
Equity holders of the Company	478,382	24	461,211	23	549,018	27	547,050	26	2,035,661	100
Minority interests	9,883	34	14,536	49	11,202	38	(6,166)	(21)	29,455	100
	488,265	24	475,747	23	560,220	27	540,884	26	2,065,116	100
Earnings per share (sen)										
Basic	8.01		7.71		8.60		8.57		32.96	
Diluted	7.37		7.29		6.92		8.28		30.01	
Operating profit on segmental basis										
Plantation	249,782	22	319,907	28	282,027	25	274,498	25	1,126,214	100
Property development	147,574	28	111,617	21	110,047	21	162,814	30	532,052	100
Property investment	14,474	20	13,778	19	14,627	21	27,952	40	70,831	100
Manufacturing	158,901	28	145,405	26	128,589	23	135,667	23	568,562	100
Others	10,641	17	6,990	12	10,644	17	33,238	54	61,513	100
Segment results	581,372	25	597,697	25	545,934	23	634,169	27	2,359,172	100
Unallocated corporate expenses	75,917	27	25,450	9	187,599	68	(11,795)	(4)	277,171	100
Operating profit	657,289	25	623,147	24	733,533	28	622,374	23	2,636,343	100

FINANCIAL CALENDAR

Financial Year End	30 June 2010
Announcement of Results	
1st Quarter	24 November 2009
2nd Quarter	10 February 2010
3rd Quarter	14 May 2010
4th Quarter	24 August 2010
Notice of Annual General Meeting	29 September 2010
Annual General Meeting	29 October 2010

Payment of Dividends

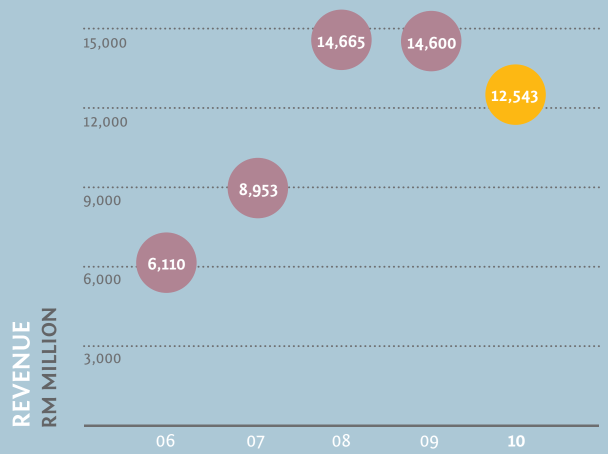
1st Interim	
Declaration	10 February 2010
Book Closure	16 March 2010
Payment	25 March 2010
2nd Interim	
Declaration	24 August 2010
Book Closure	27 September 2010
Payment	7 October 2010

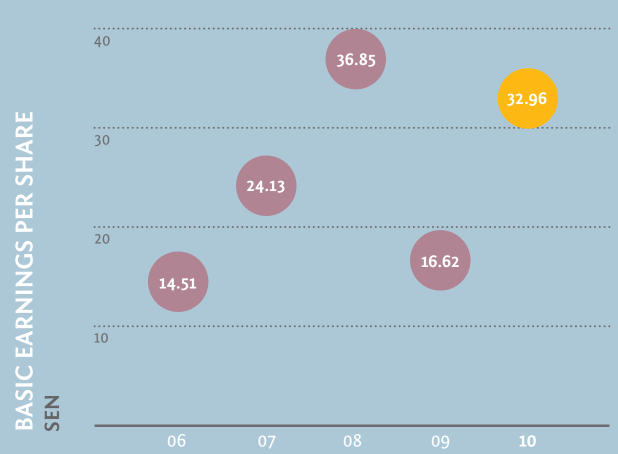
FIVE-YEAR FINANCIAL HIGHLIGHTS

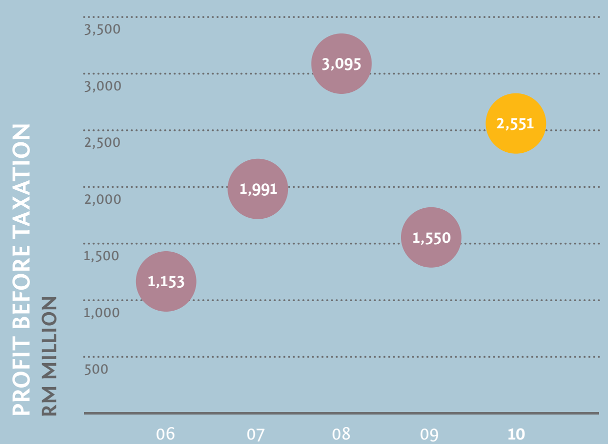
RM'000	2010	2009	2008	2007	2006
RESULTS					
Revenue	**12,542,962**	14,600,474	14,665,369	8,952,727	6,109,668
Profit before taxation	**2,550,633**	1,550,117	3,095,197	1,991,073	1,152,873
Taxation	**(485,517)**	(486,943)	(683,010)	(340,109)	(196,158)
Profit for the financial year	**2,065,116**	1,063,174	2,412,187	1,650,964	956,715
Attributable to:					
Equity holders of the Company	**2,035,661**	983,517	2,231,632	1,482,104	829,002
Minority interests	**29,455**	79,657	180,555	168,860	127,713
ASSETS					
Property, plant and equipment	**4,604,250**	4,569,636	4,519,274	4,467,810	4,164,394
Prepaid lease payments	**860,188**	872,905	822,328	826,258	790,509
Land held for property development	**913,328**	866,172	927,263	821,744	628,327
Investment properties	**1,113,545**	1,104,633	838,639	699,469	512,976
Other long term investments	**29,783**	23,131	26,198	27,699	30,376
Associates	**572,223**	536,492	542,071	280,924	247,385
Jointly controlled entities	**1,549,245**	1,436,763	1,515,878	161,479	–
Other assets	**540,745**	564,887	569,755	589,654	511,219
	10,183,307	9,974,619	9,761,406	7,875,037	6,885,186
Current assets	**7,160,110**	6,007,335	7,499,818	5,792,615	3,426,500
Non-current assets held for sale	**–**	–	–	13,190	–
	17,343,417	15,981,954	17,261,224	13,680,842	10,311,686
EQUITY AND LIABILITIES					
Share capital	**667,552**	624,680	613,788	625,881	605,267
Reserves	**10,112,629**	7,721,610	7,777,573	7,113,377	5,428,656
	10,780,181	8,346,290	8,391,361	7,739,258	6,033,923
Minority interests	**289,292**	426,156	965,117	856,954	746,984
Total equity	**11,069,473**	8,772,446	9,356,478	8,596,212	6,780,907
Non-current liabilities	**4,841,310**	5,932,356	5,494,836	3,938,242	2,820,939
Current liabilities	**1,432,634**	1,277,152	2,409,910	1,146,388	709,840
Total liabilities	**6,273,944**	7,209,508	7,904,746	5,084,630	3,530,779
	17,343,417	15,981,954	17,261,224	13,680,842	10,311,686
Net operating profit after tax ("NOPAT")	**2,230,994**	1,236,314	2,553,500	1,756,196	1,086,614
Average shareholders' equity	**9,563,236**	8,368,826	8,065,310	6,886,591	5,448,126
Average capital employed [1]	**15,611,863**	15,426,081	14,366,209	11,273,774	9,790,574
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**32.96**	16.62	36.85	24.13	14.51
Gross dividend per share (sen)	**17.0**	8.0	17.0	7.0	8.7
Net assets per share (sen)	**169**	140	140	124	100
Return on average equity (%)	**21.29**	11.75	27.67	21.52	15.22
NOPAT/Average capital employed	**14.29**	8.01	17.77	15.58	11.10
Net debt/Equity (%) [2]	**8.16**	37.08	36.65	11.67	21.01

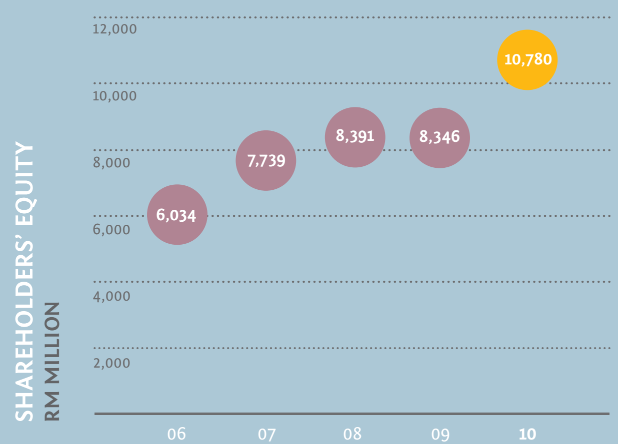
[1] Average capital employed comprises shareholders' equity, minority interests, long term liabilities, short term borrowings and deferred taxation.

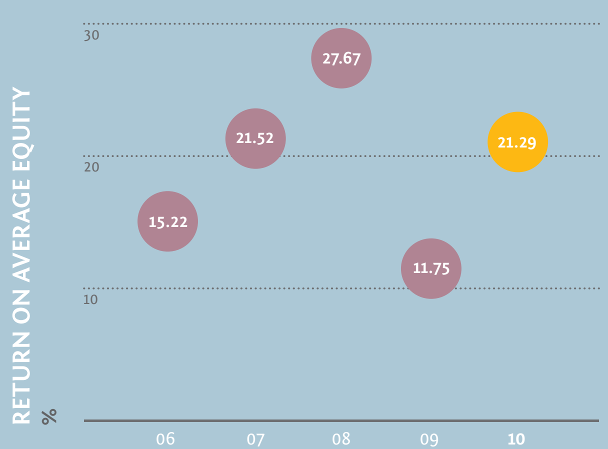
[2] Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.

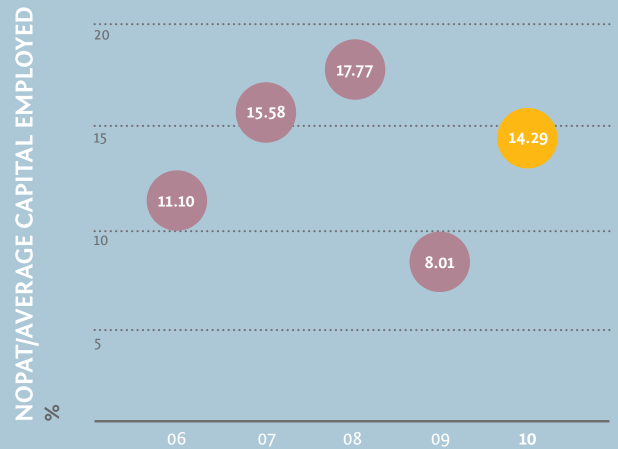

REVENUE
RM MILLION
15,000
12,000
9,000
6,000
3,000
6,110
8,953
14,665
14,600
12,543
06
07
08
09
10


BASIC EARNINGS PER SHARE
SEN
40
30
20
10
14.51
24.13
36.85
16.62
32.96
06
07
08
09
10


PROFIT BEFORE TAXATION
RM MILLION
3,500
3,000
2,500
2,000
1,500
1,000
500
1,153
1,991
3,095
1,550
2,551
06
07
08
09
10


SHAREHOLDERS' EQUITY
RM MILLION
12,000
10,000
8,000
6,000
4,000
2,000
6,034
7,739
8,391
8,346
10,780
06
07
08
09
10

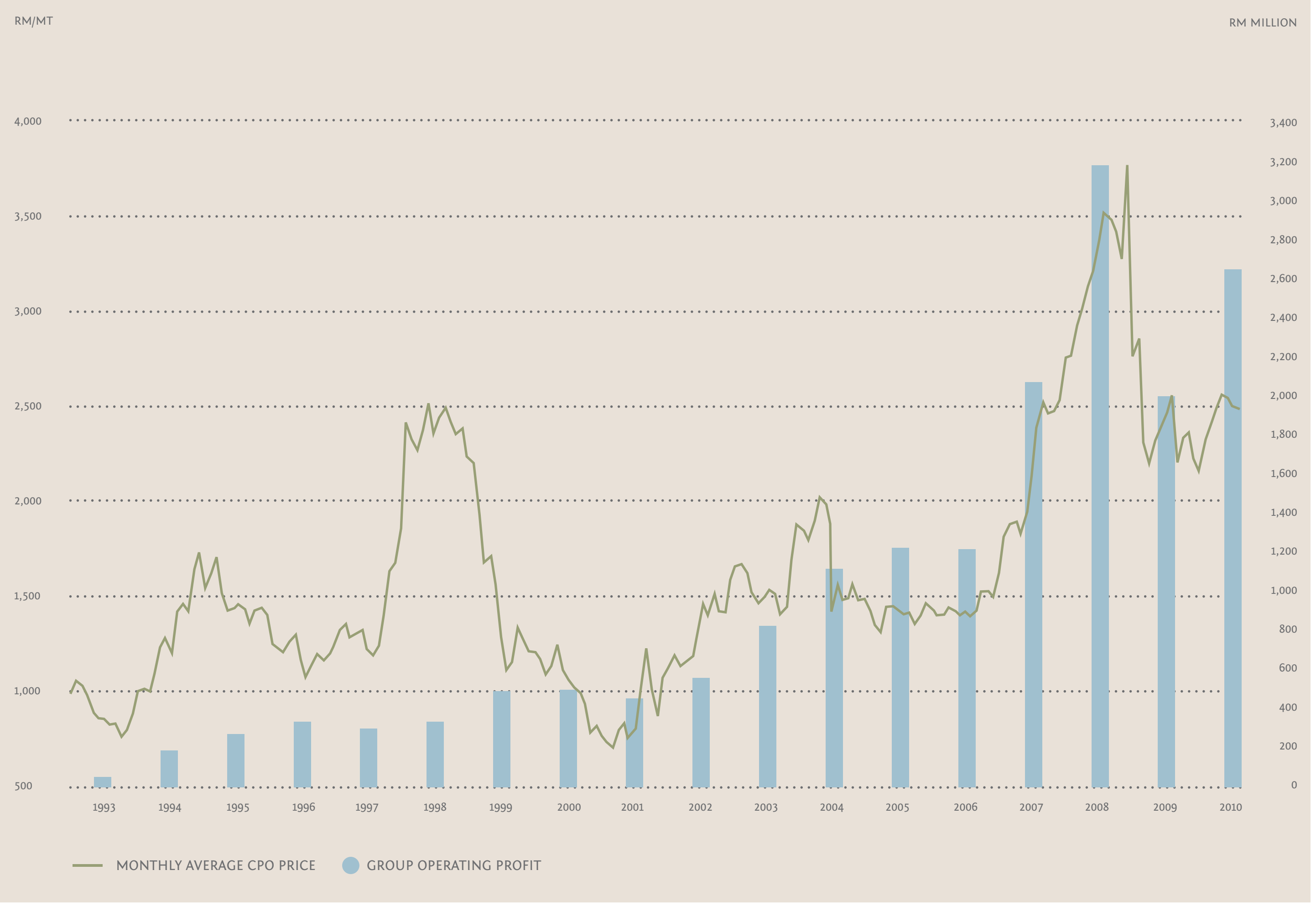

RETURN ON AVERAGE EQUITY
%
30
20
10
15.22
21.52
27.67
11.75
21.29
06
07
08
09
10


NOPAT/AVERAGE CAPITAL EMPLOYED
%
20
15
10
5
11.10
15.58
17.77
8.01
14.29
06
07
08
09
10

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Financial Review

GROWING THROUGH THE CYCLE



INTRODUCTION

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

KEY FINANCIAL INDICATORS

		FY2010	FY2009	CHANGE %
Earnings before interest and taxation ("EBIT")	RM MILLION	**2,636.3**	1,969.1	34
Pre-tax earnings	RM MILLION	**2,550.6**	1,550.1	65
Net earnings	RM MILLION	**2,035.7**	983.5	107
Return on average equity ("ROE")	%	**21.3**	11.8	81
Return on average capital employed ("ROCE")	%	**14.3**	8.0	79
Net operating profit after taxation ("NOPAT")	RM MILLION	**2,231.0**	1,236.3	80
Economic profit	RM MILLION	**386.6**	15.2	2,443
Total return to shareholders				
- Change on share price (per RM0.10 share)	RM	**0.29**	(2.73)	111
- Gross dividend (per RM0.10 share)	SEN	**17.0**	8.0	113
Net cash flow generated from operation	RM MILLION	**2,008.6**	2,827.1	(29)
Net gearing	%	**8.2**	37.1	(78)

FINANCIAL HIGHLIGHTS & INSIGHTS

- At Group level, the results for FY2010 versus FY2009 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:

	FY2010 RM MILLION	MIX %	FY2009 RM MILLION	MIX %	CHANGE %
Plantation	**1,126.2**	43	1,639.7	83	(31)
Downstream manufacturing	**568.6**	21	356.8	18	59
Palm oil - Total	**1,694.8**	64	1,996.5	101	(15)
Property	**602.9**	23	467.0	24	29
Others (unallocated)	**338.6**	13	(494.4)	(25)	(168)
EBIT	**2,636.3**	100	1,969.1	100	34

- Plantation segment's EBIT decreased by 31% to RM1,126.2 million, due mainly to reduction in FFB production and lower CPO prices realised.
- The downstream manufacturing's EBIT increased by 59% to RM568.6 million. The lower profit in the previous financial year is due mainly to realised foreign exchange losses on derivative contracts and customer defaults on high priced contracts incurred.
- The property segment's registered an increase of 29% in EBIT to RM602.9 million, contributed mainly by an overall increase in sales despite a lower fair value gain on investment properties reported of RM21.0 million (FY2009 - RM110.8 million).
- The "unallocated segment" in respect of both financial years comprises primarily the gain or loss on forex translation on USD denominated borrowings with gain of RM395.8 million and loss of RM315.3million registered in FY2010 and FY2009 respectively. This was in part an anticipatory hedge for our USD income stream.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Financial Review

FINANCIAL HIGHLIGHTS & INSIGHTS (CONT'D)

- **Pre-tax Earnings** increase by 65% over last financial year. Apart from the increase in EBIT as explained in the foregoing paragraphs, the increase was also due to no further impairment loss at the jointly controlled property entity in Singapore during FY2010 (FY2009 - loss of RM258.6 million).

- At the **Net Earnings** level, profit attributable to shareholders increased by 107% to RM2.04 billion.

- For FY2010, the Group recorded a **Return on Equity ("ROE")** of 21.3% based on an average shareholders' equity of RM9.56 billion (FY2009 – RM8.37 billion), up from 11.8% for the previous financial year. The average ROE target is 20%.

- Similarly, the **Return on Average Capital Employed ("ROCE")** increased to 14.3% for FY2010, up from 8.0 % for FY2009. This was due to higher net earnings with only marginal increase in capital employed.

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

  Equity reduction for purpose of capital management included the following:

	FY2010 RM MILLION	FY2009 RM MILLION
Total dividend	**1,084.6**	475.1
Share buy-back	**35.1**	652.5
Total equity repayments	**1,119.7**	1,127.6
% of net earnings for the financial year	**55%**	115%

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

- The Group generated an **Operating Cash Flow** of RM2,008.6 million for FY2010 against RM2,827.1 million for the previous financial year. Similary, Free Cash Flow decreased from RM2,388.4 million to RM1,586.0 million, in line with the stabilisation of working capital requirements.

- For FY2010, the Group spent a total of RM433.2 million (FY2009 – RM434.1 million) for capital expenditure ("Capex"). Cash outlay on acquisitions in FY2010 was however much lower at RM11.6 million (FY2009 – RM56.3 million).

- The Group's **Shareholders' Equity** as at 30 June 2010 stood at RM10.78 billion, an increase of RM2.43 billion or 29% over previous financial year. The increase was mainly due to net earnings for the financial year of RM2.04 billion and issue of new shares arose from the Renounceable Rights Issue which totalled RM1.16 billion. However, the increase was off-set by dividend payment and share buy-back totalling RM601.6 million.

- The Group's **Net Interest Cover** was 12.5 times (FY2009 - 7.7 times) but after adjusting differences between accounting and cash interest payment, the net interest cover was 21.7 times for FY2010 (FY2009 – 13.1 times).

- 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 RM386.6 million for FY2010 as compared to RM15.2 million for FY2009. The significant increase is due to a higher NOPAT of RM2,231.0 million (FY2009 – RM1,236.3 million). The Weighted Average Cost of Capital ("WACC") for FY2010 registered an increase over last financial year at 11.8% (FY2009 – 7.9%).

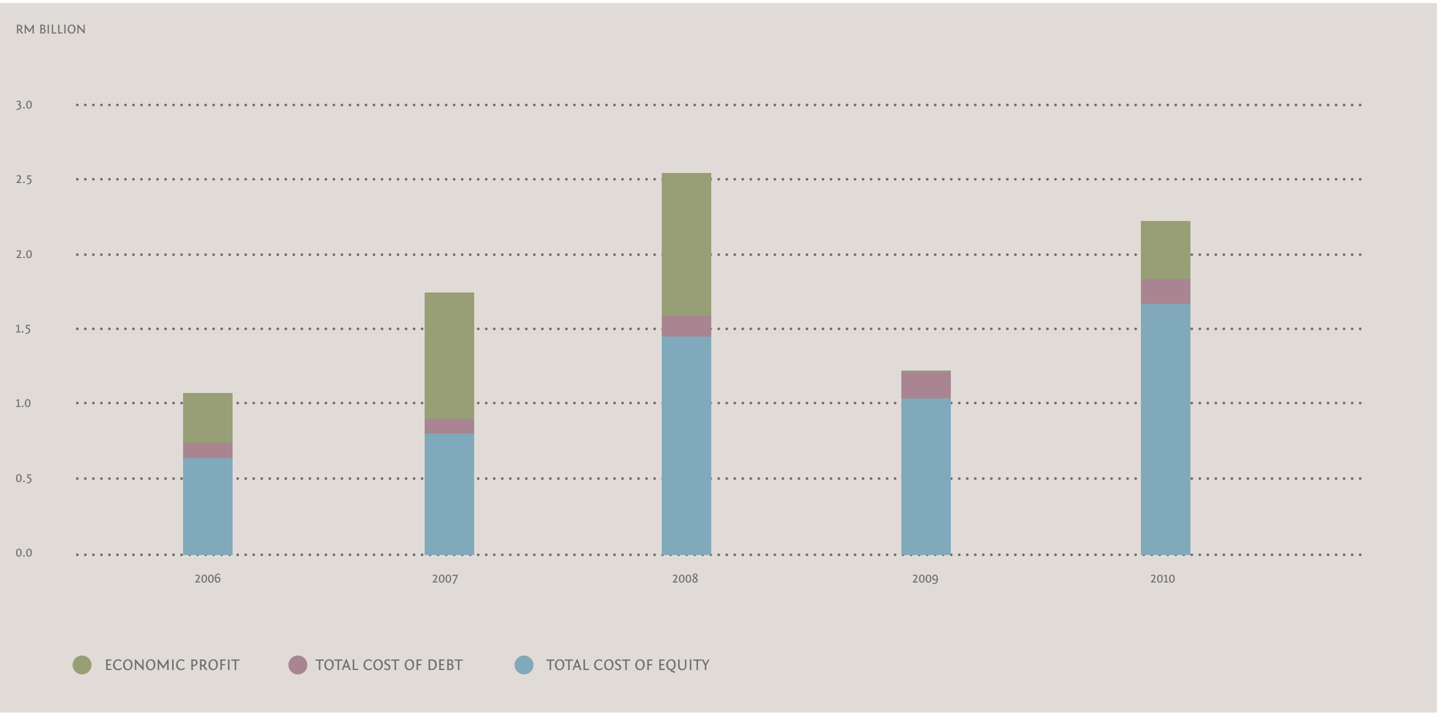
- The higher WACC for the financial year just ended was due principally to a higher cost of equity as a result of higher market risk premium.

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.

RM'000	2006	2007	2008	2009	2010
Economic Profit	335,693	842,743	955,845	15,211	**386,620**
Cost of Debt	102,950	105,232	141,313	173,140	**165,878**
Cost of Equity	647,971	808,221	1,456,342	1,047,963	**1,678,496**
NOPAT	1,086,614	1,756,196	2,553,500	1,236,314	**2,230,994**

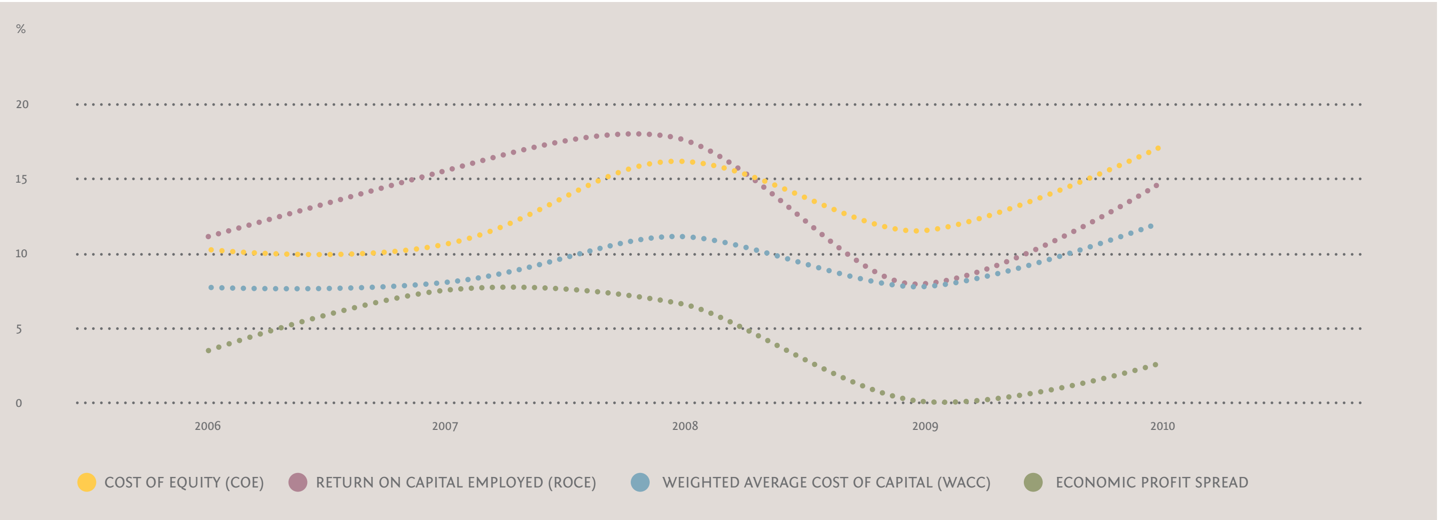
DISTRIBUTION OF NOPAT



MANAGEMENT'S DISCUSSION AND ANALYSIS

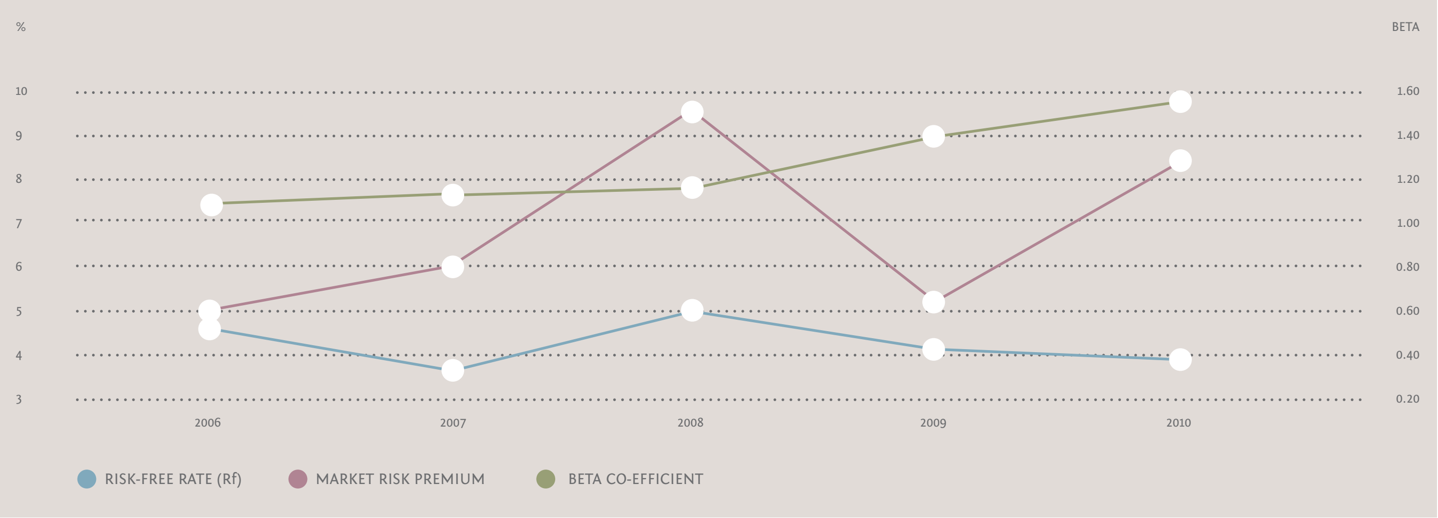
Group Financial Review

COE, ROCE, WACC AND ECONOMIC PROFIT



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

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

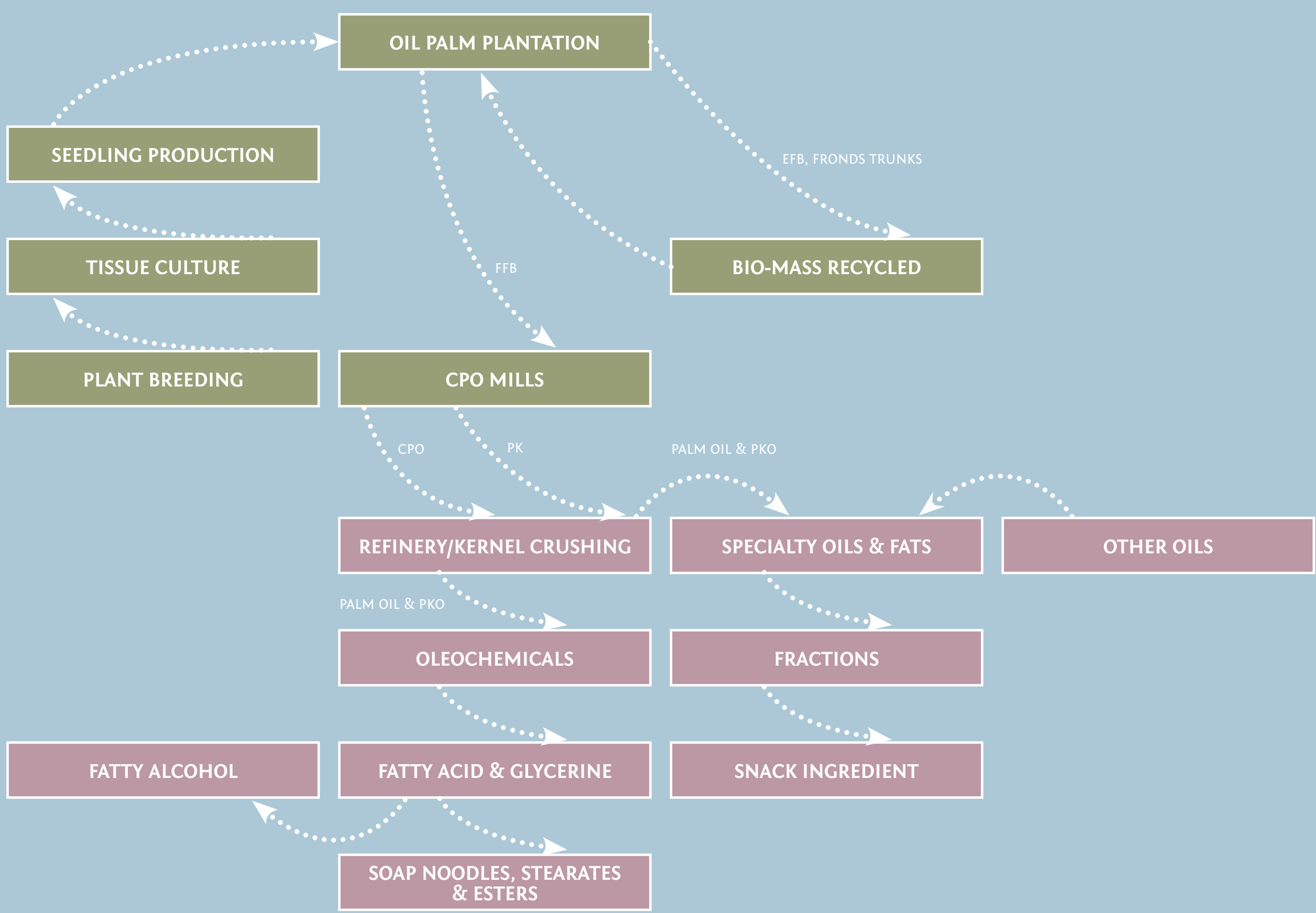


PALM OIL BUSINESS STREAM

The Group's palm oil business comprises the plantation and the downstream resource-based manufacturing segments. The vertical integration of these two business segments has increased significantly over the last few years as the Group expanded and moved more aggressively into downstream activities. Consequently, a substantial portion of the Group's plantation produce, i.e. crude palm oil and palm kernel, is being utilised in our downstream manufacturing operations. For the financial year ended 30 June 2010, approximately 82% (FY2009 - 90%) of our plantation revenue of RM1,990.5 million comprises sales to our manufacturing division. To supplement downstream requirement, purchase of CPO and PKO are also made from pre-qualified suppliers.

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

PLANTATION SEGMENT



RESOURCE-BASED MANUFACTURING SEGMENT

FFB	FRESH FRUIT BUNCHES
EFB	EMPTY FRUIT BUNCHES
CPO	CRUDE PALM OIL
PKO	PALM KERNEL OIL
PK	PALM KERNEL


plantation

growth

&

sustainability

Let us create wealth responsibly and resourcefully.
Let us achieve our business goals in harmony
with the nation's and the planet's needs.

PLANTATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review

As at 30 June 2010, the Group's total titled plantation area stood at 178,884 hectares (FY2009 – 172,980 hectares) with approximately 99% of the estates' planted area planted with oil palm.

The Group has 82 estates, unchanged from the previous financial year and the total oil palm planted area as at the end of the financial year under review stood at 154,709 hectares, an increase of 3,778 hectares from the previous financial year. Approximately 66% of the Group's oil palm plantation holdings are in East Malaysia, 30% in Peninsular Malaysia and the remaining 4% in Indonesia. The Group's plantation produce are principally processed by its 12 palm oil mills with an annual milling capacity of approximately 4,000,000 tonnes of fresh fruit bunches ("FFB").

The growth in the Group's plantation business over the years has been achieved not just through acquisitions, but also because of distinctive plantation management practices that emphasize greatly on continuous improvement in yields and in cost efficiencies which enable the Group to be one of the most cost effective producers in the industry. Achievements in productivity are the result of years of concerted effort and commitment to good plantation management practices.

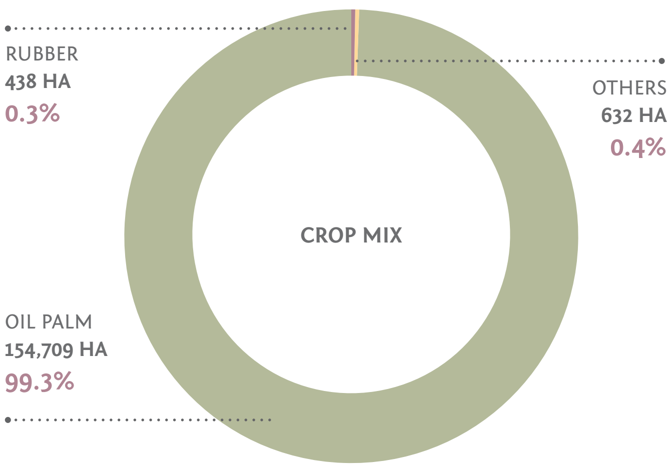
Our commitment to quality in the plantation business begins with the use of superior planting materials to ensure high oil yield as well as quality of the palm oil produced. We have a dedicated research team focused on improving FFB yields, the oil and kernel extraction rates and carrying out research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

The yields of oil palms also depends on other factors such as soil and climatic conditions, the quality of plantation management, and harvesting and processing of the FFB at the optimum time. In this respect, hands-on management, proactive attitude and attention to 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 and pruning methods to ensure that best practices for sustainable agriculture are practised by the Group.

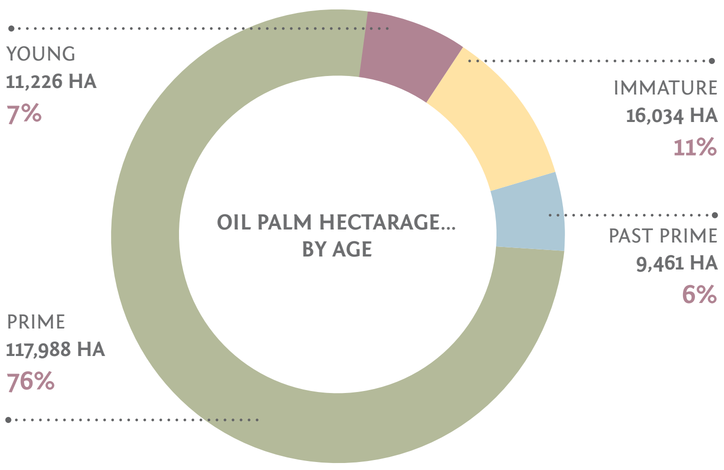
PLANTATION STATISTICS

CROP STATEMENT

	2010	2009	2008	2007	2006
Oil Palm					
Average mature area harvested (hectare)	**139,352**	139,323	138,647	138,282	136,455
FFB production (tonne)	**3,405,090**	3,626,776	3,957,281	3,694,535	3,674,483
Yield per mature hectare (tonne)	**24.44**	26.03	28.54	26.72	26.93
Mill production (tonne)					
Crude palm oil	**732,275**	777,310	848,119	793,452	805,627
Palm kernel	**170,876**	182,075	199,347	185,418	188,235
Oil extraction rate (%)					
Crude palm oil	**21.53**	21.38	21.38	21.33	21.38
Palm kernel	**5.02**	5.01	5.02	4.98	5.00
Average selling price (RM/tonne)					
Crude palm oil	**2,372**	2,831	2,865	1,759	1,386
Palm kernel	**1,229**	1,279	1,706	958	928
Operating profit (RM/mature hectare)	**8,148**	11,448	13,347	6,728	4,560
Rubber					
Mature area tapped (hectare)	-	200	430	568	619
Rubber production ('000 kg)	-	449	1,243	1,723	1,234
Yield per mature hectare (kg)	-	2,243	2,890	3,034	1,993
Average selling price (RM/kg)	-	3.78	3.71	3.24	5.23
Operating profit (RM/mature hectare)	-	8,470	11,000	10,144	7,583



TOTAL PLANTED AREA = 155,779 HA

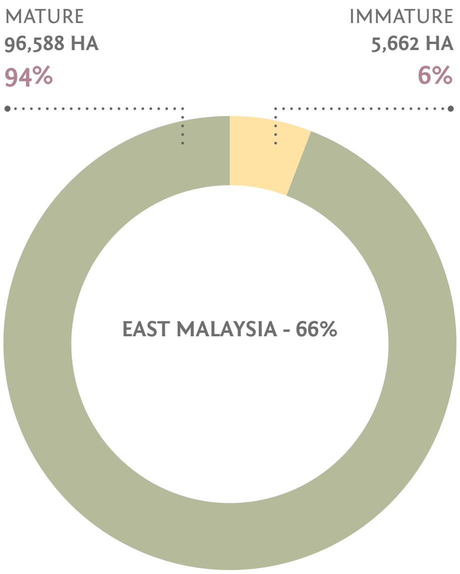


TOTAL OIL PALM AREA = 154,709 HA

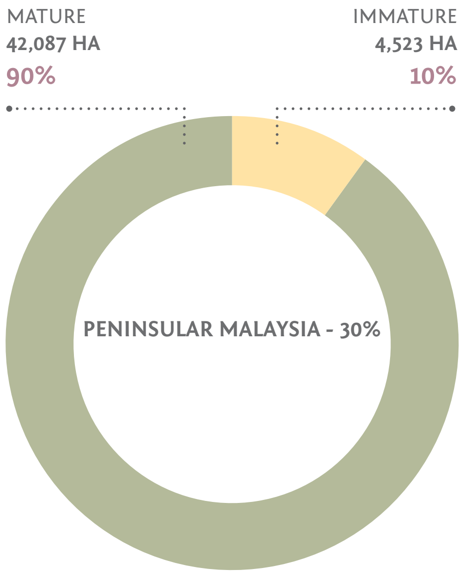
AREA STATEMENT

IN HECTARES	2010	2009	2008	2007	2006
Oil Palm					
Mature	**138,675**	139,597	139,097	139,798	135,860
Immature	**16,034**	11,334	10,348	9,073	8,195
	154,709	150,931	149,445	148,871	144,055
Rubber					
Mature	**-**	-	274	568	568
Immature	**438**	438	278	-	-
	438	438	552	568	568
Others	**632**	622	397	386	403
Total planted area	**155,779**	151,991	150,394	149,825	145,026
Nursery	**148**	119	108	98	75
Estate under development	**4,694**	2,893	1,118	1,650	-
Housing project	**1,242**	1,244	1,260	1,202	1,201
Labour lines, buildings sites and infrastructure	**17,021**	16,733	16,489	16,675	12,347
Total area	**178,884**	172,980	169,369	169,450	158,649

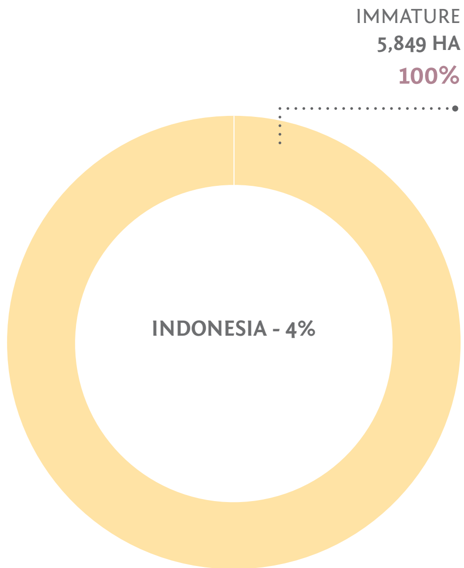
OIL PALM HECTARAGE... BY AGE



TOTAL OIL PALM AREA = 102,250 HA



TOTAL OIL PALM AREA = 46,610 HA



TOTAL OIL PALM AREA = 5,849 HA

OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.41 million MT of FFB, about 6% lower than the previous year mainly due to unfavourable weather conditions.

The average FFB yield per matured hectare for FY2010 was also approximately 6% lower compared to previous financial year. With lower FFB yield for FY2010 at 24.44 MT (FY2009 – 26.03 MT) per mature hectare offset by a small improvement in the oil extraction rate of 21.53% (FY2009 - 21.38%), the average CPO yield has decreased to 5.25 MT per mature hectare as compared to a yield of 5.57 MT per mature hectare for FY2009. The Group's CPO yield trend for the last 5 years is as follows:

OIL YIELD PER MATURE HECTARE

The Group's best performing estate was Sungai Sapi Estate in Sabah which achieved a yield of 7.69 MT of CPO per hectare for FY2010.

In line with the lower overall CPO yield, the number of estates that managed to achieve oil yields of more than 6 MT per mature hectare has decreased from 21 estates in FY2009 to 14 estates for the financial year under review. The trend over the last five years is as follows:

Estates that achieved more than 6 MT of CPO per hectare

	NO. OF ESTATES	AREA (HECTARES)
FY2010	14	27,020
FY2009	21	42,295
FY2008	47	89,021
FY2007	37	69,407
FY2006	38	72,436

Roll of Honour

The following estates achieved more than 6.5 MT of CPO per hectare in FY2010.

ESTATE	MT/HECTARE
Sungai Sapi	7.69
Moynod	7.24
Luangmanis	7.19
Meliau	6.98
Sakilan	6.91
Laukin Estate	6.90
Baturong 3	6.74

For FY2010, the Group's plantation division recorded an operating profit of RM1,126.2 million, a decrease of 31% from FY2009's RM1,639.7 million. The decrease in profit was largely due to the effects of lower palm prices as well as lower production.

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

	FY2010 RM'000	FY2009 RM'000
MPOB cess	9,520	11,217
Windfall profit levy	539	16,698
Sabah sales tax	89,821	87,562
	99,880	115,477

Operating profit per mature hectare of oil palm declined to RM8,148 per hectare for the financial year under review as compared to RM11,448 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM106.8 million for FY2010 as compared to RM73.8 million for the previous financial year. The capital expenditure was primarily incurred on new planting, staff quarters, road, bridges and agricultural equipment. As for replanting expenditure, RM43.1 million was charged out to the income statement for FY2010 compared to RM32.9 million for the previous financial year.

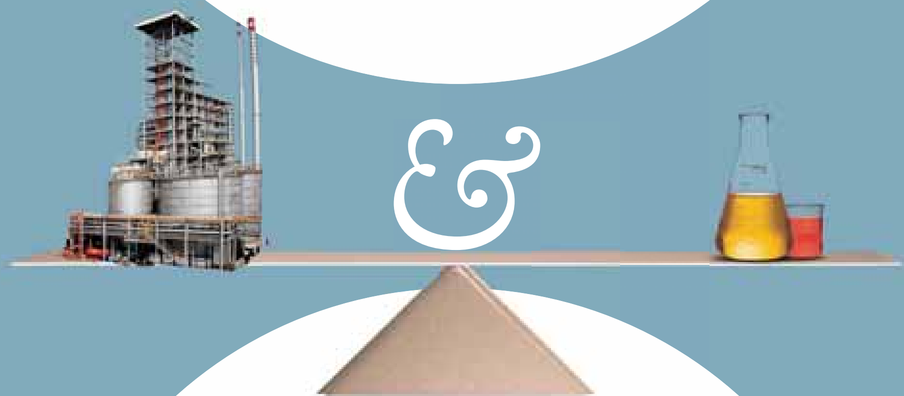
MATURE OIL PALM AREA / FFB PRODUCTION

OUTLOOK & PROSPECTS

Prospects for the oil palm industry remains strong supported by resilient demand from the food sector, price competitiveness over other edible oils and higher consumption in emerging markets. New planting currently being undertaken on the Group's land in Indonesia will begin to contribute to the Group's production in the near future.

manufacturing

experience



&

innovation

Experience is the steady hand that guides the helm.
Innovation is the ability to transform experience
into creative power to overcome adversities and challenges.
Our success requires both.

MANUFACTURING

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

REFINING

As at 30 June 2010, the Group has four refineries with a total refining capacity of approximately 3,700,000 MT, one in Sabah with an annual refining capacity of 1,200,000 MT and two refineries in Pasir Gudang, Johor, with a combined annual capacity of 1,200,000 MT. The fourth refinery located in Rotterdam, Netherlands has recently increased its refining capacity from 825,000 MT to 1,320,000 MT per annum, making it the largest palm oil refinery in Europe. These refineries produce palm oil fractions for export and for the Group's downstream activities.

The Rotterdam refinery which first started operating in Oct 2005 enables IOI Loders Croklaan Europe to channel its palm oil products to the European market for value added sales, utilising Loders Croklaan's good market standing and established distribution network. In April 2010 the Group commissioned its Rotterdam Maasvlakte plant expansion. This new plant will primarily produce ingredients for the margarine and bakery industries and enable IOI Loders Croklaan Europe to provide its customers with ingredients made from segregated RSPO-certified sustainable palm oil on the first manufacturer in continental Europe to offer this on a large scale.

As for the three Malaysian based refineries, they cover the rapidly growing Asian market as well as support the needs of Loders Croklaan in the United States of America.

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

A significant portion of the Oleo Division's production is sold to multi-national customers under long term supply contracts. In order to better serve its wide geographical distribution of customers, this business is represented by an extensive network of distributors and agents all over the world. In addition, it also has bulk storage facilities in Europe, Japan and the United States to ensure that products are available to customers at all times.

OLEOCHEMICALS MANUFACTURING

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

The oleochemicals manufacturing activities are undertaken in Penang and Johor by various wholly-owned subsidiaries of IOI Oleochemical Industries Berhad and the Pan-Century group of companies. With a combined total capacity of 710,000 MT, the Oleo Division is one of the leading vegetable-based oleochemical producers in the world.

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

SPECIALTY OILS AND FATS MANUFACTURING

The Specialty Oils and Fats manufacturing business of the Group is carried out by Loders Croklaan which has manufacturing operations in the Netherlands, USA, Malaysia, and Canada, and sales offices in eight other countries with sales to more than 85 countries worldwide. It has one of the most developed specialty oils and fats technology base in the industry with a corporate history tracing back to 1891, and is a global market leader in its field.

Loders Croklaan is organised into two main businesses, namely Specialty Oils and Fats and Lipid Nutrition. A brief summary of these two businesses are as follows:

Specialty Oils and Fats

The Specialty Oils and Fats business of Loders Croklaan consists of supplying fractionated oils, mainly coating fats, filling fats, hard stocks, and high stability oils, to the processed food industry globally, principally for confectionery, bakery, frying and margarine applications. Currently, Loders Croklaan's most important market is Europe which is the world's biggest consumer of specialty fats where the majority of sales of specialty fats are to chocolate manufacturers in the form of cocoa butter equivalents, and specialty fats for margarines and bakery products. Loders Croklaan's other markets include Eastern Europe, USA, 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.

As for the USA operations, the advent of the trans fatty acid issue has provided an excellent opportunity for the Group's palm-based operations to penetrate the USA market and to introduce palm-based solutions into the non-trans fatty acid applications market.

The Specialty Oils and Fats business recently developed the Creative Studio concept and in June 2010 opened a branch in the Netherlands to strengthen partnerships on product development with global confectionery customers. A branch in Asia is also planned in the near future. In addition, a new plant in Johor, with Bionexus status, to supply enzymatic components to the Group is expected to be completed by the end of 2010.

Lipid Nutrition

Another part of the Loders Croklaan business is Lipid Nutrition, which innovates and markets scientifically sound and natural lipid ingredients to improve and maintain health and wellbeing. Products are used in the nutritional supplement, functional food and infant formula markets. Lipid Nutrition B.V. holds a strong position in weight management products such as PinnoThin® appetite suppressant and Clarinol® CLA. Other than weight management, Lipid Nutrition offers a variety of branded products like Marinol® highly concentrated fish oils (EPA / DHA and DHA) for heart health and brain development, Betapol® human milk fat replacer for better fat and calcium absorption in infant nutrition and Vitatrin® Tocotrienols which belong to the Vitamin E group.

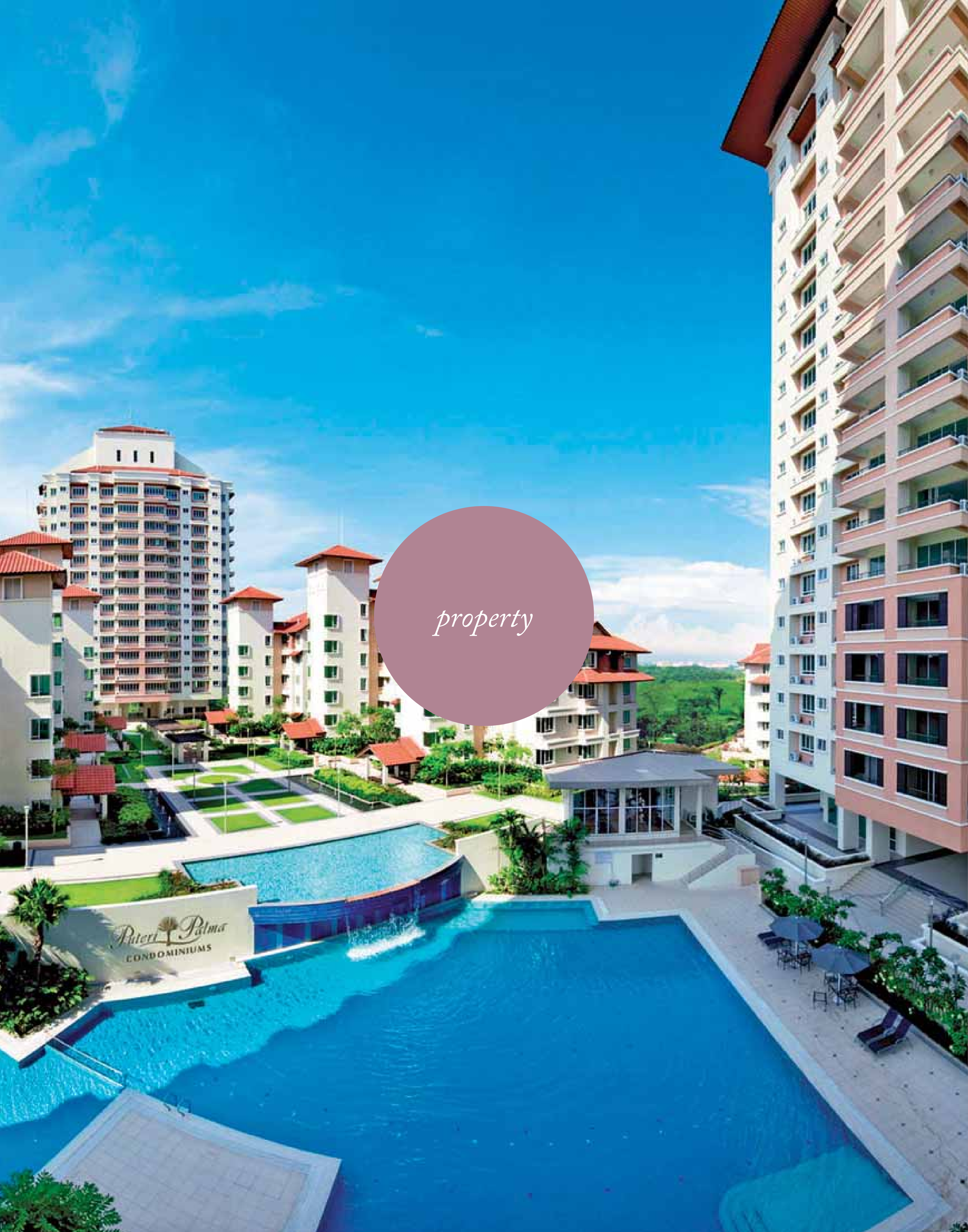
Operations Review

The resource-based manufacturing earnings improved 59% to RM568.6 million in FY2010 mainly coming from better results in the specialty oils and fats and olechemicals businesses. The refinery business was adversely affected by excess capacity in the industry and recorded a reduction in capacity utilisation in its plants.

OUTLOOK & PROSPECTS

Prospects for the Group's resource-based manufacturing business are expected to remain mixed, with compressed margins in the refinery sector but stable volume and margins in the oleochemical and specialty oils and fats sectors. The plant expansions in the Netherlands and in Johor will place the Group in a good position to tap emerging opportunities. The enzymatic lipid modification manufacturing process used by the Group in the specialty oils and fats business holds great promise as it fulfils the quest for healthier edible oils and also offers unique solutions that cannot be met with conventional lipid modification techniques.


ALCOHOL ESTER
PLANT



property

vision

&

value

An example is where we build homes and communities that address both immediate comfort and security, and long-term investment potential.

PROPERTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review

Property development activities contributed approximately 91% of the overall Property division's operating profit (excluding fair value adjustments on investment properties). The Group is also increasingly supplemented with recurring rental income from its investment properties comprising mainly retail complexes and office buildings developed as part of our township developments.

The Group has been a successful developer of comprehensive self-contained suburban townships especially along the high growth corridors at Puchong and Southern Johor. The Group has expanded its traditional development business to include niche market developments at prime locations both locally and overseas. As at 30 June 2010, our main ongoing property development projects and the status of their development are as follows:

PROJECTS	YEAR OF DEVELOPMENT COMMENCEMENT	ORIGINAL LAND SIZE (HECTARES)	STATUS	ESTIMATED GROSS DEVELOPMENT VALUE
Bandar Puchong Jaya	1990	374	Approaching completion	RM3.0 billion
Bandar Puteri, Puchong	2000	374	Ongoing	RM5.0 billion
IOI Resort, Putrajaya	1995	37	Ongoing	RM0.5 billion
Bandar Putra, Kulai	1995	2,299	Ongoing	RM8.0 billion
Tmn Lagenda Putra, Kulai	2006	91	Ongoing	RM0.5 billion
Tmn Kempas Utama, Johor	2007	102	Launched in 2008	RM0.5 billion
16 Sierra, Dengkil	2008	217	Launched in Jan 2010	RM2.0 billion
Fettes Residences, Penang	2008	1.8	Launched in 2008	RM92 million

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

	2010	2009	2008	2007	2006
Units of property sold	**2,044**	1,465	1,934	1,529	1,524
Total sales (RM'000)	**1,045,095**	688,487	696,743	683,471	570,842
Revenue (RM'000)	**945,538**	660,167	755,066	706,858	623,778
EBIT (RM'000)	**532,052**	309,556	369,673	397,171	331,350
EBIT margin (%)	**56.27**	46.89	48.96	56.19	53.12

OPERATIONS REVIEW

The Group sold a total of 2,044 units of properties for a total sales value of RM1.045 billion for FY2010, an increase of 579 units and RM356.6 million in sales value compared to the previous year.

Property sales for the various projects are summarised as follows:

	UNITS		SALES VALUE (RM MILLION)	
PROJECTS	FY2010	FY2009	FY2010	FY2009
Bandar Puchong Jaya	**154**	171	**191.5**	163.7
Bandar Puteri, Puchong	**368**	421	**358.3**	310.7
Bandar Putra, Kulai	**708**	451	**156.6**	90.3
Taman Lagenda Putra, Kulai	**187**	81	**35.4**	15.8
Taman Kempas Utama, Johor	**209**	111	**113.5**	34.4
Bandar Putra Segamat	**154**	174	**27.1**	32.6
16 Sierra	**151**	-	**75.2**	-
Others	**113**	56	**87.5**	41.0
Total	**2,044**	1,465	**1,045.1**	688.5

The Group sold a wide range of products during the financial year under review. Although the sales mix recorded for units priced above RM500,000 was at about the same level as the previous year, the average price achieved per unit has increased by 8.7% from RM470,000 to RM511,000. The increase in average unit price is mostly due to a higher proportion of sale of commercial properties such as shopoffices and high end residential properties in the Klang Valley.

The property sales mix by price range is as follows:

	FY2010		FY2009	
PROJECTS	RM MILLION	%	RM MILLION	%
Below RM100,000	**2.8**	**0**	4.9	1
Between RM100,000 to RM150,000	**53.8**	**5**	31.8	5
Between RM150,000 to RM250,000	**81.1**	**8**	47.6	7
Between RM250,000 to RM350,000	**66.9**	**6**	73.5	11
Between RM350,000 to RM500,000	**105.5**	**10**	44.8	6
Between RM500,000 to RM1,000,000	**343.0**	**33**	269.4	39
Above RM1,000,000	**392.0**	**38**	216.5	31
Total	**1,045.1**	**100**	688.5	100

Property development revenue in FY2010 registered an increase of 43.2% to RM945.5 million, and at EBIT level, it has increased by RM222.5 million or 71.9%, from RM309.6 million to RM532.1 million.

The Group's property investment portfolio comprises mainly of retail and office space totalling approximately 2.73 million sq ft of net lettable space of which about 100,000 sq ft is located in Singapore.

The occupancy and rental rates for our investment properties, especially the retail complexes, have also improved in FY2010 resulting in property investment's contribution to Group EBIT increasing by 6.8% from RM46.6 million in the previous financial year to RM49.8 million, both after excluding investment properties fair value gains of RM21.0 million and RM110.8 million respectively.

The combined operating profit from property development and investment activities, inclusive of fair value gains on investment properties, totalled RM602.9 million for FY2010, against RM467.0 million for the previous financial year.

With the robust economic recovery in Singapore todate, the value for high end properties is looking positive and the Seascape condominium project undertaken via our 50% Singapore JV company has done well to generate S$217 million sales in FY2010 since its launching in March 2010. The Mergui Road condominium project undertaken through another 60% Singapore JV company is expected to receive good response when it is launched in October 2010.


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

OUTLOOK & PROSPECTS

The local property market in general is expected to remain buoyant in the near future. The several mega projects which the government has announced such as the expansion of the Ampang and Kelana Jaya LRT lines, the proposed MRT project, Kuala Lumpur International Financial District, the MATRADE Exhibition and Convention Centre and the ex RMAF land project will have positive spillover effects onto the overall property market.

IOI Properties will continue to focus on its strategies of providing quality innovative lifestyle homes for niche markets with due consideration for the preservation of the environment, transforming its service level to provide a total customer service experience to its customers and to enhance the recurring income of its investment properties.

The two Singapore projects namely Seascape @ Sentosa Cove and Cityscape @ Mergui Road undertaken through two separate JV companies is expected to contribute significantly to the Group's results for FY2011. A third project called the Pinnacle also at Sentosa Cove is only expected to be launched in FY2012.

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.

CORPORATE SOCIAL RESPONSIBILITY

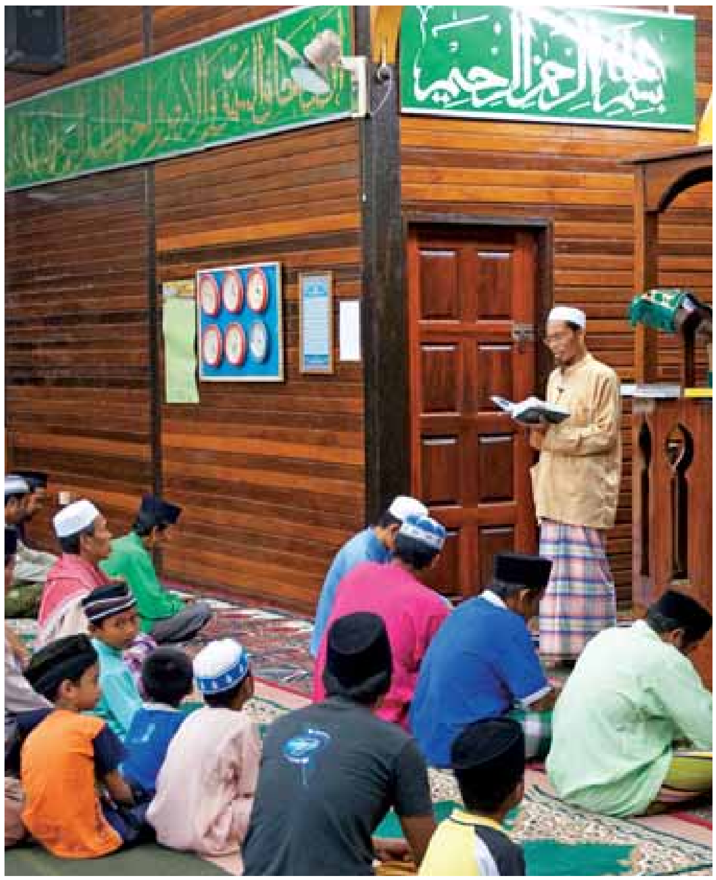
The IOI Group's Corporate Social Responsibility (CSR) principle is encoded in our Vision IOI whereby the emphasis is on achieving commercial success in a balanced, responsible manner by addressing the interests of all stakeholders. This simple guiding principle ensures that CSR, as we see it, is part and parcel of how we do business as we continuously implement programmes and practices that benefit and meet the needs of not only our customers, employees, investors and partners but of the global community.

In North America, where most of the recent focus has been on economic stabilisation, one is beginning to see the seedlings of change concerning environmental issues take root. Consequently, the prospects of demand for both responsible production and the careful use of resources are now becoming more evident. In the United States the use of palm oil and its derivatives has expanded rapidly during the past 5 years as palm was clearly identified as an ideally functional and cost effective substitute for trans fat containing ingredients. It is clear that the recent events in the Gulf of Mexico with regards to the oil spill will only serve to focus further attention in the US on environmental issues and expand the opportunities for sustainably produced products.

IOI Group has actively pursued a wide variety of CSR initiatives during FY2010. This section of the annual report will provide insight into the market perspectives driving the need for a sound CSR plan. The key components of the IOI Group CSR program will also be examined along with the commitments and progress that have been made. Finally, the Group's path forward will be outlined to serve as guidance for its future endeavors.

MARKET PERSPECTIVES

The demand for responsibly produced products that take special care with regards to the use of sustainable inputs, provide exceptional functionality at reasonable costs and do not create unusually large flows of unusable by-products is becoming a global norm. Although the demand for advancing corporate sustainable initiatives is global in nature, the center of the market pull for socially and environmentally responsible products and conservation of natural resources is clearly focused in Europe. The inspiration for this focus in Europe has been longstanding. It has its origins based in the scarcity of certain resources, relatively high cost of inputs and the ability of the consumer in this market to become the first in the world to make the connection between "head, heart and wallet" with regards to sustainable development issues. Demand for sustainably produced products and raw material inputs extends from bio-energy to "bio burgers" and the willingness of the consumer to support some additional costs to assure compliance has been demonstrated in this market.



In Asia, the fastest growing region in the world from an economic and population standpoint, the adaptation to the changing demands of export markets has been a key driver of new investment and political focus. Sustainable development can be expected to arrive faster to this market than in any other region in the world simply due to the speed at which the countries in this region must adapt, as "suppliers to the world" to the global export market. Additionally, internal demands for sustainable development within the countries of Asia can be expected to grow as the income levels of the local populations continue to rise.

IOI Group is a major player in the supply of vegetable oils and oleochemicals in all of the key markets mentioned. Understanding the demands from these markets is a crucial aspect in creating forward looking business plans and investment opportunities that are focused on reaping value from this important movement. Sustainable development is not only ethically the right thing to do but can also provide sustainable profit opportunities for years to come.

COMPONENTS OF IOI GROUP'S CSR

The Brundtland Commission's future view (in 1983) and guidance of how "people, planet and profit" could prosper together remains as valid a standard today as it did more than 25 years ago. Brundtland's vision extended further to outline the clear responsibility of those countries at different levels of development, regarding issues pertaining to social, environmental and economic change, to provide direction and assistance to those who require aid in order to prosper and develop responsibly. This prescription for sustainable development remains as relevant and valid a standard today as it did more than 25 years ago.

IOI Group has committed itself to use its own knowledge, skills and global reach to affirm its role in promoting social and environmental change. Also, we fully recognise the need for continual improvement of our own practices. We therefore understand the importance of listening and learning from others who can share valuable guidance and understanding regarding the wide range of social and environmental issues that exists in the various global markets.

PEOPLE

IOI Group has developed a long and important relationship with the social NGO, Borneo Child Aid Society. This organisation provides education to children of field workers who are not eligible to attend state schools. Presently, IOI Group helps to fund more than 20 of these schools and is among the leading companies in its support of this very important endeavor.

Through the Yayasan Tan Sri Lee Shin Cheng foundation, hundreds of thousands of ringgit are contributed annually to benefit and advance the quality and availability of education to those young people that are looking forward to enhancing their knowledge. It is a firm belief of IOI Group that education of our young people is a key to a brighter future for all.

Beyond the larger efforts to advance education, IOI Group has participated in a variety of other activities that bring a bit of joy and laughter to all that participate while promoting a noble cause. IOI Group's global efforts on the promotion of WWF's "Earth Hour" is just such an example. Global events were held at nearly every IOI facility to promote, each in their own way, environmental responsibility. From our hotels in Malaysia to our factory in USA, events supporting this event were coordinated and enjoyed by all. These events benefited our clients, school children and most importantly brought a sense of pride and accomplishment to all IOI employees who joined in the events to raise environmental awareness.

PLANET

IOI Group's largest corporate wide sustainability commitment is focused on our efforts to certify as sustainable all of our growing areas under the world's most rigorous agricultural certification program. This program was designed by the Roundtable on Sustainable Palm Oil ("RSPO"). The RSPO is a multi-stakeholder initiative comprised of more than 400 members whose goal is to bring the growth and use of certified sustainable palm oil to the world market.

IOI Group is one of the longest standing members of the organisation having joined at its inception in 2004. Our target is to have audited all 78 of our Malaysian estates by the end of 2011 calendar year. The commitment to RSPO by IOI is clear and substantial. Certification and use of sustainable palm oil not only benefits IOI Group, but also contributes to the greater good of all who care about environmental and social respect. IOI Group has held an Executive Board member's seat on the RSPO for the past 4 years. We feel that this is a very important commitment toward the advancement of the organisation's efforts both in the growing region and also within the end user markets.

IOI Group recognises that more can always be done to improve the environmental and social aspects of palm oil production. Therefore we have joined together with the Prince Charles Rainforest Project and, as a co-leader, have taken the responsibility to help launch a yield improvement project that will direct REDD+ funding made available from the global environmental meetings in Copenhagen last year towards improving smallholder yields. It is proposed that these funds will be secured by the growing countries via additional commitments to set aside High Conservation Value Forests. The outcome is envisioned as a win-win-win with developed countries providing financial aid to developing countries which will then invest in a program that is expected to bring dramatic improvement of productivity to the smallholders and the corresponding improvement in economic conditions ultimately sparing enormous tracts of high conservation value forests throughout the growing regions.

Additionally, IOI Group will begin work with Sarvision, a Netherlands based global leader in satellite imagery, to perfect methods for identification of high carbon store areas in the growing areas. This information then may be used to avoid unwanted large releases of greenhouse gasses during the development of new growing areas.

The European Commission has directed to its member states that 10% of energy use be derived from renewable sources by 2020. In order to qualify for use, the biomass used for renewable fuel must deliver a 35% greenhouse gas reduction over fossil fuel. This presents both a good opportunity to improve the environmental footprint of energy generation and use and will drive a market benefit for those that are producing qualifying biomass feed stocks. IOI Group has moved ahead rapidly in this regard with auditing programs designed to quantify our current greenhouse gas footprint from “tree to tank” and to provide guidance for future performance improvements.

Our efforts to produce in an environmentally responsible way do not stop with activities in our growing areas. IOI Group's Loders Croklaan Europe operations have recently commissioned a state of the art specialty fat processing facility in Rotterdam, The Netherlands employing the latest in environmental controls.

Additionally, and in conjunction with IOI Group's procurement unit in Malaysia, Loders Croklaan Europe has launched a first of its kind "Controlled Sourcing" program for European clients who are concerned over the origins of the palm oil that they purchase.

PROFIT

Without question, sustainable development and production is simply the right thing to do for our Group, for our families, and for our planet. We are firmly committed to our goals in this regard. There are however, interesting profit opportunities available as well to those companies that move early and fast to capitalise on this growing market opportunity. IOI Group is recognised as one of the leading companies in this regard and we are already reaping some of the benefits that have been made available to us from our earlier efforts. Market premiums for RSPO Certified Sustainable Palm Oil, although a bit lower than expected, are being paid by top users who are putting action behind their words to move to sustainable sourcing. We expect that this market shift will continue and that there will be a market premium available at least for the coming one to two years. It is anticipated that as the volume of certified oil becomes large, the market demand will be quelled and an expected decline in premiums will occur.

PROGRESS ON KEY INITIATIVES

While it is very helpful to have a variety of plans in place to support corporate social responsibility efforts it is even better to have made progress on these plans. The following is a representative summary of our progress on some of our key initiatives:

RSPO Certification: The RSPO certification program for the growth and distribution of certified sustainable palm oil ("CSPO") is arguably the most rigorous agricultural certification program in the world. This certification program evaluates environmental, social, and legal compliance as well as company best practices against a set of standards agreed by a wide ranging multi-stakeholder group and audited by internationally certified and accredited independent audit bodies. Both the growing regions and the supply chain channels used to move the finished product must be certified in order to be considered in full compliance.

IOI Group was among the first growers in the world to begin certification under the RSPO program. We began our certification efforts in the very first month of the program, in May 2008. The preparation for audits, the actual audit itself, the review of and remediation of non-conformances, and the final approval by RSPO has taken considerable time and effort. Final approval from RSPO has taken on average 6 months to one year for each audited unit which is approximately 50% longer than anticipated by both the Group and by the RSPO.

IOI Group has entered 78 estates and 12 oil mills under our direct control into the program. Each mill and estate supply base is known in RSPO terminology as a "management unit". We have already successfully certified 4 of our 12 mills permitting IOI Group to produce and market approximately 270,000 metric tons of RSPO certified sustainable palm oil. We have completed audits on a further two of our management units which are currently pending certification. The final certification resulting from these audits has taken much longer than anticipated by IOI Group and by the RSPO itself. Therefore it is expected that final approval of certification for all our growing areas may not be completed now until 2012.

In addition to our efforts to certify our growing areas, IOI Group has also had success in certifying its supply chains under the RSPO program. The RSPO requires supply chain certification for all physical delivery of certified sustainable palm oil. In Europe and in North America, our facilities in Rotterdam, Wormerveer and Channahon are all now certified to supply "Segregated Certified Sustainable Palm Oil". This is the most demanding of the 3 supply chain certification options available under the RSPO program.

It should be noted that in late 2009, there was concern expressed by local people in Sarawak, Malaysia over the development efforts of IOI Group pertaining to its investment in Rinwood developments. In order to properly address these concerns IOI Group followed guidance provided within the RSPO principles and criteria. Two independent audit bodies were invited to lead the proceedings and all interested local and regional stakeholders were invited to participate. The

auditors were pleased with the open dialog and the commitments made by both the Group and by the non-Group participants toward resolution of all concerns. IOI Group will continue to advance the progress made in this region to address the concerns of local peoples.

We are very pleased to report that thus far, all RSPO certified volumes have been sold by the Group to the end markets at a premium to crude palm oil thus supporting our belief that following the path of sustainable development is not only good for the environment, good for the people who live and work in and around the industry but also for the Group's bottom line.

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

The Forest Footprint Disclosure Project ("FFD") is a UK based initiative, supported by the participation of 43 financial institutions with over $4 trillion in collective assets under management, which was created to help investors identify how an organisation's activities and supply chains contribute to deforestation, and link this 'forest footprint' to their value. IOI Group elected to participate in this important initiative and was awarded the top rating for the "Farm and Fishing" category and was recognised at the FFD annual meeting in London in February 2010.

Loders Croklaan Europe sponsored a RSPO market awareness seminar in Paris, France in Q1 of 2010. This event was attended by major retailers, consumer products companies and supply chain players across Europe. The event, which provided all an opportunity to review and discuss the RSPO certification process and the progress made thus far, was covered by major media players including the New York Times.

The planned project to improve and use satellite imagery to identify high carbon store areas in potential growing regions, with the purpose of avoiding or minimising greenhouse gas emissions due to land conversion, was approved by the Dutch government in 2009. On the ground mapping will commence later in 2010 and IOI group has committed to work with Sarvision and will enter its new growing areas in Kalimantan into the program.

The importance of engaging all interested and knowledgeable stakeholders in developing forward looking sustainability programs is without question a priority of IOI Group. There is much global concern over the issue of deforestation in the principle growing areas of Indonesia and peat land conversion in Malaysia. There is also a very clear economic need for development of an agricultural crop of such importance to developing countries as oil palm. Therefore the importance of transparency and clear communication from all players is obvious. As the Brundtland Commission outlined there is a need for understanding by all concerned stakeholders that through responsible development a clear pathway can be identified that will lead to needed economic development, social care and responsible environmental stewardship. To this end, IOI group has become involved in a variety of initiatives, direct meetings with clients and NGO groups and broader stakeholder organisations to assure that we are not only clearly communicating our actions, but also that all sides are listening generously and carefully so that all may derive benefit from the collective knowledge surrounding this important crop. It is through this type of cooperation and dialogue that we may learn of new and better ways to enable our businesses to succeed in a kind and responsible way.

The need for the growth and production of oil palm with the lowest Green House Gasses ("GHG") emissions footprint possible not only is the right thing to do for the planet and the future of our children but it presents an immediate opportunity for product differentiation in the European markets. The European Commission has set sustainability criteria for the use of biomass for renewable energy targets. For vegetable oils to be used as a feedstock for the production of biodiesel they must achieve a greenhouse gas savings of 35% over fossil fuel.

The default values for palm have been set by the European Commission at levels below 20% (which is well below known values according to industry experts) and therefore do not automatically qualify as sustainable biomass whereas the locally grown crop, rapeseed oil, does qualify for such use. This means that palm growers must apply additional effort and cost to provide audited methods to prove that their yield as well as farm and factory practices delivers the required greenhouse gas reduction.

Although renewable energy applications represent only a small percentage of the IOI Group's market for downstream products, the Group has already commenced this process of audited performance. We are at this moment awaiting the final results of the formal audits. However, earlier preliminary audits have indicated that due to IOI Group's superior yields and disciplined factory practices we will meet the minimum threshold requirement for use in renewable energy applications in Europe.

Loders Croklaan Europe has recently commissioned its latest state of the art manufacturing site for the production of specialty fats. This factory will employ the latest technology in energy efficiency and employ best standards with regards to environmental responsibility. In addition to producing superior quality specialty product, this factory will be the first of its kind in continental Europe to offer physically segregated and fully traceable RSPO Certified Sustainable Palm Oil ("CSPO") to the European Market! This is a large and bold step taken to supply the world's most demanding market with the most secure and reliable supply chain option for CSPO. It is truly a winning opportunity for IOI Group and the clients we serve!

IOI Group became the first company in our industry to implement a set of criteria for those suppliers providing palm and palm based products to our European operations. Letters of notification has been sent to each one of our vendors alerting them to our new requirements for RSPO membership by the end of 2013. This will mean that, for our European operations, all palm oil sourced will either be RSPO certified, or purchased from members who are participating in the certification program. It is IOI Group's intent to ultimately source only RSPO Certified Oil once sufficient quantities are available to supply our worldwide clients.

Establishing a both a sound operational baseline and improvement targets for water use, waste reduction, emission control and electricity consumption was signaled in our 2009 Annual report as a key objective for the coming year. IOI Group's operating companies have now individually tracked data on key consumption and emissions sources for several years. This year it was our goal to set a baseline and create reduction targets over time. This would require coordination of reporting techniques over the wide variety of businesses such as property, oleo chemical, downstream refining and our many plantations. These baseline values have been set and, although not yet verified by a third party auditor, are ready for use to drive improvement targets.

The values which will be used for each of the 4 key target areas are as follows:

i. Graphs from Gert Prins depicting baseline contribution from businesses on Water, Electricity, Waste and Emissions.

ii. Targets for businesses for reduction?

FUTURE INITIATIVES

Although IOI Group's efforts with regards to corporate social responsibility have been active and significant for many years we fully recognise that more can always be done and improvements in operations and programs is always possible. Here is a sampling of some of our future initiatives with regards to sustainable development.

- Implement actions on plans for water, waste, emissions and electricity use to meet stated reduction targets.
- Aggressively advance toward completion our RSPO certification efforts for all existing and new holdings. Our targeted commitment for completion of audits under this scheme is end 2011 for existing management units.
- Advance efforts to implement Controlled Palm sourcing in our European market. Evaluate demand for same in Asian and North American markets and expand to those markets if warranted.
- IOI's rich and longstanding support of education opportunities for the children in and around our facilities around the world will continue to receive our principle focus with regards to social development programs.
- Continue and expand our dialog with markets, key clients, and NGO stakeholders with regards to IOI Group's continuing effort to advance the supply and end market use of Roundtable on Sustainable Palm Oil Certified Sustainable Palm Oil.

CORPORATE SOCIAL RESPONSIBILITY
Social Contributions

Property Division (Johor Bahru) organised its 5th Putra Charity Run at Bandar Putra Kulai. The event attracted 1,500 participants and managed to raise RM15,000 for the Handicapped and Mentally Disabled Children Association Saleng, Kulai.

The inaugural Putra Charity Golf 2009 was held at IOI Palm Villa Golf & Country Resort, Kulai Jaya in aid of charity. A total of RM17,000 was raised from the event and the proceeds was channeled to the Handicapped and Mentally Disabled Children Association Saleng, Kulai.

97 recipients were awarded with the Yayasan Tan Sri Lee Shin Cheng's ("Yayasan") Young Achievers' Awards' plaques and cash awards in recognition of their excellent performance at Putrajaya and Penang respectively. A motivational talk titled "Enjoy Achieving A Successful Life" by Dato' Lawrence Chan was specially arranged to inspire the students to achieve greater heights of success in their lives.

Putrajaya Marriott Hotel organised a buka puasa charity dinner for 64 underprivileged children from Rumah Amal Baitus Sakinah Wal Mahabbah in Sepang with the presence of former Prime Minister YA Bhg Tun Mahathir Mohamad and YA Bhg Tun Dr Siti Hasmah.

IOI Mall at Bandar Putra Kulai held its 3rd annual "Rewang Bubur Lambuk & Majlis Buka Puasa Bersama Anak-anak Yatim" event with the support and sponsorship from various organisations.

To celebrate the Ramadan season, Palm Garden Hotel opened its doors to 112 children from Sekolah Kebangsaan Alam Damai for a buka puasa treat at its hotel and distributed "bubur lambuk" to drivers at toll plazas nearby its hotel.

As part of its human capital development initiatives, Yayasan presented full scholarships and grants amounting to RM282,000 to nine deserving students during an award presentation held at Palm Garden Hotel. The proud parents and their family members were also invited to witness the ceremony and were treated to a sumptuous meal at the hotel.

In conjunction with the Christmas celebration, IOI Mall Puchong and Community at Heart organised its 2nd "The Heavenly Gift" charity project to spread love towards poor families and orphans. 200 poor families and 800 orphans benefited from this project.

About 50 children from Rumah Keluarga Kami in Kajang were treated to a Christmas dinner cum party with renowned Malaysian artiste Jaclyn Victor at the Christmas Charity Benefit organised by Putrajaya Marriott Hotel. A month-long fund-raising activity was also held at the hotel to raise funds for the home.

About 400 students from 157 primary and secondary schools in Klang Valley, Negeri Sembilan, Penang, Johor and Sabah were chosen as adopted students under Yayasan's Student Adoption Programme. A main presentation ceremony was held at IOI Mall Puchong to present the school bags and financial assistance to the adopted students followed by presentation ceremonies at various venues.

In conjunction with Earth Hour 2010, IOI Group organised some fund-raising activities to raise funds for Malaysian Nature Society in aid of its Belum-Temengoh Conservation project. RM20,000 was raised from the sales of IOI's Earth Hour t-shirts and candles.

In a partnership with local higher education institution INTI College, two bright students from INTI College Sabah were awarded the IOI Industry Awards in recognition of their excellent performance in academic studies and extra-curricular leadership.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' LEE YEOW CHOR
DSAP
Executive Director

LEE YEOW SENG
Executive Director

LEE CHENG LEANG
Executive Director

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

CHAN FONG ANN
Independent Non-Executive Director

QUAH POH KEAT
Independent Non-Executive Director

AUDIT COMMITTEE

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

CHAN FONG ANN*

QUAH POH KEAT*
(MIA 2022)

* Independent Non-Executive Directors

SECRETARIES

LEE AI LENG
(LS 0009328)

YAP CHON YOKE
(MAICSA 0867308)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

AUDITORS

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

REGISTRAR

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

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

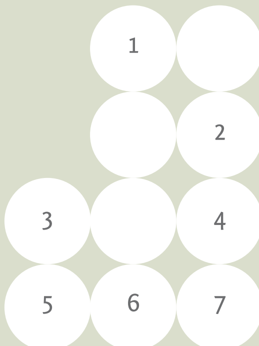
WEBSITES

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

EMAIL ADDRESS

corp@ioigroup.com

BOARD OF DIRECTORS



1 TAN SRI DATO' LEE SHIN CHENG

2 DATO' LEE YEOW CHOR

3 LEE CHENG LEANG

4 LEE YEOW SENG

5 DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR

6 CHAN FONG ANN

7 QUAH POH KEAT

PROFILE OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman, Malaysian, Age 71

Tan Sri Dato' Lee Shin Cheng was first appointed to the Board on 21 July 1981. As Executive Chairman and Chief Executive Officer, he actively oversees the operations of the Group. He is an entrepreneur with considerable experience in the plantation and property development industries. In recognition of Tan Sri's immense contributions to the evolving needs and aspirations of the property industry in Malaysia, Tan Sri was bestowed the singular honour of FIABCI Malaysia Property Man of the Year 2001 Award. In February 2002, Tan Sri was conferred the Honorary Doctorate Degree in Agriculture by Universiti Putra Malaysia in recognition of his contributions to the palm oil industry. In 2006, Tan Sri was conferred the Fellowship of the Incorporated Society of Planters ("FISP") by Malaysia's ISP. In October 2008, Tan Sri was conferred Honorary Fellowship of the Malaysian Oil Scientists' and Technologists' Association ("MOSTA") for his outstanding contributions to agriculture, in particular the oleochemical and specialty oils and fats. Tan Sri is currently a Council Member of the East Coast Economic Region Development Council ("ECERDC"). Tan Sri is also active in providing his advice and guidance to a large number of industry groupings, associations and social organisations. He serves as, among others, the Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM").

Tan Sri is a member of Remuneration Committee of the Company.

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

Tan Sri is deemed in conflict of interest with the Company by virtue of his interest in certain privately-owned companies which are also involved in property development business. However, these privately-owned companies are not in direct competition with the business of the Company due to the different locality of the developments. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Tan Sri is deemed to be interested as disclosed under Other Information section of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Tan Sri attended all the six (6) Board Meetings held during the financial year ended 30 June 2010.

DATO' LEE YEOW CHOR
Executive Director, Malaysian, Age 44

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 oils and fats 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 is the Chairman of the Malaysian Palm Oil Council ("MPOC") and also serves as a Council Member in the Malaysian Palm Oil Association ("MPOA").

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

Dato' Lee is deemed in conflict of interest with the Company by virtue of his interest in certain privately-owned companies which are also involved in property development business. However, these privately-owned companies are not in direct competition with the business of the Company due to the different locality of the developments. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Dato' Lee is deemed to be interested as disclosed under Other Information section of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Dato' Lee attended five (5) out of the six (6) Board Meetings held during the financial year ended 30 June 2010.

LEE CHENG LEANG
Executive Director, Malaysian, Age 62

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

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

Lee Cheng Leang attended all the six (6) Board Meetings held during the financial year ended 30 June 2010.

PROFILE OF DIRECTORS

LEE YEOW SENG
Executive Director, Malaysian, Age 32

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

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

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

Lee Yeow Seng is deemed in conflict of interest with the Company by virtue of his interest in certain privately-owned companies which are also involved in property development business. However, these privately-owned companies are not in direct competition with the business of the Company due to the different locality of the developments. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Lee Yeow Seng is deemed to be interested as disclosed under Other Information section of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Lee Yeow Seng attended four (4) out of the six (6) Board Meetings held during the financial year ended 30 June 2010.

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
Senior Independent Non-Executive Director, Malaysian, Age 69

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

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

Datuk Hj Mohd Khalil attended all the six (6) Board Meetings held during the financial year ended 30 June 2010.

CHAN FONG ANN
Independent Non-Executive Director, Malaysian, Age 80

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.

Chan Fong Ann attended all the six (6) Board Meetings held during the financial year ended 30 June 2010.

Chan Fong Ann is retiring at the forthcoming Forty-First Annual General Meeting of the Company pursuant to Section 129 of the Companies Act, 1965 and will not be seeking re-appointment.

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.

QUAH POH KEAT
Independent Non-Executive Director, Malaysian, Age 58

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

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

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

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

Quah Poh Keat attended all the six (6) Board Meetings held during the financial year ended 30 June 2010.

SENIOR MANAGEMENT TEAM

GROUP CHIEF EXECUTIVE OFFICER
Tan Sri Dato' Lee Shin Cheng

GROUP EXECUTIVE DIRECTORS
Dato' Lee Yeow Chor
Lee Yeow Seng
Lee Cheng Leang

CORPORATE

GROUP FINANCE DIRECTOR
Rupert Koh Hock Joo

GROUP LEGAL ADVISER/
COMPANY SECRETARY
Lee Ai Leng

PLANTATION

GROUP PLANTATION DIRECTOR
Dato' Foong Lai Choong

EXECUTIVE DIRECTOR, SABAH
Lai Poh Lin

GENERAL MANAGER (FINANCE)
Lim Eik Hoy

GENERAL MANAGER, LAHAD DATU
Tee Ke Hoi

GENERAL MANAGER, INDONESIA
Goh Hock Sin

ASSISTANT GENERAL MANAGER,
PENINSULAR
Tay Ching An

COMMODITY MARKETING

GROUP COMMODITY MARKETING
DIRECTOR
Yong Chin Fatt

GENERAL MANAGER, MARKETING
James Goh Ju Tong

OLEOCHEMICALS

EXECUTIVE DIRECTOR
Lee Sing Hin

CHIEF OPERATING OFFICER
Tan Kean Hua

CHIEF FINANCIAL OFFICER
Khoo Tian Cheng

SPECIALTY OILS AND FATS

CHIEF OPERATING OFFICERS
Loek Favre (Europe)
Julian Veitch (North America)
UR, Sahasranaman (Asia)

SENIOR GENERAL MANAGER
GROUP ENGINEERING
Wong Chee Kuan

CHIEF FINANCIAL OFFICER
Tan Chun Weng

REFINERY

GENERAL MANAGER
Sudhakaran A/L Nottath Bhaskar

PROPERTY

PROPERTY DIRECTOR
Dato' David Tan Thean Thye

SENIOR GENERAL MANAGER (JOHOR)
Simon Heng Kwang Hock

GENERAL MANAGERS
Lee Yoke Har
Lim Beng Yeang
Teh Chin Guan

ACTING GENERAL MANAGER
(COMPLEX)
Ronnie Arthur Francis

HOTEL

GENERAL MANAGERS
Yeow Hock Siew
Simon Yong

GROUP BUSINESS ACTIVITIES

plantation

IOI CORPORATION BERHAD*
PLANTATION SUBSIDIARIES

Oil Palm
Rubber
Crude Palm Oil Mill

resource-based manufacturing

IOI OLEOCHEMICAL INDUSTRIES BERHAD GROUP
Oleochemicals

IOI EDIBLE OILS 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
Apartments
Shopping Mall
Office Complex
Hotel
Resorts

* Listed on the Main Market of Bursa Malaysia Securities Berhad

GLOBAL PRESENCE

PLANTATION

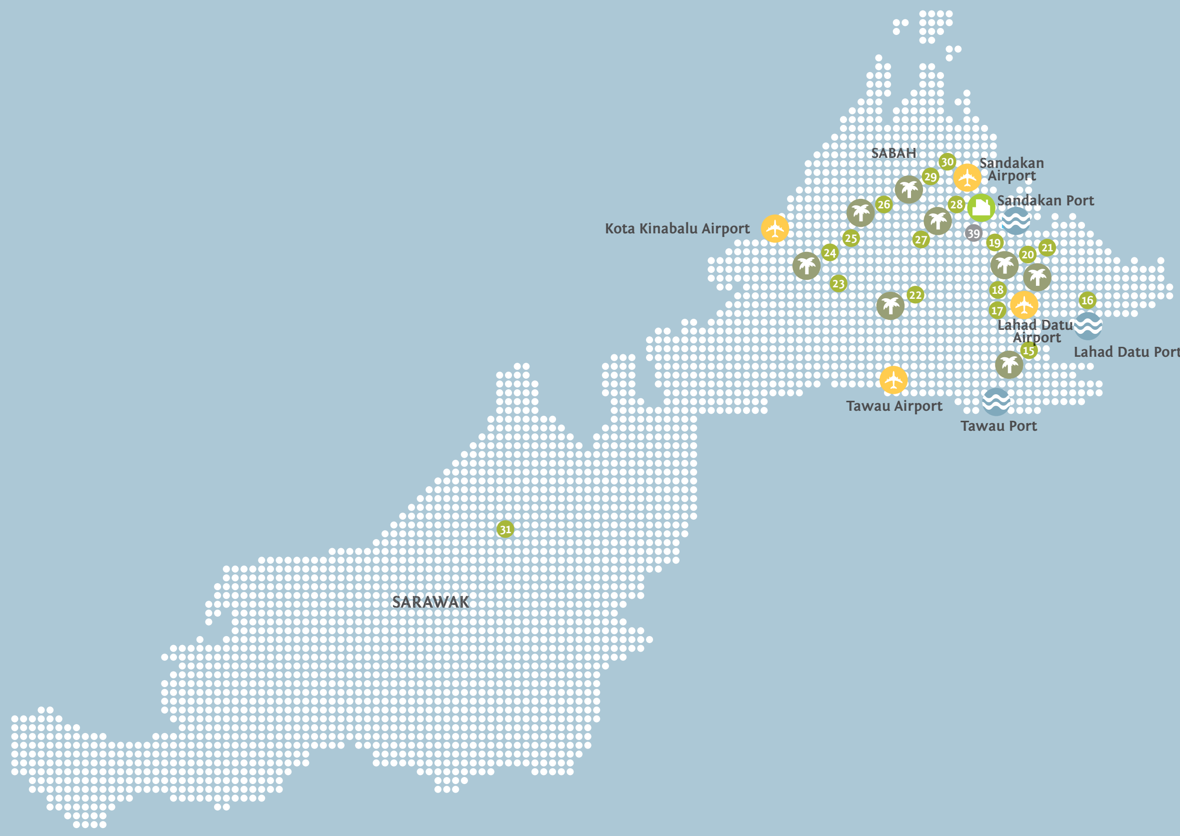
PROPERTIES

RESOURCE-BASED MANUFACTURING

RESOURCE-BASED MANUFACTURING SALE OFFICE


Europe
NETHERLANDS
• WORMERVEER & ZWIJNDRECHT
ITALY
• MILAN
POLAND
• WARSAW
RUSSIA
• MOSCOW
ENGLAND
• ESSEX
Asia Pacific
CHINA
• SHANGHAI
MALAYSIA
SINGAPORE
INDONESIA
Middle East
EGYPT
• CAIRO
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 & Investment

32 Bandar Puchong Jaya & Bandar Puteri Puchong
33 Bandar Putra Kulai & Taman Lagenda Putra
34 Bandar Putra Segamat
35 16 Sierra
36 Desaria Sungai Ara

Resort

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

Resource-based Manufacturing

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

CORPORATE CALENDAR

OCTOBER 2009

IOI Properties Bhd ("IOIPB") has once again won the prestigious The Edge Malaysia's Top Property Developers Awards since year 2003. The award evaluation was based on the qualitative and quantitative attributes of the participants.

DECEMBER 2009

IOI completed the Renounceable Rights Issue with the listing of and quotation for 398,821,324 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

DECEMBER 2009

IOI and IOIPB were awarded Certificates of Merit at the National Annual Corporate Report Awards (NACRA) 2009 Awards Presentation Ceremony. The Certificates of Merit were in recognition of the high quality of IOI's 2008 annual reports and acted as an encouragement to sustain and achieve higher levels of excellence in corporate reporting.

NOVEMBER 2009

Malaysian Minister of Plantation Industries and Commodities Tan Sri Bernard Dompok, together with a delegation of over 20 officials visited IOI-Loders Croklaan's Rotterdam Maasvlakte plant, as part of his official trip to Europe.

SEPTEMBER 2009

It was a historical moment for IOI Corporation Berhad ("IOI") as the first shipment of Roundtable on Sustainable Palm Oil ("RSPO") certified crude palm oil, produced in Malaysia, arrived with the *Alpine Moment* for delivery at IOI-Loders Croklaan's palm oil refinery at Rotterdam Maasvlakte on 19 September 2009.

DECEMBER 2009

Palm Garden Hotel's Palms Cafe was awarded "Location for Most Appetising Culinary Experience" at the Libur Tourism Awards 2009 organised by Libur travel magazine.

DECEMBER 2009

IOI Oleochemicals Berhad ("IOI Oleo") was awarded the 2009 South East Asia Frost & Sullivan Market Share Leadership Award in the Fatty Acid Market. IOI Oleo has almost 40% of the South East Asia market and the sales volume over plant designed capacity ratio, profit and turnover were the highest in the industry.

MARCH 2010

Pamol Plantation Estates, Kluang and Sakilan Estates, Lahad Datu, Sabah were awarded the RSPO Compliance Certification for their sustainable palm oil production.

JUNE 2010

IOI-Loders Croklaan officially opened its new Rotterdam Palm Oil Plant Complex at the Netherlands. A breakthrough in innovation and clean technology, the new plant enabled it to be the first company in the world to produce enzymatically rearranged ingredients for the food manufacturers that is consistent and cost effective.

MARCH 2010

The entire IOI Group, which included all local and international IOI establishments – estates, mills, offices, factory complexes, shopping malls and hotels – made a united stand to support Earth Hour 2010. IOI had organised the Earth Month Go Green campaign themed "Changing the Climate Together with IOI" for the group with a series of go green activities to educate staff and the public on climate change and environmental conservation issues.

JUNE 2010

IOI-Loders Croklaan launched its first Creative Studio in Wormerveer, the Netherlands. A unique innovative concept for the confectionery market, the studio is inspired from the company's motto *Let's Create Together*.

DECEMBER 2009

Putrajaya Marriott Hotel's Tuscany Italian Restaurant and Summer Palace Chinese Restaurant bagged two awards – the Grand Prize Award for "The Most Creative Dining Experience" and Award of Excellence for "The Best Marketed Restaurant of the Festival" at the Malaysia International Gourmet Festival (MIGF) 2009.

JUNE 2010

IOIP disposed its investment in the entire issued and paid-up share capital of Paduwan Development Sdn Bhd ("PDSB") comprising 100,000 shares of RM1.00 each in PDSB, for a cash consideration of RM36.9 Million.

AUDIT COMMITTEE REPORT

A MEMBERS

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

Chan Fong Ann
Member / Independent Non-Executive Director

Quah Poh Keat, CPA (M), CA (M), FCCA, ACMA, MIT (M)
Member / Independent Non-Executive Director

B COMPOSITION AND TERMS OF REFERENCE

1 Membership

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

All the Committee members should be financially literate with at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least three (3) years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

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

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

2 Objectives

The primary objectives of the Committee are to:

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

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

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

3 Authority

The Committee is authorised by the Board to:

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

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

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

iv Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary.

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

4 Duties and Responsibilities

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

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

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

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

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

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

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

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

AUDIT COMMITTEE REPORT

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

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

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

The review shall focus on:

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

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

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

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

5 Conduct of Meetings

Number of Meetings

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

Attendance of Meetings

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

Quorum

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

6 Secretary to Audit Committee and Minutes

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

C ACTIVITIES

During the year, the Committee discharged its duties and responsibilities in accordance with its terms of reference.

The main activities undertaken by the Committee were as follows:

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

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

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

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

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

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

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

viii Review of the related party transactions entered into by the Group.

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

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

AUDIT COMMITTEE REPORT

Number of Meetings and Details of Attendance

Seven (7) meetings were held during the financial year ended 30 June 2010. 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	7	7
Chan Fong Ann	7	7
Quah Poh Keat	7	7

Two (2) meetings were held subsequent to the financial year end to the date of Directors' Report and were attended by the following members:

Audit Committee Members	Total Number of Meetings	Number of Meetings Attended
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	2	2
Chan Fong Ann	2	2
Quah Poh Keat	2	2

D INTERNAL AUDIT FUNCTION

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

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

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

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2010 was RM2,224,234.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

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

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

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

THE BOARD OF DIRECTORS

Roles and Principal Duties

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

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

Board Composition and Balance

The Board comprises seven (7) members, of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that requires a minimum of two (2) Directors or one third (1/3) of the Board to be Independent Directors. A brief profile of each Director is presented on pages 64 to 67 of the Annual Report.

In his capacity as Executive Chairman, Tan Sri Dato' Lee Shin Cheng essentially functions both as Chief Executive Officer and Chairman of the Board. The Board is mindful that convergence of the two (2) roles is not in compliance with best practice, but takes into consideration the fact that as Tan Sri is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Securities. In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement.

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

Other than the three (3) Independent Directors, the Board is not comprised of representatives from shareholders other than a significant shareholder (Progressive Holdings Sdn Bhd) as the other major shareholders are mainly institutional funds.

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

Six (6) Board meetings were held during the financial year ended 30 June 2010. 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	6	6
Dato' Lee Yeow Chor	6	5
Lee Yeow Seng	6	4
Lee Cheng Leang	6	6
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	6	6
Chan Fong Ann	6	6
Quah Poh Keat	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 include, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that require Board's approval.

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

The Board has the services of two (2) Company Secretaries who are responsible to the Board for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretaries are also charged with highlighting all issues which they feel ought to be brought to the Board's attention. Besides Company Secretaries, independent Directors also have unfettered access to the financial and legal officers as well as the internal auditors of the Company.

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

Training and Development of Directors

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

During the financial year, members of the Board have attended various training programmes. Conferences and seminars attended by Directors during the financial year are as follows:

Tan Sri Dato' Lee Shin Cheng	Forbes Global CEO Conference	28.09.2009 to 30.09.2009
	2009 International Palm Oil Congress	09.11.2009 to 10.11.2009
	World Chinese Economic Forum by Asian Strategy & Leadership Institute (ASLI)	16.11.2009 to 17.11.2009
	1Malaysia Economic Conference by The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)	08.02.2010 to 09.02.2010
	Annual Palm & Lauric Oils Conference	09.03.2010 to 10.03.2010

Dato' Lee Yeow Chor	Bursa Malaysia - Invest Malaysia 2009	01.07.2009
	Premier Business Management Program by Harvard Business School	06.07.2009 to 17.07.2009
	Malaysia - Turkey, Morocco and UK Palm Oil Trade Fair & Seminar 2009	31.07.2009 to 09.08.2009
	Malaysian Palm Oil Council Management Retreat with all Regional Representatives	21.08.2009
	Forbes Global CEO Conference	29.09.2009
	Global Oils & Fats Forum in New Orleans, Louisiana, USA - Future of Oils and Fats: Assessing Sustainability, Technology and Bioenergy	05.10.2009 to 06.10.2009
	Roundtable Forum on Sustainable Development of Palm Oil in Washington DC, USA	08.10.2009 to 09.10.2009

STATEMENT ON CORPORATE GOVERNANCE

Dato' Lee Yeow Chor	Life Circle Assessment (LCA) Conference	19.10.2009
	European Mission to Brussels, Berlin and London	11.11.2009 to 19.11.2009
	Malaysia - Bangladesh And India Palm Oil Trade Fair	14.12.2009 to 18.12.2009
	Malaysian Palm Oil Council - Reach & Teach Seminar	02.01.2010
	Bursa Price Outlook Conference	09.03.2010 to 10.03.2010
	Commodity Lab on Palm Oil	14.03.2010 to 18.03.2010
	Bursa Malaysia - Invest Malaysia 2010	30.03.2010 to 31.03.2010
	Moscow & Ukraine Palm Oil Trade Fair & Seminar	19.04.2010 to 22.04.2010
	MPOC International Palm Oil Sustainability Conference (IPOSC)	24.05.2010 to 25.05.2010
	MPOC The Malaysia-China Palm Oil Trade Fair and Seminar (POTS CHINA 2010)	01.06.2010 to 05.06.2010
Lee Yeow Seng	Citi Global Markets CFO Derivatives Conference	16.07.2009 to 17.07.2009
	Malaysian Palm Oil Board's Business Talk on Offshore Investment Opportunities for Malaysian Palm Oil Industry	26.10.2009
	Rabobank Asia 2009 F&A Advisory Board Meeting	29.10.2009
	Goods & Services Tax (GST)	12.02.2010
	Bursa Malaysia - Invest Malaysia 2010	30.03.2010 to 31.03.2010
	Senior Seminar on China Economy	10.05.2010 to 14.05.2010
Lee Cheng Leang	Bursa Malaysia Evening Talk on Corporate Governance Revisited	08.09.2009
	Bursa Malaysia Evening Talk on Corporate Governance: Integrity	14.09.2009
	Bursa Malaysia Evening Talk on Corporate Governance - Risk Action Planning: The Missing Element in an ERM Framework	01.10.2009
	Bursa Malaysia Evening Talk on Corporate Governance - A Turning Point for Corporate Governance	29.10.2009
	Bursa Malaysia Evening Talk - CG Guide: Corporate Responsibility Practices in the context of the market place	29.01.2010
	Bursa Malaysia Evening Talk - Why Employee Stock Option Schemes ("ESOS") is not the only option	24.02.2010
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	The Non-Executive Directors Development Series: Is it worth the risk?	12.08.2009
	Bursa Malaysia Evening Talk on Corporate Governance - A Turning Point for Corporate Governance	29.10.2009
	MNRB's Directors' Training - Strategic Planning & Management	31.01.2010
	Competition Law & Its Impact on UEM of Companies by Skrine & Co.	01.06.2010
	6th Asia Pacific Audit & Governance Summit 2010 by Columbus Circle	29.06.2010 to 30.06.2010

Chan Fong Ann	Bursa Malaysia Evening Talk on Corporate Governance - Directors' Duties	24.08.2009
	Bursa Malaysia Evening Talk on Corporate Governance - Integrity	14.09.2009
	Bursa Malaysia Evening Talk on Corporate Governance - Risk Action Planning: The Missing Element in an ERM Framework	01.10.2009
	Bursa Malaysia Evening Talk on Corporate Governance - A Turning Point for Corporate Governance	29.10.2009
	Bursa Malaysia Evening Talk on Corporate Responsibility ("CR") Overview and Identifying CR Risks and Opportunity for companies	09.11.2009
	Bursa Malaysia Evening Talk on Corporate Governance Guide	20.01.2010
	Bursa Malaysia Evening Talk - CG Guide: Corporate Responsibility Practices in the context of the market place	29.01.2010
	Bursa Malaysia Evening Talk - Why Employee Stock Option Schemes ("ESOS") is not the only option	24.02.2010

Quah Poh Keat	Corporate Governance Guide - Towards Boardroom Excellence	02.07.2009
	Masterclass of Islamic Banks' Board of Directors Session	16.07.2009
	FRS 139	05.10.2009
	High Performance Boards	13.10.2009
	BDO Tax Seminar 2009	03.11.2009
	Financial Industry Conference	17.11.2009
	Banking Insights Programme	11.12.2009
	KPMG Malaysia GST Seminar 2010	09.02.2010
	BDO Tax Forum Series – GST	02.03.2010
	Risk Management in Islamic Finance	17.03.2010
	FIDE Specialised Board Programme: Building Audit Committee of Tomorrow	18.05.2010

Appointment to the Board and the effectiveness of the Board

The Nominating Committee of the Board compose exclusively three (3) Independent Non-Executive Directors. The Nominating Committee is responsible to make independent recommendations for appointments to the Board. In making these recommendations, the Nominating Committee considers the skills, knowledge, expertise and experience, professionalism, integrity and other qualities of the candidate. Any new nomination received is put to the full Board for assessment and endorsement.

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

STATEMENT ON CORPORATE GOVERNANCE

Re-election and Re-appointment of Directors

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

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

Directors who are due for re-election by rotation pursuant to Article 101 of the Company's Articles of Association at the forthcoming Forty-First Annual General Meeting are Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor and Mr Quah Poh Keat. The profiles of the Directors who are due for re-election are set out on pages 66 and 67.

The Director who is due for retirement and re-appointment in accordance with Section 129 of the Companies Act, 1965 at the forthcoming Forty-First Annual General Meeting is Tan Sri Dato' Lee Shin Cheng. His profile is set out on page 64.

Mr Chan Fong Ann is retiring at the forthcoming Forty-First Annual General Meeting of the Company pursuant to Section 129 of the Companies Act, 1965 and will not be seeking re-appointment.

Directors' Remuneration

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

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

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

The Remuneration Committee reviews and submits recommendation to the Board on remuneration packages of Directors in accordance with the Company's policy guidelines which sets a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performance, experience and the level of responsibilities. The fees for Directors are determined by the full Board with the approval from shareholders at the 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 2010 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	336	6,774	41,469	280	5,800	1,148	55,807
Non-executive Directors	240	-	-	31	-	211	482

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

	Number of Directors	
Range of Remuneration	Executive	Non-executive
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	1
RM250,001 to RM350,000	-	-
RM350,001 to RM400,000	1	-
RM400,001 to RM650,000	-	-
RM650,001 to RM700,000	1	-
RM700,001 to RM1,700,000	-	-
RM1,700,001 to RM1,750,000	1	-
RM1,750,001 to RM53,050,000	-	-
RM53,050,001 to RM53,100,000	1	-

During the financial year ended 30 June 2010, the Executive Directors were offered a total of 245,000 share options under the Company's ESOS Scheme due to the adjustment to option price and number of options following the completion of the Renounceable Rights Issue.

SHAREHOLDERS

Dialogue Between the Company and Investors

The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete 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 in its interaction with investors:

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

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

During the financial year, the Group had approximately 70 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

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

STATEMENT ON CORPORATE GOVERNANCE

Annual General Meeting and Other Communications with Shareholders

Historically, the Company's Annual General Meetings ("AGMs") have been well attended. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

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

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

Financial Reporting

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

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

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

Internal Control

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

Internal Audit Function

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

Relationship with External Auditors

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

Audit Committee

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

The Audit 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. At least twice 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 the Group by BDO Malaysia and its affiliates for the financial year ended 30 June 2010 was RM1,433,000.

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.

INTRODUCTION

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

STATEMENT ON INTERNAL CONTROL

ACKNOWLEDGEMENT OF RESPONSIBILITIES

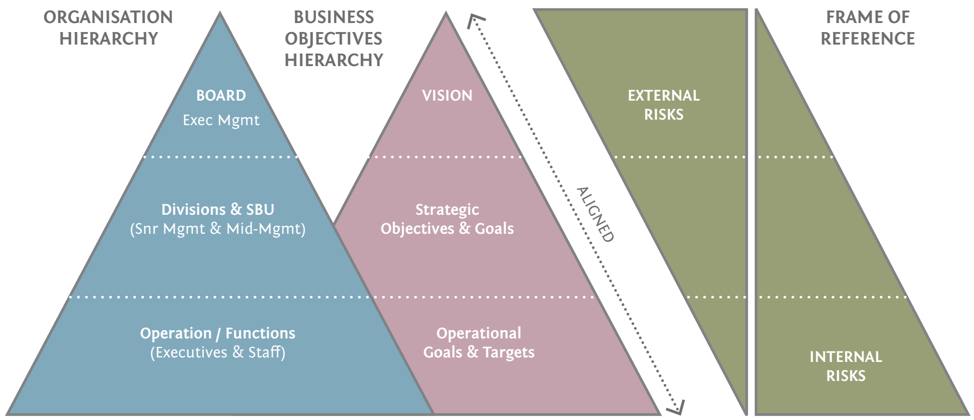
The Board of Directors affirms that it is ultimately responsible for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. However, it should be noted that control systems are designed to manage rather than to totally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

RISK MANAGEMENT FRAMEWORK

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

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

ii **Risk Management as a collective responsibility**
By engaging every level of the organisation as risk owners of their immediate sphere of risks (as shown in the illustration), the Group aims to approach risk management holistically.



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

iii **Risks forbearance shall not exceed capabilities and capacity to manage**
Any business risks to be assumed shall be within the Group's core competencies to manage. Hence, the continuous effort in building of risk management capabilities and capacity are key components of the Group's ERM effort. The Group's overall risk appetite is based on assessments of the Group's risk management capabilities and capacity.

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

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

REVIEW FOR THE PERIOD

For the period under review, each business unit, cutting across all geographic areas, via its respective Risk Management Committee and workgroups comprising of personnel at all levels carried out the following areas of work:

- Conducted reviews and updates of risk profiles including emerging risks and re-rated principal risks.
- Evaluated the adequacy of key processes, systems, and internal controls in relation to the rated principal risks, and established strategic responses, actionable programs and tasks to manage the aforementioned and/or eliminate performance gaps.
- Ensured internal audit programs covered identified principal risks. Audit findings throughout the financial period served as key feedback to validate effectiveness of risk management activities and embedded internal controls.
- Reviewed implementation progress of previously outlined actionable programs, and evaluated post-implementation effectiveness.
- Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment.
- Reviewed the recently released ISO31000 on Risk Management Principles & Guidelines.

The Board is pleased to conclude that the state of the Group's Internal Control System is generally adequate and effective. For the financial year under review there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group. The Board's conclusion is reached based on the following:

- Regular internal audit reports and periodic discussions with the Audit Committee.
- Bi-annual risk reviews compiled by the respective units' Risk Management Committees that are presented and discussed with the Audit Committee, the Board, internal auditors, and statutory auditors.
- Operating units' CEO/CFO's Internal Control Certification and Assessment disclosure.
- Operating unit's response to the Questionnaire on Control and Regulations.
- Periodic management reports on the state of the Group's affairs which also covers the state of internal controls.

RISK MANAGEMENT

RISK MANAGEMENT POLICIES

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

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

Operating Risk

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

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

Credit Risk

- The Group's credit risk exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro Group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counter parties, credit impairment and unit level credit control performance.

- Credit risk from monetary financial assets is generally low as the counter-parties involved are strongly rated financial institutions or authorised exchanges. The Group does not extend any loans or financial guarantees to 3rd parties except for its own subsidiaries and jointly-controlled entities.

- Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collateral from counter parties as a means of mitigating losses in the event of default.

Liquidity Risk

- The Group leverages on IOI Corporation Berhad as the public listed parent company where treasury related activities are centralised and where the optimal weighted-average-costs-of funds is managed. The holding company plays a central liquidity management role where the Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. The Group practises an arm's-length market based policy with regard to funding costs and encourages its business units to seek localised trade financing facilities where appropriate.

- The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

Market Risk

Key market risks affecting the Group arise from changes in foreign currency exchange rates, interest rates and volatility in palm based commodity prices.

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.

- Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts and options on a back-to-back basis.

- The down-stream segment's forward contractual commitments intended to be physically settled are fully hedged of its currency risk on a back-to-back basis with currency forward contracts. Where the netting of forward sales against forward purchases with matching currency risk characteristics is possible, these would first be netted before hedging the net currency exposure with forward contracts. Currency risk on forward contractual commitments with clear intention for net-cash settlement (i.e. paper trading) are not considered for hedging until the exercising of the net settlement.

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.

- Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments. Changes in market interest rates will be re-priced immediately into these floating interest bearing financial instruments.

Price Fluctuation Risk

- 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 futures contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

- The Group manages its price fluctuation risk by having strict policies and procedures governing forward and futures positions with dynamic limits on volume and tenure, mark-to-market losses, and on approvals. The Group's marketing and trading operations are centralised, and the long-short and market-to-market positions are monitored daily and reported to Senior Management weekly.

Further information on the various risks relating to the Group's financial instruments is set out in Note 42 to the financial statements.

STATEMENT OF DIRECTORS' INTERESTS

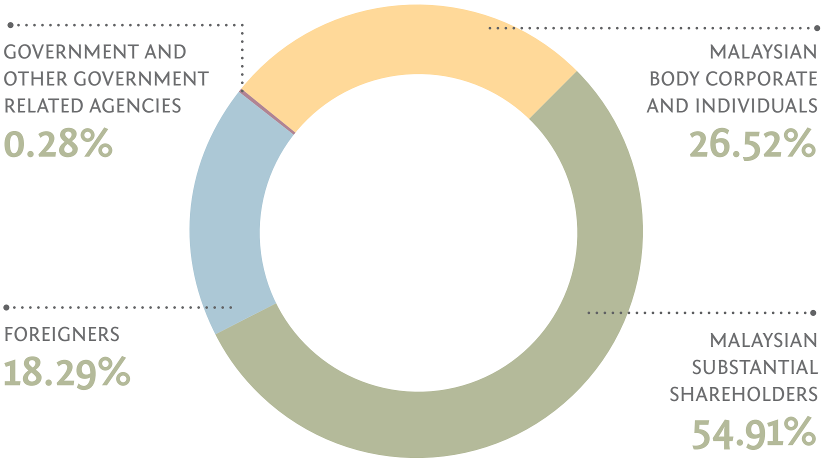
In the Company and related corporations as at 1 September 2010

NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	58,684,900	0.92	2,632,071,480	41.27
Dato' Lee Yeow Chor	8,196,400	0.13	2,621,527,380	41.10
Lee Yeow Seng	1,160,000	0.02	2,621,527,380	41.10
Lee Cheng Leang	907,000	0.01	-	-
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	-	-	-
Chan Fong Ann	6,414,065	0.10	170,689,339	2.68
Quah Poh Keat	-	-	-	-
Subsidiaries				
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	27.03	-	-
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	-	-	1,111,111	10.00
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	-	-	1,000,000	10.00

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

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS AS AT 1 SEPTEMBER 2010



MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2010 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 2010 are as follows:

TRANSACTING PARTIES	TYPE OF RECURRENT RELATED PARTY TRANSACTIONS	INTERESTED DIRECTORS/MAJOR SHAREHOLDERS AND PERSONS CONNECTED	VALUE OF TRANSACTIONS RM'000
Malayapine Estates Sdn Bhd ("MESB") (1)	Property project management services by Pilihan Megah Sdn Bhd ("PMSB") (1)	• Progressive Holdings Sdn Bhd ("PHSB") (2) • Tan Sri Dato' Lee Shin Cheng (3) • Puan Sri Datin Hoong May Kuan (4) • Dato' Lee Yeow Chor (5) • Lee Yeow Seng (6)	3,305
Nice Frontier Sdn Bhd ("NFSB") (1)	Purchase of estate produce by Pamol Plantations Sdn Bhd ("PPSB") (1)	• Progressive Holdings Sdn Bhd (7) • Tan Sri Dato' Lee Shin Cheng (8) • Puan Sri Datin Hoong May Kuan (9) • Dato' Lee Yeow Chor (10) • Lee Yeow Seng (11)	12,806

OTHER INFORMATION

NOTE

(1) Details of the transaction parties

NAME OF COMPANY	EFFECTIVE EQUITY (%)	PRINCIPAL ACTIVITIES
MESB, a subsidiary of PHSB and connected to Tan Sri Dato' Lee Shin Cheng	Not Applicable	Property development, property investment and investment holding
NFSB	92.22	Property development, property investment and cultivation of oil palm
PMSB	99.70	Property development, property investment and investment holding
PPSB	100.00	Cultivation of oil palm and processing of palm oil

(2) PHSB is a Major Shareholder of IOI and a deemed Major Shareholder of MESB

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

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

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

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

(7) PHSB is a Major Shareholder of IOI and a deemed Major Shareholder of NFSB and PPSB

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

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

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

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

- *Notwithstanding the related party disclosure already presented in the financial statements in accordance with Financial Reporting Standards No. 124 ("FRS 124"), the above disclosures are made in order to comply with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") with regard to the value of related party transactions of a revenue nature conducted pursuant to shareholders' mandate during the financial year, as the scope of related party relationships and disclosure contemplated by the Listing Requirements are, to certain extent, different from those of FRS 124.*

- *The shareholdings of the respective interested Directors/Major shareholders and the effective equity interest of the transacting parties as shown above are based on information disclosed in the Circular to Shareholders in relation to the Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature dated 1 October 2009.*

PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year ended 30 June 2010.

UTILISATION OF PROCEEDS

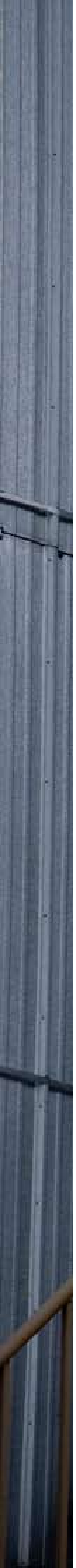
The status of utilisation of proceeds raised from corporate proposals as at 30 June 2010 is as follows:

3rd Exchangeable Bonds

PURPOSE	PROPOSED UTILISATION (USD MILLION)	ACTUAL UTILISATION (USD MILLION)	INTENDED TIMEFRAME FOR UTILISATION	DEVIATION AMOUNT	DEVIATION %
Capital expenditure, investments/acquisitions and working capital	600	495	By January 2011	-	-
Total	600	495		-	-

Renounceable Rights Issue

PURPOSE	PROPOSED UTILISATION (RM MILLION)	ACTUAL UTILISATION (RM MILLION)	INTENDED TIMEFRAME FOR UTILISATION	DEVIATION AMOUNT	DEVIATION %
Investment and capital expenditure and unless utilised as aforesaid, repayment of borrowings	1,157	-	By December 2011	-	-
Total	1,157	-		-	-



FINANCIAL REPORTS

DIRECTORS' REPORT

The Directors of IOI Corporation Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries, associates and jointly controlled entities are set out in Note 47 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 2010 are as follows:

	GROUP RM'000	COMPANY RM'000
Profit before taxation	2,550,633	2,003,997
Taxation	(485,517)	(47,550)
Profit for the financial year	2,065,116	1,956,447
Attributable to:		
Equity holders of the Company	2,035,661	1,956,447
Minority interests	29,455	–
	2,065,116	1,956,447

DIVIDENDS

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

	COMPANY RM'000
In respect of the financial year ended 30 June 2009:	
Third interim single tier dividend of 2.0 sen per ordinary share, paid on 8 October 2009	119,556
In respect of the financial year ended 30 June 2010:	
First interim single tier dividend of 7.0 sen per ordinary share, paid on 25 March 2010	446,899
	566,455

DIVIDENDS (CONT'D)

The Directors have declared a second interim single tier dividend of 10.0 sen per ordinary share, amounting to RM637,709,878 in respect of the financial year ended 30 June 2010. The dividend is payable on 7 October 2010 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 27 September 2010.

No final dividend has been recommended for the financial year ended 30 June 2010.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i 7,339,900 new ordinary shares of RM0.10 each for cash at RM2.50 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme;

ii 1,413,300 new ordinary shares of RM0.10 each for cash at RM4.30 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme;

iii 21,140,410 new ordinary shares of RM0.10 each for cash at RM3.78 per ordinary share arising from the voluntary take-over offer of IOI Properties Berhad's shares; and

iv 398,821,324 new ordinary shares of RM0.10 each ("Rights Shares") for cash at RM2.90 per Rights Share on the basis of one (1) Rights Share for every fifteen (15) existing ordinary shares of RM0.10 each held in the Company, pursuant to the Company's Renounceable Rights Issue.

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

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

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during the subsequent Annual General Meetings of the Company including the last meeting held on 28 October 2009.

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

During the financial year, the Company repurchased 7,174,200 ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM4.90 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.

DIRECTORS' REPORT

TREASURY SHARES (CONT'D)

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased had been sold as at 30 June 2010.

At the balance sheet date, the number of ordinary shares in issue after deducting treasury shares against equity is 6,377,098,780 ordinary shares of RM0.10 each.

USD370 MILLION ZERO COUPON GUARANTEED EXCHANGEABLE BONDS DUE 2011 ("2ND EXCHANGEABLE BONDS")

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad, 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 33.2 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)(a) of the Companies Act, 1965 to disclose the list of 2nd Exchangeable Bondholders who have the option to exchange their 2nd Exchangeable Bonds into the Company's ordinary shares.

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

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

The salient features of the 3rd Exchangeable Bonds are disclosed in Note 33.3 to the financial statements.

The Company has been granted exemption by the CCM from having to comply with Section 169(11)(a) of the Companies Act, 1965 to disclose the list of 3rd Exchangeable Bondholders who have the option to exchange their 3rd Exchangeable Bonds into the Company's ordinary shares.

During the financial year, the Group repurchased and cancelled part of the 3rd Exchangeable Bonds of USD96,970,000 or equivalent to RM299,971,439.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

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

The salient features of the ESOS are as follows:

a Maximum number of shares available under the ESOS

The total number of new ordinary shares in the Company ("IOI Shares"), which may be made available under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time an offer of options is made in writing by a committee appointed by the Board to administer the ESOS ("Option Committee") 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 Berhad) holds 20% or more in the issued and paid-up capital of the Company, shall not exceed 10% of the total new IOI Shares that are available to be issued under the ESOS.

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

DIRECTORS' REPORT

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (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, has been obtained.

f **Exercise of option**

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

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

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

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

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.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (CONT'D)

g Rights attaching to the IOI Shares (cont'd)

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 OPTIONS OVER ORDINARY SHARES				
OPTION PRICE RM	DATE OF OFFER	AS AT 1 JULY 2009	EXERCISED	LAPSED	ADJUSTMENT *	AS AT 30 JUNE 2010
2.50/ 2.44*	12 January 2006	52,606,700	(7,339,900)	(2,523,300)	1,073,500	43,817,000
4.30/ 4.19*	2 April 2007	39,323,000	(1,413,300)	(2,762,200)	862,700	36,010,200
Total		91,929,700	(8,753,200)	(5,285,500)	1,936,200	79,827,200

* *Adjustments to option price and number of options following the completion of the Renounceable Rights Issue in accordance with Bye-Laws.*

RESERVES AND PROVISIONS

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

DIRECTORS

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

Tan Sri Dato' Lee Shin Cheng
Dato' Lee Yeow Chor
Lee Yeow Seng
Lee Cheng Leang
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
Chan Fong Ann
Quah Poh Keat

In accordance with Article 101 of the Company's Articles of Association, Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor and Mr Quah Poh Keat retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Lee Shin Cheng 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.

Mr Chan Fong Ann who has also attained the age of seventy, retires in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and will not be seeking re-appointment.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

DIRECT INTERESTS	AS AT 1 JULY 2009	ACQUIRED	DISPOSED	AS AT 30 JUNE 2010
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	54,737,970	3,796,930	–	58,534,900
Dato' Lee Yeow Chor	6,581,000	2,865,400	(1,100,000)	8,346,400
Lee Yeow Seng	687,500	212,500	–	900,000
Lee Cheng Leang	50,000	857,000	–	907,000
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	308,750	20,583	–	329,333
Chan Fong Ann	6,414,065	–	–	6,414,065
Subsidiary				
Kapar Realty and Development Sdn Berhad				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	–	–	100

INDIRECT INTERESTS	AS AT 1 JULY 2009	ACQUIRED	DISPOSED	AS AT 30 JUNE 2010
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,446,482,488	181,679,892	(1,400,900)	2,626,761,480
Dato' Lee Yeow Chor	2,438,234,663	178,092,717	–	2,616,327,380
Lee Yeow Seng	2,438,234,663	178,092,717	–	2,616,327,380
Chan Fong Ann	159,580,041	11,109,298	–	170,689,339
Subsidiaries				
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,111,111	–	–	1,111,111
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,000,000	–	–	1,000,000

DIRECTORS' INTERESTS (CONT'D)

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

The other Director, Mr Quah Poh Keat holding office at the end of the financial year did not have any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

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 OPTIONS OVER ORDINARY SHARES			
DIRECTOR	OPTION PRICE RM	AS AT 1 JULY 2009	EXERCISED	ADJUSTMENT *	AS AT 30 JUNE 2010
Tan Sri Dato' Lee Shin Cheng	2.50/ 2.44*	7,500,000	–	191,400	7,691,400
Dato' Lee Yeow Chor	2.50/ 2.44*	3,000,000	(2,400,000)	15,300	615,300
Lee Yeow Seng	2.50/ 2.44*	150,000	–	3,800	153,800
Lee Yeow Seng	4.30/ 4.19*	562,500	–	14,100	576,600
Lee Cheng Leang	2.50/ 2.44*	1,600,000	(800,000)	20,400	820,400

* *Adjustments to option price and number of options following the completion of the Renounceable Rights Issue in accordance with Bye-Laws.*

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits as disclosed in Note 40 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 40 to the financial statements.

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

DIRECTORS' REPORT

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

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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

i the results of 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.

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 (3) indirect subsidiaries of the Company, Loders Croklaan (Shanghai) Trading Co. Ltd, Tianjin Palmco Oil And Fats Co. Ltd. and 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 2010.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a Voluntary take-over offer to acquire all shares in IOI Properties Berhad ("IOIP")

On 4 February 2009, the Company offered to acquire all 199,727,505 ordinary shares of RM0.50 each in IOIP ("IOIP Share(s)") not already owned by the Company and all the new IOIP Shares that might be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to IOIP's Executive Share Option Scheme ("IOIP ESOS Options") at an offer price of RM2.598 per IOIP Share to be satisfied in the following manner:

i the issuance of zero-point six (0.6) ordinary shares of RM0.10 each in the Company ("IOI Share") at an issue price of RM3.78 per IOI Share; and

ii RM0.33 in cash,

for every one (1) IOIP Share held in respect of which the offer is validly accepted.

IOIP was removed from the Official List of Bursa Malaysia Securities Berhad with effect from 28 April 2009.

As at the last financial year end, the Company had acquired 157,132,870 IOIP Shares with the issuance of 94,279,715 IOI Share and cash payment of RM51.9 million. The Company then held 95.4% of the issued and paid-up capital of IOIP.

During the current financial year, the Company had further acquired 35,234,021 IOIP Shares with the issuance of 21,140,410 IOI Share and cash payment of RM11.6 million. Consequently, the equity interest of the Company in IOIP increased to 99.7%.

b Renounceable Rights Issue by the Company

On 23 July 2009, the Company proposed to undertake a renounceable rights issue of up to 420,989,299 new ordinary shares of RM0.10 each in the Company ("Rights Share(s)"), at an issue price of RM2.90 per Rights Share for cash on the basis of one (1) Rights Share for every fifteen (15) existing ordinary shares of RM0.10 each held in the Company at an entitlement date to be determined later ("Renounceable Rights Issue").

On 24 December 2009, the Company completed the Renounceable Rights Issue with the listing of and quotation for 398,821,324 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

c Disposal of equity interest in Paduwan Development Sdn Bhd

On 28 June 2010, IOIP disposed its investment in the entire issued and paid-up share capital of Paduwan Development Sdn Bhd ("PDSB") comprising 100,000 shares of RM1.00 each in PDSB, for a cash consideration of RM36,941,584.

DIRECTORS' REPORT

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
Quah Poh Keat (MIA No. 2022)

NOMINATING COMMITTEE

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

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
Chan Fong Ann
Quah Poh Keat

REMUNERATION COMMITTEE

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

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

AUDITORS

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

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
6 September 2010

INCOME STATEMENTS

For the Financial Year Ended 30 June 2010

	NOTE	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Revenue	6	12,542,962	14,600,474	2,138,846	1,391,998
Cost of sales		(9,335,726)	(11,080,246)	(124,013)	(136,047)
Gross profit		3,207,236	3,520,228	2,014,833	1,255,951
Other operating income	7	565,448	279,909	258,723	107,580
Marketing and selling expenses		(252,129)	(277,668)	(360)	(125)
Administration expenses		(307,736)	(310,217)	(86,335)	(94,321)
Other operating expenses		(576,476)	(1,243,197)	(63,381)	(601,599)
Operating profit	8	2,636,343	1,969,055	2,123,480	667,486
Interest income	9	47,214	60,346	83,313	94,669
Finance costs	10	(221,170)	(230,853)	(202,796)	(186,299)
Share of results of associates		54,847	9,913	–	–
Share of results of jointly controlled entities		33,399	(258,344)	–	–
Profit before taxation		2,550,633	1,550,117	2,003,997	575,856
Taxation	11	(485,517)	(486,943)	(47,550)	(173,834)
Profit for the financial year		2,065,116	1,063,174	1,956,447	402,022
Attributable to:					
Equity holders of the Company		2,035,661	983,517	1,956,447	402,022
Minority interests		29,455	79,657	–	–
		2,065,116	1,063,174	1,956,447	402,022
Earnings per ordinary share attributable to equity holders of the Company (sen)	12				
Basic		32.96	16.62		
Diluted		30.01	16.55		
Gross dividend per ordinary share of RM0.10 each (sen)	13				
First interim single tier dividend		7.0	3.0	7.0	3.0
Second interim single tier dividend		10.0	3.0	10.0	3.0
Third interim single tier dividend		–	2.0	–	2.0
Total		17.0	8.0	17.0	8.0

The notes on pages 120 to 246 form an integral part of the financial statements.

BALANCE SHEETS

As at 30 June 2010

		GROUP		COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	4,604,250	4,569,636	436,811	377,498
Prepaid lease payments	15	860,188	872,905	7,715	7,820
Land held for property development	16	913,328	866,172	–	–
Investment properties	17	1,113,545	1,104,633	–	–
Other long term investments	18	29,783	23,131	3,180	3,160
Goodwill on consolidation	19	513,830	513,830	–	–
Investments in subsidiaries	20	–	–	6,313,723	6,214,396
Investments in associates	21	572,223	536,492	22,850	22,850
Interests in jointly controlled entities	22	1,549,245	1,436,763	–	–
Deferred tax assets	35	26,915	51,057	–	–
		10,183,307	9,974,619	6,784,279	6,625,724
Current assets					
Property development costs	23	357,181	465,157	–	–
Inventories	24	1,575,320	1,647,346	16,848	17,116
Trade and other receivables	25	1,309,915	1,335,043	30,802	30,106
Amounts due from subsidiaries	20	–	–	1,842,290	2,131,133
Amounts due from associates	21	22	58,949	22	58
Tax recoverable		35,976	36,665	29,938	29,958
Short term investments	26	4,390	4,793	–	–
Short term funds	27	3,108,216	1,619,511	2,977,058	1,597,511
Deposits with financial institutions	28	362,182	455,914	176,273	217,647
Cash and bank balances	29	406,908	383,957	1,578	6,500
		7,160,110	6,007,335	5,074,809	4,030,029
TOTAL ASSETS		17,343,417	15,981,954	11,859,088	10,655,753

The notes on pages 120 to 246 form an integral part of the financial statements.

		GROUP		COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	30	667,552	624,680	667,552	624,680
Reserves	31	1,697,343	863,549	1,872,998	682,616
Retained earnings	32	8,415,286	6,858,061	3,530,545	2,140,553
		10,780,181	8,346,290	6,071,095	3,447,849
Minority interests		289,292	426,156	–	–
Total equity		11,069,473	8,772,446	6,071,095	3,447,849
Liabilities					
Non-current liabilities					
Borrowings	33	4,348,281	5,355,303	323,650	351,850
Amounts due to subsidiaries	20	–	–	4,033,974	4,725,433
Other long term liabilities	34	27,906	56,014	938	948
Deferred tax liabilities	35	465,123	521,039	6,630	6,080
		4,841,310	5,932,356	4,365,192	5,084,311
Current liabilities					
Trade and other payables	36	938,763	956,138	114,178	97,777
Borrowings	33	409,050	199,091	–	–
Amounts due to subsidiaries	20	–	–	1,275,122	1,999,443
Amount due to an associate	21	2,182	2,215	2,182	2,182
Taxation		82,639	119,708	31,319	24,191
		1,432,634	1,277,152	1,422,801	2,123,593
Total liabilities		6,273,944	7,209,508	5,787,993	7,207,904
TOTAL EQUITY AND LIABILITIES		17,343,417	15,981,954	11,859,088	10,655,753

The notes on pages 120 to 246 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2010

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVES RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
GROUP									
As at 1 July 2008	613,788	1,923,327	331,081	(217)	(1,079,914)	6,603,296	8,391,361	965,117	9,356,478
Currency translation differences	–	–	–	(49,262)	–	–	(49,262)	1,432	(47,830)
Net (expenses)/ income recognised directly in equity	–	–	–	(49,262)	–	–	(49,262)	1,432	(47,830)
Profit for the financial year	–	–	–	–	–	983,517	983,517	79,657	1,063,174
Total recognised income and expenses for the financial year	–	–	–	(49,262)	–	983,517	934,255	81,089	1,015,344
Recognition of share option expenses (Note 8 (b))	–	–	16,778	–	–	–	16,778	143	16,921
Repurchase of 3rd Exchangeable Bonds (Note 33.3)	–	–	(12,517)	–	–	16,321	3,804	–	3,804
Exercise of share options	1,464	48,860	(8,940)	–	–	–	41,384	–	41,384
Exercise of share options in a subsidiary	–	–	(79)	–	–	79	–	–	–
Repurchase of shares (Note 31.2)	–	–	–	–	(652,517)	–	(652,517)	–	(652,517)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	–	(355,526)	(355,526)	–	(355,526)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	–	(590,996)	(590,996)	–	(590,996)
Changes in equity interest in subsidiaries	9,428	346,949	–	–	–	201,370	557,747	(564,243)	(6,496)
Dividends paid to minority interests	–	–	–	–	–	–	–	(55,950)	(55,950)
As at 30 June 2009	624,680	2,319,136	326,323	(49,479)	(1,732,431)	6,858,061	8,346,290	426,156	8,772,446

The notes on pages 120 to 246 form an integral part of the financial statements.

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVES RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
GROUP									
As at 1 July 2009	624,680	2,319,136	326,323	(49,479)	(1,732,431)	6,858,061	8,346,290	426,156	8,772,446
Currency translation differences	–	–	–	(323,268)	–	–	(323,268)	(2,579)	(325,847)
Net expenses recognised directly in equity	–	–	–	(323,268)	–	–	(323,268)	(2,579)	(325,847)
Profit for the financial year	–	–	–	–	–	2,035,661	2,035,661	29,455	2,065,116
Total recognised income and expenses for the financial year	–	–	–	(323,268)	–	2,035,661	1,712,393	26,876	1,739,269
Recognition of share option expenses (Note 8 (b))	–	–	7,696	–	–	–	7,696	–	7,696
Repurchase of 3rd Exchangeable Bonds (Note 33.3)	–	–	(33,246)	–	–	37,545	4,299	–	4,299
Exercise of share options	876	29,290	(5,739)	–	–	–	24,427	–	24,427
Issue of rights shares	39,882	1,116,700	–	–	–	–	1,156,582	–	1,156,582
Liquidation of a subsidiary (Note 37.1.2)	–	–	(315)	–	–	–	(315)	1,220	905
Disposal of a subsidiary (Note 37.2.1)	–	–	–	–	–	–	–	10	10
Repurchase of shares (Note 31.2)	–	–	–	–	(35,121)	–	(35,121)	–	(35,121)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	–	(446,899)	(446,899)	–	(446,899)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	–	(119,556)	(119,556)	–	(119,556)
Changes in equity interest in a subsidiary	2,114	77,797	–	–	–	50,474	130,385	(142,013)	(11,628)
Dividends paid to minority interests	–	–	–	–	–	–	–	(22,957)	(22,957)
As at 30 June 2010	667,552	3,542,923	294,719	(372,747)	(1,767,552)	8,415,286	10,780,181	289,292	11,069,473

The notes on pages 120 to 246 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2010

	NON DISTRIBUTABLE				DISTRIBUTABLE	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVES RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
COMPANY						
As at 1 July 2008	613,788	1,923,327	88,680	(1,079,914)	2,685,053	4,230,934
Profit for the financial year	–	–	–	–	402,022	402,022
Total recognised income for the financial year	–	–	–	–	402,022	402,022
Recognition of share option expenses (Note 8 (b))	–	–	16,171	–	–	16,171
Exercise of share options	1,464	48,860	(8,940)	–	–	41,384
Repurchase of shares (Note 31.2)	–	–	–	(652,517)	–	(652,517)
Changes in equity interest in a subsidiary	9,428	346,949	–	–	–	356,377
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	(355,526)	(355,526)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	(590,996)	(590,996)
As at 30 June 2009	624,680	2,319,136	95,911	(1,732,431)	2,140,553	3,447,849
As at 1 July 2009	624,680	2,319,136	95,911	(1,732,431)	2,140,553	3,447,849
Profit for the financial year	–	–	–	–	1,956,447	1,956,447
Total recognised income for the financial year	–	–	–	–	1,956,447	1,956,447
Recognition of share option expenses (Note 8 (b))	–	–	7,455	–	–	7,455
Exercise of share options	876	29,290	(5,739)	–	–	24,427
Issue of rights shares	39,882	1,116,700	–	–	–	1,156,582
Repurchase of shares (Note 31.2)	–	–	–	(35,121)	–	(35,121)
Changes in equity interest in a subsidiary	2,114	77,797	–	–	–	79,911
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	(446,899)	(446,899)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	(119,556)	(119,556)
As at 30 June 2010	667,552	3,542,923	97,627	(1,767,552)	3,530,545	6,071,095

The notes on pages 120 to 246 form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the Financial Year Ended 30 June 2010

	NOTE	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Cash Flows From Operating Activities					
Profit before taxation		2,550,633	1,550,117	2,003,997	575,856
Adjustments for:					
Interest expenses	10	221,170	230,853	202,796	186,299
Depreciation of property, plant and equipment	14	218,523	217,788	4,639	4,554
Property, plant and equipment written off	14	26,455	6,981	839	2,886
Expenses for retirement benefits	34.1	25,952	7,191	100	27
Loss/(gain) on repurchase of 3rd Exchangeable Bonds		20,286	(30,865)	–	–
Inventories written down to net realisable value		15,781	–	–	–
Amortisation of prepaid lease payments	15	13,318	12,930	105	105
Allowance for doubtful debts		12,202	2,917	10	–
Share option expenses		7,696	16,921	7,455	16,171
Impairment loss on short term investments		407	2,551	–	–
Bad debts written off		104	–	–	–
Other long term investments written off		5	–	5	–
Allowance for doubtful debts written back		(6)	(8,745)	–	–
Net (gain)/loss on disposal of other long term investments		(164)	(10,618)	–	84
Gain on disposal of investment properties		(335)	(122)	–	–
Gain on liquidation of subsidiaries	37.1	(567)	–	(129)	–
Net gain on disposal of property, plant and equipment		(876)	(1,372)	(203)	(1,101)
Dividend income from other investments		(1,428)	(2,233)	(89)	(194)
Gain on disposal of prepaid lease payments		(5,477)	–	–	–
Net fair value gain on investment properties	17	(21,020)	(110,840)	–	–
Share of results of jointly controlled entities		(33,399)	258,344	–	–
(Gain)/loss on disposals of subsidiaries	37.2	(34,945)	–	6	–
Interest income	9	(47,214)	(60,346)	(83,313)	(94,669)
Share of results of associates		(54,847)	(9,913)	–	–
Dividend income from short term funds		(57,120)	(30,213)	(57,120)	(29,966)
Net unrealised foreign currency translation (gain)/loss		(377,538)	324,081	(214,910)	368,148
Loss on termination of conditional sale and purchase agreement		–	73,363	–	73,363
Impairment loss on other long term investments		–	59	–	59
Loss on disposal of short term investments		–	19	–	–
Inventories written back		–	(7,537)	–	–
Loss/(gain) on repayments of amount due to a subsidiary arising from repurchase of 3rd Exchangeable Bonds		–	–	4,669	(45,431)
Dividend income from associates		–	–	(15,750)	(10,500)
Dividend income from subsidiaries		–	–	(1,757,070)	(973,847)
Operating profit before working capital changes		2,477,596	2,431,311	96,037	71,844

The notes on pages 120 to 246 form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the Financial Year Ended 30 June 2010

	NOTE	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Cash Flows From Operating Activities (cont'd)					
Operating profit before working capital changes		2,477,596	2,431,311	96,037	71,844
Decrease/(increase) in property development costs		121,692	(54,455)	–	–
(Increase)/decrease in inventories		(66,427)	840,884	268	(3,109)
(Increase)/decrease in trade receivables		(29,555)	337,263	(1,536)	5,773
Decrease in other receivables, deposits and prepayments		83,447	35,616	840	2,304
Decrease in amounts due from customers on contracts		–	4,539	–	–
(Decrease)/increase in trade payables		(40,081)	(148,813)	(10,277)	12,680
Increase/(decrease) in other payables and accruals		45,420	(28,692)	26,678	34,575
(Decrease)/increase in amounts due to customers on contracts		(494)	457	–	–
Cash generated from operations		2,591,598	3,418,110	112,010	124,067
Retirement benefits paid	34.1	(1,290)	(5,753)	(110)	(57)
Club membership deposits refunded		(13,249)	–	–	–
Retirement benefits contributed	34.1	(24,338)	(24,155)	–	–
Tax paid		(549,609)	(563,746)	(25,110)	(36,820)
Tax refunded		5,440	2,668	–	–
Net cash from operating activities		2,008,552	2,827,124	86,790	87,190
Cash Flows From Investing Activities					
Payments from/(to) associates		57,777	(41,271)	36	157
Dividends received from short term funds		57,120	30,213	57,120	29,966
Proceeds from disposal of a subsidiary	37.2	54,348	–	–	–
Dividends received from associates		19,116	15,492	15,750	9,372
Interest received		17,438	37,074	3,185	5,405
Proceeds from disposal of prepaid lease payments		7,804	219	–	–
Proceeds from disposal of investment properties		2,850	1,077	–	–
Proceeds from disposal of property, plant and equipment		2,828	2,972	287	1,755
Dividends received from other investments		995	1,482	89	190
Proceeds from disposal of other long term investments		683	13,235	–	62
Proceeds from liquidation of subsidiaries	37.1	129	–	129	–
Capital repayments from other long term investments		13	419	–	419
Additions to short term investments		(4)	(341)	–	–
Additions to investment properties	17	(2,399)	(17,297)	–	–
Additions to prepaid lease payments	15	(2,864)	(8,716)	–	–
Additions to other long term investments		(7,189)	(28)	(25)	(28)
Privatisation of a subsidiary		(11,628)	(52,580)	(11,628)	(52,580)
Payments to jointly controlled entities		(118,272)	(122,534)	–	–

The notes on pages 120 to 246 form an integral part of the financial statements.

	NOTE	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Cash Flows From Investing Activities (cont'd)					
Additions to land held for property development		(132,095)	(81,588)	–	–
Additions to property, plant and equipment	14	(430,208)	(425,364)	(64,875)	(8,040)
Proceeds from disposal of short term investments		–	107	–	–
Investments in jointly controlled entities		–	(1,422)	–	–
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	38	–	(2,388)	–	(2,388)
Deposit forfeited on termination of conditional sale and purchase agreement		–	(73,363)	–	(73,363)
Dividends received from subsidiaries		–	–	1,742,328	828,329
Payments (to)/from subsidiaries		–	–	(1,062,362)	959,361
Acquisitions of additional interest in subsidiaries		–	–	–	(737,091)
Net cash (used in)/from investing activities		(483,558)	(724,602)	680,034	961,526
Cash Flows From Financing Activities					
Proceeds from rights issue		1,156,582	–	1,156,582	–
Proceeds from issuance of shares		24,427	41,384	24,427	41,384
Proceeds from short term borrowings		8,576	–	–	–
Repayments of finance lease obligations		(29)	–	–	–
Dividends paid to minority shareholders		(22,957)	(55,950)	–	–
Repurchase of shares		(35,121)	(652,517)	(35,121)	(652,517)
Interest paid		(144,709)	(140,689)	(13,006)	(4,795)
Repayments of term loans		(176,691)	(1,504)	–	–
Repurchase of 3rd Exchangeable Bonds		(320,257)	(84,372)	–	–
Dividends paid		(566,455)	(946,522)	(566,455)	(946,522)
Drawdown of term loans		–	351,500	–	351,500
Proceeds from rights issue of a subsidiary		–	45,680	–	–
Proceeds from shares issued to minority shareholders		–	380	–	–
Repayments of short term borrowings		–	(1,074,486)	–	–
Net cash (used in)/from financing activities		(76,634)	(2,517,096)	566,427	(1,210,950)
Net increase/(decrease) in cash and cash equivalents		1,448,360	(414,574)	1,333,251	(162,234)
Cash and cash equivalents at beginning of financial year	39	2,459,382	2,879,653	1,821,658	1,983,892
Effect of exchange rate changes		(30,436)	(5,697)	–	–
Cash and cash equivalents at end of financial year	39	3,877,306	2,459,382	3,154,909	1,821,658

The notes on pages 120 to 246 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries, associates and jointly controlled entities are set out in Note 47 to the financial statements.

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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

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

2.2 Basis of accounting

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

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

2.3 Presentation currency

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

3 ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS

3.1 New FRS adopted during the current financial year

FRS 8 Operating Segments and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its major customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

3 ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (CONT'D)

3.1 New FRS adopted during the current financial year (cont'd)

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

The Group concluded that the operating segments defined by the Group under FRS 8 were the same as the business segments defined previously under FRS 114_{2004}. Likewise, the measures used to assess the performance of the segments correspond to those previously presented under FRS 114_{2004}. Consequently, the adoption of FRS 8 has no significant impact on the presentation of the Group's reportable segments and impairment on cash-generating units based on the new definition of operating segments.

3.2 New FRS, Amendments to FRS and IC Interpretations not adopted

The following are new FRS, Amendments to FRS and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") as of the date of the issuance of financial statements, which have yet to be effective for the Group and the Company and have not been early adopted:

Effective for the annual financial periods beginning on or after 1 January 2010

3.2.1 FRS 4 Insurance Contracts and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} General Insurance Business and FRS 203_{2004} Life Insurance Business.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 Accounting Policies, Change in Accounting Estimates and Errors is not disclosed.

3.2.2 FRS 7 Financial Instruments: Disclosures and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 Financial Instruments: Disclosure and Presentation.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.3 FRS 101 Presentation of Financial Statements is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles "statement of financial position" and "statement of cash flows" to replace the current titles "balance sheet" and "cash flow statement" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the financial statements arising from the adoption of this Standard.

3.2.4 FRS 123 Borrowing Costs and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

3.2.5 FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard 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 FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.6 Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

3.2.7 Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the entity are accounted for in the same manner as cancellations by the entity itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

3.2.8 Amendments to FRS 132 Financial Instruments: Presentation is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the financial statements arising from the adoption of these amendments. However, the Group is in the process of assessing the impact of these amendments in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

3.2.9 Amendments to FRS 132 Financial Instruments: Presentation is mandatory for annual periods beginning on or after 1 January 2010 in respect of the transitional provisions in accounting for compound financial instruments.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132_{2004} Financial Instruments: Disclosure and Presentation. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.10 Amendments to FRS 139 Financial Instruments: Recognition and Measurement is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

3.2.11 Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any material impact on the financial statements arising from the adoption of the amendment to IC Interpretation 9.

3.2.12 Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 8 Operating Segments clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 107 Statement of Cash Flows clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRS is mandatory. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.12 Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 110 Events after the Reporting Period clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 116 Property, Plant and Equipment removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of "investment property" in FRS 140 Investment Property. This amendment also replaces the term "net selling price" with "fair value less costs to sell", and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 Revenue rather than FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 117 Leases removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. As at 30 June 2010, the Group had prepaid lease payments of RM860,188,000 as disclosed in Note 15 to the financial statements. The Group will reassess such leases as finance leases, where applicable. The reclassifications of prepaid lease payments as property, plant and equipments shall be accounted for retrospectively.

Amendment to FRS 118 Revenue clarifies reference made on the term "transaction costs" to the definition in FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 119 Employee Benefits clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment is not relevant to the Group's operations.

Amendment to FRS 123 Borrowing Costs clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 127 Consolidated and Separate Financial Statements clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

NOTES TO THE FINANCIAL STATEMENTS

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 New FRS, Amendments to FRS and IC Interpretations not adopted (cont'd)

3.2.12 Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 128 Investments in Associates clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 Impairment of Assets shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. This amendment is not relevant to the Group's operations.

Amendment to FRS 131 Interests in Joint Ventures clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 134 Interim Financial Reporting clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 Earnings Per Share. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 136 Impairment of Assets clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 138 Intangible Assets clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 140 Investment Property clarifies that properties that are being constructed or developed for future use as investment property are within the definition of "investment property". This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.13 IC Interpretation 9 Reassessment of Embedded Derivatives is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any material impact on the financial statements arising from the adoption of this Interpretation.

3.2.14 IC Interpretation 10 Interim Financial Reporting and Impairment is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

3.2.15 IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Company to its employees, this Interpretation requires the Company to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation, whilst the recognition of remuneration expense in respect of share options granted to employees of the Company's subsidiaries as part of the Company's investments in subsidiaries would not be material to the separate financial statements of the Company.

The Group would also like to draw attention to the withdrawal of this Interpretation for annual periods beginning on or after 1 January 2011 as disclosed in Note 3.2.28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (CONT'D)

3.2 New FRS, Amendments to FRS and IC Interpretations not adopted (cont'd)

3.2.16 IC Interpretation 13 Customer Loyalty Programmes is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the entity shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

3.2.17 IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

3 ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (CONT'D)

3.2 New FRS, Amendments to FRS and IC Interpretations not adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 March 2010

3.2.18 Amendments to FRS 132 Financial Instruments: Presentation is mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues.

The amendments clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the entity offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Effective for the annual financial periods beginning on or after 1 July 2010

3.2.19 FRS 1 First-time Adoption of Financial Reporting Standards is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRS for the first time via the explicit and unreserved statement of compliance with FRS. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

i All assets and liabilities shall be recognised in accordance with FRS;
ii Items of assets and liabilities shall not be recognised if FRS do not permit such recognition;
iii Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRS; and
iv All recognised assets and liabilities shall be measured in accordance with FRS.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRS.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

3.2.20 FRS 3 Business Combinations is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

NOTES TO THE FINANCIAL STATEMENTS

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.21 FRS 127 Consolidated and Separate Financial Statements is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term "minority interest" with a new term "non-controlling interest" which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the entity loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

As at 30 June 2010, the Group reported minority interests of RM289,292,000. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

3.2.22 Amendments to FRS are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 Share-based Payments clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. These amendments are not relevant to the Group's operations.

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the entity retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 138 Intangible Assets clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.23 IC Interpretation 12 Service Concession Arrangements is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 Construction Contracts and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

This Interpretation is not relevant to the Group's operations.

3.2.24 IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

3.2.25 IC Interpretation 17 Distributions of Non-cash Assets to Owners is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

NOTES TO THE FINANCIAL STATEMENTS

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2011

3.2.26 Amendments to FRS 1 Additional Exemptions for First-time Adopters are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permit a first-time adopter of FRS to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

These amendments are not relevant to the Group's operations.

3.2.27 Amendment to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRS to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7 (see Note 3.2.29 to the financial statements).

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

3.2.28 Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 Scope of FRS 2 and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments. The effects of adopting IC Interpretation 11 have been disclosed in Note 3.2.15 to the financial statements.

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

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

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

3 **ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS** (CONT'D)

3.2 **New FRS, Amendments to FRS and IC Interpretations not adopted** (cont'd)

3.2.30 IC Interpretation 4 Determining whether an Arrangement contains a Lease is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation as there are no arrangements dependent on the use of specific assets in the Group.

3.2.31 IC Interpretation 18 Transfers of Assets from Customers is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation as there are no such arrangements in the Group.

Effective for the annual financial periods beginning on or after 1 January 2012

3.2.32 IC Interpretation 15 Agreements for the Construction of Real Estate is mandatory for annual periods beginning on or after 1 January 2012.

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

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

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

At the reporting date, the Group recognised revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. The Group will continue to assess the impact of implementing this Interpretation on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical judgements made in applying accounting policies

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

4.1.1 Classification between investment properties and property, plant and equipment

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

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

4.1.2 Contingent liabilities

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

4.2 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:

4.2.1 Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the Cash-generating Units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 19 to the financial statements.

4.2.2 Property development

The Group recognises property development revenue and expenses in the income statement by using the "percentage of completion" method. The stage of completion is determined by the proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total property development costs.

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

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

4.2.2 Property development (cont'd)

A 10% difference in the estimated total development revenue or costs would result in approximately 0.75% variance in the Group's revenue and 0.44% variance in the Group's cost of sales.

4.2.3 Deferred tax assets

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

4.2.4 Fair values of borrowings

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

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, investments in subsidiaries 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.

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 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.

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.1 **Basis of Consolidation** (cont'd)

5.1.1 **Subsidiaries** (cont'd)

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities and contingent liabilities assumed in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. See Note 5.12 on accounting policy for 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 business cost of combination; and

ii recognise immediately in the income statement any excess 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.

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 statement.

Minority interests at the balance sheet date are the portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority interests in a subsidiary exceed the minority interests in the equity of that subsidiary, the excess, and any further losses applicable to the minority interests are allocated against the Group's interest except to the extent that the minority interests 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.

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Basis of Consolidation (cont'd)

5.1.1 Subsidiaries (cont'd)

Minority interests are presented in the consolidated balance sheet and statements of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group is presented in the face of the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interests and the equity holders of the Company.

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.

5.1.2 Associates

Associates are entities in which the Group and the Company have significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights and that is neither subsidiaries nor interest in jointly controlled entities. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is not control or joint control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in 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 sheet is initially recognised at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the investments.

The interest in associates is the carrying amount of the investments in associates under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associates.

The excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition 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 statement.

NOTES TO THE FINANCIAL STATEMENTS

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.1 **Basis of Consolidation** (cont'd)

5.1.2 **Associates** (cont'd)

The Group's share of results of the associates during the financial year is recognised in the consolidated income statement, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's 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 constructive obligations or made payments on its behalf.

The most recent available financial statements of the associates are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in reporting dates is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

5.1.3 **Jointly controlled entities**

Jointly controlled entities are joint ventures that involve the establishment of corporation, partnership or other entities over which there is contractually agreed sharing of joint control over the economic activities of the entities. Joint control exists when strategic financial and operational decisions relating to the activities require the unanimous consent of all the parties sharing control.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses, if any.

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

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 entities, which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates and jointly controlled entities. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.2 Foreign Currency

5.2.1 Functional and presentation currency

The separate financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

5.2.2 Foreign currency transactions 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 exchange rate at that date. 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 separate financial statements of the foreign operation, as appropriate.

In the consolidated financial statements, such exchange differences are recognised in the foreign currency translation reserve irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in the consolidated income statement 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 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.

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 carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment are charged to 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 has an unlimited useful life and therefore is not depreciated.

Construction in progress is also not depreciated until such time when the asset is available for use.

Other property, plant and equipment are depreciated on the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual depreciation 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 development expenditure	2%	-	2.5%

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. A write-down is made if the carrying amount exceeds the recoverable amount.

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 estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors. The Group anticipates that the residual values of its property, plant and equipment will be insignificant.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in 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.

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**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statement. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

5.6 **Leases**

5.6.1 **Finance leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Assets acquired under finance leases are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are included in borrowings. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Note 5.3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.6 Leases (cont'd)

5.6.1 Finance leases (cont'd)

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in the income statements over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations (hire purchase liabilities).

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.

5.6.2 Operating lease - the Group as lessee

Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

5.6.3 Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building are allocated between land and building elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element at the inception of the lease.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight line basis except for leasehold land that is classified as an investment property or an asset held under property development.

For leases of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Property Development Activities

5.7.1 Land held for property development

Land held for property development consists of land where no significant development 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 costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project.

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

The excess of revenue recognised in 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.

5.8 Investment Properties

Investment properties are properties, which are held either to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

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 loss arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the income statement in the period of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

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 costs that are specifically chargeable to the customer under the terms of the contract. Contract cost includes direct materials, expenses, labour and an appropriate proportion of construction overheads.

The aggregate costs incurred and 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.

5.10 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 original maturities of three months or less, which are readily convertible to cash and are subject to 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 amounts may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 Impairment of Assets

The carrying amounts of assets, other than inventories, deferred tax assets, assets arising from construction contracts, assets arising from employee benefits and financial assets (other than investments in subsidiaries, associates and jointly controlled entities) 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.

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.

Following the adoption of FRS 8 Operating Segments as disclosed in Note 5.23 to the financial statements, the consequential amendment to FRS 136 Impairment of Assets is also mandatory for financial periods beginning on or after 1 July 2009. This amendment requires goodwill acquired in a business combination to be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and shall not be larger than an operating segment determined in accordance with FRS 8.

Recoverable amount is the higher of net selling price and value-in-use, which is measured by reference to discounted future cash flows. In estimating the value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments

5.14.1 Financial instruments recognised on the balance sheets

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the income statement. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.14.1.1 Other long term investments

Long term investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

5.14.1.2 Short term investments

Short term investments are stated at the lower of cost and market value, determined 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 equivalents are classified as short term investments.

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

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (cont'd)

5.14.1 Financial instruments recognised on the balance sheets (cont'd)

5.14.1.3 Receivables

Trade and other receivables, including amounts owing by associates and related parties, are carried at anticipated realisable value. These receivables are not held for trading purposes.

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.

5.14.1.4 Payables

Liabilities for trade and other amounts payable, including amounts owing to associates and related parties, are initially recognised at fair value of the consideration to be paid in the future for goods and services received, and subsequently measured at amortised cost using the effective interest method.

5.14.1.5 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.

5.14.1.6 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.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (cont'd)

5.14.1 Financial instruments recognised on the balance sheets (cont'd)

5.14.1.7 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

5.14.1.8 Equity instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. 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.

5.14.2 Financial instruments not recognised on the balance sheets

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.

5.14.2.1 Foreign currency forward contracts

Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from these contracts are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.14 **Financial Instruments** (cont'd)

5.14.2 **Financial instruments not recognised on the balance sheets** (cont'd)

5.14.2.2 **Interest rate swap contracts**

Interest rate swap and option contracts are used to hedge the Group's exposures to movements in interest rates. The differential in interest rates to be paid is recognised in the income statement over the life of the contract as part of interest expense.

5.14.2.3 **Commodity futures contracts**

Commodity futures contracts are used to hedge the Group's exposures to price fluctuation risk on sale and purchases of vegetable oil commodities. The net unrecognised gain or loss on the commodity futures contracts have been deferred until the related future transactions occur, at which time they will be included in the measurement of the transactions.

5.15 **Provisions**

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

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

5.16 **Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 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.

5.17.1 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.

5.17.2 Property development

Revenue from property development is recognised based on the "percentage of completion" method in respect of all units that have been sold. The stage of completion is determined based on the proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total property development costs.

When the outcome of a development activity cannot be reliably estimated, the property development revenue shall be recognised only to the extent of property development costs incurred that is probable to be recoverable and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.

5.17.3 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.

5.17.4 Dividend income

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

5.17.5 Rental income

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

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 Revenue Recognition (cont'd)

5.17.6 Interest income

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

5.17.7 Club membership license fee

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

5.17.8 Management fees

Management fees are recognised when services are rendered.

5.18 Employee Benefits

5.18.1 Short term employee benefits

Wages, salaries, other monetary and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.18.2 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.

5.18.2.1 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.

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.18 **Employee Benefits** (cont'd)

5.18.2 **Retirement benefits** (cont'd)

5.18.2.2 **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.

5.18.3 **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 at pre-determined 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.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 Employee Benefits (cont'd)

5.18.3 Equity compensation benefits (cont'd)

In the event that modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the Group includes the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

If the Group modifies the terms and conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employees, the Group continues to account for the revised services received as consideration for the equity instruments granted as if that modification had not occurred, other than a cancellation of some or all of the equity instruments granted.

5.19 Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associates or jointly controlled entities on distributions to the Group and Company, and real property gains taxes, if any.

Taxation in the income statement comprises current and deferred tax.

5.19.1 Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

5.19.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Income Taxes (cont'd)

5.19.2 Deferred tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the income statement for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

5.20 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.

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

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 FRS. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement as impairment loss.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the balance sheet and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset (or disposal group) classified as held for sale is presented separately.

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.21 **Non-current Assets (or Disposal Groups) Held For Sale** (cont'd)

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale. The Group shall measure a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

i its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

ii its recoverable amount at the date of the subsequent decision not to sell.

5.22 **Earnings Per Share**

The Group presents basic and diluted earnings per shares ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

5.23 **Operating Segments**

During the previous financial year, segment reporting was presented based on business segments and geographical segments of the Group. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those operating in other economic environments.

Following the adoption of FRS 8 Operating Segments for the current financial year, operating segments are defined as components of the Group that:

i engages in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

ii whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

iii for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

i The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

NOTES TO THE FINANCIAL STATEMENTS

5 **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

5.23 **Operating Segments** (cont'd)

ii The absolute amount of reported profit or loss is ten (10) per cent or more, in absolute terms of the greater of:

a the combined reported profit of all operating segments that did not report a loss; and

b the combined reported loss of all operating segments that reported a loss.

iii The assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue.

6 **REVENUE**

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of plantation produce and related products	355,838	242,853	308,817	377,491
Sales of development properties	945,538	660,167	–	–
Sales of specialty oils and fats and related products	2,796,453	3,637,928	–	–
Sales of oleochemicals and related products	2,041,176	1,978,775	–	–
Sales of refined palm oil and related products	6,164,892	7,874,012	–	–
Rental income from investment properties	97,866	81,505	–	–
Rendering of services	82,651	92,788	–	–
Dividend income	58,548	32,446	1,830,029	1,014,507
	12,542,962	14,600,474	2,138,846	1,391,998

7 OTHER OPERATING INCOME

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Unrealised foreign currency translation gain	403,505	16,064	226,459	6,664
Fair value gain of investment properties	31,091	118,984	–	–
Realised foreign currency translation gain	57,298	15,409	285	14,180
Bad debts recovered	7	–	–	–
Gain on disposal of property, plant and equipment	890	1,372	203	1,101
Gain on disposal of investment properties	335	122	–	–
Gain on disposal of prepaid lease payments	5,477	–	–	–
Gain on disposal of other long term investments	164	10,702	–	–
Gain on liquidation of subsidiaries (Note 37.1)	567	–	129	–
Gain on disposals of subsidiaries (Note 37.2)	34,945	–	–	–
Gain on repurchase of 3rd Exchangeable Bonds	–	30,865	–	–
Gain on repayments of amount due to a subsidiary arising from repurchase of 3rd Exchangeable Bonds	–	–	–	45,431
Management fees	–	–	27,570	29,122
Others	31,169	86,391	4,077	11,082
	565,448	279,909	258,723	107,580

8 OPERATING PROFIT

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
a Operating profit has been arrived at after charging:				
Allowance for doubtful debts	12,202	2,917	10	–
Amortisation of prepaid lease payments (Note 15)	13,318	12,930	105	105
Auditors' remuneration				
BDO and affiliates				
Statutory audit	1,080	891	120	105
Non-statutory audit				
- tax compliance and advisory services	368	291	5	–
- others	179	30	158	–
Member firms of BDO International				
Statutory audit	1,597	990	–	–
Non-statutory audit				
- tax compliance and advisory services	886	808	–	–
- others	–	144	–	–
Other auditors				
Statutory audit	481	544	–	–
Bad debts written off	104	–	–	–
Depreciation of property, plant and equipment (Note 14)	218,523	217,788	4,639	4,554
Direct operating expenses of investment properties	30,654	25,202	–	–

NOTES TO THE FINANCIAL STATEMENTS

8 OPERATING PROFIT (CONT'D)

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
a Operating profit has been arrived at after charging: (cont'd)				
Expenses for retirement benefits (Note 34.1)	25,952	7,191	100	27
Fair value loss on investment properties	10,071	8,144	–	–
Hire of plant and machinery	8,064	11,716	–	–
Impairment loss on other long term investments	–	59	–	59
Impairment loss on short term investments	407	2,551	–	–
Inventories written down to net realisable value	15,781	–	–	–
Loss on termination of conditional sale and purchase agreement	–	73,363	–	73,363
Loss on disposal of short term investments	–	19	–	–
Loss on disposal of other long term investments	–	84	–	84
Loss on disposal of a subsidiary (Note 37.2)	–	–	6	–
Loss on disposal of property, plant and equipment	14	–	–	–
Loss on repurchase of 3rd Exchangeable Bonds	20,286	–	–	–
Loss on repayments of amount due to a subsidiary arising from repurchase of 3rd Exchangeable Bonds	–	–	4,669	–
Other long term investments written off	5	–	5	–
Property, plant and equipment written off	26,455	6,981	839	2,886
Realised foreign currency translation loss	26,006	267,385	28,843	–
Realised foreign currency loss on derivative contracts	–	294,091	–	129,545
Rental of premises	1,190	1,202	1,254	974
Replanting expenditure	31,017	17,503	1,868	2,654
Research and development expenditure	2,415	21,408	–	11,396
Share option expenses (Note 8(b))	7,696	16,921	7,455	16,171
Unrealised foreign currency translation loss	25,967	340,145	11,549	374,812
and crediting:				
Allowance for doubtful debts written back	6	8,745	–	–
Bad debts recovered	7	–	–	–
Fair value gain on investment properties	31,091	118,984	–	–
Gain on repurchase of 3rd Exchangeable Bonds	–	30,865	–	–
Gain on repayments of amount due to a subsidiary arising from repurchase of 3rd Exchangeable Bonds	–	–	–	45,431
Gain on disposal of investment properties	335	122	–	–
Gain on disposal of property, plant and equipment	890	1,372	203	1,101
Gain on disposal of prepaid lease payments	5,477	–	–	–
Gain on liquidation of subsidiaries (Note 37.1)	567	–	129	–
Gain on disposal of other long term investments	164	10,702	–	–
Gain on disposals of subsidiaries (Note 37.2)	34,945	–	–	–
Gross dividend received from				
- short term funds quoted in Malaysia	57,120	30,213	57,120	29,966
- other quoted investments in Malaysia	1,414	2,199	89	194
- other unquoted investments in Malaysia	14	34	–	–

8 OPERATING PROFIT (CONT'D)

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Gross dividend received from (cont'd)				
- unquoted subsidiaries	–	–	1,757,070	973,847
- unquoted associates	–	–	15,750	10,500
Inventories written back	–	7,537	–	–
Realised foreign currency translation gain	57,298	15,409	285	14,180
Rental income from plant and machinery	7,465	6,004	–	–
Rental income	104,727	89,793	95	1,354
Unrealised foreign currency translation gain	403,505	16,064	226,459	6,664

Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM8,879,598,000 (2009 - RM10,509,747,000) and RM124,013,000 (2009 - RM136,047,000) respectively.

b Employee information

The employee benefits costs are as follows:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages, salaries and others	613,703	645,657	95,589	97,085
Contributions to Employee's Provident Fund	23,591	28,421	8,094	9,668
Expenses for retirement benefits (Note 34.1)	25,952	7,191	100	27
Share option expenses	7,696	16,921	7,455	16,171
	670,942	698,190	111,238	122,951

9 INTEREST INCOME

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term deposits	12,690	19,874	2,984	4,994
Subsidiaries	–	–	80,128	89,264
Jointly controlled entities	30,249	32,910	–	–
Housing development accounts	1,128	1,227	–	–
Others	3,147	6,335	201	411
	47,214	60,346	83,313	94,669

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCE COSTS

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Interest expenses				
Bank overdrafts	49	54	–	3
Revolving credits	136	3,259	–	–
Short term loans	40	4,519	–	–
Subsidiaries	–	–	189,790	181,504
Term loans	53,273	46,724	13,006	4,792
2nd Exchangeable Bonds (Note 33.2)	17,662	17,430	–	–
3rd Exchangeable Bonds (Note 33.3)	75,799	77,942	–	–
Guaranteed Notes	87,558	81,488	–	–
Others	835	3	–	–
	235,352	231,419	202,796	186,299
Less: Interest capitalised	(14,182)	(566)	–	–
	221,170	230,853	202,796	186,299

11 TAXATION

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Current year				
Malaysian income taxation	482,601	534,513	47,000	180,000
Foreign taxation	30,165	1,622	–	–
Deferred taxation (Note 35)	25,457	(29,683)	760	340
	538,223	506,452	47,760	180,340
Prior years				
Malaysian income taxation	10,897	(20,926)	–	(6,456)
Foreign taxation	(9,528)	–	–	–
Deferred taxation (Note 35)	(54,075)	1,417	(210)	(50)
	(52,706)	(19,509)	(210)	(6,506)
	485,517	486,943	47,550	173,834

11 **TAXATION** (CONT'D)

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

	GROUP		COMPANY	
	2010 %	2009 %	2010 %	2009 %
Applicable tax rate	25.00	25.00	25.00	25.00
Tax effects in respect of:				
Non allowable expenses	3.92	14.37	3.02	30.10
Non taxable income	(5.76)	(3.98)	(2.84)	(3.54)
Revenue expenses capitalised	(0.01)	(0.03)	(0.01)	–
Tax exempt income	(0.05)	(0.57)	(22.77)	(20.25)
Tax incentives and allowances	(0.51)	(2.49)	(0.02)	(0.08)
Utilisation of previously unrecognised tax losses and capital allowances	(0.03)	(0.90)	–	–
Deferred tax assets not recognised	–	0.05	–	–
Different tax rates in foreign jurisdiction	0.28	(0.25)	–	–
Effect of changes in tax rates on deferred tax	–	(0.06)	–	–
Share of post tax results of associates	(0.54)	(0.16)	–	–
Other items	(1.20)	1.69	–	0.08
	21.10	32.67	2.38	31.31
Over provision in prior years	(2.06)	(1.26)	(0.01)	(1.13)
Average effective tax rate	19.04	31.41	2.37	30.18

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM577,000 (2009 - RM13,896,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM29,204,000 (2009 - RM31,512,000), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory rate of 25% (2009 - 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

12 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share of the Group is calculated based on the profit for the financial year attributable to 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	
	2010	2009
Profit for the financial year attributable to equity holders of the Company (RM'000)	2,035,661	983,517
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares ('000)	6,177,023	5,919,055
Basic earnings per ordinary share (sen)	32.96	16.62

Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group are calculated based on the adjusted profit for the financial year attributable to 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	
	2010 RM'000	2009 RM'000
Profit for the financial year attributable to equity holders of the Company	2,035,661	983,517
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period		
Net interest savings	13,247	–
Net foreign currency translation differences taken up	(29,085)	–
	(15,838)	–
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period		
Net interest savings	56,850	–
Net foreign currency translation differences taken up	(149,669)	–
	(92,819)	–
Adjusted profit for the financial year attributable to equity holders of the Company	1,927,004	983,517

In the previous financial year, the assumed exchange of 2nd Exchangeable Bonds and 3rd Exchangeable Bonds outstanding at year end to ordinary shares had an anti-dilutive effect on the earnings per ordinary share of the Group.

12 EARNINGS PER ORDINARY SHARE (CONT'D)

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

	GROUP	
	2010 '000	2009 '000
Weighted average number of ordinary shares in issue after deducting the treasury shares	6,177,023	5,919,055
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period	74,555	–
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period	139,108	–
Adjustments for share option granted to executives of the Group	30,774	23,396
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	6,421,460	5,942,451
Diluted earnings per ordinary share (sen)	30.01	16.55

13 DIVIDENDS

	GROUP	
	2010 RM'000	2009 RM'000
Third interim single tier dividend in respect of financial year ended 30 June 2009 declared and paid of 2.0 sen per ordinary share	119,556	–
First interim single tier dividend in respect of financial year ended 30 June 2010 declared and paid of 7.0 sen per ordinary share	446,899	–
Second interim single tier dividend in respect of financial year ended 30 June 2008 declared and paid of 10.0 sen per ordinary share	–	590,996
First interim single tier dividend in respect of financial year ended 30 June 2009 declared and paid of 3.0 sen per ordinary share	–	176,765
Second interim single tier dividend in respect of financial year ended 30 June 2009 declared and paid of 3.0 sen per ordinary share	–	178,761
	566,455	946,522

The Directors have declared a second interim single tier dividend of 10.0 sen per ordinary share, amounting to RM637,709,878 in respect of the financial year ended 30 June 2010. The dividend is payable on 7 October 2010 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 27 September 2010.

No final dividend has been recommended for the financial year ended 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

GROUP
2010

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	RECLASSI-FICATIONS* RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	514,653	683	(2)	(14,132)	–	(435)	500,767
Plantation development expenditure	1,689,406	47,119	(2)	1,458	(767)	–	1,737,214
Golf course development expenditure	43,996	–	–	–	(26,444)	–	17,552
Buildings and improvements	1,305,774	129,205	(892)	(77,930)	(1,332)	15,120	1,369,945
Plant and machinery	2,632,751	200,496	(2,236)	(158,833)	(10,249)	30,362	2,692,291
Motor vehicles	83,232	6,158	(4,386)	(292)	(1,375)	213	83,550
Furniture, fittings and equipment	152,804	10,205	(2,515)	(265)	(2,195)	2,130	160,164
Construction in progress	264,225	50,080	(371)	(32,041)	–	(48,228)	233,665
	6,686,841	443,946	(10,404)	(282,035)	(42,362)	(838)	6,795,148

ACCUMULATED DEPRECIATION	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-FICATIONS* RM'000	AT END OF FINANCIAL YEAR RM'000
Golf course development expenditure	966	322	–	–	(2,284)	2,284	1,288
Buildings and improvements	429,713	43,280	(220)	(25,851)	(804)	(2,343)	443,775
Plant and machinery	1,512,548	156,337	(1,923)	(93,987)	(9,577)	–	1,563,398
Motor vehicles	61,086	7,355	(3,794)	(281)	(1,332)	–	63,034
Furniture, fittings and equipment	112,892	11,229	(2,515)	(293)	(1,910)	–	119,403
	2,117,205	218,523	(8,452)	(120,412)	(15,907)	(59)	2,190,898

* *Freehold land and buildings and improvements with carrying amount of RM435,000 and RM344,000 respectively have been reclassified to investment properties.*

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP
2009

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	ADDITIONS THROUGH SUBSIDIARY ACQUIRED RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	RECLASSI-FICATIONS* RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	516,374	1,950	–	(400)	(3,271)	–	–	514,653
Plantation development expenditure	1,710,010	35,026	2,891	(241)	–	(5,692)	(52,588)	1,689,406
Golf course development expenditure	44,002	–	–	(6)	–	–	–	43,996
Buildings and improvements	1,262,628	54,567	–	–	(16,494)	(1,954)	7,027	1,305,774
Plant and machinery	2,511,536	107,820	–	(677)	(33,945)	(6,494)	54,511	2,632,751
Motor vehicles	82,349	7,221	–	(2,060)	(19)	(1,410)	(2,849)	83,232
Furniture, fittings and equipment	144,377	10,611	–	(1,007)	(73)	(1,601)	497	152,804
Construction in progress	184,506	208,464	–	(65)	(2,741)	(4)	(125,935)	264,225
	6,455,782	425,659	2,891	(4,456)	(56,543)	(17,155)	(119,337)	6,686,841

ACCUMULATED DEPRECIATION	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-FICATIONS* RM'000	AT END OF FINANCIAL YEAR RM'000
Golf course development expenditure	644	322	–	–	–	–	966
Buildings and improvements	389,453	46,932	(1)	(5,209)	(1,462)	–	429,713
Plant and machinery	1,385,525	151,056	(339)	(18,772)	(5,929)	1,007	1,512,548
Motor vehicles	57,515	7,750	(1,734)	(20)	(1,359)	(1,066)	61,086
Furniture, fittings and equipment	103,371	11,728	(782)	(60)	(1,424)	59	112,892
	1,936,508	217,788	(2,856)	(24,061)	(10,174)	–	2,117,205

* *Plantation development expenditure with carrying amount of RM52,588,000 has been reclassified to prepaid lease payments.*
Construction in progress with carrying amount of RM66,749,000 has been reclassified to investment properties.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY
2010

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	RECLASSI-FICATIONS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	173,581	39,211	(2)	–	–	212,790
Plantation development expenditure	166,213	20,246	(2)	(767)	–	185,690
Buildings and improvements	37,563	1,438	–	(96)	177	39,082
Plant and machinery	36,126	2,976	(114)	(314)	67	38,741
Motor vehicles	9,475	286	(597)	(182)	–	8,982
Furniture, fittings and equipment	15,052	718	(24)	(209)	930	16,467
Construction in progress	1,180	–	–	–	(1,174)	6
	439,190	64,875	(739)	(1,568)	–	501,758

ACCUMULATED DEPRECIATION	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	14,742	1,343	–	(55)	16,030
Plant and machinery	28,448	1,492	(114)	(304)	29,522
Motor vehicles	7,802	698	(518)	(175)	7,807
Furniture, fittings and equipment	10,700	1,106	(23)	(195)	11,588
	61,692	4,639	(655)	(729)	64,947

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY
2009

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	RECLASSI-FICATIONS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	173,981	–	(400)	–	–	173,581
Plantation development expenditure	167,205	2,050	(241)	(2,801)	–	166,213
Buildings and improvements	33,078	2,564	–	(46)	1,967	37,563
Plant and machinery	35,312	1,554	(12)	(751)	23	36,126
Motor vehicles	9,236	239	–	–	–	9,475
Furniture, fittings and equipment	13,822	1,406	(39)	(141)	4	15,052
Construction in progress	2,947	227	–	–	(1,994)	1,180
	435,581	8,040	(692)	(3,739)	–	439,190

ACCUMULATED DEPRECIATION	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	13,495	1,274	–	(27)	14,742
Plant and machinery	27,813	1,345	(7)	(703)	28,448
Motor vehicles	6,895	907	–	–	7,802
Furniture, fittings and equipment	9,826	1,028	(31)	(123)	10,700
	58,029	4,554	(38)	(853)	61,692

	GROUP		COMPANY	
CARRYING AMOUNT	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Freehold land	500,767	514,653	212,790	173,581
Plantation development expenditure	1,737,214	1,689,406	185,690	166,213
Golf course development expenditure	16,264	43,030	–	–
Buildings and improvements	926,170	876,061	23,052	22,821
Plant and machinery	1,128,893	1,120,203	9,219	7,678
Motor vehicles	20,516	22,146	1,175	1,673
Furniture, fittings and equipment	40,761	39,912	4,879	4,352
Construction in progress	233,665	264,225	6	1,180
	4,604,250	4,569,636	436,811	377,498

Included in the Group's plantation development expenditure and construction in progress is an amount of interest expense capitalised during the financial year amounted to RM14,182,000 (2009 - RM566,000).

Interest is capitalised at the rate of 4.50% to 6.75% (2009 - 4.50% to 6.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment are carrying amounts of assets acquired under finance lease as follows:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Plant and machinery	145	–	–	–

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

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Additions to property, plant and equipment	443,946	425,659	64,875	8,040
Interest capitalised	(13,578)	(295)	–	–
Finance by finance lease arrangement	(160)	–	–	–
Cash payments on purchase of property, plant and equipment	430,208	425,364	64,875	8,040

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
2010				
At cost				
At beginning of financial year	978,353	75,963	1,054,316	9,695
Additions	2,296	568	2,864	–
Disposals	(3,332)	–	(3,332)	–
Exchange difference	–	(10)	(10)	–
At end of financial year	977,317	76,521	1,053,838	9,695

15 PREPAID LEASE PAYMENTS (CONT'D)

	GROUP			COMPANY
	LONG TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND RM'000	TOTAL RM'000	LONG TERM LEASEHOLD LAND RM'000
2010 (cont'd)				
Accumulated amortisation				
At beginning of financial year	164,245	17,166	181,411	1,875
Current year amortisation	11,263	2,055	13,318	105
Disposals	(1,005)	–	(1,005)	–
Exchange difference	–	(74)	(74)	–
At end of financial year	174,503	19,147	193,650	1,980
Carrying amount				
At end of financial year	802,814	57,374	860,188	7,715
2009				
At cost				
At beginning of financial year	916,852	73,957	990,809	9,695
Additions	6,710	2,006	8,716	–
Reclassified from property, plant and equipment (Note 14)	52,588	–	52,588	–
Additions through subsidiaries acquired	2,422	–	2,422	–
Disposal	(219)	–	(219)	–
At end of financial year	978,353	75,963	1,054,316	9,695
Accumulated amortisation				
At beginning of financial year	153,307	15,174	168,481	1,770
Current year amortisation	10,938	1,992	12,930	105
At end of financial year	164,245	17,166	181,411	1,875
Carrying amount				
At end of financial year	814,108	58,797	872,905	7,820

NOTES TO THE FINANCIAL STATEMENTS

16 LAND HELD FOR PROPERTY DEVELOPMENT

	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
GROUP					
2010					
At cost					
At beginning of financial year	425,240	123,664	173	317,095	866,172
Costs incurred	31,631	–	–	101,068	132,699
Transfer to property development costs (Note 23)	(3,141)	(5,591)	–	(58,645)	(67,377)
Disposal through subsidiary disposed	(18,166)	–	–	–	(18,166)
At end of financial year	435,564	118,073	173	359,518	913,328
2009					
At cost					
At beginning of financial year	446,329	123,938	173	356,823	927,263
Costs incurred	–	–	–	69,859	69,859
Transfer to property development costs (Note 23)	(17,603)	(274)	–	(43,837)	(61,714)
Transfer to investment properties (Note 17)	(3,486)	–	–	(65,750)	(69,236)
At end of financial year	425,240	123,664	173	317,095	866,172

Included in land held for property development of the Group are plantation land of RM95,321,000 (2009 - RM113,628,000) acquired in the previous financial years, which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

17 INVESTMENT PROPERTIES

	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	DISPOSALS RM'000	AT END OF FINANCIAL YEAR RM'000
GROUP							
2010							
Freehold land and buildings	837,233	779	15,233	2,399	–	(2,515)	853,129
Leasehold land and buildings	267,400	–	5,787	–	(12,771)	–	260,416
	1,104,633	779	21,020	2,399	(12,771)	(2,515)	1,113,545

	AT BEGINNING OF FINANCIAL YEAR RM'000	TRANSFER FROM LAND HELD FOR PROPERTY DEVELOPMENT RM'000	TRANSFER FROM PROPERTY, PLANT AND EQUIPMENT RM'000	FAIR VALUE ADJUSTMENTS RM'000	ADDITIONS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	DISPOSALS RM'000	AT END OF FINANCIAL YEAR RM'000
2009								
Freehold land and buildings	568,020	69,236	66,749	116,886	17,297	–	(955)	837,233
Leasehold land and buildings	270,619	–	–	(6,046)	–	2,827	–	267,400
	838,639	69,236	66,749	110,840	17,297	2,827	(955)	1,104,633

The fair value of each investment properties is individually determined by an independent registered valuer based on Investment and Comparison Methods of valuation. These methods of valuation are based upon estimates of future net annualised rental income, capitalisation rate and a set of assumptions specific to each property to reflect its net annualised rental income and market value.

NOTES TO THE FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES (CONT'D)

Investment properties comprise:

NAME OF BUILDING/LOCATION	DESCRIPTION	TENURE OF LAND	NET LETTABLE AREA
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	57,721 sq. m.
IOI Mall extension Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	22,421 sq. m.
Puchong Financial Corporate Centre Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	35,121 sq. m.
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	24 units of commercial lot and car park	Freehold	33,023 sq. m.
Lot No. 1854 Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Petrol station land - Esso	Freehold	2,593 sq. m.
Lot No. 40338 Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Commercial land - Petronas	Freehold	1,699 sq. m.
PT No. 9411 Taman Tenaga Puchong Selangor Darul Ehsan	Commercial land - BHP	Freehold	2,690 sq. m.
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1 ½ storey semi-wet market	Freehold	3,490 sq. m.

17 INVESTMENT PROPERTIES (CONT'D)

Investment properties comprise: (cont'd)

NAME OF BUILDING/LOCATION	DESCRIPTION	TENURE OF LAND	NET LETTABLE AREA
IOI Resort Putrajaya	37 units of residential bungalow	Freehold	24,718 sq. m.
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	4 storey shopping mall	Freehold	23,101 sq. m.
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi-wet market shopping complex	Freehold	6,319 sq. m.
IOI Plaza 210 Middle Road Singapore	12 storey office building	Leasehold	9,350 sq. m.
IOI Square IOI Resort Putrajaya	2 blocks of 12 storey office building	Freehold	30,969 sq. m.
Shop office Bandar Puchong Jaya Selangor Darul Ehsan	3 ½ storey shop office	Freehold	465 sq. m.
No. 12 Jalan Anggerik Mokara 31/62 Kota Kemuning Seksyen 31 Shah Alam Selangor Darul Ehsan	1 ½ storey terrace factory lot	Freehold	362 sq. m.

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER LONG TERM INVESTMENTS

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
At cost				
In Malaysia				
- Quoted shares	34,354	27,684	8,404	8,379
- Unquoted shares	1,770	1,783	860	860
	36,124	29,467	9,264	9,239
Outside Malaysia				
- Quoted shares	–	5	–	5
	36,124	29,472	9,264	9,244
Less: Impairment losses	(6,341)	(6,341)	(6,084)	(6,084)
	29,783	23,131	3,180	3,160
At market value				
- Shares quoted in Malaysia	51,205	44,336	3,099	2,862

19 GOODWILL ON CONSOLIDATION

	GROUP 2010 RM'000	GROUP 2009 RM'000
At beginning of financial year	513,830	514,136
Arising from adjustment of purchase consideration of subsidiaries acquired previously	–	(306)
At end of financial year	513,830	513,830

The goodwill recognised on the acquisitions in the previous years was attributable mainly to the skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing business.

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

	GROUP 2010 RM'000	GROUP 2009 RM'000
Plantation	93,025	93,025
Property	83,277	83,277
Resource-based manufacturing	337,528	337,528
	513,830	513,830

19 GOODWILL ON CONSOLIDATION (CONT'D)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i Cash flows are projected based on the management's most recent three-year business plan and extrapolated to period of ten (10) years (the average economic useful lives of the assets) for all companies with the exception of plantation companies. For plantation companies, cash flows are projected for a period of twenty-five (25) years (the average life cycle of oil palm trees).

ii Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 14.03%.

iii Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments.

iv Profit margins are projected based on the industry trends, historical profit margin achieved or pre-determined profit margin for property projects.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

20 SUBSIDIARIES

20.1 Investments in subsidiaries

	COMPANY	
	2010 RM'000	2009 RM'000
At cost		
Unquoted shares in Malaysia	5,432,378	5,333,156
Unquoted shares outside Malaysia	886,964	886,964
	6,319,342	6,220,120
Less: Accumulated impairment losses	(5,619)	(5,724)
	6,313,723	6,214,396

Details of the subsidiaries are set out in Note 47 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20 SUBSIDIARIES (CONT'D)

20.1 Investments in subsidiaries (cont'd)

2010

During the financial year, the Company:

i acquired 35,234,021 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIP") ("IOIP Shares") at an offer price of RM2.598 per IOIP Shares pursuant to the voluntary take-over offer by the Company, with the issuance of 21,140,410 ordinary share of RM0.10 each in the Company and cash payment of RM11,627,227.

ii subscribed an additional of 46,000,000 ordinary shares of RM1.00 each in IOI Lipid Enzymtec Sdn Bhd at par value. The consideration for the subscription was settled by offsetting the amount due from IOI Lipid Enzymtec Sdn Bhd to the Company.

iii redeemed 500,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Development Sdn Bhd ("RVDSB"). The total redemption amount of RM50,000,000 was settled by issuance of 250,000 new ordinary shares of RM1.00 each in RVDSB and payment of RM49,750,000 by utilising the amount due to RVDSB.

iv disposed its entire shareholding of one (1) ordinary share of RM1.00 in IOI Pelita Kanowit Sdn Bhd ("IOI Pelita Kanowit") at the consideration of RM1.00 pursuant to the termination of a conditional joint venture agreement previously entered between the Company and Pelita Holdings Sdn Bhd. With the said disposal, IOI Pelita Kanowit ceased to be a subsidiary of the Company.

v received a balance amount of RM108,675 upon completion of the liquidation of a subsidiary, IOI Construction Sdn Bhd. Total gain recognised from the liquidation is RM108,675.

vi received a balance amount of RM19,728 upon completion of the liquidation of a subsidiary, Ladang Sabah Holdings Sdn Bhd. Total gain recognised from the liquidation is RM19,728.

2009

During the previous financial year, the Company:

i acquired Laksana Kemas Sdn Bhd, IOI Pelita Kanowit and Zonec Plus Sdn Bhd as disclosed in Note 38 to the financial statements.

ii acquired 152,967,545 ordinary shares of RM0.50 each in IOIP Shares at an issue price of RM4.85 each pursuant to a renounceable rights issue exercise by IOIP.

iii acquired 157,132,870 IOIP Shares in IOIP at an offer price of RM2.598 per IOIP Shares pursuant to the voluntary take-over offer by the Company, with the issuance of 94,279,715 ordinary share of RM0.10 each in the Company and cash payment of RM51,853,847.

iv redeemed 100,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Golf Course Development Sdn Bhd ("RVGCD"). The total redemption amount of RM10,000,000 was settled by issuance of 50,000 new ordinary shares of RM1.00 each in RVGCD and payment of RM9,950,000 by utilising the amount due to RVGCD.

The effects on acquisitions, disposals and liquidation of subsidiaries are disclosed in Note 37 and Note 38 to the financial statements.

20 SUBSIDIARIES (CONT'D)

20.2 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of or by subsidiaries. These amounts are unsecured and bear interest at rates ranging from 0% to 6.75% (2009 - 0% to 6.75%) per annum.

The non-current amounts due to subsidiaries are payable on a back-to-back basis with the corresponding borrowings of the Group. The current amounts due from and to subsidiaries are payable upon demand in cash and cash equivalents.

21 ASSOCIATES

21.1 Investments in associates

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	327,190	327,190	22,850	22,850
Negative goodwill recognised in prior years	44,146	44,146	–	–
	371,336	371,336	22,850	22,850
Share of post acquisition results and reserves	200,887	165,156	–	–
	572,223	536,492	22,850	22,850

Details of the associates are set out in Note 47 to the financial statements.

21.2 Summary of financial information of associates

	2010 RM'000	2009 RM'000
Assets and liabilities		
Total assets	2,420,645	2,165,660
Total liabilities	1,081,753	851,087
Results		
Revenue	1,704,736	1,517,866
Profit for the financial year	169,208	93,297

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 payable upon demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

22 JOINTLY CONTROLLED ENTITIES

22.1 Interests in jointly controlled entities

	GROUP 2010 RM'000	GROUP 2009 RM'000
Unquoted shares, at cost	4,054	4,054
Share of post acquisition results and reserves	(214,799)	(259,584)
	(210,745)	(255,530)
Amounts due from jointly controlled entities	1,759,990	1,692,293
	1,549,245	1,436,763

Details of the jointly controlled entities are set out in Note 47 to the financial statements.

In the previous financial year, the Group had taken up its share of impairment loss on a development property of one of its jointly controlled entity amounting to SGD106,924,000 (equivalent to RM258,564,000).

Amounts due from jointly controlled entities represent outstanding amounts arising from subsidiaries' proportionate advances for the acquisition and development of land in Singapore and were related to development expenses and working capital, which are unsecured, bear interest at rates ranging from 0.97% to 2.25% (2009 - 0.82% to 3.11%) per annum and are not repayable within the next twelve (12) months.

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

	GROUP 2010 RM'000	GROUP 2009 RM'000
Assets and liabilities		
Current assets	2,487,276	2,495,727
Total assets	2,487,276	2,495,727
Current liabilities	21,070	135,106
Non-current liabilities	2,676,951	2,616,151
Total liabilities	2,698,021	2,751,257
Results		
Revenue	124,690	360
Expenses, including finance costs and taxation	(91,291)	(258,704)

23 PROPERTY DEVELOPMENT COSTS

	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	ACCUMULATED COST CHARGED TO INCOME STATEMENT RM'000	TOTAL RM'000
GROUP					
2010					
At cost					
At beginning of financial year	271,809	274	3,420,364	(3,227,290)	465,157
Costs incurred	8,232	–	244,823	–	253,055
Transfer from land held for property development (Note 16)	3,141	5,591	58,645	–	67,377
Transfer to inventories	(6,481)	–	(47,180)	–	(53,661)
Recognised as expense in the income statement as part of cost of sales	–	–	–	(374,747)	(374,747)
At end of financial year	276,701	5,865	3,676,652	(3,602,037)	357,181
2009					
At cost					
At beginning of financial year	254,506	–	3,096,841	(2,939,169)	412,178
Costs incurred	3,034	–	339,542	–	342,576
Transfer from land held for property development (Note 16)	17,603	274	43,837	–	61,714
Transfer to inventories	(3,334)	–	(59,856)	–	(63,190)
Recognised as expense in the income statement as part of cost of sales	–	–	–	(288,121)	(288,121)
At end of financial year	271,809	274	3,420,364	(3,227,290)	465,157

NOTES TO THE FINANCIAL STATEMENTS

24 INVENTORIES

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
At cost				
Plantation produce	18,595	16,413	6,166	4,528
Raw materials and consumables	812,854	855,238	3,926	7,538
Completed development properties	126,400	127,498	–	–
Nursery inventories	37,342	31,974	6,756	5,050
Trading inventories	20,700	108	–	–
Finished goods	268,692	291,188	–	–
Others	78,170	52,645	–	–
	1,362,753	1,375,064	16,848	17,116
At net realisable value				
Raw materials and consumables	12,427	79,612	–	–
Completed development properties	1,760	820	–	–
Trading inventories	–	60,099	–	–
Finished goods	198,380	131,751	–	–
	212,567	272,282	–	–
	1,575,320	1,647,346	16,848	17,116

25 TRADE AND OTHER RECEIVABLES

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Trade receivables (Note 25.1)	1,009,483	1,110,038	2,359	823
Other receivables, deposits and prepayments (Note 25.2)	156,152	104,211	28,443	29,283
Accrued billings	144,280	120,794	–	–
	1,309,915	1,335,043	30,802	30,106

25 TRADE AND OTHER RECEIVABLES (CONT'D)

25.1 Trade receivables

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Trade receivables	1,029,419	1,121,528	2,359	823
Allowance for doubtful debts	(19,936)	(11,490)	–	–
	1,009,483	1,110,038	2,359	823

The allowance of doubtful debts is net of bad debts written off as follows:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Bad debts written off	871	2,251	–	–

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

25.2 Other receivables, deposits and prepayments

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Other receivables	47,754	57,533	4,182	2,648
Allowance for doubtful debts	(1,127)	(1,127)	–	–
	46,627	56,406	4,182	2,648
Other deposits	64,099	28,489	16,130	16,043
Prepayments	45,426	19,316	8,131	10,592
	156,152	104,211	28,443	29,283

Included in other receivables of the Group is an amount due from affiliates of RM765,000 (2009 - RM484,000) for property project management services provided by a subsidiary, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

Included in other deposits of the Group is an amount of RM38,163,000 paid during the financial year as part of the bid price for a piece of land.

NOTES TO THE FINANCIAL STATEMENTS

26 SHORT TERM INVESTMENTS

	GROUP 2010 RM'000	GROUP 2009 RM'000
At cost		
In Malaysia		
- Quoted shares	417	417
Outside Malaysia		
- Quoted shares	16,210	16,206
- Unquoted shares	5	5
	16,632	16,628
Less: Accumulated impairment losses	(12,242)	(11,835)
	4,390	4,793
At market value		
- Shares quoted in Malaysia	18	21
- Shares quoted outside Malaysia	4,372	5,273

27 SHORT TERM FUNDS

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
At cost				
Investment in fixed income trust funds in Malaysia	3,108,216	1,619,511	2,977,058	1,597,511
At market value	3,110,719	1,618,059	2,979,252	1,596,059

28 DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Deposits with licensed banks	333,749	413,896	176,273	217,647
Deposits with discount houses	28,433	42,018	–	–
	362,182	455,914	176,273	217,647

29 CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM183,118,000 (2009 - RM58,510,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002, which is not available for general use by the Group.

30 SHARE CAPITAL

	GROUP AND COMPANY			
	2010		2009	
	NO. OF SHARES	RM'000	NO. OF SHARES	RM'000
Authorised				
Ordinary shares of RM0.10 each	7,500,000,000	750,000	7,500,000,000	750,000

	GROUP AND COMPANY	
	NO. OF SHARES	RM'000
Issued and fully paid-up		
2010		
Ordinary shares of RM0.10 each		
At beginning of financial year	6,246,802,546	624,680
Issue of shares arising from the exercise of ESOS at RM2.50 per ordinary share	7,339,900	734
Issue of shares arising from the exercise of ESOS at RM4.30 per ordinary share	1,413,300	142
Voluntary take-over offer of IOI Properties Berhad's shares at RM3.78	21,140,410	2,114
Issue of rights shares at RM2.90 per rights share	398,821,324	39,882
At end of financial year	6,675,517,480	667,552
2009		
Ordinary shares of RM0.10 each		
At beginning of financial year	6,137,882,931	613,788
Issue of shares arising from the exercise of ESOS at RM2.50 per ordinary share	11,982,000	1,198
Issue of shares arising from the exercise of ESOS at RM4.30 per ordinary share	2,657,900	266
Voluntary take-over offer of IOI Properties Berhad's shares at RM3.78	94,279,715	9,428
At end of financial year	6,246,802,546	624,680

i 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.

ii Of the total 6,675,517,480 (2009 - 6,246,802,546) issued and fully paid-up ordinary shares of RM0.10 each, 298,418,700 shares (2009 - 291,244,500) are held as treasury shares as disclosed in Note 31.2 to the financial statements. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at end of the financial year is 6,377,098,780 (2009 - 5,955,558,046) ordinary shares of RM0.10 each.

NOTES TO THE FINANCIAL STATEMENTS

30 SHARE CAPITAL (CONT'D)

30.1 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").

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 Berhad) holds 20% or more in the issued and paid-up capital of the Company, shall not exceed 10% of the total new IOI Shares that are available to be issued under the ESOS.

30 SHARE CAPITAL (CONT'D)

30.1 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, 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 9^{th} anniversary of the ESOS.

NOTES TO THE FINANCIAL STATEMENTS

30 SHARE CAPITAL (CONT'D)

30.1 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 OPTIONS OVER ORDINARY SHARES					
OPTION PRICE (RM)	DATE OF OFFER	OUTSTANDING AS AT BEGINNING OF THE FINANCIAL YEAR	EXERCISED	LAPSED	ADJUSTMENT *	OUTSTANDING AS AT END OF THE FINANCIAL YEAR	EXERCISABLE AS AT END OF THE FINANCIAL YEAR
2010							
2.50/ 2.44*	12 January 2006	52,606,700	(7,339,900)	(2,523,300)	1,073,500	43,817,000	43,817,000
4.30/ 4.19*	2 April 2007	39,323,000	(1,413,300)	(2,762,200)	862,700	36,010,200	25,377,200
		91,929,700	(8,753,200)	(5,285,500)	1,936,200	79,827,200	69,194,200
Weighted average exercise price		RM3.26	RM2.79	RM3.44	RM3.22	RM3.23	RM3.08
2009							
2.50	12 January 2006	69,040,800	(11,982,000)	(4,452,100)	–	52,606,700	30,010,450
4.30	2 April 2007	43,255,500	(2,657,900)	(1,274,600)	–	39,323,000	17,065,500
		112,296,300	(14,639,900)	(5,726,700)	–	91,929,700	47,075,950
Weighted average exercise price		RM3.19	RM2.83	RM2.90	–	RM3.26	RM3.15

* *Adjustments to option price and number of options following the completion of the Renounceable Rights Issue in accordance with Bye-Laws.*

30 SHARE CAPITAL (CONT'D)

30.1 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
2010			
2.44	43,817,000	2.44	12 January 2007 - 23 November 2015
4.19	36,010,200	4.19	2 April 2008 - 23 November 2015
	79,827,200	3.23	
2009			
2.50	52,606,700	2.50	12 January 2007 - 23 November 2015
4.30	39,323,000	4.30	2 April 2008 - 23 November 2015
	91,929,700	3.26	

* *Adjustments to option price and number of options following the completion of the Renounceable Rights Issue in accordance with Bye-Laws.*

ii Share options exercised during the financial year

OPTION PRICE (RM)	DATE OF EXERCISE	NO. OF SHARE OPTIONS EXERCISED	WEIGHTED AVERAGE SHARE PRICE (RM)
2010			
2.50	July 2009	513,700	4.75
2.50	August 2009	615,000	5.12
2.50	October 2009	3,565,500	5.36
2.50	November 2009	285,700	5.46
2.50	January 2010	125,000	5.49
2.50	March 2010	2,235,000	5.43
4.30	October 2009	545,300	5.36
4.30	November 2009	327,000	5.46
4.30	January 2010	281,000	5.49
4.30	March 2010	260,000	5.43
		8,753,200	5.20

NOTES TO THE FINANCIAL STATEMENTS

30 SHARE CAPITAL (CONT'D)

30.1 Executive Share Option Scheme (cont'd)

ii Share options exercised during the financial year (cont'd)

OPTION PRICE (RM)	DATE OF EXERCISE	NO. OF SHARE OPTIONS EXERCISED	WEIGHTED AVERAGE SHARE PRICE (RM)
2009			
2.50	July 2008	1,186,000	6.20
2.50	August 2008	1,232,800	4.97
2.50	September 2008	56,000	4.51
2.50	October 2008	211,700	3.20
2.50	November 2008	7,557,000	3.09
2.50	February 2009	283,500	3.77
2.50	March 2009	301,000	3.80
2.50	April 2009	770,000	4.23
2.50	May 2009	100,000	4.51
2.50	June 2009	284,000	4.63
4.30	July 2008	1,924,900	6.20
4.30	August 2008	510,500	4.97
4.30	October 2008	35,000	3.20
4.30	May 2009	187,500	4.51
		14,639,900	4.21

iii Adjustments to option price and number of options during the financial year

During the financial year, the following adjustments were made to the exercise prices and number of new IOI Shares to be issued upon exercise of the outstanding ESOS options, in accordance with the Company's Bye-Laws of the ESOS following the completion of the Renounceable Rights Issue:

	ORIGINAL GRANT DATE 12 JANUARY 2006	2 APRIL 2007
Option price before Renounceable Rights Issue (RM)	2.50	4.30
Adjusted option price after Renounceable Rights Issue (RM)	2.44	4.19
Additional number of options granted	1,073,500	862,700

30 SHARE CAPITAL (CONT'D)

30.1 Executive Share Option Scheme (cont'd)

iii Adjustments to option price and number of options during the financial year (cont'd)

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

OPTION PRICE (RM)	VESTING DATE	FAIR VALUE (RM)
2.44	At modification date	2.950
	12 January 2010	2.956
4.19	At modification date	1.200
	2 April 2010	1.450
	2 April 2011	1.699

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

	GRANTED ON 12 JANUARY 2006	GRANTED ON 2 APRIL 2007
Share price		
• immediately before modification (RM)	5.50	5.50
• immediately after modification (RM)	5.39	5.39
Exercise price		
• immediately before modification (RM)	2.50	4.30
• immediately after modification (RM)	2.44	4.19
Risk free rate of interest (before and after modification) (%)	1.83	2.75
Volatility of the Company's share price (%)	40.0	40.0
Expected dividend yield (%)	3.5	3.5

The incremental share option expenses arising from the adjustments are recognised over the period from the modification date until the date when the modified equity instruments vest, in addition to the share option expense measured based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

NOTES TO THE FINANCIAL STATEMENTS

31 RESERVES

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Share premium	3,542,923	2,319,136	3,542,923	2,319,136
Capital reserves (Note 31.1)	294,719	326,323	97,627	95,911
Treasury shares, at cost (Note 31.2)	(1,767,552)	(1,732,431)	(1,767,552)	(1,732,431)
Foreign currency translation reserve (Note 31.3)	(372,747)	(49,479)	–	–
	1,697,343	863,549	1,872,998	682,616

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

31.1 Capital reserves

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to minority shareholders	9,015	9,330	–	–
Equity component of 2nd Exchangeable Bonds (Note 33.2)	24,618	24,618	–	–
Equity component of 3rd Exchangeable Bonds (Note 33.3)	159,949	193,195	–	–
Capital redemption reserves arising from the cancellation of treasury shares	34,520	34,520	34,520	34,520
Share option reserves	66,617	64,660	63,107	61,391
	294,719	326,323	97,627	95,911

31.2 Treasury shares

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during the subsequent Annual General Meetings of the Company including the last meeting held on 28 October 2009.

The Directors of the Company are committed in 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.

31 RESERVES (CONT'D)

31.2 Treasury shares (cont'd)

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

			Purchase price per share		
	No. of shares	Cost RM	Highest RM	Lowest RM	Average RM
2010					
At beginning of financial year	291,244,500	1,732,431,519	7.47	2.17	5.95
Purchases during the financial year					
May 2010	6,112,400	29,838,228	4.96	4.71	4.88
June 2010	1,061,800	5,283,005	4.97	4.96	4.97
At end of financial year	298,418,700	1,767,552,752	4.97	4.71	5.92
2009					
At beginning of financial year	151,824,700	1,079,914,500	7.65	6.55	7.11
Purchases during the financial year					
July 2008	38,853,500	240,506,425	7.47	5.35	6.19
August 2008	29,428,100	144,155,178	5.09	4.70	4.90
September 2008	12,669,400	58,304,041	4.99	4.39	4.60
October 2008	13,825,500	35,711,098	2.98	2.17	2.58
November 2008	10,598,700	32,813,944	3.22	2.84	3.10
December 2008	729,800	2,298,091	3.15	3.14	3.15
January 2009	775,700	2,923,649	3.77	3.77	3.77
March 2009	9,103,500	34,652,160	3.99	3.74	3.81
April 2009	11,463,800	47,999,575	4.37	3.89	4.19
May 2009	8,466,200	37,318,286	4.45	4.35	4.41
June 2009	3,505,600	15,834,572	4.55	4.47	4.52
At end of financial year	291,244,500	1,732,431,519	7.47	2.17	5.95

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

31.3 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

32 RETAINED EARNINGS

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. The Company has opted to move to a single tier system and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the balance sheet date.

33 BORROWINGS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current liabilities				
Secured				
Finance lease obligation (Note 33.6)	131	–	–	–
Less: Portion due within 12 months included under short term borrowings	(25)	–	–	–
	106	–	–	–
Unsecured				
Term loans (Note 33.1)	1,334,203	1,617,279	323,650	351,850
Less: Portion due within 12 months included under short term borrowings	(384,257)	(182,318)	–	–
	949,946	1,434,961	323,650	351,850
2nd Exchangeable Bonds (Note 33.2)	345,795	357,573	–	–
3rd Exchangeable Bonds (Note 33.3)	1,440,298	1,811,381	–	–
Guaranteed Notes (Note 33.4)	1,612,136	1,751,388	–	–
	4,348,281	5,355,303	323,650	351,850
Current liabilities				
Secured				
Finance lease obligation (Note 33.6)	25	–	–	–
Unsecured				
Revolving credits (Note 33.5)	24,768	16,773	–	–
Term loans - portion due within 12 months (Note 33.1)	384,257	182,318	–	–
	409,025	199,091	–	–
	409,050	199,091	–	–
Total borrowing	4,757,331	5,554,394	323,650	351,850

33 BORROWINGS (CONT'D)

33.1 Term loans

The term loans of the Group include:

Unsecured

i 30-year JPY15.0 billion fixed-rate loan due 2037 that was drawn down on 22 January 2007 by a wholly-owned subsidiary incorporated in Labuan. The outstanding amount as at end of the financial year is JPY15.0 billion (2009 - JPY15.0 billion). This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

ii SGD75.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year was nil (2009 - SGD75.0 million). This term loan bore interest at rates ranging from 0.66% to 0.84% (2009 - 0.61% to 1.57%) per annum during the previous financial year and was repayable in 3 years from drawndown date in June 2007.

iii SGD15.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year is SGD15.0 million (2009 - SGD15.0 million). This term loan bears interest at rates ranging from 0.84% to 1.30% (2009 - 1.03% to 1.87%) per annum and is repayable in 60 months from the date of first drawdown commencing June 2008 or June 2013 whichever is earlier.

iv 30-year JPY6.0 billion fixed-rate loan due 2038 that was drawn down on 5 February 2008 by a wholly-owned subsidiary incorporated in Labuan. The outstanding amount as at end of the financial year is JPY6.0 billion (2009 - JPY6.0 billion). This fixed-rate loan bears interest at 4.50% per annum and is repayable in full on 5 February 2038.

v SGD166.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year is SGD166.0 million (2009 - SGD166.0 million). This term loan bears interest at rates ranging from 0.85% to 1.19% (2009 - 0.86% to 1.93%) per annum and is repayable in 3½ years from drawndown date in September 2007.

vi USD100.0 million term loan, which was drawn down by the Company during previous financial year. The outstanding amount as at end of the financial year is USD100.0 million (2009 - USD100.0 million). This floating-rate term loan bears interest at 1.45% plus British Bankers' Association (BBA) London Interbank Offered Rates (LIBOR) per annum and is repayable in 3 years from drawndown date in February 2009.

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

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Less than 1 year	384,257	182,318	–	–
1 - 2 years	323,650	403,529	323,650	–
2 - 3 years	34,722	351,850	–	351,850
3 - 4 years	–	36,463	–	–
4 - 5 years	–	–	–	–
More than 5 years	591,574	643,119	–	–
	1,334,203	1,617,279	323,650	351,850

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS (CONT'D)

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

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad (the "Issuer"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD370 million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds"). The 2nd Exchangeable Bonds were issued at 100% of the principal amount and listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange and 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 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") only, at an initial exchange price of RM23.50 per ordinary share of RM0.50 each with a fixed exchange rate of USD1.00 = RM3.54 (the "Exchange Price"). The Exchange Price 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 had 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.

33 BORROWINGS (CONT'D)

33.2 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

During the financial year, there was no exchange of 2nd Exchangeable Bonds into IOI shares.

In the previous financial year, the initial exchange price of RM23.50 per ordinary share of RM0.50 each was adjusted to RM4.70 per ordinary share of RM0.10 each pursuant to the completion of share split exercise by the Company on 6 June 2007.

During the financial year, the above exchange price was further adjusted to RM4.58 per ordinary share of RM0.10 following the completion of Renounceable Rights Issue.

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

	LIABILITY COMPONENT RM'000	EQUITY COMPONENT RM'000	DEFERRED TAX RM'000
GROUP			
2010			
At beginning of financial year	357,573	24,618	(1,992)
Interest expense	17,662	–	(4,416)
Foreign currency translation differences	(29,440)	–	355
At end of financial year	345,795	24,618	(6,053)
2009			
At beginning of financial year	315,659	24,618	2,202
Interest expense	17,430	–	(4,357)
Foreign currency translation differences	24,484	–	163
At end of financial year	357,573	24,618	(1,992)

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS (CONT'D)

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

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

The salient features of the 3rd Exchangeable Bonds are as follows:

i The 3rd Exchangeable Bonds are exchangeable at any time on and after 25 February 2008 and prior to 31 December 2012 by holders of the 3rd Exchangeable Bonds (the "Bondholders") into newly issued ordinary shares of the Company (the "IOI Shares") only, at an initial exchange price of RM11.00 per ordinary share of RM0.10 each at a fixed exchange rate of USD1.00 = RM3.28 (the "Exchange Price"). The Exchange Price is subject to adjustment in certain circumstances.

ii The Issuer or the Company may, at its option, satisfy its obligation to deliver IOI Shares pursuant to the exercise of the right of exchange by a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in US Dollar equal to the product of the number of IOI Shares otherwise deliverable and the volume weighted average of the closing price of the IOI Shares for each day during the 10 trading days immediately before the exchange date.

iii The 3rd Exchangeable Bonds are redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 1.25% compounded semi-annually ("Accreted Principal Amount"):

a on or after 15 January 2010, if:

- the closing price of the IOI Shares translated into US Dollar at the prevailing screen rate, is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; and

- the closing price of the IOI Shares is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; or

b at any time, if less than USD60 million in aggregate principal amount of the 3rd Exchangeable Bonds remain outstanding.

iv Unless the 3rd Exchangeable Bonds have been previously redeemed, repurchased and cancelled or exchanged, each Bondholder has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 3rd Exchangeable Bonds at the Accreted Principal Amount on 15 January 2011.

v Unless previously redeemed, repurchased and cancelled or exchanged, the 3rd Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 106.43% on 15 January 2013.

33 BORROWINGS (CONT'D)

33.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (cont'd)

At initial recognition, the 3rd Exchangeable Bonds were recognised in the Group balance sheets as follows:

	GROUP RM'000
Face value	1,953,900
Equity component	(205,712)
Deferred tax liability	(72,277)
Liability component on initial recognition	1,675,911

During the financial year, the initial exchange price of RM11.00 per ordinary share of RM0.10 was adjusted to RM10.73 per ordinary share of RM0.10 following the completion of Renounceable Rights Issue.

The movements of the 3rd Exchangeable Bonds during the financial year are as follows:

	LIABILITY COMPONENT RM'000	EQUITY COMPONENT RM'000	DEFERRED TAX RM'000
GROUP			
2010			
At beginning of financial year	1,811,381	193,195	45,295
Repurchase of USD96,970,000 nominal value of the 3rd Exchangeable Bonds	(299,971)	(33,246)	(4,299)
Interest expense	75,799	–	(18,950)
Foreign currency translation differences	(146,911)	–	(2,758)
At end of financial year	1,440,298	159,949	19,288
2009			
At beginning of financial year	1,714,452	205,712	63,661
Repurchase of USD36,508,000 nominal value of the 3rd Exchangeable Bonds	(115,237)	(12,517)	(3,804)
Interest expense	77,942	–	(19,485)
Foreign currency translation differences	134,224	–	4,923
At end of financial year	1,811,381	193,195	45,295

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS (CONT'D)

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

	GROUP 2010 RM'000	2009 RM'000
At beginning of financial year	1,751,388	1,624,383
Foreign currency translation differences	(140,419)	125,893
Interest expense	1,167	1,112
At end of financial year	1,612,136	1,751,388

33.5 Revolving credits

Revolving credits of the Group include:

Unsecured

SGD11.0 million (equivalent to RM24.8 million) revolving credits pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year was SGD10.7 million (2009 - SGD7.0 million). These revolving credits bear interest rates ranging from 0.84% to 1.30% (2009 - 1.03% to 1.87%) per annum.

33 BORROWINGS (CONT'D)

33.6 Finance lease obligation

Finance lease obligation is payable as follows:

	GROUP 2010 RM'000	GROUP 2009 RM'000
Minimum lease payments		
- not later than 1 year	42	–
- later than 1 year and not later than 5 years	131	–
	173	–
Less: Unexpired finance charges	(42)	–
	131	–
Present value of finance lease obligations		
- not later than 1 year	25	–
- later than 1 year and not later than 5 years	106	–
	131	–

Finance lease obligation is subject to fixed interest rate of 8.00% (2009 - Nil) per annum.

34 OTHER LONG TERM LIABILITIES

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Retirement benefits (Note 34.1)	27,677	30,167	938	948
Club membership deposits	229	13,478	–	–
Land cost payable (Note 34.2)	–	12,369	–	–
	27,906	56,014	938	948

NOTES TO THE FINANCIAL STATEMENTS

34 OTHER LONG TERM LIABILITIES (CONT'D)

34.1 Retirement benefits

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Present value of funded obligations	312,786	257,260	–	–
Fair value of plan assets	(285,089)	(270,811)	–	–
	27,697	(13,551)	–	–
Present value of unfunded obligations	21,648	20,793	938	948
Present value of net obligations	49,345	7,242	938	948
Unrecognised actuarial (gains)/losses	(25,854)	4,603	–	–
Unrecognised past service cost	4,186	5,476	–	–
Unrecognised assets	–	12,846	–	–
Recognised liability for defined benefit obligations	27,677	30,167	938	948

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 2009 and 30 June 2010 respectively.

Movements in the net liability recognised in the balance sheets:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Net liability at beginning of financial year	30,167	38,349	948	978
Adjustment for unrecognised assets	–	12,856	–	–
Contributions to funded plans	(24,338)	(24,155)	–	–
Benefits paid for unfunded plans	(1,290)	(5,753)	(110)	(57)
Expense recognised in the income statements (Note 8)	25,952	7,191	100	27
Foreign currency translation differences	(2,814)	1,679	–	–
Net liability at end of financial year	27,677	30,167	938	948

34 OTHER LONG TERM LIABILITIES (CONT'D)

34.1 Retirement benefits (cont'd)

Expense recognised in the income statements:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Current service cost	11,826	16,438	56	44
Interest cost	15,606	18,281	45	35
Expected return on plan assets	(13,881)	(16,441)	–	–
Net actuarial loss/(gain)	13,703	(47)	(20)	(52)
Past service cost	(1,302)	(11,040)	19	–
	25,952	7,191	100	27

The expense is recognised in the following line items in the income statements:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Cost of sales	12,017	2,721	100	27
Marketing and selling expenses	1,972	467	–	–
Administration expenses	11,963	4,003	–	–
	25,952	7,191	100	27
Actual gain/(loss) on plan assets	43,058	(7,891)	–	–

Liability for defined benefit obligations

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	GROUP AND COMPANY 2010	GROUP AND COMPANY 2009
Discount rate	4.8%	6.2%
Expected return on plan assets	5.4%	5.4%
Future salary increases	3.2%	3.5%

NOTES TO THE FINANCIAL STATEMENTS

34 OTHER LONG TERM LIABILITIES (CONT'D)

34.2 Land cost payable

	GROUP 2010 RM'000	GROUP 2009 RM'000
Land cost payable	12,369	24,369
Less: Amount due within 12 months (Note 36.2)	(12,369)	(12,000)
	–	12,369

The above land cost was payable on instalment basis over a period of three (3) years pursuant to a supplemental agreement entered into by a subsidiary.

35 DEFERRED TAXATION

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
At beginning of financial year	469,982	495,843	6,080	5,790
Recognised in the income statements (Note 11)				
- Current year	25,457	(29,683)	760	340
- Prior years	(54,075)	1,417	(210)	(50)
	(28,618)	(28,266)	550	290
Reduction through repurchase of 3rd Exchangeable Bonds (Note 33.3)	(4,299)	(3,804)	–	–
Foreign currency translation differences	1,143	6,209	–	–
At end of financial year	438,208	469,982	6,630	6,080

Presented after appropriate offsetting as follows:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Deferred tax liabilities	465,123	521,039	6,630	6,080
Deferred tax assets	(26,915)	(51,057)	–	–
	438,208	469,982	6,630	6,080

35 **DEFERRED TAXATION** (CONT'D)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of financial year	521,039	551,462	6,080	5,790
Recognised in the income statements				
Temporary differences on accelerated capital allowances	32,496	(11,781)	550	290
Temporary differences on prepaid lease rental	(143)	(200)	–	–
Temporary differences on recognition of project expenses	(198)	(183)	–	–
Temporary differences on amortisation of fair value adjustments on business combinations	(12,692)	(16,051)	–	–
Temporary differences on 2nd Exchangeable Bonds (Note 33.2)	(4,416)	(4,357)	–	–
Temporary differences on 3rd Exchangeable Bonds (Note 33.3)	(18,950)	(19,485)	–	–
Temporary differences on fair value adjustments on investment properties	(44,606)	19,658	–	–
Other temporary differences	(219)	767	–	–
Effect of changes in tax rates on deferred tax	–	(860)	–	–
	(48,728)	(32,492)	550	290
Reduction through repurchase of 3rd Exchangeable Bonds (Note 33.3)	(4,299)	(3,804)	–	–
Foreign currency translation differences	(2,889)	5,873	–	–
At end of financial year	465,123	521,039	6,630	6,080

Deferred tax assets

	GROUP	
	2010 RM'000	2009 RM'000
At beginning of financial year	51,057	55,619
Recognised in the income statements		
Temporary differences on unutilised tax losses	(7,937)	(12,813)
Temporary differences on unabsorbed capital allowances	(2,440)	1,506
Other deductible temporary differences	(9,733)	7,081
	(20,110)	(4,226)
Foreign currency translation differences	(4,032)	(336)
At end of financial year	26,915	51,057

35 DEFERRED TAXATION (CONT'D)

The components of deferred tax liabilities and assets at the end of the financial year comprise tax effects of:

Deferred tax liabilities

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Temporary differences on accelerated capital allowances	269,221	236,725	6,630	6,080
Temporary differences on prepaid lease rental	6,216	6,359	–	–
Temporary differences on recognition of project expenses	1,235	1,433	–	–
Temporary differences on 2nd Exchangeable Bonds (Note 33.2)	(6,053)	(1,992)	–	–
Temporary differences on 3rd Exchangeable Bonds (Note 33.3)	19,288	45,295	–	–
Other taxable temporary differences	2,755	219	–	–
Temporary differences on fair value adjustments on investment properties	25,564	70,170	–	–
Temporary differences on amortisation of fair value adjustments on business combinations	146,897	162,830	–	–
	465,123	521,039	6,630	6,080

Deferred tax assets

	GROUP 2010 RM'000	GROUP 2009 RM'000
Unutilised tax losses	2,985	10,925
Unabsorbed capital allowances	4,726	7,166
Retirement benefit obligations	2,952	15,033
Other deductible temporary differences	16,252	17,933
	26,915	51,057

The following deferred tax assets have not been recognised:

	GROUP 2010 RM'000	GROUP 2009 RM'000
Unutilised tax losses	7,301	7,878
Unabsorbed capital allowances	3,309	3,551
Other deductible temporary differences	1,066	1,101
	11,676	12,530

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

36 TRADE AND OTHER PAYABLES

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Trade payables (Note 36.1)	422,349	470,776	6,411	16,688
Other payables and accruals (Note 36.2)	507,215	479,511	107,767	81,089
Progress billings	9,199	5,357	–	–
Amounts due to customers on contracts (Note 36.3)	–	494	–	–
	938,763	956,138	114,178	97,777

36.1 Trade payables

Included in trade payables of the Group are retention monies of RM64,316,000 (2009 - RM62,687,000).

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

36.2 Other payables and accruals

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Land premium payable	25,525	25,738	–	–
Advances from minority shareholders	19,171	8,096	–	–
Other payables	196,874	222,895	54,284	56,322
Customer deposits and other deposits	30,102	28,574	464	605
Accruals	235,543	194,208	53,019	24,162
	507,215	479,511	107,767	81,089

Included in other payables of the Group is land cost payable of RM12.4 million (2009 - RM12.0 million).

36.3 Amounts due to customers on contracts

	GROUP 2010 RM'000	GROUP 2009 RM'000
Aggregate costs incurred to date	–	4,239
Recognised profit	–	1,245
	–	5,484
Progress billings	–	(5,978)
Amounts due to customers on contracts	–	(494)

NOTES TO THE FINANCIAL STATEMENTS

37 LIQUIDATION AND DISPOSALS OF SUBSIDIARIES

37.1 Liquidation of subsidiaries

2010

During the current financial year, the Group completed the liquidation of the following subsidiaries:

		BALANCE LIQUIDATION PROCEEDS RECEIVED	GAIN ON LIQUIDATION	
	NOTE	GROUP AND COMPANY RM'000	GROUP RM'000	COMPANY RM'000
Ladang Sabah Holdings Sdn Bhd	37.1.1	20	20	20
IOI Construction Sdn Bhd	37.1.2	109	547	109
		129	567	129

37.1.1 Ladang Sabah Holdings Sdn Bhd ("Ladang Sabah Holdings")

During the current financial year, the Group received a balance liquidation proceeds of RM19,728 upon completion of the liquidation of a subsidiary, Ladang Sabah Holdings.

37.1.2 IOI Construction Sdn Bhd ("IOI Construction")

During the current financial year, the Group completed the liquidation of a subsidiary, IOI Construction and the impact is summarised as follows:

	RM'000
Net current liabilities	(7,780)
Less: Minority interest	1,220
Group share of net liabilities	(6,560)
Less: Advances previously made to IOI Construction	6,437
Group share of net liabilities liquidated	(123)
Add: Capital reserve arose from bonus issue in prior years	(315)
Net proceeds from liquidation	109
Gain on liquidation of a subsidiary	547

37 LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (CONT'D)

37.2 Disposals of subsidiaries

2010

During the current financial year, the Group disposed the following subsidiaries:

		CASH INFLOW ON DISPOSAL	GAIN/(LOSS) ON DISPOSAL	
	NOTE	GROUP AND COMPANY RM'000	GROUP RM'000	COMPANY RM'000
IOI Pelita Kanowit Sdn Bhd	37.2.1	–	15	(6)
Paduwan Development Sdn Bhd	37.2.2	54,348	34,930	–
		54,348	34,945	(6)

37.2.1 IOI Pelita Kanowit Sdn Bhd ("IOI Pelita Kanowit")

On 12 January 2010, the Company completed the disposal of its 60% owned subsidiary, IOI Pelita Kanowit, for a total consideration of RM1.00.

Details of fair value of the net assets disposed and cash inflow on disposal of the subsidiary were as follows:

	RM'000
Net current liabilities	(25)
Net liabilities disposed	(25)
Less: Minority interest	10
Group share of net liabilities disposed	(15)
Less: Net proceeds from disposal	–
Gain on disposal of a subsidiary	15
Net proceeds from disposal	–
Less: Cash and cash equivalents of subsidiary disposed	–
Cash inflow on disposal of a subsidiary	–

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

NOTES TO THE FINANCIAL STATEMENTS

37 LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (CONT'D)

37.2 Disposals of subsidiaries (cont'd)

37.2.2 Paduwan Development Sdn Bhd

On 28 June 2010, IOI Properties Berhad ("IOIP"), a subsidiary of the Company disposed its investment in the entire issued and paid-up share capital of Paduwan Development Sdn Bhd ("PDSB") comprising 100,000 shares of RM1.00 each in PDSB, for a cash consideration of RM36,941,584. In addition, IOIP also received RM17,409,219 for the settlement of debt owing by PDSB to IOIP.

Details of fair value of the net assets disposed and cash inflow on disposal of the subsidiary were as follows:

	RM'000
Land held for property development	18,166
Net current liabilities	(16,154)
Net assets disposed	2,012
Less: Cash consideration for the disposal	36,942
Gain on disposal of a subsidiary	34,930
Cash consideration for the disposal	36,942
Settlement of inter-company loan owing by PDSB	17,409
Total proceeds from disposal	54,351
Less: Cash and cash equivalents of subsidiary disposed	(3)
Cash inflow on disposal of a subsidiary	54,348

The effect of the above disposal on the financial results of the Group for the current financial year was as follows:

	RM'000
Operating profit	2,079
Finance costs	–
Profit before taxation	2,079
Taxation	(520)
Profit after taxation	1,559
Gain on disposal of a subsidiary	34,930
Profit for the financial year	36,489
Minority interests	(109)
Increase in Group's net profit	36,380

38 ACQUISITIONS OF SUBSIDIARIES

2009

38.1 Laksana Kemas Sdn Bhd ("LKSB")

On 20 August 2008, the Company acquired the entire issued and paid-up share capital of LKSB for a total cash consideration of RM754,258. LKSB was the beneficial and legal owner of land with a total land area of 566.54 acres and its principal activity is cultivation of oil palm.

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	2,891	–	2,891
Prepaid lease payments	1,520	779	2,299
Trade and other payables	(4,436)	–	(4,436)
Net identifiable assets and liabilities	(25)	779	754
Goodwill on consolidation			–
Purchase consideration discharged by cash			754
Add: Settlement of amounts owed to the vendors			1,569
Cash outflow on acquisition of subsidiary			2,323

The effect of the above acquisition on the financial results of the Group for the previous financial year was as follows:

	RM'000
Operating profit	459
Net interest expense	–
Profit before taxation	459
Taxation	602
Profit for the financial year	1,061
Minority interests	–
Increase in Group's net profit	1,061

NOTES TO THE FINANCIAL STATEMENTS

38 ACQUISITIONS OF SUBSIDIARIES (CONT'D)

38.2 Zonec Plus Sdn Bhd ("ZPSB")

On 11 February 2009, the Company acquired the entire issued and paid-up share capital of ZPSB for a total cash consideration of RM65,198. ZPSB was the beneficial and legal owner of two (2) pieces of land intended for cultivation of oil palm and its principal activity was cultivation of oil palm.

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
Prepaid lease payments	45	78	123
Trade and other payables	(58)	–	(58)
Net identifiable assets and liabilities	(13)	78	65
Goodwill on consolidation			–
Purchase consideration discharged by cash / cash outflow on acquisition of subsidiary			65

The above acquisition had no material effect on the financial results of the Group for the previous financial year as the subsidiary had not commenced business operations.

If the above acquisitions had occurred on 1 July 2008, management estimated that the consolidated revenue and profit for the previous financial year would have been as follows:

	REVENUE RM'000	PROFIT FOR THE FINANCIAL YEAR RM'000
As reported	14,600,474	983,517
Acquisitions of Laksana Kemas Sdn Bhd and Zonec Plus Sdn Bhd	–	151
Estimated results if acquisitions had occurred on 1 July 2008	14,600,474	983,668

38.3 IOI Pelita Kanowit Sdn Bhd ("IOI Pelita Kanowit")

IOI Pelita Kanowit was incorporated on 12 November 2008 with an issued and paid-up share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each, of which the Company and Pelita Holdings Sdn Bhd each held one (1) ordinary share.

The incorporation of IOI Pelita Kanowit had no material effect on the financial results of the Group for the previous financial year as the subsidiary had not commenced business operations.

39 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Short term funds (Note 27)	3,108,216	1,619,511	2,977,058	1,597,511
Deposits with financial institutions (Note 28)	362,182	455,914	176,273	217,647
Cash and bank balances (Note 29)	406,908	383,957	1,578	6,500
	3,877,306	2,459,382	3,154,909	1,821,658

The Group has undrawn borrowing facilities of RM777,000,000 (2009 - RM744,000,000) at end of the financial year.

40 SIGNIFICANT RELATED PARTY DISCLOSURES

40.1 Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of the Group include:

i Direct and indirect subsidiaries as disclosed in Note 47 to the financial statements;

ii Progressive Holdings Sdn Bhd, the major corporate shareholder of the Company;

iii Associates and jointly controlled entities as disclosed in Note 47 to the financial statements;

iv Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

v Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

NOTES TO THE FINANCIAL STATEMENTS

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

40.2 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:

	2010 RM'000	2009 RM'000
GROUP		
Associates		
Sales of oleochemical products and palm kernel oil	563,684	595,584
Purchases of oleochemical products	18,330	23,899
Purchases of palm products	30,298	32,741
Agency fees income	1,481	1,448
Rental income on storage tank	7,447	5,983
Affiliates		
Property project management services	3,305	1,693
COMPANY		
Subsidiaries		
Sales of palm products	282,290	350,690
Purchases of palm products	14,119	22,327
Agency fees income	1,549	1,644
Management fees	27,570	29,122
Interest income	80,128	89,264
Interest expense	189,790	181,504

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 2010 are disclosed in Note 20.2, Note 21.3 and Note 22.1 to the financial statements.

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

40.3 Key management personnel compensation

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

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Directors				
Fees	576	623	480	480
Remuneration	49,602	28,413	47,402	17,084
Estimated monetary value of benefits-in-kind	311	309	98	91
Total short term employee benefits	50,489	29,345	47,980	17,655
Post employment benefits	5,800	3,471	5,544	2,057
Share option expenses	1,327	1,810	1,327	1,810
	57,616	34,626	54,851	21,522
Other key management personnel				
Short term employee benefits	2,721	2,684	–	–
Post employment benefits	269	311	–	–
Share option expenses	746	1,223	–	–
	3,736	4,218	–	–

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

	GROUP 2010 RM'000	GROUP 2009 RM'000
Executive Share Option Scheme of the Company		
At beginning of financial year	18,844	26,982
Adjustment arising from Renounceable Rights Issue of the Company	365	–
Exercised	(4,515)	(8,138)
At end of financial year	14,694	18,844
Executive Share Option Scheme of a subsidiary		
At beginning of financial year	1,300	1,300
Exercised	–	–
At end of financial year	1,300	1,300

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

NOTES TO THE FINANCIAL STATEMENTS

41 CONTINGENT LIABILITIES - UNSECURED

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Litigations involving claims for damages and compensation	6,000	58	–	–
Guarantees issued to third parties	22,680	53,565	3,674	3,999
Counter indemnities to banks for bank guarantees issued	8,746	19,082	1,523	10,933
	37,426	72,705	5,197	14,932

Guarantees given by the Group and the Company for credit facilities of jointly controlled entities amounted to RM978,529,000 (2009 - RM1,115,540,000) and RM841,609,000 (2009 - Nil) respectively.

The Directors are of the view that the probability of the financial institutions calling upon the guarantees is remote. Accordingly, the Directors are of the view that the fair values of the above unsecured guarantees are negligible.

Material litigation - subsidiaries

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

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

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

Unilever Plc and Pamol (Sabah) Ltd had filed an appeal against the decision of the Court delivered on 14 January 2010 dismissing their application to strike out the claim against them. This matter is pending case management and has been fixed for full trial from 24 to 31 January 2011.

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.

42 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, price fluctuation risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. The Group operates within established risk management framework and clearly defined guidelines that are approved by the Board.

42 FINANCIAL INSTRUMENTS (CONT'D)

42.1 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.

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 entered into forward foreign exchange contracts with the following notional amounts and maturities:

	MATURITIES			TOTAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	NOTIONAL AMOUNT RM'000
GROUP				
2010				
Sale contracts used to hedge sale proceeds receivable				
USD	1,583,689	–	–	1,583,689
EUR	488,555	–	–	488,555
Others	82,935	–	–	82,935
	2,155,179	–	–	2,155,179
Purchase contracts used to hedge purchase commitments payable				
USD	245,853	–	–	245,853
Others	2,696	–	–	2,696
	248,549	–	–	248,549

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (cont'd)

	MATURITIES			TOTAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	NOTIONAL AMOUNT RM'000
GROUP				
2009				
Sale contracts used to hedge sale proceeds receivable				
USD	1,051,493	320,158	–	1,371,651
EUR	957,758	–	–	957,758
Others	157,905	7,543	–	165,448
	2,167,156	327,701	–	2,494,857
Purchase contracts used to hedge purchase commitments payable				
USD	44,678	–	–	44,678
EUR	1,354	–	–	1,354
Others	34,546	3,014	–	37,560
	80,578	3,014	–	83,592

The net unrecognised gain/(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:

	MATURITIES			TOTAL NET UNRECOGNISED GAIN/(LOSS) AS AT END OF THE FINANCIAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	YEAR RM'000
GROUP				
2010				
Sale contracts	32,933	–	–	32,933
Purchase contracts	5,726	–	–	5,726
2009				
Sale contracts	(8,956)	2,091	–	(6,865)
Purchase contracts	(1,206)	(192)	–	(1,398)

42 FINANCIAL INSTRUMENTS (CONT'D)

42.1 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			
	USD RM'000	EUR RM'000	OTHERS RM'000	TOTAL RM'000
Functional currency				
GROUP				
2010				
RM	(3,126,562)	249,431	(582,512)	(3,459,643)
USD	–	332	688	1,020
EUR	92,038	–	17,362	109,400
Others	(16,481)	36	–	(16,445)
	(3,051,005)	249,799	(564,462)	(3,365,668)
2009				
RM	(4,090,078)	101,455	(521,044)	(4,509,667)
USD	–	84	521	605
EUR	8,703	–	18,813	27,516
Others	(5,551)	25	–	(5,526)
	(4,086,926)	101,564	(501,710)	(4,487,072)
COMPANY				
2010				
RM	(4,286,991)	838,175	–	(3,448,816)
2009				
RM	(4,548,969)	832,066	–	(3,716,903)

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (cont'd)

As at the balance sheet date, the Group and the Company have also entered into the following currency swap contracts:

GROUP

2010

i Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

ii Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

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

2009

i Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

ii Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

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

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 certain subsidiaries' foreign currencies denominated estimated receipts and payments. The summary of the contracts was as follows:

Description	Notional Amount	Effective Period
EUR/USD Target Redemption Forward	EUR6.0 - EUR9.0 million	September 2008 to August 2009

42 FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (cont'd)

COMPANY

2010

i Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

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

2009

i Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

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

42.2 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.

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (CONT'D)

42.2 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.

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000	1 - 2 YEAR RM'000	2 - 3 YEAR RM'000	3 - 4 YEAR RM'000	4 - 5 YEAR RM'000	MORE THAN 5 YEAR RM'000
GROUP									
2010									
Fixed rate instruments									
Term loans	33.1	5.59	(591,574)	–	–	–	–	–	(591,574)
2nd Exchangeable Bonds	33.2	5.12	(345,795)	–	(345,795)	–	–	–	–
3rd Exchangeable Bonds	33.3	4.35	(1,440,298)	–	–	(1,440,298)	–	–	–
Guaranteed Notes	33.4	5.34	(1,612,136)	–	–	–	–	–	(1,612,136)
Financial lease obligations	33.6	8.00	(131)	(25)	(29)	(34)	(39)	(4)	–
Floating rate instruments									
Amounts due from jointly controlled entities	22.1	1.75	1,759,990	1,759,990	–	–	–	–	–
Short term funds	27	2.16	3,108,216	3,108,216	–	–	–	–	–
Deposits with financial institutions	28	2.73	362,182	362,182	–	–	–	–	–
Cash held in Housing Development Accounts	29	1.11	183,118	183,118	–	–	–	–	–
Term loans	33.1	2.00	(742,629)	(742,629)	–	–	–	–	–
Revolving credits	33.5	0.96	(24,768)	(24,768)	–	–	–	–	–

42 FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (cont'd)

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000	1 - 2 YEAR RM'000	2 - 3 YEAR RM'000	3 - 4 YEAR RM'000	4 - 5 YEAR RM'000	MORE THAN 5 YEAR RM'000
GROUP									
2009									
Fixed rate instruments									
Term loans	33.1	5.33	(643,119)	–	–	–	–	–	(643,119)
2nd Exchangeable Bonds	33.2	5.12	(357,573)	–	–	(357,573)	–	–	–
3rd Exchangeable Bonds	33.3	4.35	(1,811,381)	–	–	–	(1,811,381)	–	–
Guaranteed Notes	33.4	5.34	(1,751,388)	–	–	–	–	–	(1,751,388)
Floating rate instruments									
Amounts due from jointly controlled entities	22.1	2.10	1,692,293	1,692,293	–	–	–	–	–
Short term funds	27	2.43	1,619,511	1,619,511	–	–	–	–	–
Deposits with financial institutions	28	4.47	455,914	455,914	–	–	–	–	–
Cash held in Housing Development Accounts	29	1.61	58,510	58,510	–	–	–	–	–
Term loans	33.1	1.66	(974,160)	(974,160)	–	–	–	–	–
Revolving credits	33.5	1.46	(16,773)	(16,773)	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (cont'd)

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000	1 - 2 YEAR RM'000	2 - 3 YEAR RM'000	3 - 4 YEAR RM'000	4 - 5 YEAR RM'000	MORE THAN 5 YEAR RM'000
COMPANY									
2010									
Floating rate instruments									
Short term funds	27	2.26	2,977,058	2,977,058	–	–	–	–	–
Deposits with financial institutions	28	1.30	176,273	176,273	–	–	–	–	–
Term loan	33.1	3.85	(323,650)	(323,650)	–	–	–	–	–
Fixed rate instruments									
Amounts due from subsidiaries		4.90	1,842,290	1,842,290	–	–	–	–	–
Amounts due to subsidiaries		4.65	(5,309,096)	(1,275,122)	(320,366)	(1,509,898)	–	–	(2,203,710)
2009									
Floating rate instruments									
Short term funds	27	2.61	1,597,511	1,597,511	–	–	–	–	–
Deposits with financial institutions	28	3.12	217,647	217,647	–	–	–	–	–
Term loan	33.1	3.60	(351,850)	(351,850)	–	–	–	–	–
Fixed rate instruments									
Amounts due from subsidiaries		4.52	2,131,133	2,131,133	–	–	–	–	–
Amounts due to subsidiaries		4.43	(6,724,876)	(1,999,443)	–	(348,279)	(1,982,647)	–	(2,394,507)

42 FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (cont'd)

As at 30 June 2009, the Group had the following interest rate swap contracts to optimise interest cost over the respective loan tenure:

INTEREST RATE SWAP	NOTIONAL AMOUNT	EFFECTIVE PERIOD
GROUP		
2009		
USD Dual Index Hybrid Swap	USD40 million, over a period of 7 years, commencing 22 July 2007	22 July 2007 to 22 July 2014

42.3 Price fluctuation risk

The Group's plantation and resource-based manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two (2) operating segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

As at the balance sheet date, the Group has entered into the following commodity future contracts:

Commodity future

	MATURITIES		TOTAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	NOTIONAL AMOUNT RM'000
GROUP			
2010			
Sale contracts	112,811	–	112,811
Purchase contracts	205,684	15,241	220,925
2009			
Sale contracts	77,804	–	77,804
Purchase contracts	250,783	4,164	254,947

42 FINANCIAL INSTRUMENTS (CONT'D)

42.3 Price fluctuation risk (cont'd)

Commodity future (cont'd)

The net unrecognised gain/(loss) as at the balance sheet date on commodity future sale and purchase contracts used are deferred until the occurrence of the related future transactions in the following manner:

	MATURITIES		NET UNREGCONISED GAIN/(LOSS) AS AT END OF THE FINANCIAL YEAR
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	RM'000
GROUP			
2010			
Sale contracts	2,759	–	2,759
Purchase contracts	(8,486)	(369)	(8,855)
2009			
Sale contracts	5,693	–	5,693
Purchase contracts	(21,872)	(281)	(22,153)

The net unrecognised gain/(loss) on the commodity future has 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.

42.4 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 programmes and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collateral 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 asset.

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.

42 FINANCIAL INSTRUMENTS (CONT'D)

42.5 Liquidity and cash flow 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 operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

42.6 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:

	NOTE	GROUP CARRYING AMOUNT RM'000	GROUP FAIR VALUE RM'000	COMPANY CARRYING AMOUNT RM'000	COMPANY FAIR VALUE RM'000
2010					
Recognised					
Quoted other long term investments	18	28,013	51,205	2,320	3,099
Quoted short term investments	26	4,385	4,390	–	–
Short term funds	27	3,108,216	3,110,719	2,977,058	2,979,252
2nd Exchangeable Bonds	33.2	345,795	396,029	–	–
3rd Exchangeable Bonds	33.3	1,440,298	1,547,737	–	–
Guaranteed Notes	33.4	1,612,136	1,699,995	–	–
Finance lease obligations	33.6	131	154	–	–
Term loans	33.1	1,334,203	1,296,702	323,650	323,650
Amounts due to subsidiaries		–	–	5,309,096	5,472,916
Amounts due from jointly controlled entities	22.1	1,759,990	1,759,990	–	–
Unrecognised					
Forward foreign exchange contracts					
Sale contracts	42.1	–	32,933	–	–
Purchase contracts	42.1	–	5,726	–	–
Currency swap contracts		–	(3,512)	–	1,651
Commodity future contracts					
Sale contracts	42.3	–	2,759	–	–
Purchase contracts	42.3	–	(8,855)	–	–

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (CONT'D)

42.6 Fair values (cont'd)

	NOTE	GROUP CARRYING AMOUNT RM'000	GROUP FAIR VALUE RM'000	COMPANY CARRYING AMOUNT RM'000	COMPANY FAIR VALUE RM'000
2009					
Recognised					
Quoted other long term investments	18	21,348	44,336	2,300	2,862
Quoted short term investments	26	4,788	5,294	–	–
Short term funds	27	1,619,511	1,618,059	1,597,511	1,596,059
2nd Exchangeable Bonds	33.2	357,573	387,008	–	–
3rd Exchangeable Bonds	33.3	1,811,381	1,903,583	–	–
Guaranteed Notes	33.4	1,751,388	1,642,297	–	–
Term loans	33.1	1,617,279	1,409,533	351,850	351,850
Amounts due to subsidiaries		–	–	6,724,876	6,575,450
Amounts due from jointly controlled entities	22.1	1,692,293	1,692,293	–	–
Unrecognised					
Forward foreign exchange contracts					
Sale contracts	42.1	–	(6,865)	–	–
Purchase contracts	42.1	–	(1,398)	–	–
Currency swap contracts		–	(45,016)	–	(22,925)
Commodity future contracts					
Sale contracts	42.3	–	5,693	–	–
Purchase contracts	42.3	–	(22,153)	–	–
Interest rate swap contracts		–	(1,423)	–	–

The currency swap contracts were mainly hedging arrangements to convert the initial currencies of the long term borrowings obtained by the Group into currencies that match the Group's assets and to provide a natural hedge against the Group's revenue. These currency swap contracts have the same maturity dates with the said borrowings.

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 twelve (12) months approximate fair values due to the relatively short term maturity of these financial instruments.

ii The fair values of quoted investments are their quoted market prices at the balance sheet date. The fair values of unquoted investments are estimated based on valuation approach by reference to the Group's share of net assets of the investees based on the latest available financial statements of the investees.

iii The fair values of the Group's 2nd Exchangeable Bonds, 3rd Exchangeable Bonds and Guaranteed Notes are their quoted market prices at the balance sheet date. The fair values of the Group's other borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

iv The fair value of amounts due from jointly controlled entities approximate fair values as these advances bear interest at floating rates.

v The fair values of derivative financial instruments are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the balance sheet date arising from such contracts.

43 COMMITMENTS

43.1 Capital Commitments

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Authorised capital expenditure not provided for in the financial statements				
- Contracted				
Purchase of property, plant and equipment	36,439	210,037	–	784
Purchase of land held for property development	46,005	–	–	–
Construction in progress	5,470	3,764	–	47
- Not Contracted				
Purchase of property, plant and equipment	129,443	228,014	7,482	5,728
New planting	6,462	6,029	3,816	2,746

43.2 Operating Lease Commitments

43.2.1 The Group as lessee

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

i lease of a piece of land for a lease period of 50 years with a renewal term of 16 years which covers a net area of 9,605 acres for cultivation of oil palm;

ii lease of a piece of land for a lease period of 60 years which covers a net area of 7,932 acres for cultivation of oil palm;

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

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

v lease of storage tanks for a lease period of 2 years; and

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

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	GROUP 2010 RM'000	GROUP 2009 RM'000
Not later than 1 year	9,410	5,183
Later than 1 year and not later than 5 years	17,266	10,779
Later than 5 years	115,802	117,920
	142,478	133,882

NOTES TO THE FINANCIAL STATEMENTS

43 COMMITMENTS

43.2 Operating Lease Commitments (cont'd)

43.2.2 The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease terms of between 2 - 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	
	2010 RM'000	2009 RM'000
Not later than 1 year	84,513	76,170
Later than 1 year and not later than 5 years	72,189	71,883
Later than 5 years	4,983	9,534
	161,685	157,587

44 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

44.1 Voluntary take-over offer to acquire all shares in IOI Properties Berhad ("IOIP")

On 4 February 2009, the Company offered to acquire all 199,727,505 ordinary shares of RM0.50 each in IOIP ("IOIP Share(s)") not already owned by the Company and all the new IOIP Shares that might be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to IOIP's Executive Share Option Scheme ("IOIP ESOS Options") at an offer price of RM2.598 per IOIP Share to be satisfied in the following manner:

i the issuance of zero-point six (0.6) ordinary shares of RM0.10 each in the Company ("IOI Share") at an issue price of RM3.78 per IOI Share; and

ii RM0.33 in cash,

for every one (1) IOIP Share held in respect of which the offer is validly accepted.

IOIP was removed from the Official List of Bursa Malaysia Securities Berhad with effect from 28 April 2009.

As at the last financial year end, the Company had acquired 157,132,870 IOIP Shares with the issuance of 94,279,715 IOI Share and cash payment of RM51.9 million. The Company then held 95.4% of the issued and paid-up capital of IOIP.

During the current financial year, the Company had further acquired 35,234,021 IOIP Shares with the issuance of 21,140,410 IOI Share and cash payment of RM11.6 million. Consequently, the equity interest of the Company in IOIP increased to 99.7%.

44 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

44.2 Renounceable Rights Issue by the Company

On 23 July 2009, the Company proposed to undertake a renounceable rights issue of up to 420,989,299 new ordinary shares of RM0.10 each in the Company ("Rights Share(s)"), at an issue price of RM2.90 per Rights Share for cash on the basis of one (1) Rights Share for every fifteen (15) existing ordinary shares of RM0.10 each held in the Company at an entitlement date to be determined later ("Renounceable Rights Issue").

On 24 December 2009, the Company completed the Renounceable Rights Issue with the listing of and quotation for 398,821,324 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

44.3 Disposal of equity interest in Paduwan Development Sdn Bhd

On 28 June 2010, IOIP disposed its investment in the entire issued and paid-up share capital of Paduwan Development Sdn Bhd ("PDSB") comprising 100,000 shares of RM1.00 each in PDSB, for a cash consideration of RM36,941,584.

45 SEGMENTAL INFORMATION

The Group has four (4) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Plantation	Cultivation of oil palm and rubber and processing of palm oil
Property development	Development of properties
Property investment	Investment in shopping mall, office complex and other properties
Resource-based manufacturing	Manufacturing of oleochemicals, specialty oils and fats, palm oil refinery and palm kernel crushing
Other operations	Management and operation of hotels and resorts, landscape services and other operations which are not sizable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities, loans and borrowings that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the group position.

NOTES TO THE FINANCIAL STATEMENTS

45 SEGMENTAL INFORMATION (CONT'D)

	PLANTATION RM'000	PROPERTY DEVELOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANUFAC-TURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2010							
Revenue							
External sales	355,838	945,538	97,866	11,002,521	141,199	–	12,542,962
Inter-segment sales	1,634,638	–	–	–	–	(1,634,638)	–
Total revenue	1,990,476	945,538	97,866	11,002,521	141,199	(1,634,638)	12,542,962
Result							
Segment operating profit	1,126,214	532,052	49,810	568,562	61,514	–	2,338,152
Fair value gain on investment properties	–	–	21,020	–	–	–	21,020
Segment results	1,126,214	532,052	70,830	568,562	61,514	–	2,359,172
Translation gain on USD denominated borrowings							395,838
Other unallocated corporate expenses							(118,667)
Operating profit							2,636,343
Interest income							47,214
Finance costs							(221,170)
Share of results of associates	42,623	–	–	12,224	–	–	54,847
Share of results of jointly controlled entities	–	33,399	–	–	–	–	33,399
Profit before taxation							2,550,633
Taxation							(485,517)
Profit for the financial year							2,065,116

45 SEGMENTAL INFORMATION (CONT'D)

	PLANTATION RM'000	PROPERTY DEVELOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANUFAC-TURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2010							
Assets							
Segment assets	3,995,901	1,830,526	1,128,742	4,199,993	675,135	–	11,830,297
Interest in associates	303,116	70,950	–	194,149	4,030	–	572,245
Interest in jointly controlled entities	–	1,549,245	–	–	–	–	1,549,245
Unallocated corporate assets							3,391,630
Consolidated total assets							17,343,417
Liabilities							
Segment liabilities	239,117	179,735	43,661	454,963	51,375	–	968,851
Unallocated corporate liabilities							5,305,093
Consolidated total liabilities							6,273,944
Other Information							
Capital expenditure	110,596	4,492	2,399	290,731	27,413	–	435,631
Depreciation and amortisation	63,849	2,095	3,160	149,293	13,444	–	231,841
Non-cash expenses other than depreciation and amortisation	19,122	590	10,687	54,611	32,264	–	117,274

NOTES TO THE FINANCIAL STATEMENTS

45 SEGMENTAL INFORMATION (CONT'D)

	PLANTATION RM'000	PROPERTY DEVELOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANUFAC-TURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2009							
Revenue							
External sales	242,853	660,167	81,505	13,490,715	125,234	–	14,600,474
Inter-segment sales	2,254,706	–	–	–	–	(2,254,706)	–
Total revenue	2,497,559	660,167	81,505	13,490,715	125,234	(2,254,706)	14,600,474
Result							
Segment operating profit	1,639,739	309,556	46,633	356,816	78,779	–	2,431,523
Fair value gain on investment properties	–	–	110,840	–	–	–	110,840
Segment results	1,639,739	309,556	157,473	356,816	78,779	–	2,542,363
Translation loss on USD denominated borrowings							(315,346)
Other unallocated corporate expenses							(257,962)
Operating profit							1,969,055
Interest income							60,346
Finance costs							(230,853)
Share of results of associates	5,976	–	–	3,937	–	–	9,913
Share of results of jointly controlled entities	–	(258,344)	–	–	–	–	(258,344)
Profit before taxation							1,550,117
Taxation							(486,943)
Profit for the financial year							1,063,174

45 SEGMENTAL INFORMATION (CONT'D)

	PLANTATION RM'000	PROPERTY DEVELOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANUFAC-TURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2009							
Assets							
Segment assets	4,285,530	1,735,909	1,128,926	4,411,343	405,170	–	11,966,878
Interest in associates	370,785	35,333	–	185,386	3,937	–	595,441
Interest in jointly controlled entities	–	1,436,763	–	–	–	–	1,436,763
Unallocated corporate assets							1,982,872
Consolidated total assets							15,981,954
Liabilities							
Segment liabilities	223,213	196,967	38,275	482,057	73,855	–	1,014,367
Unallocated corporate liabilities							6,195,141
Consolidated total liabilities							7,209,508
Other Information							
Capital expenditure	90,881	4,695	64,282	274,716	16,803	–	451,377
Depreciation and amortisation	60,221	2,281	1,801	153,158	13,257	–	230,718
Non-cash expenses other than depreciation and amortisation	343,558	774	8,151	13,798	19,356	–	385,637

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Cultivation of oil palm and processing of palm oil Development of properties Investment in shopping mall, office complex and other properties Manufacturing of oleochemicals, palm oil refinery and palm kernel crushing Manufacturing and supply of specialty oils and fats Management and operation of hotels and resorts, landscape services
Europe	Manufacturing and supply of specialty oils and fats
North America	Manufacturing and supply of specialty oils and fats
Asia	Supply of oleochemicals, refined and specialty oils and fats
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

NOTES TO THE FINANCIAL STATEMENTS

45 SEGMENTAL INFORMATION (CONT'D)

Geographical Segments (cont'd)

	MALAYSIA RM'000	EUROPE RM'000	NORTH AMERICA RM'000	ASIA RM'000	OTHERS RM'000	CONSOLIDATED RM'000
2010						
Revenue from external customers by location of customers	3,875,498	3,690,920	1,373,153	2,662,784	940,607	12,542,962
Segment assets by location of assets	13,944,586	1,165,416	427,211	1,800,077	6,127	17,343,417
Capital expenditure by location of assets	284,003	141,717	9,733	24	154	435,631
2009						
Revenue from external customers by location of customers	4,379,845	4,816,935	1,493,606	3,209,723	700,365	14,600,474
Segment assets by location of assets	12,104,386	1,586,067	461,022	1,811,969	18,510	15,981,954
Capital expenditure by location of assets	282,368	155,255	13,744	10	–	451,377

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

46 ANALYSIS OF LIABILITIES PAYABLE AND DEBTS RECEIVABLE

The liabilities payable and debts receivable by the Group, estimated by the Directors are as follows:

		GROUP	
	NOTE	2010 RM'000	2009 RM'000
Liabilities Payable			
Amount due to an associate	21	2,182	2,215
Finance lease obligations	33.6	131	–
Trade payables	36	422,349	470,776
Other payables and accruals	36	507,215	479,511
Amounts due to customers on contracts	36	–	494
Progress billings	36	9,199	5,357
Revolving credits	33.5	24,768	16,773
Taxation		82,639	119,708
Term loans	33.1	1,334,203	1,617,279
2nd Exchangeable Bonds	33.2	345,795	357,573
3rd Exchangeable Bonds	33.3	1,440,298	1,811,381
Guaranteed Notes	33.4	1,612,136	1,751,388
Land cost payable	34	–	12,369
Club membership deposits	34	229	13,478
		5,781,144	6,658,302
Less:			
Short term funds	27	3,108,216	1,619,511
Deposits with financial institutions	28	362,182	455,914
Cash and bank balances	29	406,908	383,957
		1,903,838	4,198,920
(Receivable)/Payable as follows:			
Not later than 1 year *		(2,444,672)	(1,182,230)
Later than 1 year and not later than 5 years		2,144,571	2,973,165
Later than 5 years		2,203,939	2,407,985
		1,903,838	4,198,920
Debts Receivable			
Trade receivables	25	1,009,483	1,110,038
Other receivables, deposits and prepayments	25	156,152	104,211
Accrued billings	25	144,280	120,794
Amounts due from jointly controlled entities	22	1,759,990	1,692,293
Amounts due from associates	21	22	58,949
Tax recoverable		35,976	36,665
		3,105,903	3,122,950
Receivable as follows:			
Not later than 1 year		1,345,913	1,430,657
Later than 1 year and not later than 5 years		1,759,990	1,692,293
		3,105,903	3,122,950

* *The liabilities payable not later than 1 year is net of short term funds, deposits with financial institutions and cash and bank balances.*

NOTES TO THE FINANCIAL STATEMENTS

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The subsidiaries, associates and jointly controlled entities, incorporated in Malaysia except otherwise stated, are as follows:

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	100.0%	100.0%	Cultivation of oil palm and investment holding
Cantawan Oil Palms Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Fruitful Plantations Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Hill Land Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Ladang Asas Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Laksana Kemas Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Mayvin (Sabah) Sdn Bhd	100.0%	100.0%	Investment holding
Meriteam Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Morisem Plantations Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	70.0%	70.0%	Cultivation of oil palm
Pine Capital Sdn Bhd	100.0%	100.0%	Cultivation of oil palm and investment holding
PR Enterprise Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Priceland Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Right Purpose Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Safima Plantations Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Sri Cantawan Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Terusan Baru Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Dynamic Plantations Berhad	100.0%	100.0%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	100.0%	100.0%	Cultivation of oil palm and processing of palm oil
Ladang Sabah Sdn Bhd	100.0%	100.0%	Cultivation of oil palm and processing of palm oil
Mayvin Incorporated Sdn Bhd	100.0%	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Morisem Palm Oil Mill Sdn Bhd	100.0%	100.0%	Cultivation of oil palm and processing of palm oil
IOI Pelita Plantation Sdn Bhd	70.0%	70.0%	Cultivation of oil palm
IOI Pelita Quarry Sdn Bhd *(in liquidation)*	70.0%	70.0%	Dormant
IOI Pelita Kanowit Sdn Bhd *(disposed)*	–	60.0%	Dormant
Perusahaan Mekassar (M) Sdn Bhd	100.0%	100.0%	Cultivation of oil palm and processing of palm oil
Syarikat Pukin Ladang Kelapa Sawit Sdn Berhad	100.0%	100.0%	Cultivation of oil palm and processing of palm oil
Syarimo Sdn Bhd	100.0%	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
IOI Commodity Trading Sdn Bhd	100.0%	100.0%	Trading in commodities
Future Growth Sdn Bhd	100.0%	100.0%	Dormant
Morisem Consolidated Sdn Bhd	100.0%	100.0%	Dormant

47 **LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES** (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Direct Subsidiaries (cont'd)			
Plantation (cont'd)			
Morisem Sdn Bhd	100.0%	100.0%	Dormant
Lynwood Capital Resources Pte Ltd * *(Incorporated in Singapore)*	100.0%	100.0%	Investment holding
Oakridge Investments Pte Ltd * *(Incorporated in Singapore)*	100.0%	100.0%	Investment holding
Oleander Capital Resources Pte Ltd * *(Incorporated in Singapore)*	100.0%	100.0%	Investment holding
Zonec Plus Sdn Bhd	100.0%	100.0%	Dormant
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	100.0%	100.0%	Property development and plantation
Dreammont Development Sdn Bhd	100.0%	100.0%	Property investment
Kayangan Heights Sdn Bhd	60.0%	60.0%	Property development
Nice Skyline Sdn Bhd	99.9%	98.2%	Property development, plantation and investment holding
Rapat Jaya Sendirian Berhad	100.0%	100.0%	Property development and plantation
Eng Hup Industries Sdn Berhad	100.0%	100.0%	Property development and management
IOI Properties Berhad	99.7%	95.4%	Property development, property investment and investment holding
Kean Ko Sdn Berhad	100.0%	100.0%	Investment holding
Projects IOI (Mauritius) Ltd * *(Incorporated in Mauritius)*	55.0%	55.0%	Investment holding
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd	100.0%	100.0%	Produce and supply palm-based renewable energy generation using biomass
IOI Edible Oils Sdn Bhd	100.0%	100.0%	Commodities trading, palm oil refinery/kernel crushing plant
IOI Speciality Fats Sdn Bhd	100.0%	100.0%	Commodities trading and palm oil refinery and palm kernel fractionation
IOI Loders Croklaan Procurement Company Sdn Bhd	100.0%	100.0%	Commodities trading and international procurement of palm oil
IOI Oleochemical Industries Berhad *	100.0%	100.0%	Investment holding
Loders Croklaan Group B. V. # *(Incorporated in The Netherlands)*	100.0%	100.0%	Investment holding
Pan-Century Edible Oils Sdn Bhd	100.0%	100.0%	Refining and processing of crude palm oil, soap noodles and glycerine

NOTES TO THE FINANCIAL STATEMENTS

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Direct Subsidiaries (cont'd)			
Resource-based Manufacturing (cont'd)			
Pan-Century Oleochemicals Sdn Bhd	100.0%	100.0%	Manufacturing of oleochemical products
IOI Lipid Enzymtec Sdn Bhd	100.0%	100.0%	Pre-operating
Non-Segment			
IOI Construction Sdn Bhd *(liquidated)*	–	70.0%	Building, engineering and construction services
IOI Palm Products Sdn Bhd	100.0%	100.0%	Manufacturing and trading of oil palm related by-products
Resort Villa Development Sdn Bhd	100.0%	100.0%	Hotel and resort development
Resort Villa Golf Course Berhad	100.0%	100.0%	Golf and recreational club services
Resort Villa Golf Course Development Sdn Bhd	100.0%	100.0%	Hotel and hospitality services
IOI Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	100.0%	100.0%	Issuance of Exchangeable Bonds
IOI Investment (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	100.0%	100.0%	Issuance of Exchangeable Bonds
IOI Ventures (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	100.0%	100.0%	Issuance of Guaranteed Notes
IOI Resources (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	100.0%	100.0%	Issuance of Exchangeable Bonds
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	100.0%	100.0%	Investment holding
Swee Lam Estates (Malaya) Sdn Berhad	100.0%	100.0%	Investment holding
Jasasinar Multimedia Sdn Bhd	94.0%	94.0%	Dormant
IOI Palm Biotech Sdn Bhd	100.0%	100.0%	Dormant
IOI Biofuel Sdn Bhd	100.0%	100.0%	Dormant
IOI Pulp & Paper Sdn Bhd	100.0%	100.0%	Dormant
IOI Management Sdn Bhd	100.0%	100.0%	Dormant
Tampoi Development Sdn Bhd	100.0%	100.0%	Dormant
IOI Consolidated (Singapore) Pte Ltd # *(Incorporated in Singapore)*	100.0%	100.0%	Dormant
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Deramakot Plantations Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Ladang Mayvin Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Mowtas Plantations Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Sri Mayvin Plantation Sdn Bhd	100.0%	100.0%	Cultivation of oil palm

47 **LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES** (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Plantation (cont'd)			
Subsidiaries of Pine Capital Sdn Bhd			
Ladang Tebu Batu Putih Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Luminous Aspect Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Priceland Plantation Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Sayang Segama Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Sri Vagas Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Sri Yongdankong Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Subsidiaries of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Vantage Wealth Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Bilprice Development Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Erat Manis Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Hidayat Rakyat Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Hidayat Ria Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Kunimas Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Lokoh Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Maxgrand Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Mewahandal Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Muara Julang Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Pricescore Enterprise Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Pujian Harum Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Syarikat Best Cocoa Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd @	100.0%	100.0%	Cultivation of oil palm
Very Good Estate Sdn Bhd	100.0%	100.0%	Cultivation of oil palm
Fastscope Development Sdn Bhd	100.0%	100.0%	Cultivation of soft wood timber
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Plantations (Sabah) Sdn Bhd *	100.0%	100.0%	Cultivation of oil palm
Pamol Plantations Sdn Bhd *	100.0%	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Unipamol Malaysia Sdn Bhd *	100.0%	100.0%	Investment holding
Pamol Bintang Sdn Bhd *	100.0%	100.0%	Dormant
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd *	70.0%	70.0%	Cultivation of oil palm , processing of palm oil and investment holding

NOTES TO THE FINANCIAL STATEMENTS

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Plantation (cont'd)			
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	70.0%	70.0%	Cultivation of oil palm
Subsidiaries of Oleander Capital Resources Pte Ltd			
PT Berkat Agro Sawitindo * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Investment holding
PT Sawit Nabati Agro * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Investment holding
Subsidiaries of PT Sawit Nabati Agro			
PT Ketapang Sawit Lestari * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Pre-operating
PT Kalimantan Prima Agro Mandiri * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Pre-operating
PT Bumi Sawit Sejahtera * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Pre-operating
PT Berkat Nabati Sejahtera * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Cultivation of oil palm
PT Sukses Karya Sawit * *(Incorporated in Republic of Indonesia)*	67.0%	67.0%	Cultivation of oil palm
Property Development and Investment			
Subsidiary of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	99.9%	98.2%	Dormant
Subsidiary of Projects IOI (Mauritius) Ltd			
A. P. Gems & Jewellery Park Pvt Ltd (India) * *(Incorporated in India)*	49.0%	49.0%	Property investment
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	99.7%	95.4%	Property development, property investment and investment holding
Flora Development Sdn Bhd	99.7%	95.4%	Property development and property investment
Kapar Realty And Development Sdn Berhad *(in liquidation)*	67.8%	65.0%	Property development
Kumpulan Mayang Sdn Bhd	99.7%	95.4%	Property development

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Property Development and Investment (cont'd)			
Subsidiaries of IOI Properties Berhad (cont'd)			
Pine Properties Sdn Bhd	99.7%	95.4%	Property development and property investment
Dynamic Management Sdn Bhd	99.7%	95.4%	Property development and investment holding
Commercial Wings Sdn Bhd	99.7%	95.4%	Property investment
Property Skyline Sdn Bhd	89.7%	86.0%	Provision of management services and investment holding
IOI Land Singapore Pte Ltd # *(Incorporated in Singapore)*	99.7%	95.4%	Investment holding
Flora Horizon Sdn Bhd	99.7%	95.4%	Property development and cultivation of oil palm
Pilihan Teraju Sdn Bhd	99.7%	95.4%	Property development and cultivation of oil palm
Hartawan Development Sdn Bhd	99.7%	95.4%	Property development and cultivation of oil palm
Jutawan Development Sdn Bhd	99.7%	95.4%	Dormant
Paduwan Development Sdn Bhd *(disposed)*	–	95.4%	Property development and cultivation of oil palm
Paska Development Sdn Bhd	99.7%	95.4%	Dormant
Multi Wealth (Singapore) Pte Ltd # *(Incorporated in Singapore)*	99.7%	95.4%	Investment holding
IOI Properties (Singapore) Pte Ltd # *(Incorporated in Singapore)*	99.7%	95.4%	Investment holding
IOI Landscape Services Sdn Bhd	99.7%	95.4%	Landscape services, sale of ornamental plants and turfing grass
Subsidiaries of Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	99.7%	95.4%	Building maintenance services
Lush Development Sdn Bhd	99.7%	95.4%	Property development
Riang Takzim Sdn Bhd	99.7%	95.4%	Dormant
Tanda Bestari Development Sdn Bhd	99.7%	95.4%	Property development
Subsidiaries of Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	99.7%	95.4%	General contractors
Pilihan Megah Sdn Bhd	99.7%	95.4%	Property development, property investment and investment holding
Legend Advance Sdn Bhd	69.8%	67.0%	Property development and property investment
Subsidiary of Pilihan Megah Sdn Bhd			
Future Link Properties Pte Ltd # *(Incorporated in Singapore)*	60.8%	58.0%	Property investment

NOTES TO THE FINANCIAL STATEMENTS

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Property Development and Investment (cont'd)			
Subsidiaries of Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd	92.2%	88.0%	Property development, property investment and cultivation of oil palm
Property Village Berhad	80.8%	77.0%	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	89.7%	86.0%	Property development
Trilink Pyramid Sdn Bhd	89.7%	–	Dormant
Subsidiary of Property Village Berhad			
Baycrest Sdn Bhd	80.8%	77.0%	General contractors
Subsidiary of Kean Ko Sdn Berhad			
Seremban Enterprise Corporation Berhad *(in liquidation)*	58.0%	58.0%	Property development
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmex Industries Sdn Berhad *	100.0%	100.0%	Property development and investment holding
Palmco Properties Sdn Bhd *	100.0%	100.0%	Cultivation of oil palm
PMX Bina Sdn Bhd *	100.0%	100.0%	Property construction
Resource-based Manufacturing			
Subsidiary of IOI Edible Oils Sdn Bhd			
IOI Jeti Sdn Bhd	100.0%	100.0%	Dormant
Subsidiaries of IOI Oleochemical Industries Berhad			
Acidchem International Sdn Bhd *	100.0%	100.0%	Manufacturing of fatty acids and glycerine
Derichem (M) Sdn Bhd *	100.0%	100.0%	Manufacturing of soap noodles
Esterchem (M) Sdn Bhd *	100.0%	100.0%	Trading in esters
Stabilchem (M) Sdn Bhd *	100.0%	100.0%	Distribution of fatty esters
Palmco Oil Mill Sendirian Berhad *	100.0%	100.0%	Trading in commodities
Subsidiaries of Loders Croklaan Group B. V.			
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	100.0%	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	100.0%	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	100.0%	100.0%	Investment holding

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Resource-based Manufacturing (cont'd)			
Subsidiaries of Loders Croklaan Group B. V. (cont'd)			
Loders Croklaan For Oils S.A.E. Egypt # *(Incorporated in Egypt)*	100.0%	100.0%	Production of emulsified raw materials and semi finished goods on oils and fats
IOI-Loders Croklaan Oils B.V. # *(Incorporated in The Netherlands)*	100.0%	100.0%	Palm oil refinery
Loders Croklaan (Shanghai) Trading Co. Ltd # *(Incorporated in the People's Republic of China)*	100.0%	100.0%	Trading of specialty oils and fats products
IOI Loders Croklaan Oils Sdn Bhd	100.0%	100.0%	Refining and trading of crude palm oil, other refined products and tolling services
Loders Croklaan (Ghana) Limited * *(Incorporated in Ghana)*	100.0%	100.0%	Procurement and development of raw material for specialty fats application
Loders Croklaan Malaysia Sdn Bhd	100.0%	100.0%	Dormant
Loders Croklaan Latin America Comercio e Industria Ltda * *(Incorporated in Brazil)*	100.0%	100.0%	Dormant
Lipid Nutrition B.V. # *(Incorporated in the Netherlands)*	100.0%	100.0%	Develop, produce and commercialise nutritional lipid ingredients to the dietary supplement and food industry
Elesto C.V. *(dissolved)* # *(Incorporated in the Netherlands)*	–	100.0%	Dormant
Elesto Beheer B.V. *(dissolved)* # *(Incorporated in the Netherlands)*	–	100.0%	Dormant
Loders Croklaan Burkina Faso S.A.R.L. * *(Incorporated in the West Africa)*	100.0%	–	Wholesale procurement and trading of agricultural products particularly shea nuts and shea butter
Subsidiary of Loders Croklaan USA B. V.			
Loders Croklaan USA LLC # *(Incorporated in United States of America)*	100.0%	100.0%	Manufacturing of specialty oils and fats
Subsidiary of Loders Croklaan For Oils S. A. E. Egypt			
Loders Croklaan Trading & Distribution LLC Egypt # *(Incorporated in Egypt)*	100.0%	100.0%	Trading and marketing of food-based products
IOI Specialty Fats For Trade Limited Liability Company # *(Incorporated in Egypt)*	99.0%	–	Trading of specialty fats

NOTES TO THE FINANCIAL STATEMENTS

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Resource-based Manufacturing (cont'd)			
Subsidiary of IOI Loders Croklaan Oils Sdn Bhd			
Loders Croklaan (Asia) Sdn Bhd	100.0%	100.0%	Dormant
Subsidiary of Loders Croklaan Malaysia Sdn Bhd			
Lipid Nutrition Trading (Beijing) Co. Ltd * *(Incorporated in the People's Republic of China)*	100.0%	–	Wholesales, import and export, commission-based agent of the lipids for food and supplements, and other related service
Subsidiary of Acidchem International Sdn Bhd			
Acidchem (USA) Inc * *(Incorporated in United States of America)*	100.0%	100.0%	Trading in fatty acids and glycerine
IOI Oleo (Europe) ApS * *(Incorporated in Denmark)*	100.0%	100.0%	Carrying out registration of oleochemical products of European Union registration, trading and distribution of oleochemical products
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Jaya Sendirian Berhad *	100.0%	100.0%	Bulk cargo warehousing
Palmco Management Services Sdn Bhd *	100.0%	100.0%	Management services and rental of storage tanks
Care Security Services Sdn Bhd *	100.0%	100.0%	Management of collection of service charges
Performance Chemicals (M) Sdn Bhd *	100.0%	100.0%	Dormant
Palmina Sendirian Berhad *	100.0%	100.0%	Dormant
Palmco Plantations Sendirian Berhad *	100.0%	100.0%	Dormant
Direct Consolidated Sdn Bhd *	100.0%	100.0%	Dormant
Quantum Green Sdn Bhd *	100.0%	100.0%	Management services
Acidchem (Sabah) Sdn Bhd *	100.0%	100.0%	Dormant
Subsidiary of Palmex Industries Sdn Berhad			
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	100.0%	100.0%	Investment holding
Subsidiaries of Palmco International (HK) Limited			
Palmco Engineering Limited * *(Incorporated in Hong Kong)*	100.0%	100.0%	Investment holding
Acidchem (Singapore) Pte Ltd * *(Incorporated in Singapore)*	100.0%	100.0%	Dormant

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (cont'd)			
Non-Segment (cont'd)			
Subsidiary of Palmco Engineering Limited			
Tianjin Palmco Oil And Fats Co. Ltd * *(Incorporated in the People's Republic of China)*	100.0%	100.0%	Dormant
Subsidiary of IOI Construction Sdn Bhd			
IOI Concrete Sdn Bhd *(liquidated)*	–	70.0%	Dormant
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	60.0%	60.0%	Management services
Subsidiaries of Swee Lam Estates (Malaya) Sdn Bhd			
Swee Lam Development Sdn Bhd	100.0%	100.0%	Dormant
Swee Lam Properties Sdn Bhd	100.0%	100.0%	Dormant

* Subsidiaries not audited by BDO.

\# Subsidiaries audited by member firms of BDO International.

@ These subsidiaries ceased operations with effect from December 2009 following the completion of restructuring exercise within the plantation division, which involved intra-group sales and purchases of land and plantation development expenditure in their present condition at market values.

NOTES TO THE FINANCIAL STATEMENTS

47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2010	2009	PRINCIPAL ACTIVITIES
Associates			
Perumahan Abadi Sdn Bhd	25.0%	25.0%	Dormant
Reka Halus Sdn Bhd	30.0%	30.0%	Cultivation of oil palm and processing of palm oil
Associate of IOI Properties Berhad			
Continental Estates Sdn Bhd	24.0%	23.0%	Property development and cultivation of oil palm
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	30.0%	30.0%	Manufacturing of fatty alcohol and methyl esters
Kao Plasticizer (Malaysia) Sdn Bhd	30.0%	30.0%	Manufacturing of plasticizer and other chemical products
Peter Greven Asia Sdn Bhd	40.0%	40.0%	Manufacturing of metallic stearates
Associate of Palmex Industries Sdn Berhad			
Malaysia Pakistan Venture Sdn Bhd	25.0%	25.0%	Investment holding
Asssociate of Lynwood Capital Resources Pte Ltd and Oakridge Investments Pte Ltd			
PT Bumitama Gunajaya Agro *(Incorporated in Republic of Indonesia)*	33.0%	33.0%	Cultivation of oil palm, processing of palm oil and investment holding
Jointly Controlled Entities			
Jointly controlled entity of IOI Land Singapore Pte Ltd			
Seaview (Sentosa) Pte Ltd *(Incorporated in Singapore)*	50.0%	48.0%	Property development
Jointly controlled entity of IOI Properties (Singapore) Pte Ltd			
Pinnacle (Sentosa) Pte Ltd *(Incorporated in Singapore)*	65.0%	62.0%	Property development
Jointly controlled entity of Multi Wealth (Singapore) Pte Ltd			
Mergui Development Pte Ltd *(Incorporated in Singapore)*	60.0%	57.0%	Property development

48 AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2010 were authorised for issue by the Board of Directors on 6 September 2010.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 111 to 246 have been drawn up in accordance with 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 the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
6 September 2010

STATUTORY DECLARATION

I, Rupert Koh Hock Joo, being the officer primarily responsible for the financial management of IOI Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 111 to 246 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	)	**Rupert Koh Hock Joo**
at Puchong, Selangor Darul Ehsan	)	
this 6 September 2010	)	

Before me

Cheong Lak Hoong
Commissioner for Oaths
No. B232

INDEPENDENT AUDITORS' REPORT

To The Members Of IOI Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of IOI Corporation Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 111 to 246.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 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 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, we also report the following:

a In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 47 to the financial statements.

c We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Dato' Gan Ah Tee, DNS, JP
1890/03/12 (J/PH)
Chartered Accountant

Kuala Lumpur
6 September 2010

GROUP PROPERTIES

A PLANTATION ESTATES

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	FACTORY/ MILL	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,660	OP	–	1983	21,257
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	40,430
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	–	1985	19,697
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	–	1989	25,939
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	23,129
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	–	1990	28,727
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	–	2000	20,842
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	–	2000	12,594
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	–	2002	14,759
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,641	OP	–	2002	14,172
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,317	OP	–	1990	40,260
Bahau Estate, Kuala Pilah	Freehold	2,833	OP	–	1990	49,606
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	–	1990	12,544
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,554	OP R	1	1990	58,573
Paya Lang Estate, Segamat	Freehold	2,517	OP R	–	1990	45,768
Tambang Estate, Segamat	Freehold	2,020	OP	–	1990	40,148
Bukit Serampang Estate, Tangkak	Freehold	2,735	OP	–	1990	47,796
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	–	1990	35,236
Sagil Estate, Tangkak	Freehold	2,393	OP	–	1990	46,774
Segamat Estate, Segamat	Freehold	1,921	OP	–	1990	38,874
Pamol Plantations Estate, Kluang	Freehold	8,110	OP	1	2003	275,684

A PLANTATION ESTATES (CONT'D)

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	FACTORY/ MILL	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	1993	26,440
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	–	1993-2009	26,887
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	–	1993	42,704
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	1993	24,963
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	–	1993	32,591
Baturong 1–3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	66,952
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	1991	574
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2077-2990	18,417	OP	1	1985-2000	235,549
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,093	OP	–	1995	107,511
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	–	1996	30,900
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	49,091
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998-2003	281,610
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078-2080	1,452	OP	–	1998	31,815
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	1998	28,645
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	–	2001	63,901
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	–	2001	79,725

GROUP PROPERTIES

A PLANTATION ESTATES (CONT'D)

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	FACTORY/ MILL	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Sabah (cont'd)						
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	–	2003-2007	37,452
Pamol Estate, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	197,632
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	–	2003	100,483
Linbar 1 & 2 Estate, Kinabatangan	Leasehold expiring 2081	4,840	OP	–	2003	121,495
Mayvin 1-2 Estate, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	1	2003	97,569
Mayvin 5-6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	–	2003	101,603
Leepang 1-5 Estate, Kinabatangan	Leasehold expiring 2080-2102, 2974-2995	9,906	OP	2	2003-2009	280,634
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	5,000	OP	–	2002	55,983
Tegai Estate, Baram	Leasehold expiring 2058, 2095	4,040	OP	–	2002	41,472

OP Oil palm
R Rubber

B DEVELOPMENT PROPERTIES

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Bandar Puchong Jaya - Parcel A Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	164 hectares	5 hectares	On-going mix development project	1989	1,531
Bandar Puchong Jaya - Parcel B Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	210 hectares	19 hectares	On-going mix development project	1990	137,825
Bandar Puteri Lots 5452, 5454, 5456, 5458-5473, 5476-5477, 5479, 5481, 5483-5484 and various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	374 hectares	79 hectares	On-going mix development project	1994	205,195
IOI Resort Various sub-divided lots in Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	14 hectares	Condominium and bungalow development	1990	69,220
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	67 hectares	On-going mix development project	1988	49,025
Bandar Putra Lots 26737, 3783, 3785 and various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	716 hectares	On-going mix development project	1988	169,381
Taman Lagenda Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	91 hectares	33 hectares	On-going mix development project	2005	63,492
Bandar Putra PTD 5746, 5747 & 5748, Segamat Johor Darul Takzim	Freehold	198 hectares	42 hectares	On-going mix development project	1990	21,127

GROUP PROPERTIES

B DEVELOPMENT PROPERTIES (CONT'D)

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	113 hectares	Homestead development	1990	2,036
Lot 1758 (part of CT 2121) Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	16 hectares	4 hectares	On-going mix development project	1990	341
Lot No. 281 PT 7 Seksyen 89A Bandar Kuala Lumpur	Freehold	15,230 sq m	15,230 sq m	Future development land	2008	50,970
HS (D) 13605 PTD 4911 Sg. Segamat Segamat Johor Darul Takzim	Leasehold expiring 2046	6,930 sq m	6,930 sq m	Vacant industrial land	1986	173
Taman Klang Utama Various sub-divided lots in Kapar, Klang Selangor Darul Ehsan	Freehold	–	2,084 sq m	Future development land	1991	1,456
Lots 2, 3, 177 & 179 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	196 hectares	196 hectares	Future development land	1990	6,134
Lots 429, 432 & 434 Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	1 hectare	Future development land	1990	1,247
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	10 hectares	On-going mix development project	1990	963
Lot 369 (Part), Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1990	1,308

B DEVELOPMENT PROPERTIES (CONT'D)

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
PTD 2637 Lot 2630 Mukim Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	2003	3,002
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	446 hectares	446 hectares	Future development land	1983	14,029
HS (D) 11323 PT No 12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	196 hectares	95 hectares	On-going mix development project	2001	214,316
Lot 3175 Town of Tanjung Tokong Seksyen 1, DTL Penang	Freehold	–	17,617 sq m	Residential development	2001	33,202
Desaria Sungai Ara Penang	Freehold	159 hectares	21 hectares	Residential development	2001	541
Lot 200, Teluk Kumbar Mukim 11, Daerah Barat Daya Penang	Freehold	1.3 hectares	1.3 hectares	Residential development	2009	5,611
HS (D) 1431 PT No 4471 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	21 hectares	21 hectares	Future development land	2002	19,011
Taman Kempas Utama Various sub-divided lots in Tebrau, Johor Bahru Johor Darul Takzim	Freehold	102 hectares	46 hectares	On-going mix development project	2006	120,300
Lots 3210, 3211, 3220, 3221 & 3421 Durian Tunggal Alor Gajah Melaka	Freehold	435 hectares	435 hectares	Future development land	2006	38,005

GROUP PROPERTIES

B DEVELOPMENT PROPERTIES (CONT'D)

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Lots 375, 379, 385, 388, 406 492, 636, 697, 698, 700, 701 703, 846 & 893 Paya Rumput Melaka Tengah Melaka	Freehold	109 hectares	109 hectares	Future development land	2006	27,165
PTD 63696 HS (D) 200924 Mukim Tebrau Johor Bahru Johor Darul Takzim	Freehold	2 hectares	2 hectares	Future development land	2009	25,886

Net carrying amount of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties.

C INVESTMENT PROPERTIES

LOCATION	TENURE	LAND AREA	NET LETTABLE AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF REVALUATION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	66,521 sq m	57,721 sq m	3 storey shopping mall	14	2010	300,000
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	11,606 sq m	22,421 sq m	4 storey shopping mall	2	2010	120,000
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	–	33,023 sq m	24 units commercial lot and car park	12	2010	25,000
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	16,926 sq m	3,490 sq m	1.5 storey semi-wet market	3	2010	16,000
Puchong Financial Corporate Centre Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	11,356 sq m	35,121 sq m	2 blocks of purpose-built office building	2	2010	106,000
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	Freehold	25,457 sq m	6,319 sq m	1 storey semi-wet market shopping complex	4	2010	9,000
IOI Resort Putrajaya	Freehold	75,878 sq m	24,718 sq m	37 units of residential bungalow	3 - 14	2010	80,000
One IOI Square IOI Resort Putrajaya	Freehold	18,802 sq m	18,802 sq m	12 storey new office building erected on existing land	7	2010	79,350

GROUP PROPERTIES

C INVESTMENT PROPERTIES (CONT'D)

LOCATION	TENURE	LAND AREA	NET LETTABLE AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF REVALUATION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Two IOI Square IOI Resort Putrajaya	Freehold	22,176 sq m	12,167 sq m	12 storey new office building erected on existing land	7	2010	51,400
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	47,259 sq m	22,757 sq m	4 storey shopping mall	9	2010	55,000
IOI Plaza 210 Middle Road Singapore	Leasehold expiring 2095	2,600 sq m	9,350 sq m	12 storey office building	12	2010	260,415
Lot 17355 Petaling Jaya Selangor Darul Ehsan	Freehold	506 sq m	465 sq m	1 unit 3.5 storey shop office	16	2010	5,000
No. 12, Jalan Anggerik Mokara 31/62 Kota Kemuning Seksyen 31 Shah Alam Selangor Darul Ehsan	Freehold	362 sq m	362 sq m	1.5 storey terrace factory lot	12	2010	680
HS (D) 125263 PT 17727 Mukim Petaling Selangor Darul Ehsan	Freehold	2,593 sq m	2,593 sq m	Petrol station land	–	2010	3,000
HS (D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq m	2,690 sq m	Petrol station land	–	2010	1,700
HS (D) 45891 PT 9428 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq m	1,699 sq m	Petrol station land	–	2010	1,000

D INDUSTRIAL PROPERTIES

LOCATION	TENURE	LAND AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
27, Section 13 Jalan Kemajuan Petaling Jaya Selangor Darul Ehsan	Leasehold expiring 2059	8,336 sq m	Industrial premises for rental	–	1984	5,220
Country lease CL 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery	13	1995	136,850
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	31 9	2001	48,385 8,867
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,400 sq m	Bulk cargo terminal	36	2001	209
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	8,615 sq m	Bulking installation	36	2001	–
HS (D) 160988 PTD No.89217 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2041	9 hectares	Factory sites	29	2005	50,646
PT 110296, 15926 & 15927 Jalan Pekeliling Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2037, 2052	8 hectares	Factory complex and vacant industrial land	20	2007	21,404
PT 17368, Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2038, 2047, 2051	8 hectares	Factory complex	24	2007	29,311

GROUP PROPERTIES

D INDUSTRIAL PROPERTIES (CONT'D)

LOCATION	TENURE	LAND AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
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	21	2001	–
Loders Croklaan Hogeweg 1, 1520 Wormerveer Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	19 - 40	2002	105,643
Durkee Road 24708 W Channahon Illinois, United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	8 - 40	2002	50,795
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rotterdam The Netherlands	Leasehold	15 hectares	Palm oil refinery	5 - 9	2004	250,080
195 Belfield Rd. Rexdale Ontario M9W-1G8 Canada	Freehold	1,022 sq m	Specialty oils and fats manufacturing facilities	34	2002	1,305

E OTHER PROPERTIES

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Palm Garden Hotel Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	12,181 sq m	152-room hotel	14	1990	17,419
IOI Palm Garden Golf Course Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	90 hectares	27-hole golf course and clubhouse	17	1990	16,933
IOI Resort Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	6 hectares	Hotel and 12 storey new office building erected on existing land	7 - 8	1990	117,234
HS (D) 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Freehold	1,803 sq m	Petrol station land	–	1992	10
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq m	Bungalow plots	–	1992	1,976
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	–	1998	129
No. 1, Lebuh Putra Utama Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,041 sq m	Bandar Putra corporate office	13	1994	1,178
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	96 hectares	27-hole golf course	–	1994	17,403
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	9	1994	7,056

GROUP PROPERTIES

E OTHER PROPERTIES (CONT'D)

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
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	30	2005	162
PT 3865, Pasir Ponyang Port Dickson Negeri Sembilan Darul Khusus	Freehold	917 sq m	Holiday bungalow	27	1990	100
Lot 8, Jalan Segama Lahad Datu Sabah	Leasehold expiring 2894	112 sq m	Shoplot	17	1993	–
Lot 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq m	Semi-detached house and staff apartments	24	1993	–
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	9	1993	708
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	–	1993	1,664
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Vacant land	–	1993	2,967
302-H, Jalan Relau Desaria, Sg Ara Penang	Freehold	167 sq m	Shoplot	15	2001	266

E OTHER PROPERTIES (CONT'D)

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2010 RM'000
Lot 8165 Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	Vacant commercial land	–	2001	150
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	–	1990	2,489
Lot 51665 Mukim Plentong Pasir Gudang Johor Bahru Johor Darul Takzim	Leasehold expiring 2043	2,968 sq m	Vacant land	–	2009	490

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting of the Company will be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Friday, 29 October 2010 at 10.00 a.m. for the following purposes:

AGENDA

1 To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2010 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 Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
b Mr Quah Poh Keat

3 To consider and if thought fit, to pass the following as an Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:

"THAT Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

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

"THAT the payment of Directors' fees of RM480,000/- for the financial year ended 30 June 2010 to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved."

5 To re-appoint BDO, the retiring auditors for the financial year ending 30 June 2011 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."

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 or resold on Bursa Securities and/or cancelled;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AGENDA (CONT'D)

6.2 Proposed Renewal of Existing Share Buy-Back Authority (cont'd)

AND THAT such authority shall commence immediately upon passing of this resolution until:

i the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

ii the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities."

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 4 of the Circular to Shareholders of the Company dated 29 September 2010 subject to the following:

a the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year,

THAT authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:

i the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

ii the expiration of the period within which the next Annual General Meeting of the Company after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONT'D)

7 As special business, to consider and if thought fit, to pass the following Special Resolution:

Proposed Amendment to the Articles of Association of the Company

"THAT the existing Article 124 be deleted in its entirety and be replaced with the following new Article 124:

Article 124 – Mode of payment of dividend
Any dividend, interest or other money payable in cash in respect of shares may be paid by direct debit, bank transfer or such other electronic transfer or remittance methods as may be introduced or required by the Exchange from time to time (hereinafter referred to as "Electronic Payment"), or banker's draft, money order, cheque or warrant sent through the post to the registered address of member or person entitled thereto as the holder may direct. Every such Electronic Payment, banker's draft, money order, cheque or warrant shall be made payable to the order of the persons to whom it is sent or to such person as the holder may direct and payment of the same shall be a good discharge to the Company. Every such Electronic Payment, banker's draft, money order, cheque or warrant shall be sent at the risk of the persons entitled to the money represented thereby."

8 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
29 September 2010

NOTES

1 A member may appoint any person to be his proxy and the provision 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 A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.

4 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, is to seek a renewal of the general mandate which was approved at the 40th Annual General Meeting of the Company held on 28 October 2009 and which will lapse at the conclusion of the forthcoming Annual General Meeting to be held on 29 October 2010.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under item 6.1 of the Agenda, to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the 40th 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 28 October 2009. 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 29 September 2010.

iv Proposed Amendment to the Articles of Association of the Company

The special resolution proposed under item 7 of the Agenda, if passed, will allow the Company to credit dividends, interest or other money payable in cash in respect of shares of the Company directly into the shareholders' bank accounts in line with the amendments made to the Main Market Listing Requirements of Bursa Securities in relation to Electronic Dividend Payment (e-Dividend).

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Directors standing for re-election/re-appointment

a The Directors retiring by rotation and standing for re-election pursuant to Article 101 of the Articles of Association of the Company are as follows:

- Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
- Mr Quah Poh Keat

b The Director seeking for re-appointment under Section 129 of the Companies Act, 1965 is as follows:

- Tan Sri Dato' Lee Shin Cheng

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 64 to 67 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 94 of the Annual Report.

SHAREHOLDERS INFORMATION

As at 1 September 2010

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	:	32,390

ANALYSIS OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	TOTAL HOLDINGS	%
1-99	3,258	26,605	0.00
100-1,000	6,251	4,903,261	0.08
1,001-10,000	17,066	62,695,793	0.98
10,001-100,000	4,829	127,824,881	2.01
100,001-318,887,128	983	3,207,469,260	50.29
318,887,129 and above	3	2,974,822,780	46.64
Total	32,390	6,377,742,580	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	1,236,323,580	19.38
2	Progressive Holdings Sdn Bhd	1,020,400,000	16.00
3	Employees Provident Fund Board	718,099,200	11.26
4	AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	195,626,513	3.07
5	Annhow Holdings Sdn Bhd	123,362,300	1.93
6	AmanahRaya Trustees Berhad Amanah Saham Malaysia	118,529,200	1.86
7	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Progressive Holdings Sdn Bhd	114,000,000	1.79
8	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	113,478,400	1.78
9	Progressive Holdings Sdn Bhd	111,703,800	1.75
10	Kumpulan Wang Persaraan (Diperbadankan)	105,532,913	1.65
11	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmIslamic Bank Berhad for Progressive Holdings Sdn Bhd	100,000,000	1.57
12	Cartaban Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for State Street Bank & Trust Company (West CLT OD67)	88,362,033	1.39

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

	NAME	NO. OF SHARES HELD	%
13	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Crystal Palace Investments Limited	86,816,700	1.36
14	Cartaban Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for Bank Sarasin-Rabo (Asia) Limited (AC Client Frgn)	54,000,000	0.85
15	AmanahRaya Trustees Berhad Amanah Saham Didik	53,422,200	0.84
16	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	47,917,778	0.75
17	Citigroup Nominees (Tempatan) Sdn Bhd Exempt Authorised Nominee for Prudential Fund Management Berhad	46,449,301	0.73
18	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Narisa Heights Investments Limited	46,268,600	0.73
19	HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	43,624,960	0.68
20	AmanahRaya Trustees Berhad Amanah Saham 1Malaysia	43,128,566	0.68
21	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	42,850,436	0.67
22	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Happy Palace Investments Limited	39,074,000	0.61
23	Valuecap Sdn Bhd	38,825,500	0.61
24	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Market Vectors – Agribusiness ETF	38,315,855	0.60
25	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)	37,867,106	0.59
26	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Progressive Holdings Sdn Bhd (KLM/2009/1377)	37,000,000	0.58
27	Citigroup Nominees (Asing) Sdn Bhd Royal Bank of Scotland as Depository for First State Asia Pacific Leader Fund (CB LDN)	33,502,410	0.53
28	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Holdings Sdn Bhd (071001)	32,500,000	0.51
29	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	29,969,333	0.47
30	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)	28,310,226	0.44
Total		4,825,260,910	75.66

SHAREHOLDERS INFORMATION

As at 1 September 2010

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

	NO. OF SHARES HELD			
NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
Tan Sri Dato' Lee Shin Cheng	58,684,900	0.92	*2,630,883,780	41.25
Puan Sri Datin Hoong May Kuan	-	-	**2,689,568,680	42.17
Dato' Lee Yeow Chor	8,196,400	0.13	***2,621,527,380	41.10
Lee Yeow Seng	1,160,000	0.02	***2,621,527,380	41.10
Progressive Holdings Sdn Bhd	2,621,527,380	41.10	–	–
Employees Provident Fund Board	721,642,900	11.32	@90,858,725	1.42

* 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 and 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 interests in Progressive Holdings Sdn Bhd.

@ Shares managed by Portfolio Managers.

NOTES

NOTES

IOI CORPORATION BERHAD 9027-W
Incorporated in Malaysia

PROXY FORM

I/We (Please use block letters)

NRIC / Co. No.

of

being a member(s) of **IOI Corporation Berhad**, hereby appoint

NRIC / Co. No.

of

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-First Annual General Meeting of the Company to be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Friday, 29 October 2010 at 10.00 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 2010 and the Reports of the Directors and Auditors thereon		
2.	To re-elect Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor as a Director		
3.	To re-elect Mr Quah Poh Keat as a Director		
4.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129 of the Companies Act, 1965		
5.	To approve Directors' Fees		
6.	To re-appoint BDO 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		
10.	To approve the Proposed Amendment to Articles of Association of the Company		

(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%

No. of Shares Held :
CDS A/C No. :

Dated this day of 2010

Signature of Shareholder

NOTES

1. A member may appoint any person to be his proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.
4. 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.

FOLD HERE

STAMP

The Company Secretary
IOI CORPORATION BERHAD
Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

FOLD HERE

IOI CORPORATION BERHAD 9027-W
Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

www.ioigroup.com