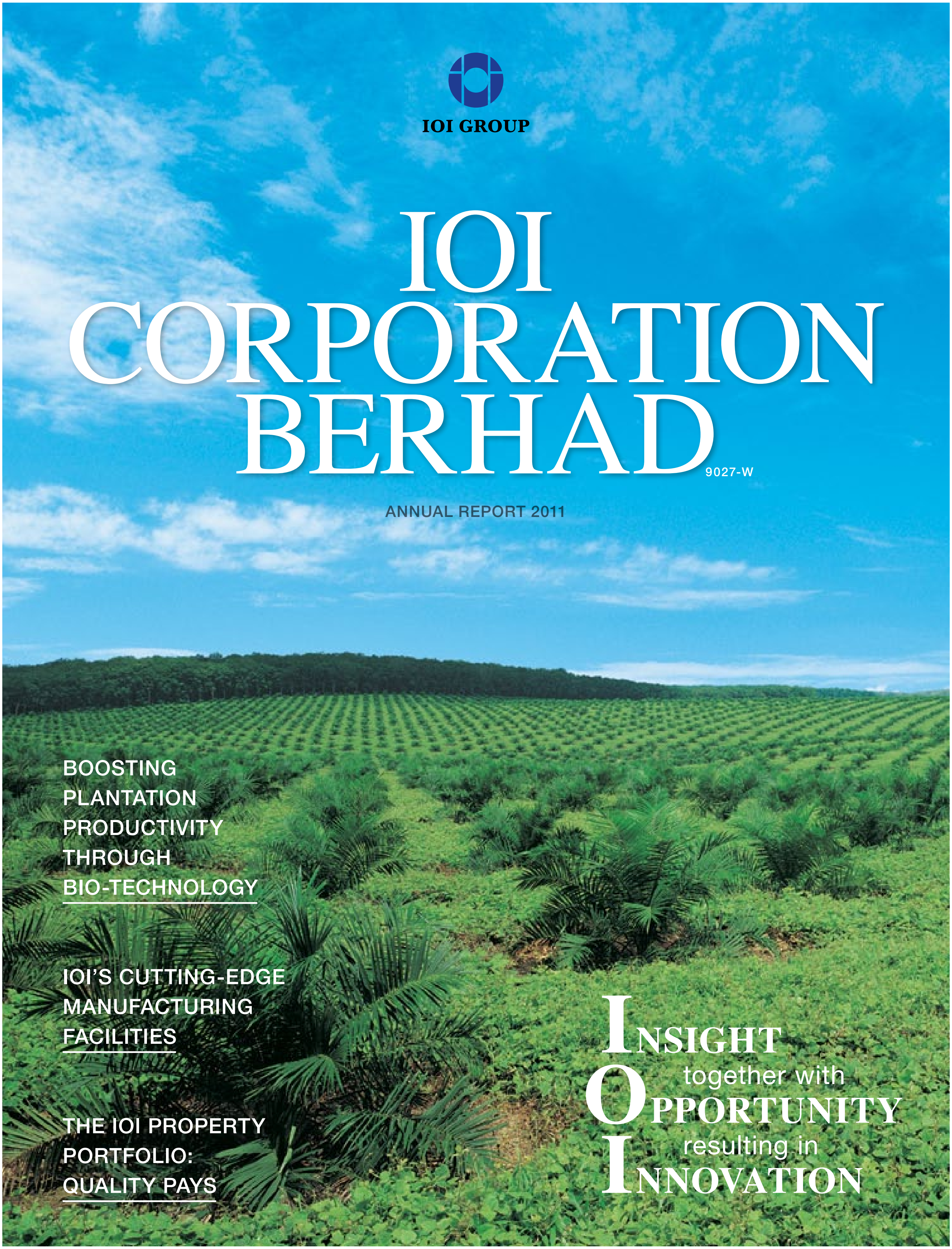


IOI GROUP

IOI CORPORATION BERHAD

9027-W

ANNUAL REPORT 2011

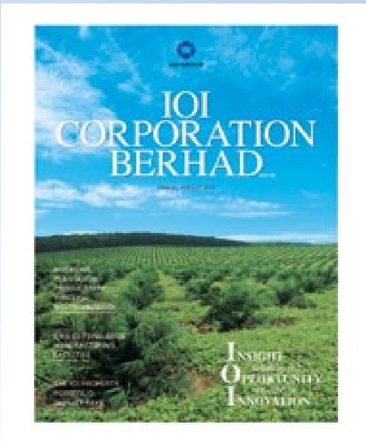
BOOSTING PLANTATION PRODUCTIVITY THROUGH BIO-TECHNOLOGY

IOI'S CUTTING-EDGE MANUFACTURING FACILITIES

THE IOI PROPERTY PORTFOLIO: QUALITY PAYS

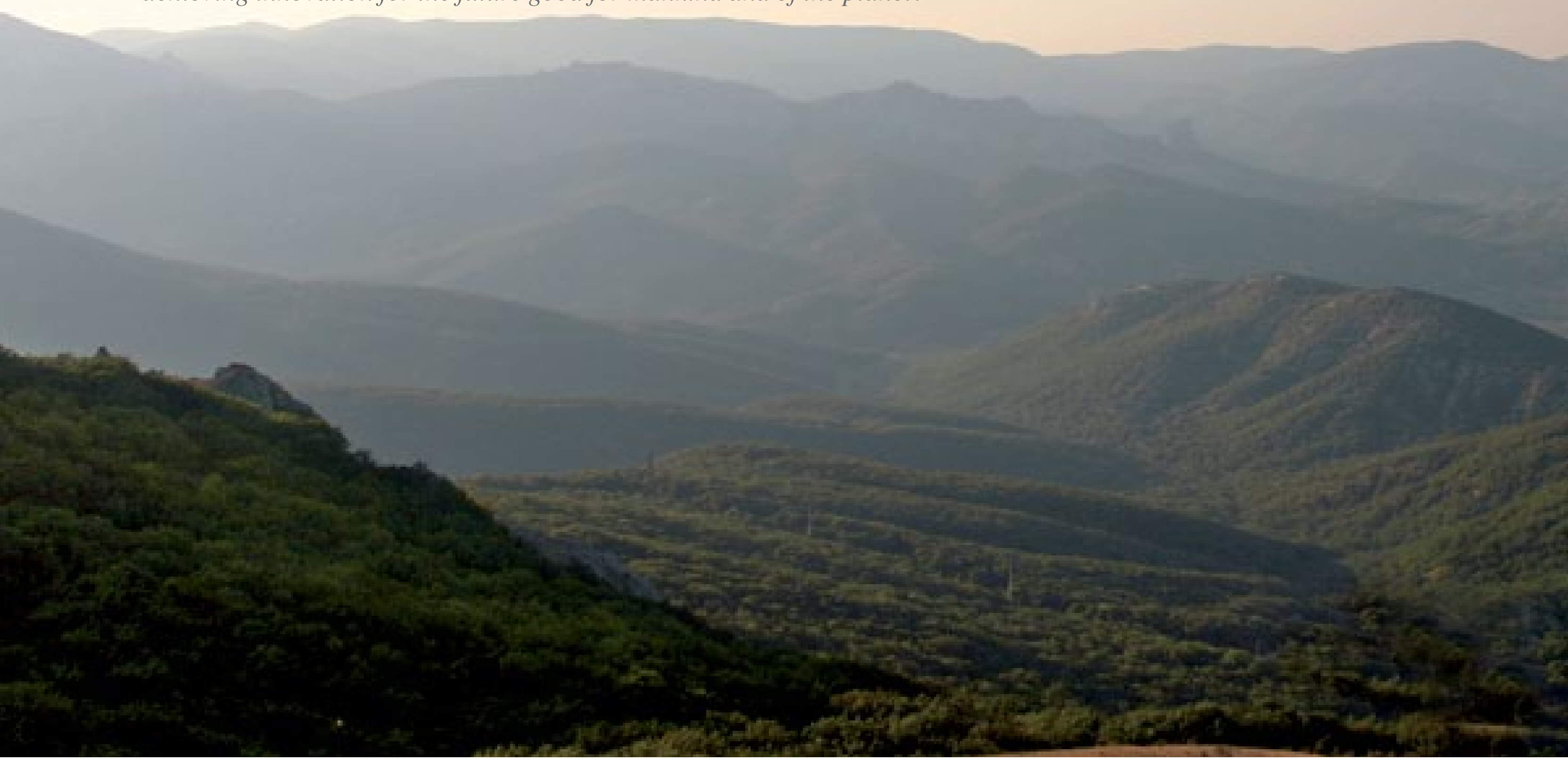
INSIGHT
together with
OPPORTUNITY
resulting in
INNOVATION

COVER RATIONALE



Our businesses are based on two of mankind's most fundamental resources: land and crops. Our challenge is not only to build a sustainable business for the benefit of all our stakeholders, but to nurture these resources.

In our 2011 Annual Report we focus on the various ways in which we are achieving innovation for the future good for mankind and of the planet.



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

Loyalty
is crucial because we are one team sharing one vision

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

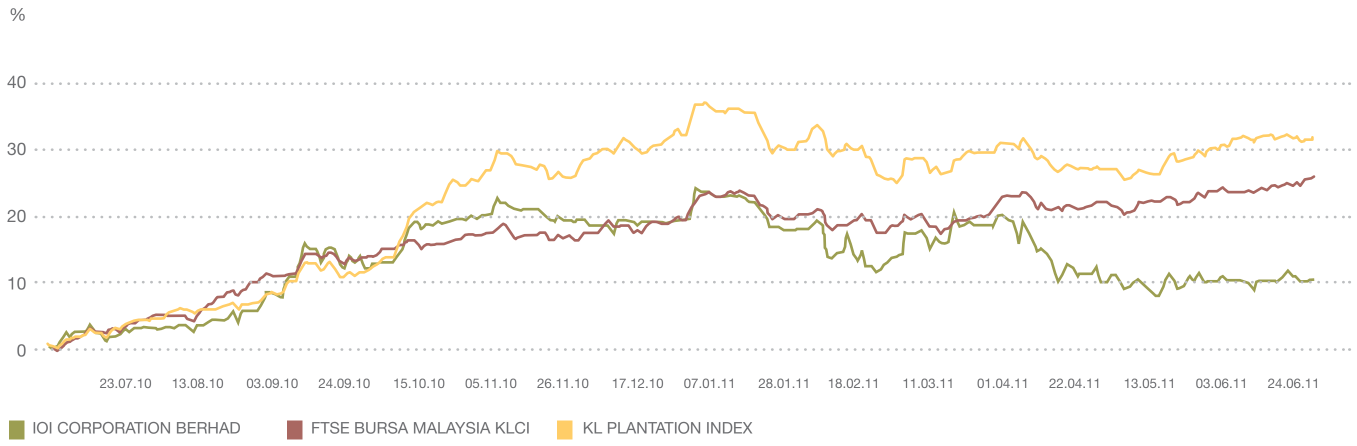
Cost Efficiency
is crucial as we need to remain competitive

Commitment
as we do what we say we will do

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

Innovativeness
to provide us additional competitive edge

KEY INDICATORS



		2011	2010	2009	2008	2007
FINANCIAL						
Profit before taxation	RM'000	**2,863,612**	2,550,633	1,550,117	3,095,197	1,991,073
Profit attributable to owners of the parent	RM'000	**2,222,899**	2,035,661	983,517	2,231,632	1,482,104
Equity attributable to owners of the parent	RM'000	**11,999,177**	10,780,181	8,346,290	8,391,361	7,739,258
Return on average equity	%	**19.52**	21.29	11.75	27.67	21.52
Basic earnings per share	SEN	**34.75**	32.96	16.62	36.85	24.13
Gross dividend per share	%	**170.0**	170.0	80.0	170.0	70.0
PLANTATION						
FFB production	MT	**3,295,473**	3,405,090	3,626,776	3,957,281	3,694,535
Total oil palm area	HA	**157,045**	154,709	150,931	149,445	148,871
PROPERTY						
Sales value	RM'000	**942,002**	1,045,095	688,487	696,743	683,471
Sales	UNIT	**1,730**	2,044	1,465	1,934	1,529
MANUFACTURING						
OLEOCHEMICAL						
Plant utilisation	%	**82**	91	78	92	95
Sales	MT	**618,960**	684,389	597,351	668,808	509,965
REFINERY						
Plant utilisation	%	**72**	75	78	91	85
Sales	MT	**2,640,091**	2,533,527	2,817,987	2,996,439	2,287,190
SPECIALTY OILS AND FATS						
Plant utilisation	%	**92**	96	100	100	95
Sales	MT	**492,432**	511,143	504,317	521,719	502,695

Gross Dividend Per Share

2011
170.0%

2010
170.0%

Profit Before Taxation

2011
RM2.86 BILLION

2010
RM2.55 BILLION

Share Price

2011
RM5.30

2010
RM5.01

Market Capitalisation

2011
RM34.00 BILLION

2010
RM31.95 BILLION

Earnings Per Share

2011
34.75 SEN

2010
32.96 SEN


IOI GROUP
Loders Croklaan

CONTENTS

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 2011 ("FY2011").

OPERATING ENVIRONMENT

The debt problems in America that triggered a downgrade of its sovereign credit rating by Standard and Poor's and escalating debt issues in Europe have raised fears of a "double-dip" global economic recession. As debt issues become a key focus in the West, necessary fiscal austerity will be a drag to economic recovery. The slower economic growth in the West will inevitably lead to lower economic growth elsewhere in the world.

In Malaysia, GDP growth forecasts are being revised downwards to take into account global headwinds. The expectations of slower growth have had a negative impact on commodity prices in general although CPO prices have demonstrated some resiliency supported by stable worldwide demand for vegetable oils and supply uncertainties. Domestic demand in Malaysia is also expected to be underpinned by the roll-out of various projects under the Government's Economic Transformation Programme.

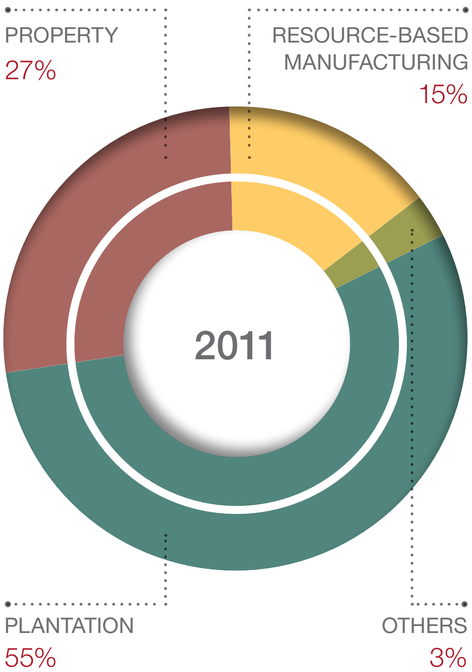
REVIEW OF RESULTS

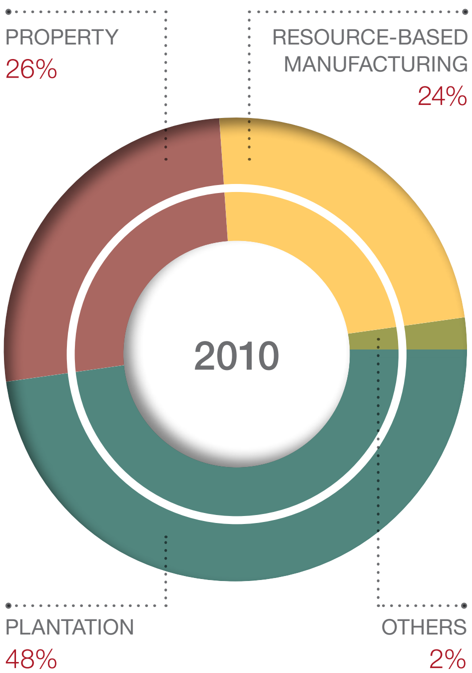
The Group's operating profit of RM2,815.6 million for FY2011 was 7% higher than the previous year with increases reported in all business segments except for resource-based manufacturing.

Plantation division earnings were 33% higher at RM1,497.8 million on the back of higher CPO and PK prices realised partially offset by a slight reduction in FFB production. The average selling price of CPO increased from RM2,372 per MT in FY2010 to RM2,945 per MT in FY2011 whilst PK prices increased from RM1,229 per MT to RM2,241 per MT. FFB production contracted by 3% from 3.41 million MT in FY2010 to 3.30 million MT in FY2011.

The property division's results for FY2011 of RM719.1 million increased by 19% from the previous year with the inclusion of a RM61 million gain from the disposal of IOI Plaza and higher fair value gain on investment properties of RM93 million compared to RM21 million in the previous year.

Segmental Contribution to Operating Profit





The resource-based manufacturing division recorded earnings of RM404.3 million, 29% lower than the previous year. Capacity utilisation was lower particularly in the Oleochemicals and Specialty Fats sub-segments where lower margins were also reported.

The Group's pre-tax profit of RM2,863.6 million for FY2011 was 12% better than the previous year whilst net earnings improved by 9% to RM2,222.9 million. Unrealised translation gains on the Group's foreign currency denominated borrowings for FY2011 was RM215.4 million compared to RM395.8 million in FY2010 whilst fair value differences arising from the first year of implementation of FRS 139 resulted in an adverse impact on the Income Statement of RM19.8 million. The associate company in Indonesia, Bumitama Gunajaya Agro Group, whose planted acreage has reached maturity has begun to make meaningful contribution to Group's profit. A more detailed review of the Group's performance is covered under the section on "Management's Discussion and Analysis" in this Annual Report.

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. Todate, seven groupings of the Group's estates and palm oil mills have been awarded the RSPO compliance certification comprising of 40 estates covering 50% of the Group's planted area. With regards to the on-going dispute with certain natives in Sarawak, the Group is committed to resolve the dispute in an amicable manner and is working with the RSPO on an action plan using the RSPO's Dispute Settlement Facility. The Group is also pursuing certification by the International Standard for Carbon Certification ("ISCC"). The ISCC System GmbH Certification supports lower greenhouse gas emissions and the use of sustainable biomass products. Todate, two of the Group's estates and palm oil mills have been certified under ISCC.

Education remains an integral part of the Group's 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.

PROSPECTS

Palm oil production volume from the Group's estates is expected to improve and show positive growth in FY2012 due to better weather conditions and less labour shortage. The Group's subsidiary in Indonesia has planted approximately 8,000 ha of oil palm todate and is planning to plant a further 27,000 ha over the next two to three years bringing its total acreage to more than 35,000 ha by 2014. The estates in Indonesia should begin to contribute to Group's profit by 2013. The Company has also recently announced the proposed acquisition of 11,977.91 ha of oil palm land in Sabah for a total cash consideration of RM830 million. The said plantation land which is 85% matured is only currently yielding 11 MT per ha but has the potential to yield at least 21 MT per ha, the current average yield being achieved for the Group's existing estates. Demand for palm oil and its products should continue to remain strong supported by price competitiveness over other edible oils and higher consumption in emerging markets.

The Property division has a landbank of approximately 6,000 acres which coupled with the Group's proven track record in property development and investment will provide a strong base for the Group's property businesses going forward. The Group's expansion into investment properties both in Malaysia and abroad will provide the Group with stable recurring income as well as potential capital gains in the future. Although the property market in Singapore has slowed down due to cooling measures imposed by the Government, the Group is still positive on the long term prospects of its property projects in Singapore.

Prospects for the Group's resource-based manufacturing businesses are expected to be somewhat dampened by the slower growth in the West but the Group will channel more of its manufacturing capacity towards emerging markets where the demand for palm oil and its products are still growing. The enzymatic lipid modification manufacturing process used by the Group in the specialty oils and fats business continues to hold 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.

ACKNOWLEDGEMENTS

I wish to take this opportunity to express my gratitude and appreciation to our employees for their contribution, dedication and loyalty especially during these challenging times. 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

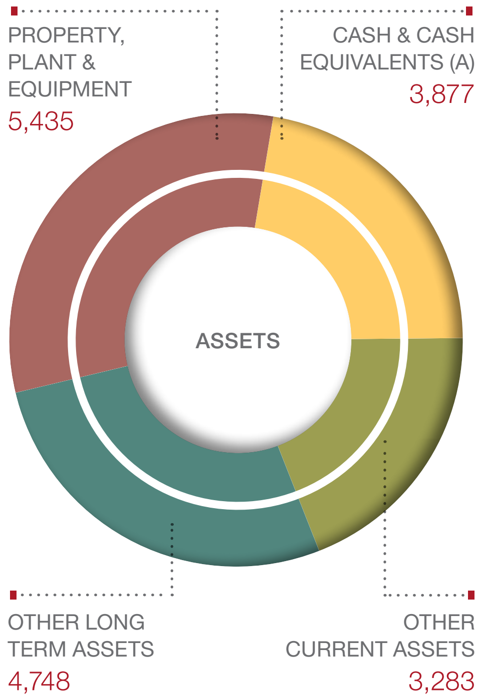

Seascape @ Sentosa Cove, Singapore

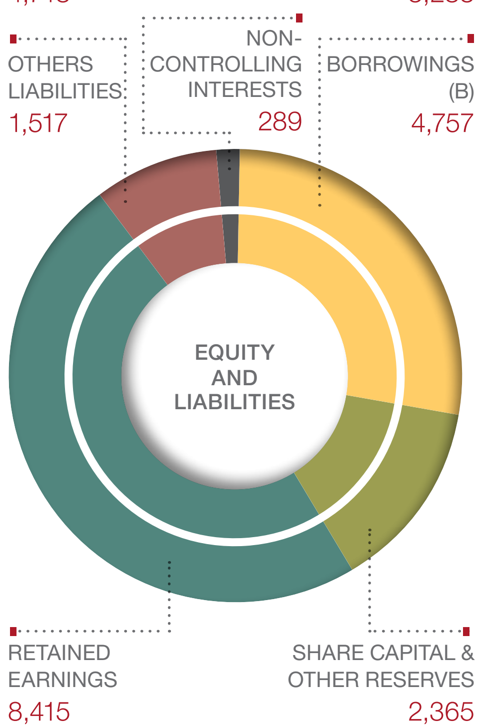
GROUP FINANCIAL OVERVIEW

CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011
RM MILLION

Net operating cash flow	910
Capital expenditure, net of disposal	(381)
Free cash flow from operation	529
Proceeds from issuance of shares	39
Proceeds from disposal of investments, net of payments for other investments	(442)
Additional interest in a subsidiary	(2)
Investment in development land bank	(36)
Advances to jointly controlled entities	(422)
Interest paid	(166)
Dividend payments	
- Shareholders of the Company	(1,151)
- Shareholders of subsidiaries	(94)
Cash inflow in net borrowings	(1,745)
Conversion of 2nd Exchangeable Bonds	155
Transaction cost of borrowing	12
Accretion of exchangeable bonds	(57)
Accretion of guaranteed notes	(1)
Net decrease in net borrowings	(1,636)
Net borrowings as at 30.06.10	
As previously reported	(880)
Effect of adopting FRS 139	(330)
As restated	(1,210)
Translation difference	234
Net borrowings as at 30.06.11	(2,612)

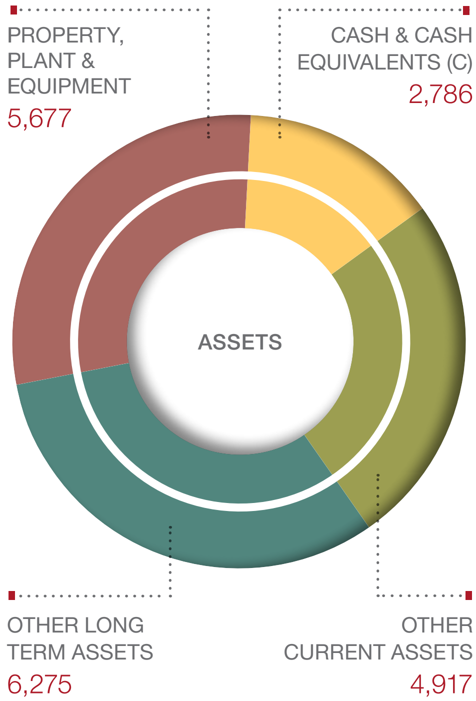
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010 (RESTATED)
RM MILLION

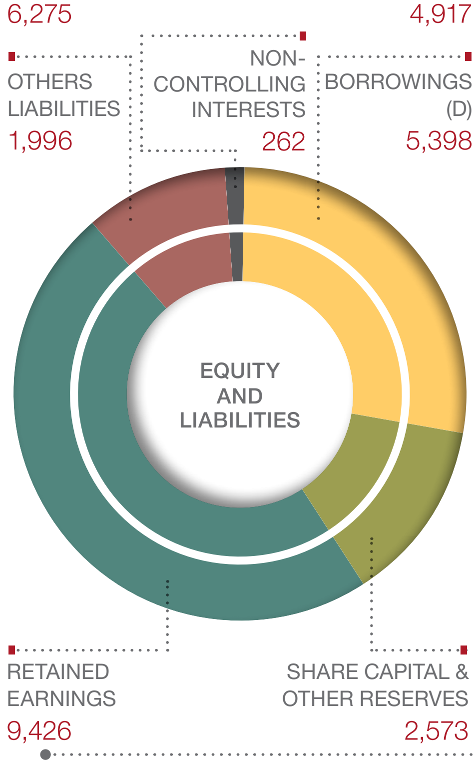




NET BORROWINGS=(B)-(A)=RM880 MILLION
NET GEARING= 8%

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011
RM MILLION



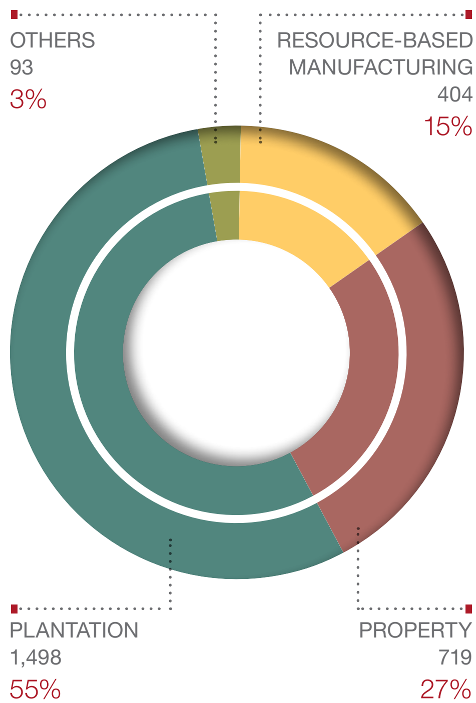


NET BORROWINGS=(D)-(C)=RM2,612 MILLION
NET GEARING= 22 %

RETAINED EARNINGS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011
RM MILLION

Segment results	2,714
Unallocated corporate income	102
Operating profit	2,816
Net interest expenses	(123)
Share of results of associates	120
Share of results of jointly controlled entities	51
Profit before taxation	2,864
Taxation	(573)
Profit for the financial year	2,291
Less: Attributable to non-controlling interests	(68)
Profit for the financial year attributable to owners of the parent	2,223
Dividend paid	(1,151)
Changes in equity interest in subsidiaries	1
Retained earnings for the financial year	1,073
Retained earnings as at 30.06.10	8,415
Effect of adopting FRS 139	(62)
Retained earnings as at 30.06.11	9,426

SEGMENTAL CONTRIBUTION TO OPERATING PROFIT
RM MILLION



SEGMENT RESULTS=RM2,714 MILLION

GROUP PERFORMANCE HIGHLIGHTS

RM'000	2011	2010	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**16,154,251**	12,542,962	29
Operating profit	**2,815,645**	2,636,343	7
Profit before taxation	**2,863,612**	2,550,633	12
Net operating profit after taxation ("NOPAT")	**2,417,949**	2,230,994	8
Net profit attributable to owners of the parent	**2,222,899**	2,035,661	9
Average shareholders' equity	**11,389,679**	9,563,236	19
Average capital employed	**17,229,164**	15,611,863	10
Operating margin (%)	**17.43**	21.02	(17)
Return on average equity (%)	**19.52**	21.29	(8)
NOPAT/Average capital employed (%)	**14.03**	14.29	(2)
Basic earnings per share (sen)	**34.75**	32.96	5
Dividend per share - gross (sen)	**17.0**	17.0	–
Net assets per share (sen)	**187**	169	11
Dividend cover (number of times)	**2.04**	1.88	9
Interest cover (number of times)	**17.85**	12.53	42
PLANTATION PERFORMANCE			
FFB production (MT)	**3,295,473**	3,405,090	(3)
Yield per mature hectare (MT)	**23.70**	24.44	(3)
Mill production (MT)			
Crude palm oil	**686,917**	732,275	(6)
Palm kernel	**165,701**	170,876	(3)
Oil extraction rate (%)			
Crude palm oil	**20.88**	21.53	(3)
Palm kernel	**5.04**	5.02	–
Average selling price (RM / MT)			
Crude palm oil	**2,945**	2,372	24
Palm kernel	**2,241**	1,229	82
Operating profit (RM / mature hectare)	**11,075**	8,148	36
PROPERTY PERFORMANCE			
Sales value	**942,002**	1,045,095	(10)
Sales (unit)	**1,730**	2,044	(15)
Average selling price	**545**	511	7
Revenue	**971,630**	945,538	3
Operating profit	**509,876**	532,052	(4)
Progress billings	**986,272**	917,548	7
MANUFACTURING PERFORMANCE			
OLEOCHEMICAL			
Plant utilisation (%)	**82**	91	(10)
Sales (MT)	**618,960**	684,389	(10)
REFINERY			
Plant utilisation (%)	**72**	75	(4)
Sales (MT)	**2,640,091**	2,533,527	4
SPECIALTY OILS AND FATS			
Plant utilisation (%)	**92**	96	(4)
Sales (MT)	**492,432**	511,143	(4)

GROUP QUARTERLY RESULTS

	1ST QUARTER RM'000	%	2ND QUARTER RM'000	%	3RD QUARTER RM'000	%	4TH QUARTER RM'000	%	FY2011 RM'000	%
Revenue	3,519,260	22	3,970,487	24	4,340,259	27	4,324,245	27	16,154,251	100
Operating profit	658,648	23	671,422	24	786,618	28	698,957	25	2,815,645	100
Interest income	9,575	21	11,407	24	11,438	24	14,726	31	47,146	100
Finance costs	(31,799)	19	(33,704)	20	(58,087)	34	(46,325)	27	(169,915)	100
Share of results of associates	17,410	15	31,420	26	20,646	17	50,263	42	119,739	100
Share of results of jointly controlled entities	7,912	15	8,779	17	20,249	40	14,057	28	50,997	100
Profit before taxation	661,746	23	689,324	24	780,864	27	731,678	26	2,863,612	100
Taxation	(149,157)	26	(135,593)	24	(110,358)	19	(177,991)	31	(573,099)	100
Profit for the financial year	512,589	23	553,731	24	670,506	29	553,687	24	2,290,513	100
Attributable to:										
Owners of the parent	498,128	22	520,238	23	656,710	30	547,823	25	2,222,899	100
Non-controlling interests	14,461	21	33,493	50	13,796	20	5,864	9	67,614	100
	512,589	23	553,731	24	670,506	29	553,687	24	2,290,513	100
Earnings per share (sen)										
Basic	7.81		8.15		10.25		8.54		34.75	
Diluted	6.68		8.04		9.73		8.16		33.42	
Operating profit on segmental basis										
Plantation	345,336	23	363,729	24	328,187	22	460,536	31	1,497,788	100
Property development	145,511	28	116,778	23	125,604	25	121,983	24	509,876	100
Property investment	14,739	7	74,741	36	11,709	5	108,015	52	209,204	100
Manufacturing	40,356	10	94,814	23	184,463	46	84,637	21	404,270	100
Others	19,633	21	14,550	16	47,768	51	11,106	12	93,057	100
Segment results	565,575	21	664,612	24	697,731	26	786,277	29	2,714,195	100
Unallocated corporate income / (expenses)	93,073	92	6,810	7	88,887	87	(87,320)	(86)	101,450	100
Operating profit	658,648	23	671,422	24	786,618	28	698,957	25	2,815,645	100

FINANCIAL CALENDAR

Financial Year End 30 June 2011

Announcement of Results

1st Quarter	18 November 2010
2nd Quarter	16 February 2011
3rd Quarter	16 May 2011
4th Quarter	24 August 2011

Notice of Annual General Meeting 30 September 2011

Annual General Meeting 24 October 2011

Payment of Dividends

1st Interim

Declaration	16 February 2011
Book Closure	17 March 2011
Payment	30 March 2011

2nd Interim

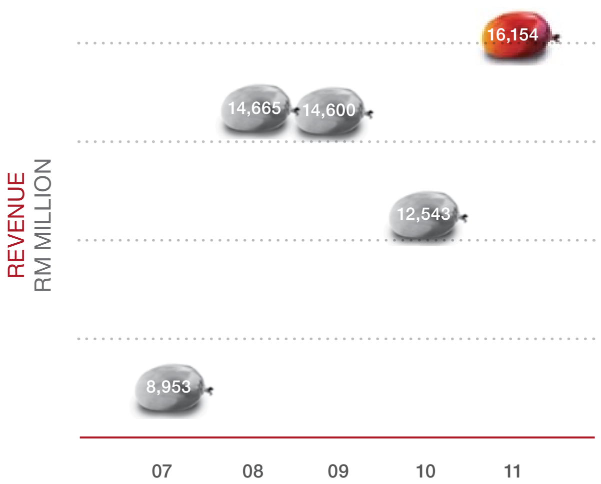
Declaration	24 August 2011
Book Closure	27 September 2011
Payment	7 October 2011

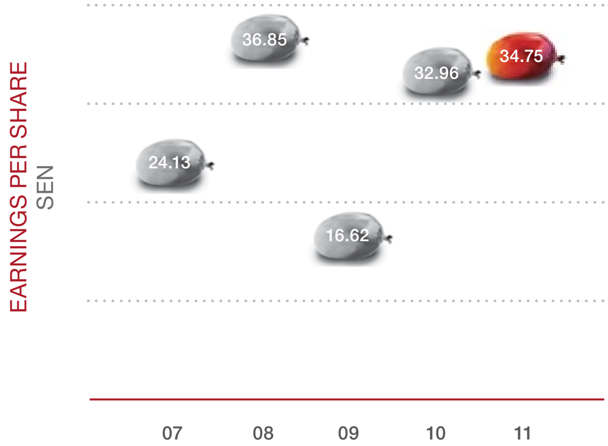
FIVE-YEAR FINANCIAL HIGHLIGHTS

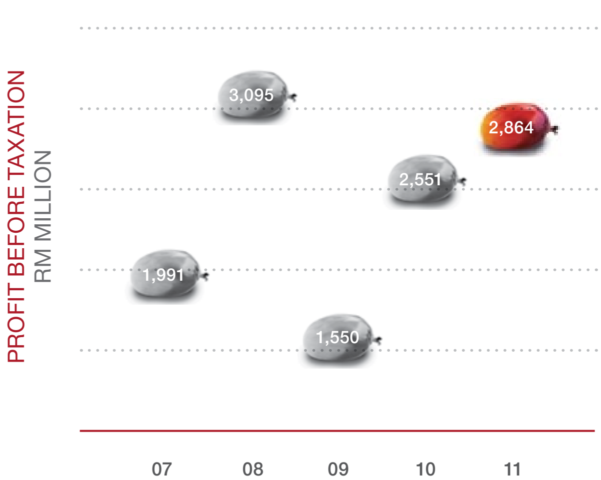
RM'000	2011	2010 (RESTATED)	2009 (RESTATED)	2008 (RESTATED)	2007 (RESTATED)
RESULTS					
Revenue	**16,154,251**	12,542,962	14,600,474	14,665,369	8,952,727
Profit before taxation	**2,863,612**	2,550,633	1,550,117	3,095,197	1,991,073
Taxation	**(573,099)**	(485,517)	(486,943)	(683,010)	(340,109)
Profit for the financial year	**2,290,513**	2,065,116	1,063,174	2,412,187	1,650,964
Attributable to:					
Owners of the parent	**2,222,899**	2,035,661	983,517	2,231,632	1,482,104
Non-controlling interests	**67,614**	29,455	79,657	180,555	168,860
ASSETS					
Property, plant and equipment	**5,677,476**	5,434,932	5,410,865	5,309,829	5,262,839
Prepaid lease payments	**30,007**	29,506	31,676	31,773	31,229
Land held for property development	**834,513**	913,328	866,172	927,263	821,744
Investment properties	**1,062,529**	1,113,545	1,104,633	838,639	699,469
Other long term investments	**–**	29,783	23,131	26,198	27,699
Associates	**668,074**	572,223	536,492	542,071	280,924
Jointly controlled entities	**3,099,132**	1,549,245	1,436,763	1,515,878	161,479
Other assets	**580,283**	540,745	564,887	569,755	589,654
	11,952,014	10,183,307	9,974,619	9,761,406	7,875,037
Current assets	**7,703,105**	7,160,110	6,007,335	7,499,818	5,792,615
Non-current assets held for sale	**–**	–	–	–	13,190
	19,655,119	17,343,417	15,981,954	17,261,224	13,680,842
EQUITY AND LIABILITIES					
Share capital	**641,603**	667,552	624,680	613,788	625,881
Reserves	**11,357,574**	10,112,629	7,721,610	7,777,573	7,113,377
	11,999,177	10,780,181	8,346,290	8,391,361	7,739,258
Non-controlling interests	**262,221**	289,292	426,156	965,117	856,954
Total equity	**12,261,398**	11,069,473	8,772,446	9,356,478	8,596,212
Non-current liabilities	**5,105,693**	4,841,310	5,932,356	5,494,836	3,938,242
Current liabilities	**2,288,028**	1,432,634	1,277,152	2,409,910	1,146,388
Total liabilities	**7,393,721**	6,273,944	7,209,508	7,904,746	5,084,630
	19,655,119	17,343,417	15,981,954	17,261,224	13,680,842
Net operating profit after tax ("NOPAT")	**2,417,949**	2,230,994	1,236,314	2,553,500	1,756,196
Average shareholders' equity	**11,389,679**	9,563,236	8,368,826	8,065,310	6,886,591
Average capital employed [1]	**17,229,164**	15,611,863	15,426,081	14,366,209	11,273,774
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**34.75**	32.96	16.62	36.85	24.13
Gross dividend per share (sen)	**17.0**	17.0	8.0	17.0	7.0
Net assets per share (sen)	**187**	169	140	140	124
Return on average equity (%)	**19.52**	21.29	11.75	27.67	21.52
NOPAT/Average capital employed	**14.03**	14.29	8.01	17.77	15.58
Net debt/Equity (%) [2]	**21.77**	8.16	37.08	36.65	11.67

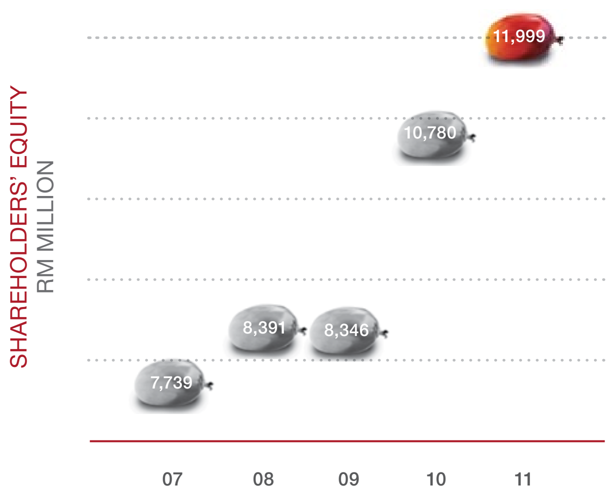
1 Average capital employed comprises shareholders' equity, non-controlling interests, long term liabilities, short term borrowings and deferred taxation.

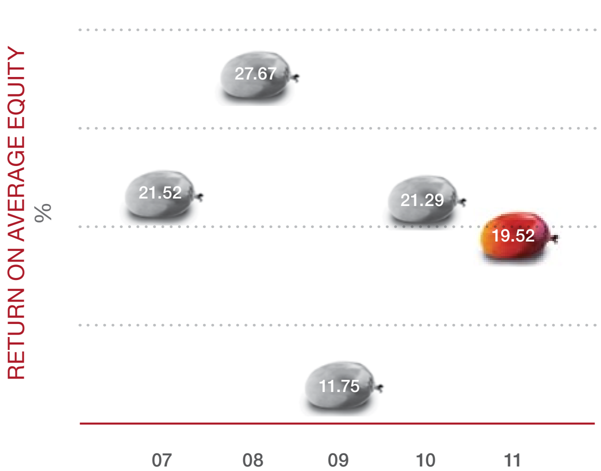
2 Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.

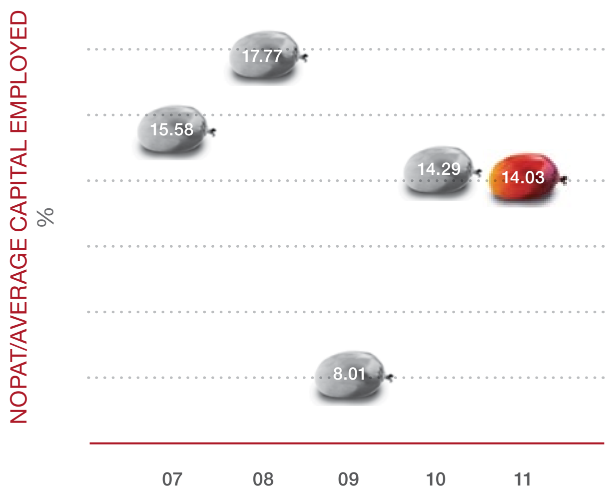

REVENUE
RM MILLION
16,154
14,665
14,600
12,543
8,953
07
08
09
10
11


EARNINGS PER SHARE
SEN
36.85
34.75
32.96
24.13
16.62
07
08
09
10
11

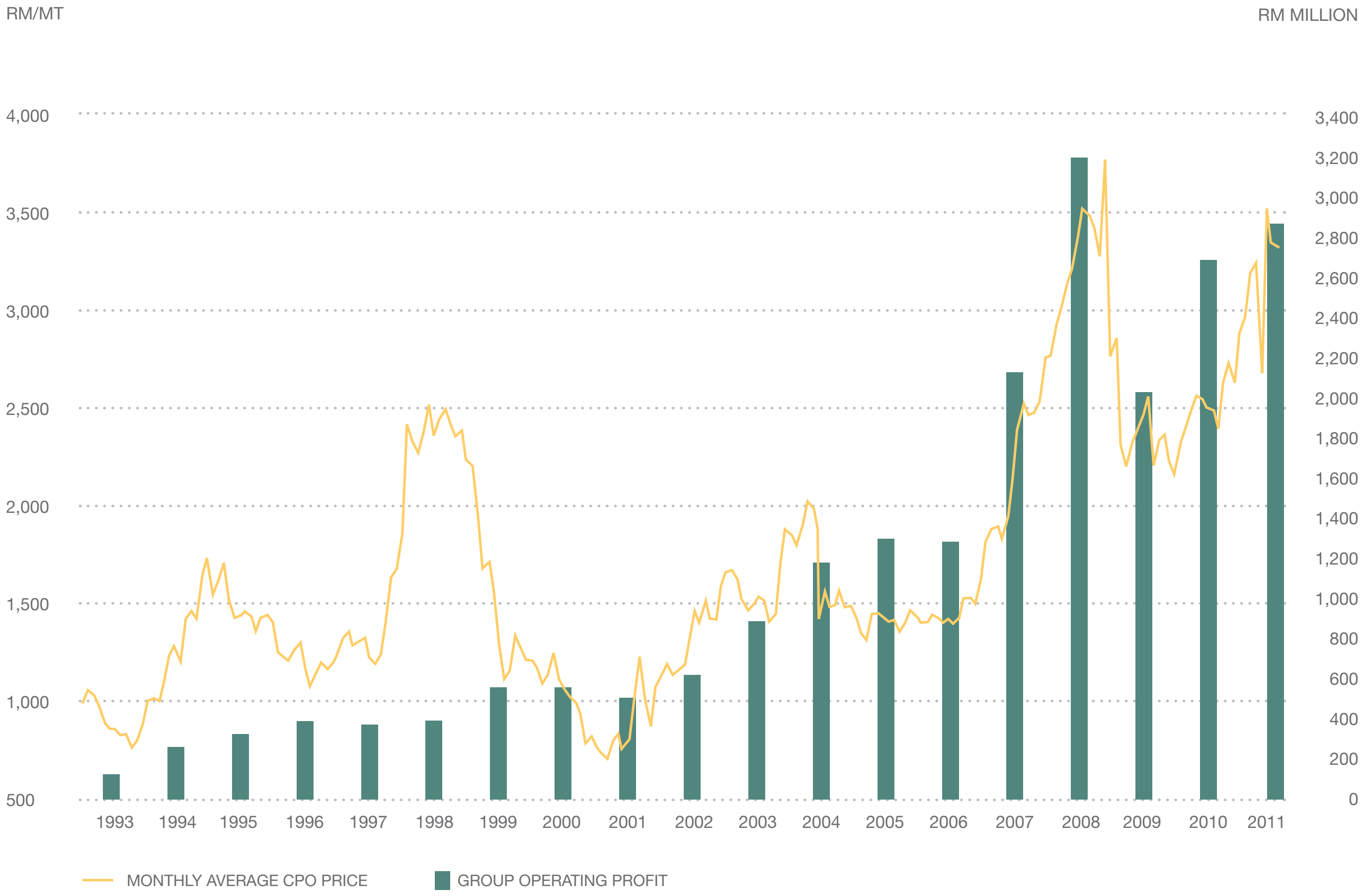

PROFIT BEFORE TAXATION
RM MILLION
3,095
2,864
2,551
1,991
1,550
07
08
09
10
11


SHAREHOLDERS' EQUITY
RM MILLION
11,999
10,780
8,391
8,346
7,739
07
08
09
10
11


RETURN ON AVERAGE EQUITY
%
27.67
21.52
21.29
19.52
11.75
07
08
09
10
11


NOPAT/AVERAGE CAPITAL EMPLOYED
%
17.77
15.58
14.29
14.03
8.01
07
08
09
10
11

GROWING THROUGH THE CYCLE



INTRODUCTION

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

KEY FINANCIAL INDICATORS

		FY2011	FY2010	CHANGE %
Earnings before interest and taxation ("EBIT")	RM MILLION	**2,815.6**	2,636.3	7
Pre-tax earnings	RM MILLION	**2,863.6**	2,550.6	12
Net earnings	RM MILLION	**2,222.9**	2,035.7	9
Return on average equity ("ROE")	%	**19.5**	21.3	(8)
Return on average capital employed ("ROCE")	%	**14.0**	14.3	(2)
Net operating profit after taxation ("NOPAT")	RM MILLION	**2,417.9**	2,231.0	8
Economic profit	RM MILLION	**713.4**	386.6	85
Total return to shareholders				
- Change on share price (per RM0.10 share)	RM	**0.29**	0.29	–
- Gross dividend (per RM0.10 share)	SEN	**17.0**	17.0	–
Net cash flow generated from operations	RM MILLION	**909.7**	2,008.6	(55)
Net gearing	%	**21.8**	8.2	167

FINANCIAL HIGHLIGHTS & INSIGHTS

- At Group level, the results for FY2011 versus FY2010 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:

	FY2011 RM MILLION	MIX %	FY2010 RM MILLION	MIX %	CHANGE %
Plantation	**1,497.8**	**53**	1,126.2	43	33
Downstream manufacturing	**404.3**	**14**	568.6	21	(29)
Palm oil - Total	**1,902.1**	**67**	1,694.8	64	12
Property	**719.1**	**26**	602.9	23	19
Others (unallocated)	**194.4**	**7**	338.6	13	(43)
EBIT	**2,815.6**	**100**	2,636.3	100	7

- Plantation segment's EBIT increased by 33% to RM1,497.8 million, contributed by higher CPO and PK prices realised.

- The downstream manufacturing segment's EBIT decreased by 29% to RM404.3 million. The lower profit is due mainly to lower sales and lower margins from all sub-segments.

- The property segment's registered an increase of 19% in EBIT to RM719.1 million, attributed mainly to gain on disposal of investment properties amounting to RM63.0 million, gain on compensation received in respect of compulsory acquisition of land amounting to RM24.3 million and higher fair value gain from investment properties amounting to RM93.0 million (FY2010 – RM21.0 million).

- The "unallocated segment" in respect of both financial years comprises primarily the gain or loss on translation difference on foreign currency denominated borrowings with gain of RM215.4 million and RM395.8 million registered in FY2011 and FY2010 respectively and net fair value loss of RM83.2 million in FY2011 arising from adoption of FRS 139.

- **Pre-tax Earnings** increase by 12% over last financial year. Apart from the increase in EBIT as explained in the foregoing paragraphs, the increase was also due to higher contributions from the associates and jointly controlled entities.

- At the **Net Earnings level**, profit attributable to shareholders increased by 9% to RM2.22 billion.

- For FY2011, the Group recorded a **Return on Equity ("ROE")** of 19.5% based on an average shareholders' equity of RM11.39 billion (FY2010 – RM9.56 billion), down from 21.3% for the previous financial year due to increase in equity. The average over cycle ROE target is 20%.

- The **Return on Average Capital Employed ("ROCE")** maintained at 14.0% for FY2011, compared to 14.3% for FY2010 with higher net earnings and higher capital employed.

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

  Equity reduction for purpose of capital management included the following :

	FY2011 RM MILLION	FY2010 RM MILLION
Total dividend	**1,089.9**	1,084.6
Share buy-back	**–**	35.1
Total equity repayments	**1,089.9**	1,119.7
% of net earnings for the financial year	**49%**	55%

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

- The Group generated an **Operating Cash Flow** of RM909.7 million for FY2011 against RM2,008.6 million for the previous financial year. Similary, **Free Cash Flow** decreased from RM1,586.0 million to RM529.0 million due mainly to increase in working capital requirements in line with the higher commodity prices.

- For FY2011, the Group spent a total of RM399.7 million (FY2010 – RM433.2 million) for **Capital Expenditure ("Capex")**. Cash outlay on acquisitions in FY2011 was however much lower at RM1.5 million (FY2010 – RM11.6 million).

- The Group's **Shareholders' Equity** as at 30 June 2011 stood at RM12.0 billion, an increase of RM1.2 billion or 11% over previous financial year. The increase was mainly due to net earnings for the financial year of RM2.3 billion and dividend payment of RM1.15 billion.

- The Group's **Net Interest Cover** was 17.9 times (FY2010 - 12.5 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 RM713.4 million for FY2011 as compared to RM386.6 million for FY2010. The significant increase was due to a higher NOPAT of RM2,417.9 million (FY2010 – RM2,231.0 million). The WACC for FY2011 registered a decrease over last financial year at 9.9% (FY2010 – 11.8%).

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

RETURNS TO SHAREHOLDERS

Two interim dividends totalling 17.0 sen per ordinary share amounting to a total payout of approximately RM1,089.9 million were declared for FY2011. The dividends represent an approximately 49% distribution of the Group's net profit attributable to shareholders which is in line with the dividend payout ratio in FY2010.

If a shareholder had bought 1,000 ordinary shares in the Company when it was listed in 1980 and assuming the shareholder had subscribed for all rights issues to date and had not sold any of the shares, he would have as at 30 June 2011, 76,000 ordinary shares of RM0.10 each worth RM402,800 based on a share price of RM5.30. The appreciation in value together with the dividends received less capital outlay translates to a remarkable compounded annual rate of return of 21.8% for each of the 31 years since the Company was listed.

The Company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. During the year, the Company cancelled all its accumulated 298,418,700 treasury shares with carrying amount of RM1.77 billion. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2011 stood at RM2.8 billion, and a net gearing ratio of 22%.

FIVE-YEAR PROFIT TREND

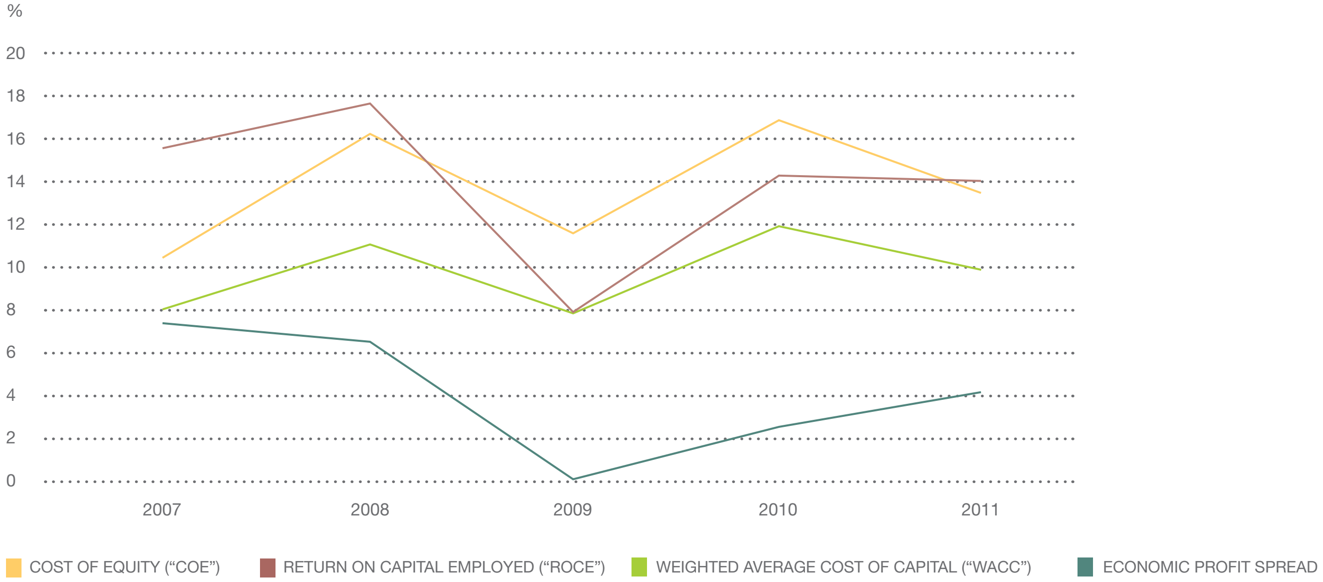
An analysis on the distribution of the Group's NOPAT between cost of debt, cost of equity and economic profit.

RM'000	2007	2008	2009	2010	2011
Economic Profit	842,743	955,845	15,211	386,620	**713,404**
Cost of Debt	105,232	141,313	173,140	165,878	**127,436**
Cost of Equity	808,221	1,456,342	1,047,963	1,678,496	**1,577,109**
NOPAT	1,756,196	2,553,500	1,236,314	2,230,994	**2,417,949**

DISTRIBUTION OF NOPAT

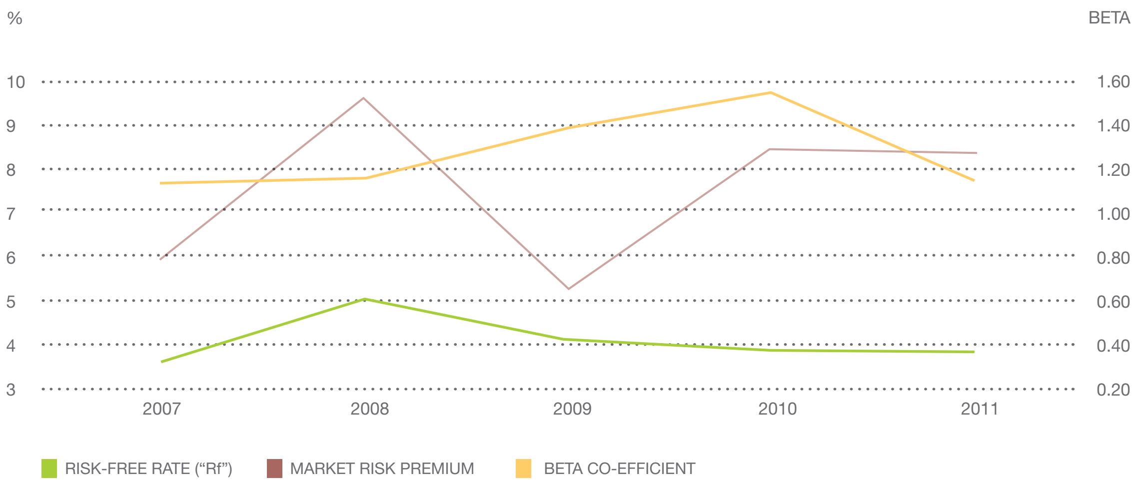
RM BILLION

COE, ROCE, WACC AND ECONOMIC PROFIT



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

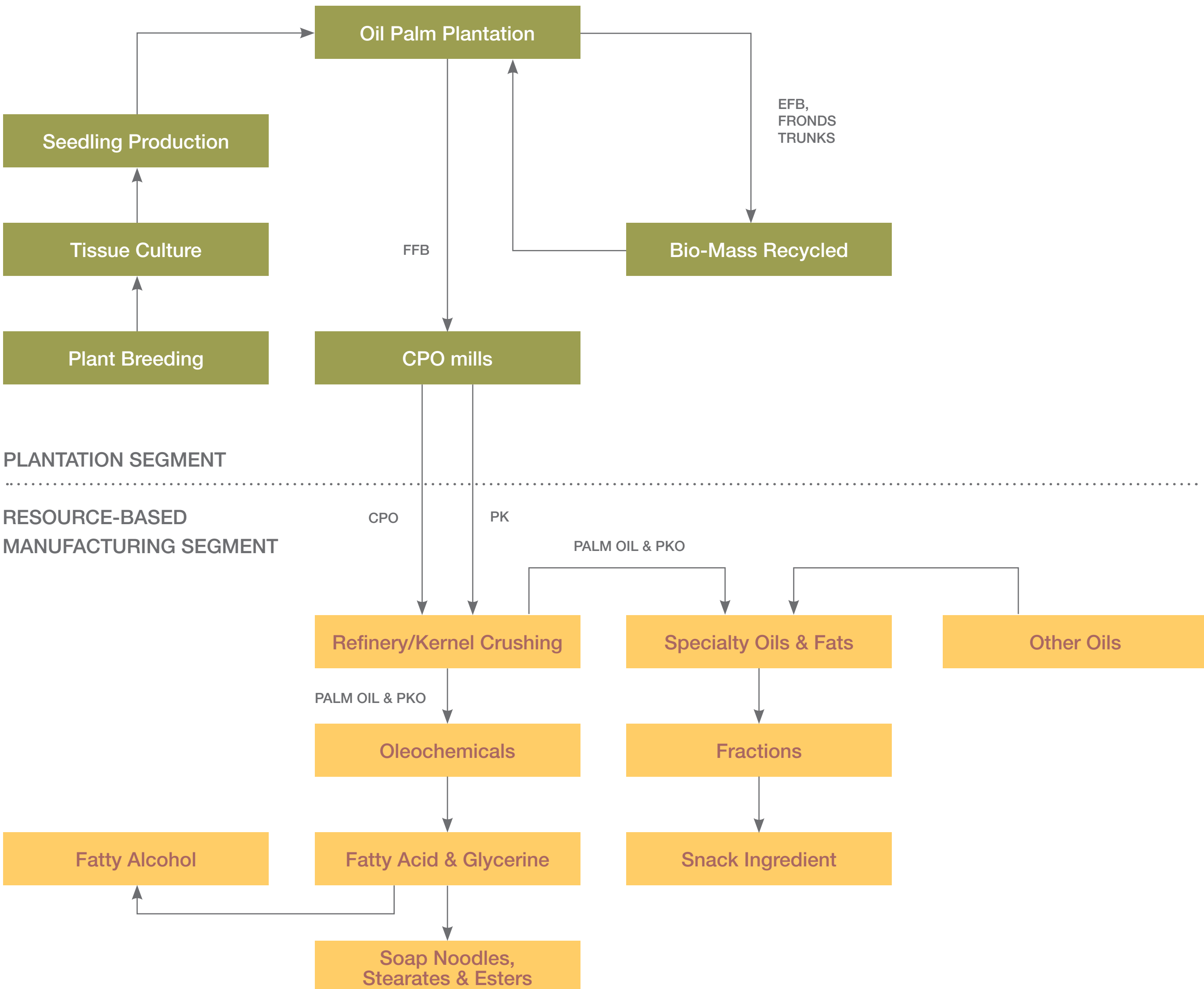
RISK FREE RATE, MARKET RISK PREMIUM AND BETA CO-EFFICIENT



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 2011, approximately 87% (FY2010 - 82%) of our plantation revenue of RM2,369.5 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:



FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
CPO	Crude Palm Oil
PKO	Palm Kernel Oil
PK	Palm Kernel

BOOSTING PLANTATION PRODUCTIVITY THROUGH BIO-TECHNOLOGY

IOI Corporation Berhad's foresight and commitment to raise the productivity of its estates through years of dedicated and intensive research in tissue culture propagation of oil palm is bearing fruit. Substantial areas of the Group's plantation planted with high yielding clonal palms have shown great increase in oil extraction rates and oil yields from the FFB crops produced. More areas are expected to be replanted with such high yielding clonal palms to further boost the productivity of the estates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review

PLANTATION

As at 30 June 2011, the Group's total planted area stood at 158,174 hectares (FY2010 - 155,779 hectares) with approximately 99% of the estates' planted area planted with oil palm.

The Group has 82 estates, unchanged from the previous financial year and the total oil palm planted area as at the end of the financial year under review stood at 157,045 hectares, an increase of 2,336 hectares from the previous financial year. Approximately 65% of the Group's oil palm plantation holdings are in East Malaysia, 30% in Peninsular Malaysia and the remaining 5% 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 emphasise 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 as well as ensuring optimum sustainability of our oil palm business.

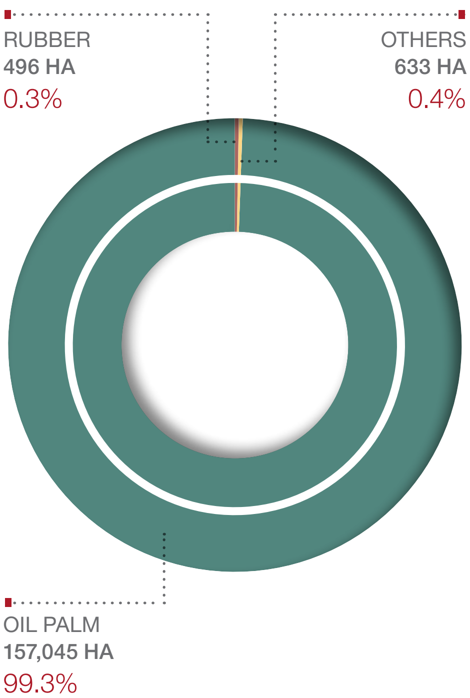
The yields of oil palms also depends on other factors such as soil and climatic conditions, quality of plantation management, harvesting and processing of FFB at the optimum time. In this respect, hands-on management, proactive attitude and attention to details have contributed to higher productivity. In addition, we also have a team of in-house agronomists to conduct various 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

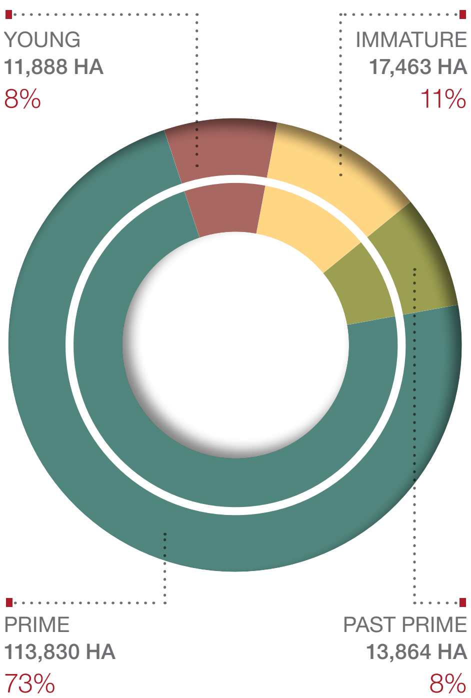
	2011	2010	2009	2008	2007
Oil Palm					
Average mature area harvested (hectare)	**139,072**	139,352	139,323	138,647	138,282
FFB production (tonne)	**3,295,473**	3,405,090	3,626,776	3,957,281	3,694,535
Yield per mature hectare (tonne)	**23.70**	24.44	26.03	28.54	26.72
Mill production (tonne)					
Crude palm oil	**686,917**	732,275	777,310	848,119	793,452
Palm kernel	**165,701**	170,876	182,075	199,347	185,418
Oil extraction rate (%)					
Crude palm oil	**20.88**	21.53	21.38	21.38	21.33
Palm kernel	**5.04**	5.02	5.01	5.02	4.98
Average selling price (RM / tonne)					
Crude palm oil	**2,945**	2,372	2,831	2,865	1,759
Palm kernel	**2,241**	1,229	1,279	1,706	958
Operating profit (RM / mature hectare)	**11,075**	8,148	11,448	13,347	6,728
Rubber					
Mature area tapped (hectare)	**–**	–	200	430	568
Rubber production ('000 kg)	**–**	–	449	1,243	1,723
Yield per mature hectare (kg)	**–**	–	2,243	2,890	3,034
Average selling price (RM / kg)	**–**	–	3.78	3.71	3.24
Operating profit (RM / mature hectare)	**–**	–	8,470	11,000	10,144

CROP MIX



TOTAL PLANTED AREA = 158,174 HA

OIL PALM HECTARAGE BY AGE

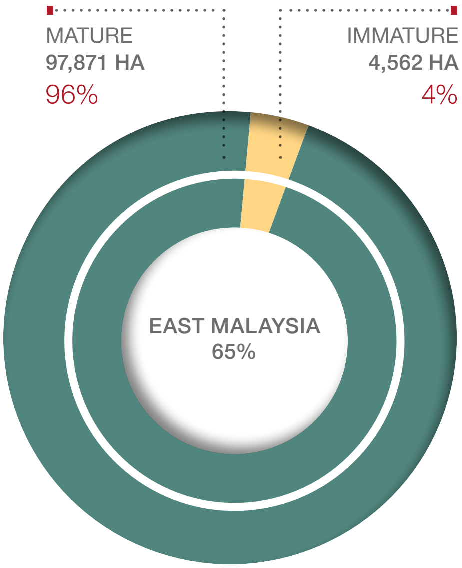


TOTAL OIL PALM AREA = 157,045 HA

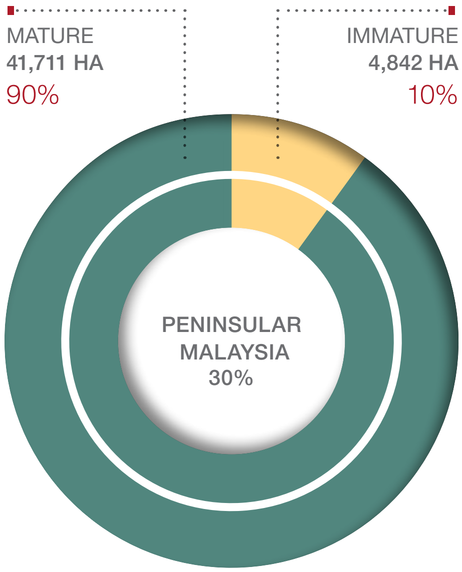
AREA STATEMENT

IN HECTARES	2011	2010	2009	2008	2007
Oil Palm					
Mature	**139,582**	138,675	139,597	139,097	139,798
Immature	**17,463**	16,034	11,334	10,348	9,073
	157,045	154,709	150,931	149,445	148,871
Rubber					
Mature	**–**	–	–	274	568
Immature	**496**	438	438	278	–
	496	438	438	552	568
Others	**633**	632	622	397	386
Total planted area	**158,174**	155,779	151,991	150,394	149,825
Nursery	**126**	148	119	108	98
Estate under development	**3,801**	4,694	2,893	1,118	1,650
Housing project	**1,242**	1,242	1,244	1,260	1,202
Labour lines, buildings sites and infrastructure	**16,631**	17,021	16,733	16,489	16,675
Total area	**179,974**	178,884	172,980	169,369	169,450

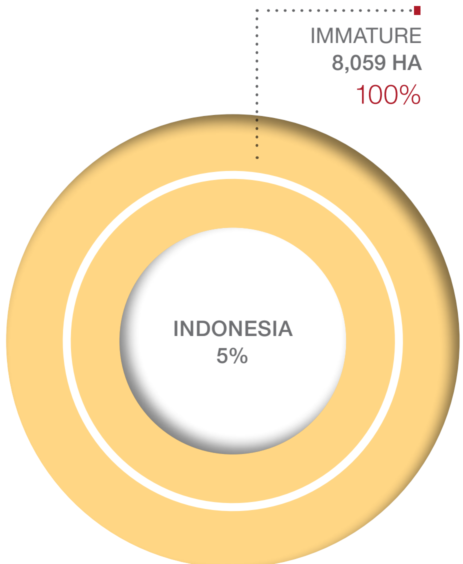
OIL PALM HECTARAGE BY REGION



TOTAL OIL PALM AREA = 102,433 HA



TOTAL OIL PALM AREA = 46,553 HA



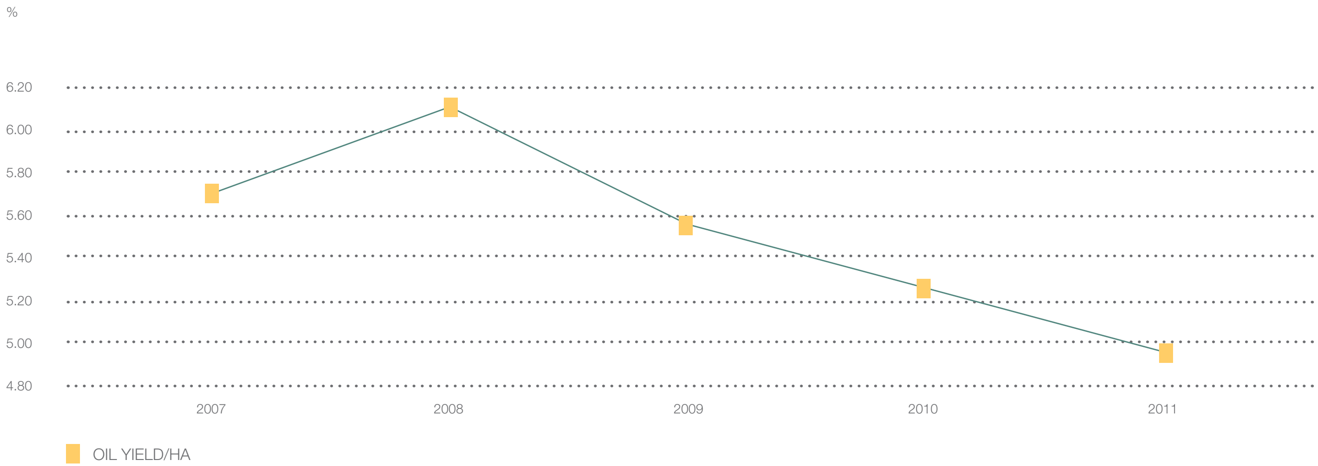
TOTAL OIL PALM AREA = 8,059 HA

OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.295 million MT of FFB, about 3.2% lower than the previous year mainly due to unfavourable weather conditions and shortage of workers.

The average FFB yield per matured hectare for FY2011 was also approximately 3% lower compared to previous financial year. With lower FFB yield for FY2011 at 23.70 MT (FY2010 – 24.44 MT) per mature hectare and lower oil extraction rate of 20.88% (FY2010 - 21.53%), the average CPO yield has decreased to 4.95 MT per mature hectare as compared to a yield of 5.25 MT per mature hectare for FY2010.

OIL YIELD PER MATURE HECTARE



The Group's best performing estate was Meliau Estate in Sabah which achieved a yield of 6.52 MT of CPO per hectare for FY2011.

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 14 estates in FY2010 to 4 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)
FY2011	4	9,968
FY2010	14	27,020
FY2009	21	42,295
FY2008	47	89,021
FY2007	37	69,407

Roll of Honour

The following estates achieved more than 6.0 MT of CPO per hectare in FY2011.

ESTATE	MT/HECTARE
Meliau	6.52
Sagil	6.45
Luangmanis	6.26
Moynod	6.05

For FY2011, the Group's plantation division recorded an operating profit of RM1,497.8 million, an increase of 33% from FY2010's RM1,126.2 million. The increase in profit was largely due to the effects of higher palm prices.

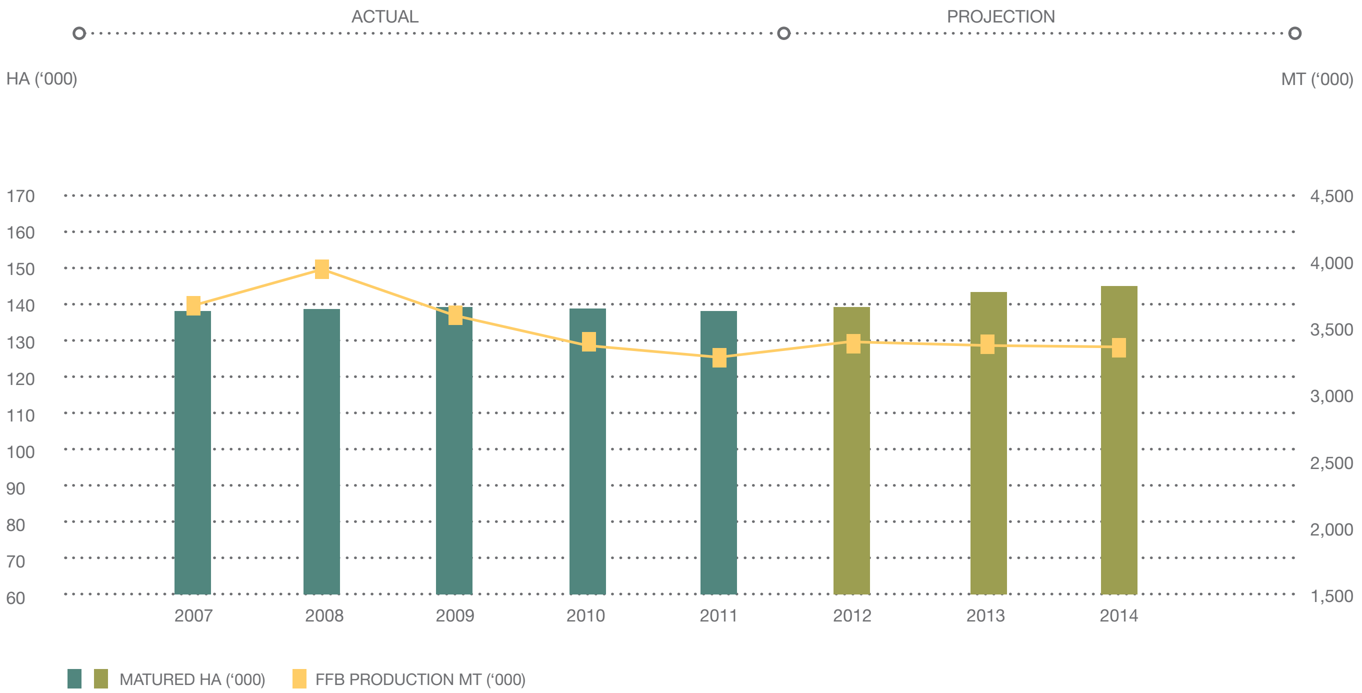
The cess and tax incurred for the financial year were as follows:

	FY2011 RM'000	FY2010 RM'000
MPOB cess	**8,931**	9,520
Windfall profit levy	**9,898**	539
Sabah sales tax	**109,727**	89,821
	128,556	99,880

Operating profit per mature hectare of oil palm increased to RM11,075 per hectare for the financial year under review as compared to RM8,148 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM83.2 million for FY2011 as compared to RM106.8 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, RM38.9 million was charged out to profit or loss for FY2011 compared to RM43.1 million for the previous financial year.

MATURE OIL PALM AREA / FFB PRODUCTION



OUTLOOK & PROSPECTS

Prospects for the oil palm industry remain 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.

IOI'S CUTTING-EDGE MANUFACTURING FACILITIES

IOI Lipid Enzymtec is the latest addition to IOI Group's cutting edge production facilities. It uses unique enzyme technology for the production of specialty fats, providing building blocks for products within the different IOI Loders Croklaan production units.

Enzyme technology enables production of human-milk like lipids, a key ingredient for high quality infant formula. It also enables IOI to increase its competitiveness in the strategically important market for Cocoa Butter Equivalents.

The unique processes and enzymes used by IOI Lipid Enzymtec ensure competitive advantage in quality and cost-price of the end-products.

RESOURCE-BASED MANUFACTURING

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

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

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

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

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

OLEOCHEMICALS MANUFACTURING

The principal activities of the Oleochemical sub-segment are the manufacturing and sales of fatty acids, glycerine, soap noodles and fatty esters. These versatile products are used in a wide variety of applications, including manufacturing of detergents, surfactants, shampoo, soaps, cosmetics, pharmaceutical products, food additives and plastics. The oleochemical products are exported to more than 60 countries worldwide mainly to Europe, Japan and China. Its customers include some of the world's largest 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 sub-segment 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 sub-segment to attain greater economies of scale and to better meet and satisfy customer needs. This is in line with the Group's business philosophy to develop our existing customers into long term business partners.

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

A significant portion of the Oleo sub-segment'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.

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 (Coberine®, Couva®, CLSP®), filling fats (Creamelt®, Biscuitine®, Prestine®, Freedom®), shortenings (SansTrans®), hard stocks (Crokvitol®), and high stability oils (Durkex®), to the processed food industry globally, principally for confectionery, bakery, frying and margarine applications. 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 filling fats, and enzymatically interesterified fats to food manufacturers for margarines and bakery products. Loders Croklaan's other markets include Eastern Europe, USA, Canada, Central and Latin America, the Middle East countries, China, Japan, Korea, India and South East Asia. 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 March 2011 it opened a branch in Pasir Gudang, Malaysia, the second branch in the Group after the Netherlands, which was opened in June 2010. Through the Creative Studio concept Loders Croklaan establishes new partnerships on product development with both global and regional confectionery customers. A new plant in Johor to supply enzymatic components to the Group was recently commissioned to tap the growing demand for Specialty Oils and Fats globally.

Lipid Nutrition

In June 2011 Loders Croklaan divested three product lines from the Lipid Nutrition unit, the rationale being its strong focus on the Food sector. The main product of the Lipid Nutrition range, Betapol®, a human milk fat replacer for better fat and calcium absorption in infant nutrition is retained as it will benefit from synergies in the supply chain and product and process technology of the Group.

Operations Review

Generally, FY2011 has not been a good year for our downstream resource-based manufacturing division. The Oleo and Specialty Oils and Fats sub-segments were impacted by lower global market demand exacerbated by high raw material prices and depressed margins from excess capacity in the industry. As a result, the resource-based manufacturing division recorded lower margins and earnings in FY2011.

OUTLOOK & PROSPECTS

The resource-based manufacturing division is expected to continue to face challenging times ahead but is supported by resilient demand from the food industry for Specialty Oils and Fats. The enzymatic lipid modification manufacturing process used by the Group in the Specialty Oils and Fats business continues to hold 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.

IOI City Development @ IOI Resort City, Putrajaya

THE IOI PROPERTY PORTFOLIO: QUALITY PAYS

In order to minimise environmental impact, all our ongoing commercial high rise buildings will be "Green Building Index" or GBI certified and all landed residential buildings will be equipped with green features such as solar water heater and rain water harvesting system. In terms of quality of workmanship, we have been adopting the ISO 9001: 2001 (and subsequently the ISO 9001: 2008) quality standards since 8 years ago and all our projects must achieve a Qlassic score of not less than 75% or a CONQUAS score of not less than 70%.

PROPERTY


Lyden @ 16 Sierra, Puchong, Selangor

Property development activities contributed approximately 81% of the overall Property division's operating profit (excluding fair value adjustments on investment properties). The Group is also increasingly supplemented with stable and recurring rental income from its investment properties comprising mainly retail complexes and office buildings.

The Group has been a successful developer of comprehensive self-contained suburban townships especially along the high growth corridors 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 2011, our main on-going 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	Ongoing	RM0.5 billion
Bandar Putra, Segamat	1995	198	Ongoing	RM0.6 billion
16 Sierra, Puchong	2008	217	Ongoing	RM2.7 billion
Seascape @ Sentosa Cove, Singapore	2008	1.5	Completed/TOP in Feb 2011	SGD1.1 billion
Pinnacle Collection @ Sentosa Cove, Singapore	2010	2.1	Ongoing	SGD2.0 billion
Cityscape @ Farrer Park, Singapore	2011	0.8	Launched in Oct 2010	SGD0.4 billion

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

	2011	2010	2009	2008	2007
Units of property sold	**1,730**	2,044	1,465	1,934	1,529
Total sales (RM'000)	**942,002**	1,045,095	688,487	696,743	683,471
Revenue (RM'000)	**971,630**	945,538	660,167	755,066	706,858
EBIT (RM'000)	**509,876**	532,052	309,556	369,673	397,171
EBIT margin (%)	**52.48**	56.27	46.89	48.96	56.19

The Group's property investment portfolio comprises mainly of retail and office space totalling approximately 2.88 million sq. ft. of net lettable space, inclusive of addition of 104 units commercial lot with net lettable space of 256,615 sq. ft. The Group's principal investment properties as at 30 June 2011 are IOI Mall, IOI Resort, IOI Boulevard and Puchong Financial Corporate Centre ("PFCC").

OPERATIONS REVIEW

The Group sold a total of 1,730 units of properties for a total sales value of RM942 million for FY2011, a decrease of 314 units and RM103 million in sales values compared to the previous year.

Property sales for the various projects are summarised as follows:

PROJECTS	UNITS FY2011	UNITS FY2010	SALES VALUE (RM MILLION) FY2011	SALES VALUE (RM MILLION) FY2010
Bandar Puchong Jaya	**80**	154	**138.3**	191.5
Bandar Puteri, Puchong	**228**	368	**259.5**	358.3
IOI Resort, Putrajaya	**100**	17	**61.9**	11.0
Bandar Putra, Kulai	**454**	708	**113.7**	156.6
Taman Lagenda Putra, Kulai	**152**	187	**34.3**	35.4
Taman Kempas Utama, Johor	**152**	209	**94.1**	113.5
Bandar Putra, Segamat	**211**	154	**39.9**	27.1
16 Sierra, Puchong	**256**	151	**111.0**	75.2
Others	**97**	96	**89.3**	76.5
Total	**1,730**	2,044	**942.0**	1,045.1


Seascape @ Sentosa Cove, Singapore

The Group sold a wide range of products during the financial year under review. The sales mix recorded for unit price above RM500,000 was 10% lower than the previous year. However, the average price achieved per unit has increased by 6.7% from RM511,000 to RM545,000. The increase in average unit price is due to both commercial & residential properties registered new benchmark prices in the Klang Valley.

The property sales mix by price range is as follows:

PROJECTS	FY2011 RM MILLION	%	FY2010 RM MILLION	%
Below RM250,000	**124.3**	**13**	137.6	13
Between RM250,000 to RM500,000	**248.4**	**26**	164.3	16
Between RM500,000 to RM750,000	**112.8**	**12**	216.5	21
Between RM750,000 to RM1,000,000	**65.7**	**7**	128.7	12
Between RM1,000,000 to RM1,500,000	**71.8**	**8**	139.8	13
Between RM1,500,000 to RM2,000,000	**17.1**	**2**	102.3	10
Above RM2,000,000	**301.9**	**32**	155.9	15
Total	**942.0**	**100**	1,045.1	100

Property development revenue in FY2011 registered an increase of 2.8% to RM971.6 million although at EBIT level, it has decreased by 4%, from RM532.0 million to RM509.9 million on the back of rising costs.

The occupancy and rental rates for our investment properties, especially the retail complexes, have improved in FY2011 resulting in property investment's contribution to Group EBIT increasing by 133% from RM49.8 million in the previous financial year to RM116.1 million, both after excluding fair value gain on investment properties of RM21.0 million and RM93.1 million respectively. The Group's investment property EBIT in FY2011 is inclusive of gains on disposal of IOI Plaza, Singapore of RM60.8 million.

The combined operating profit from property development and investment activities excluding contribution from jointly controlled entitites but, inclusive of fair value gains on investment properties, totalled RM719.1 million for FY2011, against RM602.9 million for the previous financial year.

As for the Singapore development projects, the Seascape project, undertaken via our 50%-owned Singapore JV company, has achieved SGD36 million (2010: SGD217 million) sales in FY2011. Whereas the Cityscape @ Farrer Park condominium project, undertaken through another 60%-owned Singapore JV company, has also contributed SGD89 million sales in FY2011 since its launch 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
PUCHONG
KAJANG
Shah Alam Expressway
16 SIERRA
IOI RESORT
PM's Complex
Putrajaya Link
Putrajaya
North-South Highway
CYBERJAYA
PUTRAJAYA
Multimedia University
Flagship Zone
NILAI
North South Expressway Central Link
Salak Tinggi
Kuala Lumpur International Airport (KLIA)
Taman Lagenda Putra
BANDAR PUTRA, KULAI
Sultan Ismail Airport
To Kuala Lumpur
Kulai
Palm Villa
Palm Resort
North-South Highway
SENAI
Taman Kempas Utama
Pandan
Plentong
UTM
Skudai
Pasir Gudang Highway
Johor Bahru
Tampoi
Senai Highway
Straits of Johor
2nd Link Expressway
Singapore

OUTLOOK & PROSPECTS

The local property market, with new benchmark prices in both residential and commercial sectors, is expecting a modestly good year ahead after a robust year in 2010.

Prices of residential properties will continue to strengthen with strong demand for properties in established upmarket neighbourhoods. The several mega projects which the government has announced such as the mass rapid transit in the Klang Valley and the light rail transit and monorail projects in Penang herald many new changes in the property landscape. These infrastructure projects will undoubtedly spawn opportunities for other types of development such as office buildings, shopping malls, industrial parks and public facilities and these will have positive spill over effects onto the overall property market.

IOI Properties will continue to focus on providing quality affordable homes in township development as well as niche market development in strategic locations. Income from such projects complimented by stable and recurring income from property investment are the two-pronged strategies of IOI Properties.

IOI Properties has expanded its wings to include projects at prime locations in Singapore. Its recent joint venture in the South Beach project which is situated in the prime location between the famed Raffles Hotel and Suntec City will further stamp its mark as a developer of upscale integrated developments. South Beach Project is a joint venture with City Development Ltd, a renowned and established property developer in Singapore.

IOI Properties intends to increase its investment property portfolio by building more purpose-built office, retail space and hotels in prime locations in the coming years both locally and internationally.

South Beach Project, Singapore

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 principle of Corporate Social Responsibility ("CSR") 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 economy.

MARKET PERSPECTIVES

Europe is currently the marketplace driving the change towards sustainable development. Many of our key customers have a global reach and an important number of them have European origins. As important partners in their supply chain, we help them provide the comfort and assurance that their customers expect from them, to be able to trust that any palm ingredients in the products that they buy are not associated with deforestation of rainforest and peat forests, or social issues. We make this happen, driving our sustainability agenda, and partnering with our customers. In The Netherlands for example, IOI proudly contributes to the Dutch industry's commitment to switch to 100% sustainable palm oil for all palm oil used in the Dutch market.

The North America ("NA") marketplace is at the early stages with regards to the promotion of the sale and use of Roundtable on Sustainable Palm Oil's Certified Sustainable Palm Oil ("RSPO", "CSPO"). Major multinational food companies based in the US market are aware of the need for sustainable sourcing which will be a must for brands with a global reach. To satisfy this rising demand, IOI Loders Croklaan America has positioned itself in the forefront of this opportunity becoming among the first in NA to import fully traceable CSPO in substantial quantities.

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

We firmly believe that in the very near future, there will be only one type of palm oil in the market; certified sustainable palm oil. It is not a question of 'whether', it is rather a question of 'when'. Given the rapid rise in global population size and the unique characteristics of palm oil, there will be a firm and steady rise in demand for palm and palm oil derived products. The sheer size associated with this steady rise in demand makes it imperative that these volumes are sourced in a sustainable way, without compromising the needs of future generations to meet their economic, environmental and social needs.

COMPONENTS OF IOI GROUP'S CSR

PEOPLE

Recognising our staff as part of our sustainable capital, IOI Group is proud of its responsible social investments. For workers on our estates, the Company provides not only the proper training and health & safety instructions and facilities, but also housing, schools, churches and medical services. One of the decisions taken was to stop using the pesticide Paraquat. This was a measure taken in response to concerns raised about worker safety, in which we do not want to compromise.

Healthy food is an important social issue with many stakeholders. While palm has been associated with saturated fats in the past, the palm industry is now more widely recognised as investing in R&D to ensure a healthy and quality proposition. IOI Group has an established track record in research and product innovation. During the year, IOI opened its second Creative Studio in Pasir Gudang, after the one in Europe, for developing innovative products jointly with customers. In June 2011, the Group was awarded the IFT Innovation Award for Sans Trans VLS 30 and 40 which offers a Trans free option with no hydrogenation and lower saturated fats.

IOI continues to place a very high value on education and human capital development. Through the Yayasan Tan Sri Lee Shin Cheng, the charity arm of IOI, many social causes and initiatives are supported. The causes supported in 2011 include:

- the Student Adoption Program, assisting underprivileged children from 134 selected schools in Peninsular Malaysia and Sabah to pursue their basic education, each receiving financial assistance and a school bag each year until they complete their primary and secondary education;

- the Borneo Child Aid Society (HUMANA) Sabah, a leading school project, providing basic education and care for children (aged 4 - 12 year) of foreign plantation workers who are unable to enrol into the national schools in Malaysia. In 22 learning centres built with IOI support, they are now learning English, Bahasa Malaysia, Science plus Mathematics and are enjoying extra co-curricular activities;

- the Lawas Project, an educational development programme in Sarawak, under the umbrella of the IOI partnership with World Vision Malaysia; reaching out to the native groups. IOI Group is funding the curriculum infrastructure development of the ethnic Lumbawang community in Sarawak to realise the short-term vision of raising competent native-speaking teachers and the long-term vision of building a training and research centre for ethnic pre-school training in Sarawak.

PLANET

In line with our RSPO commitments, we are progressing the certification process of all our Malaysian estates as well as the certification process of our supply chain. During the year, the Gomali, Bt Leelau, Baturong and Mayvin mills and their estates were successfully RSPO certified resulting in a total of 7 mills being certified todate which accounts for 40 estates covering 50% of the Group's planted area. Certification for the remaining mills and estates in Malaysia are dependent on the resolution of the inherited disputes with natures in Sarawak which have been submitted to the dispute settlement facility of RSPO for mediation and settlement.

We strive to minimise our impact on the environment through our use of fresh water and improving our emissions to air, our waste treatment and our energy consumption. At our plant in Pasir Gudang for example, we recently opened a brand new waste water treatment facility.

After being awarded the top rating for the "Farm and Fishing" category in the Forest Footprint Disclosure Project ("FFD") in 2009, IOI Group repeated this success in the 2010 edition of the FFD and was recognised at the FFD annual meeting in London in January 2011. The FFD is a UK based initiative, supported by the participation of 43 financial institutions with over USD6 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 is working on a satellite imagery pilot project with Sarvision, a Dutch based research company, to improve and use satellite imagery techniques to identify high carbon store areas in potential growing regions, with the purpose of avoiding or minimising greenhouse gas emissions due to land conversion. The project resulted in a recent report, confirming the useful applications these techniques offer for our industry. Specifically, the satellites confirmed and enriched information on the land characteristics in new planting projects in West Kalimantan. These techniques will increase the intelligence on land characteristics even before plantation concession permits are submitted.

In line with our efforts to lower Green House Gasses ("GHG") emissions, IOI has actively contributed to a RSPO working group on GHG emissions, developing an industry standard with the objective of setting quantifiable goals and facilitating benchmarks. As the European Commission has set a goalpost of GHG savings of 35% over fossil fuel, palm oil has become a marketable option for biomass as a source of renewable energy. Although renewable energy applications represent only a small percentage of the IOI Group's market for downstream products, the Group has had two of its estates audited by German certifier Vassen, to be able to sell to the European biomass market.

Managing the loop of our product life cycle, fronds from palm trees and empty fruit bunches ("EFB") are reused as natural fertilisers on our plantations. In addition, part of the biomass of empty fruit bunches are used for renewable energy production at our refinery and kernel crushing plants. Further studies are been done to assess the possibility of developing EFB-derivative products for a bio based economy and biogas capturing and utilisation.

A Memorandum of Understanding was signed in 2010 with the Orang-utan Foundation International ("OFI"), for our support of their Care Centre and Quarantine facility in Pangkalan Bun, Kalimantan. The IOI Group's donations allow OFI to substantially improve their facilities for the orang-utans under their care.

PROFIT

Securing commercial success in the future is also about securing our license to operate. In the modern globalised world, it is no longer sufficient to respect national laws and regulations. Companies are expected to be able to demonstrate their responsible behaviour as corporate citizens of the world and civil society has demonstrated its power to influence corporate behaviour in a number of instances, including in the palm oil industry. In other words, our license to operate requires us to stay in tune with our stakeholders. Not only in tune with the product specifications given by our customers, but also in tune with the expectations and demands of society at large, including stakeholders from the investment community, the public sector, media, science and social and environmental NGO's.

Our subsidiary in the Netherlands, IOI Loders Croklaan proudly publishes her ethical standards using the internationally recognised Supplier Ethical Data Exchange ("Sedex") format, sharing our standards and performance with our customers and allowing them to use this as a tool in their supplier selection process. Started in 2001 and counting more than 400 purchaser members and 28,000 supplier members today, Sedex enables member companies to manage and show their standards and practices on issues relating to labour, health & safety, environment and business integrity.

One of the clear trends this year is the demand for more and more traceability. Originating from issues relating to food safety, food manufacturers around the globe are faced with consumers, NGO's and retailers that demand to know where and how their food ingredients are sourced. This demand for traceability may go beyond the claims of being RSPO certified. IOI Group acknowledges this trend and helps customers to explain the origin of the palm based ingredients.

Another exponent of this demand for more openness is the public debate on food ingredient labelling. IOI Group representatives regularly meet with stakeholders from the public sector, including European Parliament members, to explain the merits of RSPO certified sustainable palm oil as an ingredient on food labels.

To minimise the land footprint of our operations, while maximising our efficiency, we invest substantially in raising the yield per hectare to be significantly above the national average. Compared to the average yield in Malaysia, IOI has managed to save 43,000 hectares of land.

CORPORATE SOCIAL RESPONSIBILITY

Social Contributions

JULY 2010

Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC") organised a magical treat for about 40 children and people with disabilities at Persatuan Kanak-Kanak Istimewa Kajang. They received sponsored lunch, goodie bags comprising basic necessities, stationery, toys, snack food and enjoyed an entertaining time with clowns and a 30-minute magic show.

JULY 2010

23 IOI Oleochemical Industries Bhd employees whose children excelled academically were adopted under the Yayasan TSLSC's Student Adoption Programme. Chief Operating Officer Mr Tan Kean Hua presented a school bag and RM800 to each child and wished them progressive success all the way.

JULY 2010

93 recipients who scored well in the UPSR, PMR, SPM, STPM and A-Levels examinations were awarded with the Young Achievers' Awards' plaques and cash prizes of above RM40,000 at Palm Garden Hotel in recognition of their excellent performance. Guest speaker Norman Halim from KRU was invited to share his success story in climbing the Malaysian music scene.

JULY 2010

Over 2,700 participants joined the annual 6th Putra Charity Run organised by IOI Properties Bhd ("IOIP") at Kulai, Johor. The event was officiated by the Kulai MP Yang Berhormat Tan Sri Ong Ka Ting. A total of RM20,000 was donated to Rumah Sejahtera Kulai (Kulai Old Folks Home) and Rumah Sejahtera Senai (Senai Old Folks Home) respectively.

JULY 2010

IOIP contributed a "Balai Polis Bergerak" for the exclusive use of the Puchong District Police within the IOI townships of Bandar Puchong Jaya and Bandar Puteri Puchong. The mobile police unit was presented by IOI Group Executive Director Dato' Lee Yeow Chor to Chief Police of Selangor Datuk Khalid bin Abu Bakar at IOI Mall Puchong.

AUGUST 2010

IOI Oleochemical Industries Bhd, Prai awarded the Young Achievers' Awards to 25 employees' children in recognition of their excellent results in the UPSR, PMR, SPM and STPM examinations. Certificates and cash prizes amounting to RM10,650 were presented to the Gold, Silver and Bronze recipients as tokens to motivate them to continue to excel.

AUGUST 2010

During the Ramadan month, Palm Garden Hotel distributed 1,500 boxes of delicious *bubur lambuk* to delighted motorists along the toll booths at Kajang, UPM Serdang and Bangi.

AUGUST 2010

Putrajaya Marriott Hotel & Spa organised a "Dapur Ramadan Buka Puasa Charity Dinner" which was graced by YA Bhg Tun Abdullah Haji Ahmad Badawi and YA Bhg Tun Jeanne Abdullah. 80 orphans from Rumah Amal Limpahan Kasih who were feted to the feast also received daily home requirements, appliances and other in-kind amounting to RM3,000.

AUGUST 2010

Yayasan TSLSC donated RM50,000 to the building fund of Spastic Children Association of Selangor and Federal Territory.

AUGUST 2010

IOI Mall at Bandar Putra Kulai held its 4th annual "Bubur Lambuk & Majlis Buka Puasa Bersama Anak-Anak Yatim" to commemorate the fasting month and to develop inter-racial and religious harmony amongst residents. In addition, a fund-raising activity was also held and all the proceeds were channelled to orphanage homes.

AUGUST 2010

Yayasan TSLSC donated RM20,000 to fund the daily operations and expenses of Persatuan Kanak-Kanak Istimewa Kajang.

SEPTEMBER 2010

In conjunction with the Hari Raya Aidilfitri, a "Balik Kampung Rumah Selamat" campaign was launched at IOI Mall Puchong. The safety campaign sponsored by IOI Mall Puchong together with Cops Policing Community, Litrak and Kurnia Insurance Berhad was aimed at educating the public on road safety during the festive season.

SEPTEMBER 2010

Palm Garden Hotel feted 50 children from Rumah Nur Hikmah to a buka puasa treat in conjunction with the Hari Raya Aidilfitri celebration. The children also received *duit raya* from the Palm Garden Hotel General Manager Mr Simon Yong.

OCTOBER 2010

Yayasan TSLSC awarded 11 top students from various higher educational institutions in Malaysia of up to RM302,628 worth of scholarships in a presentation ceremony held at the Palm Garden Hotel. The scholarship recipients together with their parents were also invited to a buffet lunch after the presentation ceremony.

OCTOBER 2010

Palm Garden Hotel shared the joy with the less privileged with a Hari Raya charity open house for 100 orphans from Kompleks Baitul Hasanah, Klang and 20 special children from Persatuan Kanak-Kanak Istimewa Kajang. They were treated to a sumptuous buffet of Raya delights and were entertained by Iqwal from Empire All Star Events and Hyrul of Mentor 3 from Pro Aggresive Events.

OCTOBER 2010

Yayasan TSLSC committed to donate RM10,000 per year for two years to St. Nicholas' Home, Penang to fund their daily operations. The home has been established since 1926 to house and provide training to the blind and visually impaired people.

DECEMBER 2010

Palm Garden Hotel put together a charity event of hi-tea and fun team building activities for the children of Rumah Keluarga Kami, Rumah Anak-Anak Yatim Shifa and Persatuan Kanak-Kanak Istimewa Kajang in conjunction with the Christmas and New Year celebration.

DECEMBER 2010

A Christmas charity benefit themed "A Night of Music & Magic" was held at the Putrajaya Marriott Hotel & Spa for 30 children from Rumah Faith and 30 elderly folks from Home of the Little Sisters of the Poor. They were treated to a Christmas dinner party, games and were entertained by Marriott's d'Flaming Reindeers, the famous Datuk David Arumugam from Alleycats and the Malaysian magician David Lai. Funds and proceeds from the event went to the two homes.

DECEMBER 2010

IOI Mall Puchong organised a "Heavenly Gift" charity project with an interesting line-up of activities that included "Angel's Gift Packs" (gift wrapping services), "Be An Angel" and "Pick A Gift" to benefit and bring joy to the less fortunate.

JANUARY 2011

Yayasan TSLSC sponsored 343 adopted students from 157 primary and secondary schools all over Malaysia under its Student Adoption Programme. The main presentation ceremony was held at IOI Mall Puchong to present the cheque and school bags to the adopted children.

FEBRUARY 2011

Employees from IOI Oleochemical Industries Bhd, Prai participated in a *gotong-royong* activity to maintain a green and clean environment at their workplaces together with the assistance from the S.H.E department.

FEBRUARY 2011

In aid of the flood victims in Johor, Yayasan TSLSC donated RM30,000 through the Community Builders Foundation to provide food and temporary shelter to the victims.

MARCH 2011

IOIP partnered with Michael's Badminton Academy to launch the "MBA-IOI Hope For Change", a 10-month badminton charity programme to provide basic badminton training to about 70 children from Rumah Shalom, Rumah Amal Limpahan Kasih and House of Joy.

MARCH 2011

Putrajaya Marriott Hotel & Spa switched off its non-essential lights for an hour to honour Earth Hour and pledged to save energy for 365 days through simple ways.

APRIL 2011

Yayasan TSLSC donated RM1 million to Wawasan Education Foundation to finance the Wawasan Open University which provides upgrading of skills and qualifications to the non-graduate workers.

APRIL 2011

Yayasan TSLSC donated RM1 million to the research funds of the Associated Chinese Chamber of Commerce & Industry Malaysia for the establishment of their Research Centre. The research will focus on the social economic issues of Malaysia.

APRIL 2011

A group of IOI volunteers together with the senior management visited about 40 disabled persons and former drug addicts at Persatuan Kristian Shuang Fu situated in Kuala Lumpur. The residents were treated to a sponsored buffet lunch and goodie bags. A RM5,000 donation was also given to purchase three sets of LCD TV for their centres.

APRIL 2011

Yayasan TSLSC donated RM5,850 to the Rita Handicapped & Disabled Welfare Home to purchase one unit of the buttonholing machine for their sewing centre that aims to provide skills training to the handicapped, single mothers and teenage girls for a better future.

MAY 2011

Yayasan TSLSC continued its partnership with the World Vision Malaysia to fund the Lawas Project, an educational development programme envisioned to raise competent native-speaking teachers in the short term and build a training and research centre for ethnic pre-school training in Sarawak in the long run. So far, Yayasan TSLSC has granted a total RM88,000 to fund the development and sustainability of the project.

MAY 2011

More than RM50,000 of cash prizes and certificates were awarded to 126 recipients who scored well in their UPSR, PMR, SPM, STPM and A-Levels examinations at the Young Achievers' Awards 2011 presentation ceremony held at Palm Garden Hotel in recognition of their excellent academic achievements.

JUNE 2011

67 orphans from the House of Joy and Rumah Shalom in Puchong were treated to an exciting day of games, delicious food and the latest screening of the animated movie, "Kung Fu Panda 2: The Return of Kaboom" at the IOI Mall Puchong. It was another charity project organised by the Yayasan TSLSC which saw great support from volunteers and senior management of IOI.

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

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

QUAH POH KEAT
Independent Non-Executive Director

LIM TUANG OOI
Non-Independent Non-Executive Director

AUDIT COMMITTEE

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

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

QUAH POH KEAT*
(MIA 2022)

* Independent Non-Executive Directors

SECRETARIES

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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


2


3


4

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 DATUK KAROWNAKARAN @
KARUNAKARAN A/L RAMASAMY

7 QUAH POH KEAT

8 LIM TUANG OOI


5


6


7


8

PROFILE OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman, Malaysian, Age 72

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 seven (7) Board Meetings held during the financial year ended 30 June 2011.

DATO' LEE YEOW CHOR
Executive Director, Malaysian, Age 45

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

Dato' Lee is the eldest son of Tan Sri Dato' Lee Shin Cheng and 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 seven (7) Board Meetings held during the financial year ended 30 June 2011.

LEE CHENG LEANG
Executive Director, Malaysian, Age 63

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 seven (7) Board Meetings held during the financial year ended 30 June 2011.

LEE YEOW SENG
Executive Director, Malaysian, Age 33

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 six (6) out of the seven (7) Board Meetings held during the financial year ended 30 June 2011.

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
Senior Independent Non-Executive Director, Malaysian, Age 70

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 seven (7) Board Meetings held during the financial year ended 30 June 2011.

DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY
Independent Non-Executive Director, Malaysian, Age 61

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

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

Datuk R. Karunakaran attended all two (2) Board Meetings held after his appointment during the financial year ended 30 June 2011.

QUAH POH KEAT
Independent Non-Executive Director, Malaysian, Age 59

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, Campu Securities Plc, LPI Capital Berhad and On-Going Holdings Sdn Bhd. He is a Trustee of Yayasan Tan Sri Lee Shin Cheng.

Quah Poh Keat attended all the seven (7) Board Meetings held during the financial year ended 30 June 2011.

LIM TUANG OOI
Non-Independent Non-Executive Director, Malaysian, Age 49

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

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

Lim Tuang Ooi attended all two (2) Board Meetings held after his appointment during the financial year ended 30 June 2011.

Notes:

1. Save as disclosed above, none of the Directors have:

   a. any family relationship with any directors and/or major shareholders of the Company; and
   b. any conflict of interest with the Company.

2. None of the Directors have any conviction for offences within the past 10 years.

SENIOR MANAGEMENT TEAM

GROUP CHIEF EXECUTIVE OFFICER
Tan Sri Dato' Lee Shin Cheng

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

CORPORATE
Group Finance Director
Rupert Koh Hock Joo

Group Financial Controller
Lim Lai Seng

Group Legal Adviser/
Company Secretary
Lee Ai Leng

Company Secretary
Tan Choong Khiang

PLANTATION
Group Plantation Director
Dato' Foong Lai Choong

Executive Director, Sabah
Lai Poh Lin

Senior General Manager
Group Engineering
Wong Chee Kuan

General Manager (Finance)
Lim Eik Hoy

General Manager, Peninsular
Tay Ching An

General Manager, Lahad Datu
Tee Ke Hoi

General Manager, Sandakan
Ragupathy A/L Selvaraj

General Manager, Indonesia
Goh Hock Sin

COMMODITY MARKETING
Head of Group
Commodity Marketing
Lee Yoke Hui

OLEOCHEMICALS
Executive Director
Tan Kean Hua

Chief Financial Officer
Khoo Tian Cheng

Head of Operations, Johor
Gurdev Singh

SPECIALTY OILS AND FATS
Chief Operating Officers
Loek Favre (Europe)
Julian Veitch (North America)
UR, Sahasranaman (Asia)

Chief Financial Officer
Tan Chun Weng

REFINERY
General Manager
Sudhakaran A/L Nottath Bhaskar

PROPERTY
Property Director
Dato' David Tan Thean Thye

Senior General Managers
Lee Yoke Har
Simon Heng Kwang Hock
Tan Keng Seng

General Managers
Lim Beng Yeang
Teh Chin Guan

Acting General Manager (Complex)
Ronnie Arthur Francis

Financial Controller
Betty Lau Sui Hing

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 GROUP
Palm Oil Refinery
Palm Kernel Crushing

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

PAN-CENTURY GROUP
Oleochemicals
Refinery

IOI LIPID ENZYMTEC
Specialty Oils and Fats

property development & investment

IOI PROPERTIES BERHAD GROUP
PROPERTY SUBSIDIARIES

Township Development
Apartments
Shopping 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
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, Puchong
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
42. IOI Lipid Enzymtec Plant

CORPORATE CALENDAR

AUGUST 2010

Gomali Palm Oil Mill, Johor and 12 of its supply chain estates received the Roundtable on Sustainable Palm Oil ("RSPO") certification for successfully adhering to the strict regulations and high standards of the production of sustainable palm oil.

OCTOBER 2010

IOI Properties Bhd ("IOIP") has once again won the prestigious The Edge Top Ten Property Developers Awards 2010 for eight consecutive years. The award ranks the country's best property players from the consumer's perspective based on quantitative and qualitative attributes.

NOVEMBER 2010

IOI Group has been voted as one of Malaysia's 100 most popular graduate recruiters in 2010 and nominated as one of Malaysia's 100 leading graduate employers 2010 in the Property and Development category. The awards recognise the efforts by employers to make their organisations attractive places to work in.

NOVEMBER 2010

Baturong Palm Oil Mill, Bukit Leelau Palm Oil Mill and Mayvin Palm Oil Mill were awarded the RSPO certification for their sustainable palm oil production.

DECEMBER 2010

IOI Group was awarded the Honourable Mention in the Prime Minister's Corporate Social Responsibility ("CSR") 2010 award in the Education category in recognition of its outstanding contributions in education and human capital development. The Prime Minister's CSR Award was launched in 2007 to recognise companies that demonstrate a real commitment and leadership in ensuring their CSR operations have a positive impact on the community.

DECEMBER 2010

IOI Corporation Bhd ("IOI") emerged as the second runner-up for the CSR category in the Malaysian Business – CIMA Enterprise Governance Awards 2010. The award recognises excellence in enterprise governance among Malaysian companies.

DECEMBER 2010

The Malaysian Palm Oil Board ("MPOB") awarded the Palm Industry Award 2009/2010 for the Estate Category Exceeding 4,001 Hectares in Sabah to Meliau Estate to acknowledge the successful management and good practices of the estate. In addition, MPOB also awarded Pamol Kluang Palm Oil Mill with the Palm Industry Award 2009/2010 for the Highest Oil Extraction Rate Achievement (Own Crop) in Peninsular Malaysia under the Oil Palm Mill Category while IOI Oleochemical Industries Bhd received the prestigious Palm Industry Award 2009/2010 for the Best-In-Class Palm-based Oleochemical Company in Malaysia.

DECEMBER 2010

Pamol Sabah Sdn Bhd and the Palm Oil Mill, as well as Halusah Estate Sdn Bhd with Sakilan Palm Oil Mill received the International Standard for Carbon Certification ("ISCC") for complying with the requirements of the ISCC System GmbH certification system.

DECEMBER 2010

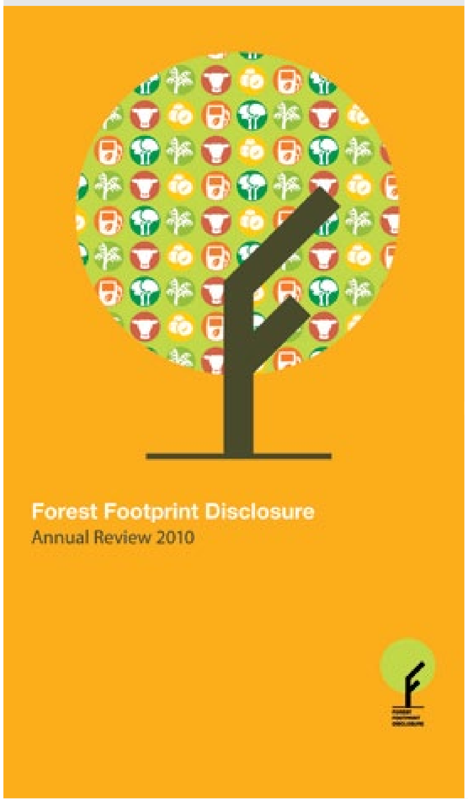
IOI Oleochemical Industries Bhd, Prai retained three Gold Responsible Care Awards (2009) in the following categories – Employee Safety and Health, Pollution Prevention and Distribution. They also received a Merit Award for Community Awareness and Emergency Response. On the other hand, Pan Century Oleochemical Sdn Bhd, Pasir Gudang successfully secured a Merit Award for Employee Health and Safety Code.

JANUARY 2011

Once again, IOI Group was ranked as the best performer in the Farming sector for its reporting and transparency in the Forest Footprint Disclosure ("FFD") 2010 Report. FFD is a non-profit organisation aimed at improving corporate understanding of a "forest footprint" generated by the use of key forest risk commodities such as timber, soy, cattle products, palm oil and biofuels.

JANUARY 2011

Resort Villa Golf Course Berhad exchanged part of its existing 9-hole golf course which forms part of the mixed development in IOI Resort City with a piece of land of the same size owned by Mayang Development Sdn Bhd.



JANUARY 2011

IOIP signed a collaboration agreement with Observision Sdn Bhd and Wi-Net Telecoms Sdn Bhd ("WINET") to deliver the most advanced broadband network to all its townships in Klang Valley. This infrastructure will benefit over 150,000 households and 2,500 businesses in IOI Properties townships.

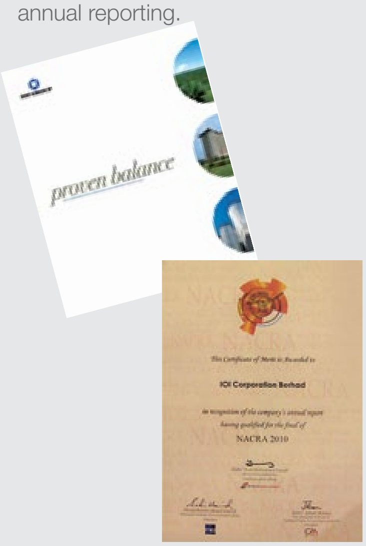
FEBRUARY 2011

IOIP launched its first-ever community free shuttle service for its township residents to travel from their houses to commercial areas within Bandar Puchong Jaya and Bandar Puteri Puchong. The launch was officiated by the Property Director of IOI Group Dato' David Tan and ADUN of Kinrara YB Teresa Kok.

MARCH 2011
IOI received two awards – Best Senior Management IR Support and Strongest Adherence to Corporate Governance – from the Southeast Asia's Top Companies Poll conducted by the Alpha Southeast Asia. IOI was also ranked as one of the three best-rated conglomerates in the mining and natural resources sector in Southeast Asia.

MARCH 2011
IOIP was accorded the Silver Award under the Property Development category of the Putra Brand Awards. The Putra Brand Awards is a recognition and brand valuation exercise which prides itself as the only authority in brand equity measurement in Malaysia based on consumer preferences.

MARCH 2011
IOI received the Certificate of Merit at the National Annual Corporate Report Awards ("NACRA") 2010 in recognition of the commendable high standards of annual reporting.



MARCH 2011
IOI-Loders Croklaan Asia launched its very first Creative Studio and its new office complex located in Pasir Gudang. The Creative Studio Asia is an outcome of a successful penetration of the concept in the Loders Croklaan European facility. The facilities will provide real value-added services to its customers in terms of product innovation and development.

APRIL 2011
IOI entered into a joint venture with City Developments Limited for the development of a piece of land located along Beach Road Singapore ("South Beach Project"). South Beach Project includes the development of premium office space, luxury hotel, high-end retail outlets and prestigious city residences.

APRIL 2011
IOI Group was named one of the top 20 prestigious Malaysian companies that made it to the Forbes Global 2000 list. IOI Group, with recorded sales of $3.9 billion, was ranked 1,172 in the list this year, rising 52 spots from the last fiscal year. The Forbes Global 2000 is an annual ranking of the top 2000 public companies in the world with the top composite scores based on their rankings in sales, profits, assets and market value.

MAY 2011

IOIP was accorded the coveted BCI Asia Top 10 Developer Awards 2011 for its impressive contributions that had positively impacted the built environment in Malaysia. The prestigious award recognises active developers and architecture firms building and designing the greatest volume of buildings with socially responsible architectural design.

BCI ASIA
TOP 10 DEVELOPERS AWARDS 2011

JUNE 2011

IOI-Loders Croklaan North America received the IFT 2011 Food Expo Innovation Award for its creative efforts in the field of bakery fats and shortenings at the 2011 IFT Food Expo held in New Orleans.

JUNE 2011

IOI has been selected into the Global X Farming ETF ("BARN"). BARN is the first ETF designed to measure broad-based equity market performances of global companies involved in the agricultural sector.

Global Funds
The World in your Hands


Global X Farming ETF (BARN)

Global Funds

JUNE 2011

IOI-Loders Croklaan Europe has integrated Betapol® from their subsidiary company, Lipid Nutrition, into their portfolio of specialty fats following the divestment of Lipid Nutrition. Betapol® - the first human milk replacer - is a vegetable fat blend prepared by enzymatic rearrangement.

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
(Retired on 29 October 2010)

Datuk Karownakaran @ Karunakaran a/l Ramasamy
Member / Independent Non-Executive Director
(Appointed on 17 January 2011)

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, risk management 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.

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.

Number of Meetings and Details of Attendance

Six (6) meetings were held during the financial year ended 30 June 2011. The attendance record of each member is as follows:

AUDIT COMMITTEE MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
Datuk Hj Mohd Khalil b Dato Hj Mohd Noor	6	6
Chan Fong Ann *(Retired on 29 October 2010)*	2	2
Datuk Karownakaran @ Karunakaran a/l Ramasamy *(Appointed on 17 January 2011)*	2	2
Quah Poh Keat	6	6

Two (2) meetings were held subsequent to the reporting period 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
Datuk Karownakaran @ Karunakaran a/l Ramasamy *(Appointed on 17 January 2011)*	2	2
Quah Poh Keat	2	2

D INTERNAL AUDIT FUNCTION

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

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

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

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2011 was RM2,703,000.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

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

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

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

THE BOARD OF DIRECTORS

Roles and Principal Duties

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

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

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

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

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

Board Composition and Balance

The Board comprises eight (8) members, of whom four (4) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that requires a minimum of two (2) Directors or one third (1/3) of the Board, whichever is the higher, to be Independent Directors. A brief profile of each Director is presented on pages 50 to 55 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, Mr Lim Tuang Ooi, a representative from the Employees Provident Fund, a substantial shareholder of the Company was appointed as Non-Independent Non-Executive Director during the year.

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

Board Meetings

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

Seven (7) Board meetings were held during the financial year ended 30 June 2011. 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	7	7
Dato' Lee Yeow Chor	7	5
Lee Yeow Seng	7	6
Lee Cheng Leang	7	7
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	7	7
Datuk Karownakaran @ Karunakaran a/l Ramasamy *(Appointed on 17 January 2011)*	2	2
Quah Poh Keat	7	7
Lim Tuang Ooi *(Appointed on 17 January 2011)*	2	2
Chan Fong Ann *(Retired on 29 October 2010)*	3	3

Supply of Information

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

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

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

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

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

Training and Development of Directors

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

All the Directors have completed the Mandatory Accreditation Programme as specified by Bursa Securities. 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

The 2nd World Chinese Economic Forum	2 November 2010 to 3 November 2010
Bursa Malaysia's Launch of Sustainability Programme for Corporate Malaysia "Powering Business Sustainability"	23 November 2010
Rabobank Asia Food & Agribusiness Advisory Board Meeting	24 November 2010 to 26 November 2010
Malaysia International Chinese Business Forum	1 December 2010 to 2 December 2010
Reach & Teach Friends of the Industry Seminar 2011	25 January 2011
APCE 2011 Summit	20 February 2011
Malaysia China Trade & Investment Cooperation Forum	28 April 2011

Dato' Lee Yeow Chor

CEO Dialogue on Sustainability by Bursa Malaysia	24 August 2010
Palm Oil Trade Seminar (POTS) Kuala Lumpur by Malaysian Palm Oil Council (MPOC)	4 September 2010 to 5 September 2010
Innovation Seminar	1 November 2010
POTS Egypt	7 November 2010 to 9 November 2010
Ministerial Mission to Brussels, Copenhagen and London by MPOC	14 November 2010 to 21 November 2010
POTS Karachi by MPOC	16 January 2011 to 20 January 2011
Reach & Teach Friends of the Industry Seminar 2011	25 January 2011
Bursa Malaysia Palm Oil Conference 2011	8 March 2011 to 9 March 2011
Bursa Malaysia Conservation International Meeting on Supply Chain & Sustainability	10 March 2011 to 11 March 2011
NLP for Perspective Leadership - Senior Management Workshop	7 April 2011 to 9 April 2011
POTS Korea by MPOC	10 April 2011 to 13 April 2011

Lee Yeow Seng

World Capital Market Symposium by Securities Commission	27 September 2010 to 28 September 2010
BAML China Investment Summit by Bank of America Merrill Lynch	1 November 2010 to 5 November 2010
Barclays Asia Forum by Barclays Capital	11 November 2010
Rabobank Asia Food & Agribusiness Advisory Board Meeting	24 November 2010 to 26 November 2010
NLP for Perspective Leadership - Senior Management Workshop	7 April 2011 to 9 April 2011
Bursa Malaysia's Invest Malaysia 2011 Conference	12 April 2011 to 13 April 2011

Lee Cheng Leang

Getting Up to Speed with Governance - Part I by Institute of Internal Auditors Malaysia	19 July 2010
Getting Up to Speed with Governance - Part II by Institute of Internal Auditors Malaysia	28 July 2010
Bursa Malaysia's Sustainability Programme for Corporate Malaysia Half Day Directors' Session on Sustainability	9 February 2011

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor

Global Investment Performance Standards	8 July 2010
Overview of the Indonesian Insurance Industry	21 July 2010
MNRB Group 6th Annual CEO Programme	4 October 2010
MICG Updates on Regulatory Framework & Directors' Duties 2010	24 November 2010
Social Business and Poverty Reduction	1 December 2010
Independent Directors: Actual vs. Perceived Independence	10 December 2010
Bursa Malaysia's Sustainability Programme for Corporate Malaysia Half Day Directors' Session on Sustainability	9 February 2011
MNRB Directors' Training	26 February 2011
Financial Institutions Directors' Education (FIDE) Core Programme - Option 1 Group 1 (Module 1)	28 March 2011 to 29 March 2011
FIDE Core Programme - Option 1 Group 1 (Module 2)	25 April 2011 to 26 April 2011
FIDE Core Programme - Option 1 Group 1 (Module 3)	3 May 2011 to 4 May 2011
FIDE Core Programme - Option 1 Group 1 (Module 4)	23 May 2011 to 25 May 2011

Datuk Karownakaran @ Karunakaran a/l Ramasamy

Global Investment Performance Standards	8 July 2010
Director's Induction Training Programme (Part 1) by Etiqa Insurance Berhad	10 February 2011
Bursa Malaysia's Half Day Governance Program - Assessing the Risk and Control Environment	24 March 2011
Bursa Malaysia's Invest Malaysia Conference - Exploring the Investment Opportunities in Malaysia	12 April 2011
Director's Induction Training Programme (Part 2) by Etiqa Insurance Berhad	27 April 2011
Economic Council Working Group - RAM Roundtable: Discussion on Strategy Package for Budget 2012	5 May 2011
FIDE Program: Board Risk Committee Program - Managing Risks in Financial Institution	11 May 2011 to 12 May 2011
Briefing on Fund Management & Financial Products	1 June 2011
FIDE Program: Discussion on various boardroom issues ranging from corporate governance and risk management in the financial industry	13 June 2011 to 16 June 2011

Quah Poh Keat

KPMG Malaysian Tax Summit 2010	21 October 2010
Financial Industry Conference 2010	3 November 2010
Bursa Malaysia's Sustainability Programme for Corporate Malaysia Half Day Directors' Session on Sustainability	9 February 2011
Corporate Directors Conference 2011	3 May 2011 to 4 May 2011
Governance Series for Directors	5 May 2011
Communications Forum	11 May 2011

Lim Tuang Ooi

Effective Performance Management Seminar by KWSP	29 July 2010
Crisis Simulation Exercise 2010 by KWSP	31 July 2010
Strategy Management Seminar by KWSP	27 September 2010 to 28 September 2010
FRS 7: Financial Instruments - Disclosure by PWC	18 October 2010
Behavioural Interview Skill Seminar by KWSP	9 November 2010
Risk Management Department Power Team by KWSP	12 November 2010 to 13 November 2010
Mandatory Accreditation Programme for Directors of Public Listed Companies	26 January 2011 to 27 January 2011
Balanced Scorecard Workshop by KWSP	11 February 2011
Management Conference 2011	8 April 2011 to 10 April 2011

Appointment to the Board and the effectiveness of the Board

The Nominating Committee of the Board compose exclusively two (2) Independent Non-Executive Directors. The Nominating Committee is responsible to make independent recommendations for appointments to the Board. In making these recommendations, the Nominating Committee considers the skills, knowledge, expertise and experience, professionalism, integrity and other qualities of the candidate. Any new nomination received is put to the full Board for assessment and endorsement.

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

Re-election and Re-appointment of Directors

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

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

The Director due for re-election by rotation pursuant to Article 101 of the Articles at the forthcoming Forty-Second AGM is Mr Lee Yeow Seng. Datuk Karownakaran @ Karunakaran a/l Ramasamy and Mr Lim Tuang Ooi are retiring by casual vacancy pursuant to Article 102 of the Articles at the forthcoming Forty-Second AGM. The profiles of the Directors who are due for re-election are set out on pages 52, 53 and 55.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 in Malaysia at the forthcoming Forty-Second AGM are Tan Sri Dato' Lee Shin Cheng and Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor. Their profiles are set out on pages 50 and 53.

Directors' Remuneration

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

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

1. Tan Sri Dato' Lee Shin Cheng (Chairman)
2. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
3. Quah Poh Keat *(Appointed on 16 November 2010)*
4. Chan Fong Ann *(Retired on 29 October 2010)*

The Remuneration Committee reviews and submits recommendation to the Board on remuneration packages of Directors in accordance with the Company's policy guidelines which sets a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performance, experience and the level of responsibilities. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

The details of the remuneration of Directors of the Company comprising remuneration received/ receivable from the Company and subsidiary companies during the financial year ended 30 June 2011 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	372	7,362	45,247	213	6,324	354	59,872
Non-executive Directors	219	–	–	33	–	177	429

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

RANGE OF REMUNERATION	NUMBER OF DIRECTORS EXECUTIVE	NON-EXECUTIVE
RM1 to RM50,000	–	3
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	1
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	–	1
RM250,001 to RM350,000	–	–
RM350,001 to RM400,000	1	–
RM400,001 to RM750,000	–	–
RM750,001 to RM800,000	1	–
RM800,001 to RM1,900,000	–	–
RM1,900,001 to RM1,950,000	1	–
RM1,950,001 to RM56,750,000	–	–
RM56,750,001 to RM56,800,000	1	–

On 3 August 2010, Mr Lee Yeow Seng who is the Executive Director of the Company had accepted 2,650,000 share options over ordinary shares under the Company's Executive Share Option Scheme ("ESOS"). Save for the above, none of the Directors were offered share options under the Company's ESOS during the financial year ended 30 June 2011.

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 45 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

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

Annual General Meeting and Other Communications with Shareholders

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

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 (the "Act") in Malaysia to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company and of their financial performance 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 2011 was RM681,000.

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.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

ACKNOWLEDGEMENT OF RESPONSIBILITIES

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

RISK MANAGEMENT FRAMEWORK

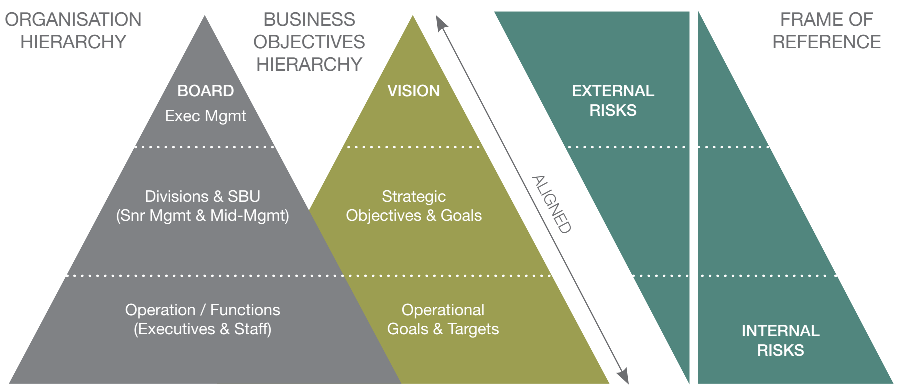
The Group adopts an Enterprise Risk Management ("ERM") framework which was formalised in 2002 and is consistent with the United States of America based COSO's ERM framework, the Institute of Internal Auditors Malaysia's Internal Control Guidance, and Bursa Malaysia's Corporate Governance Guide. The ERM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

i **Embrace risks that offer opportunities for superior returns**

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

ii **Risk Management as a collective responsibility**

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



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

iii Risk forbearance shall not exceed capabilities and capacity to manage

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

iv To apply as both a control and strategic tool

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

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

REVIEW FOR THE PERIOD

For the period under review, each business unit, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising 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.

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 at least once a year.
- Operating units' CEO/CFO's Internal Control Certification and Assessment disclosure.
- Operating unit's response to the Questionnaire on Control and Regulations.
- Periodic management reports on the state of the Group's affairs which also covers the state of internal controls.

RISK MANAGEMENT

The Group's activities expose it to a variety of risks, including operating and financial 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 relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:

OPERATING RISK

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

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

FINANCIAL RISK

- The Group is exposed to various financial risks relating to credit, liquidity, interest rates, foreign currency exchange rates, and commodity prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 42 to the financial statements on pages 213 to 241.

STATEMENT OF DIRECTORS' INTERESTS

In the Company and its related corporations as at 29 August 2011

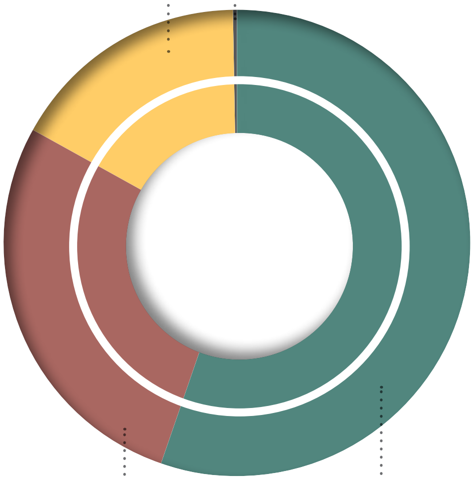
(Based on the Register of Directors' Shareholdings)

NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	58,684,900	0.92	2,681,581,280	41.97
Dato' Lee Yeow Chor	8,240,400	0.13	2,671,353,180	41.81
Lee Yeow Seng	800,000	0.01	2,671,353,180	41.81
Lee Cheng Leang	–	–	–	–
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	0.01	–	–
Datuk Karownakaran @ Karunakaran a/l Ramasamy	–	–	–	–
Quah Poh Keat	–	–	–	–
Lim Tuang Ooi	–	–	–	–
Subsidiaries				
Kapar Realty And Development Sdn Berhad *(in liquidation)*				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	27.03	–	–
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	–	1,111,111	10.00
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	–	1,000,000	10.00

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

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS AS AT 29 AUGUST 2011



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 2011 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 2011 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 provided 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)	3,840
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)	16,220

Notes

(1) Details of the transacting parties

NAME OF COMPANY	EFFECTIVE EQUITY (%)	PRINCIPAL ACTIVITIES
MESB, a subsidiary of PHSB and a company connected to Tan Sri Dato' Lee Shin Cheng	Not Applicable	Property development, property investment and investment holding
NFSB	92.23	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, processing of palm oil and investment holding

(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 29 September 2010.

PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 30 June 2011, which have material impact on the operations or financial position of the Group.

UTILISATION OF PROCEEDS

The status of utilisation of proceeds raised from the corporate proposals as at 30 June 2011 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	533	By January 2011	–	–
Total	600	533		–	–

A total principal amount of USD440,770,000 was redeemed by the Bondholders at the accreted amount of 103.81% on 15 January 2011. The outstanding principal amount subsequent to the redemption and earlier repurchases was USD4,102,000.

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	1,157	By December 2011	–	–
Total	1,157	1,157		–	–

FINANCIAL REPORTS

financial statements

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 2011.

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 2011 are as follows:

	GROUP RM'000	COMPANY RM'000
Profit before taxation	2,863,612	2,101,775
Taxation	(573,099)	(59,626)
Profit for the financial year	2,290,513	2,042,149
Attributable to:		
Owners of the parent	2,222,899	2,042,149
Non-controlling interests	67,614	–
	2,290,513	2,042,149

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 2010:	
Second interim single tier dividend of 10.0 sen per ordinary share, paid on 7 October 2010	638,135
In respect of the financial year ended 30 June 2011:	
First interim single tier dividend of 8.0 sen per ordinary share, paid on 30 March 2011	513,083
	1,151,218

The Directors have declared a second interim single tier dividend of 9.0 sen per ordinary share, amounting to RM576,844,596 in respect of the financial year ended 30 June 2011. The dividend is payable on 7 October 2011 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 27 September 2011.

No final dividend has been recommended for the financial year ended 30 June 2011.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i. 5,973,800 new ordinary shares of RM0.10 each for cash at RM2.44 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme;

ii. 5,899,800 new ordinary shares of RM0.10 each for cash at RM4.19 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme; and

iii. 27,060,115 new ordinary shares of RM0.10 each at RM4.58 per ordinary share arising from the exchange of USD35,010,000 Zero Coupon Guaranteed Exchangeable Bonds due 2011.

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

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

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during the subsequent Annual General Meetings of the Company including the last meeting held on 29 October 2010.

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. 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.

The Company did not repurchase any ordinary shares of RM0.10 each of its issued share capital from the open market during the current financial year. On 2 March 2011, the Company cancelled all its accumulated 298,418,700 treasury shares with carrying amount of RM1,767,552,752 or at an average price of RM5.92 per ordinary share of RM0.10 each. The share capital cancelled was transferred to capital reserve and the consideration paid for the ordinary shares cancelled was set off against the share premium in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

There was no treasury share held by the Company as at end of the financial year.

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.

During the financial year, USD35,010,000 of the 2nd Exchangeable Bonds were exchanged into 27,060,115 new ordinary shares of RM0.10 each at RM4.58 per ordinary share.

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

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

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

During the financial year, the Group repurchased and cancelled part of the 3rd Exchangeable Bonds of USD21,650,000 (equivalent to RM69,122,000) from the open market. On 15 January 2011, the Bondholders have exercised their options to require IOI Resources to redeem USD440,770,000 (equivalent to RM1,345,891,000) of the 3rd Exchangeable Bonds at their accreted principal amount of 103.81%, which amounted to USD457,559,370 (equivalent to RM1,397,158,000). Subsequent to the redemption, the balance of the 3rd Exchangeable Bonds outstanding was USD4,102,000 (equivalent to RM12,847,000).

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. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issue of any other company.

(c) Maximum allowable allotment and basis of allocation

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

- the number of new IOI Shares allotted, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total new IOI Shares that are available to be issued under the ESOS; and

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

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

(d) Subscription price

The subscription price shall be higher of the following:

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

ii. the par value of the IOI Shares;

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

(e) Duration and termination of the ESOS

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

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

- the consent from the Company's shareholders by ordinary resolution at a general meeting have been obtained; and

- the written consent from all Grantees who have yet to exercise their Option, either in part or in whole, has been obtained.

(f) Exercise of option

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

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

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

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

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

(g) Rights attaching to the IOI Shares

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

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

		NO. OF OPTIONS OVER ORDINARY SHARES				
OPTION PRICE RM	DATE OF OFFER	AS AT 1 JULY 2010	ACCEPTED	EXERCISED	LAPSED	AS AT 30 JUNE 2011
2.44	12 January 2006	43,817,000	–	(5,973,800)	(2,405,000)	35,438,200
4.19	2 April 2007	36,010,200	–	(5,899,800)	(3,948,800)	26,161,600
5.00	6 July 2010	–	17,965,900	–	–	17,965,900
Total		79,827,200	17,965,900	(11,873,600)	(6,353,800)	79,565,700

The Company has been granted exemption by the Companies Commission of Malaysia ("CCM") from having to comply with Section 169(11) of the Companies Act, 1965 in Malaysia to disclose the list of option holders who are granted options during the financial year to subscribe for less than 922,500 ordinary shares in the Company.

Option holders who have been granted options to subscribe for 922,500 ordinary shares and above during the financial year are as follows:

NAME OF OPTION HOLDERS	OPTION PRICE	NO. OF SHARE OPTIONS
Lee Yeow Seng	RM5.00	2,650,000
Dato' Tan Thean Thye	RM5.00	1,950,000
Lim Beng Yeang	RM5.00	990,000
Heng Kwang Hock	RM5.00	922,500

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 *(Retired on 29 October 2010)*
Quah Poh Keat
Lim Tuang Ooi *(Appointed on 17 January 2011)*
Datuk Karownakaran @ Karunakaran a/l Ramasamy *(Appointed on 17 January 2011)*

In accordance with Article 101 of the Company's Articles of Association, Mr Lee Yeow Seng retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

In accordance with Article 102 of the Company's Articles of Association, Mr Lim Tuang Ooi and Datuk Karownakaran @ Karunakaran a/l Ramasamy retire by casual vacancy at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	AS AT 1 JULY 2010	ACQUIRED	DISPOSED	AS AT 30 JUNE 2011
Direct Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	58,534,900	150,000	–	**58,684,900**
Dato' Lee Yeow Chor	8,346,400	715,300	(971,300)	**8,090,400**
Lee Yeow Seng	900,000	380,000	(480,000)	**800,000**
Lee Cheng Leang	907,000	–	(907,000)	**–**
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	–	–	**329,333**
Subsidiary				
Kapar Realty And Development Sdn Berhad *(in liquidation)*				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	–	–	**100**
Indirect Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,626,761,480	47,993,100	(1,451,300)	**2,673,303,280**
Dato' Lee Yeow Chor	2,616,327,380	46,897,800	–	**2,663,225,180**
Lee Yeow Seng	2,616,327,380	46,897,800	–	**2,663,225,180**
Subsidiaries				
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,111,111	–	–	**1,111,111**
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,000,000	–	–	**1,000,000**

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

The other Directors, Datuk Karownakaran @ Karunakaran a/l Ramasamy, Mr Quah Poh Keat and Mr Lim Tuang Ooi holding office at the end of the financial year did not have any interest in ordinary shares 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.

DIRECTORS' INTERESTS (CONT'D)

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

DIRECTOR	OPTION PRICE	NO. OF OPTIONS OVER ORDINARY SHARES AS AT 1 JULY 2010	OFFERED AND ACCEPTED	EXERCISED	AS AT 30 JUNE 2011
Direct Interests					
Tan Sri Dato' Lee Shin Cheng	RM2.44	7,691,400	–	–	**7,691,400**
Dato' Lee Yeow Chor	RM2.44	615,300	–	(615,300)	**–**
Lee Yeow Seng	RM2.44	153,800	–	–	**153,800**
Lee Yeow Seng	RM4.19	576,600	–	–	**576,600**
Lee Yeow Seng	RM5.00	–	2,650,000	–	**2,650,000**
Lee Cheng Leang	RM2.44	820,400	–	–	**820,400**
Indirect Interests					
Tan Sri Dato' Lee Shin Cheng	RM2.44	3,665,500	–	(615,300)	**3,050,200**
Tan Sri Dato' Lee Shin Cheng	RM4.19	1,602,700	–	–	**1,602,700**
Tan Sri Dato' Lee Shin Cheng	RM5.00	–	2,813,000	–	**2,813,000**

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits as disclosed in Note 39 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 39 to the financial statements.

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

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

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

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

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

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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY (CONT'D)

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

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

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

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (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; and

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

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to the local requirements, five (5) indirect subsidiaries of the Company, Loders Croklaan (Shanghai) Trading Co. Ltd, Tianjin Palmco Oil And Fats Co. Ltd, Loders Croklaan Latin America Comercio e Industria Ltda, Lipid Nutrition Trading (Beijing) Co. Ltd and Loders Croklaan Burkina Faso S.A.R.L. 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 in Malaysia 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 2011.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Exchange of lands between Resort Villa Golf Course Berhad and Mayang Development Sdn Bhd

On 15 January 2011, Resort Villa Golf Course Berhad ("Resort Villa") a wholly-owned subsidiary of the Company exchanged with Mayang Development Sdn Bhd ("Mayang Development") its freehold land known as Parcel PT73 with an area of approximately 51.6 acres located in Lot PT73, H.S. (D) 10728, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan ("Resort Villa Exchanged Land") for freehold land owned by Mayang Development with an area of approximately 51.6 acres located in Geran 31713, Lot 439 and Lot 2298, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan ("Mayang Development Exchanged Land").

Resort Villa Exchanged Land is part of an existing 9-hole golf course. Mayang Development Exchanged Land is a parcel of vacant land identified by Resort Villa to replace a portion of its golf course.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(a) Exchange of lands between Resort Villa Golf Course Berhad and Mayang Development Sdn Bhd (Cont'd)

Independent valuations have been conducted on both pieces of land. The Resort Villa Exchanged Land was valued at RM44,953,920 based on valuation of approximately RM20 per sq. ft. whereas the Mayang Development Exchanged Land was valued at RM41,600,000 based on valuation of approximately RM18.50 per sq. ft. The difference in valuations of RM3,353,920 payable by Mayang Development to Resort Villa was settled by cash.

Subsequent to the exchange of land, Resort Villa has leased back the Resort Villa Exchanged Land from Mayang Development Exchanged Land at RM0.61 per sq. ft. per annum for a period of 12 months with an option to further extend the lease on a monthly basis for up to 6 months from the end of the earlier lease, as part of its golf course operation until the new courses, which are currently being built are completed and fully operational.

(b) Joint venture with City Development Limited

On 8 April 2011, the Company and its wholly-owned subsidiary, IOI Consolidated (Singapore) Pte Ltd ("IOI Consolidated"), a company incorporated in Singapore, completed a subscription agreement with City Developments Limited ("CDL") and Ascent View Holdings Pte. Ltd. ("Ascent View"), a wholly-owned subsidiary of CDL, in relation to:

i. IOI Consolidated's subscription for 114,770,000 ordinary shares or 49.9% equity interest in Scottsdale Properties Pte Ltd ("Scottsdale") for a cash consideration of SGD114,770,000; and

ii. Ascent View's subscription for 115,229,998 ordinary shares in Scottsdale for a cash consideration of SGD499 and the balance through a capitalisation of a part of an existing shareholder loan of SGD115,229,499 extended by Ascent View to Scottsdale resulting in Ascent View holding 115,230,000 ordinary shares or 50.1% equity interest in Scottsdale (including the 2 ordinary shares already held by Ascent prior to this subscription).

(collectively, "Scottsdale Subscription"). Following completion of the Scottsdale Subscription, IOI Consolidated holds 49.9% and Ascent View holds 50.1% of the enlarged issued share capital of Scottsdale respectively.

Prior to the Scottsdale Subscription, the Company had on 1 April 2011 acquired 238,351,251 ordinary shares in the issued share capital of South Beach Consortium Pte Ltd ("SBC"), representing approximately 33.33% of the issued share capital of SBC from Elad Group Singapore Pte Ltd ("Elad") for a total cash consideration of SGD173,888,000 (equivalent to approximately RM417.3 million) ("South Beach Acquisition"). The Company has nominated Iselin Limited (a company incorporated in the Cayman Islands), a wholly-owned subsidiary of IOI Consolidated ("Iselin") prior to Iselin Restructuring (as defined below) as the transferee of the SBC shares acquired pursuant to the South Beach Acquisition. SBC was incorporated for the purpose of participating in a design tender for a piece of land located along Beach Road Singapore under the Singapore Government Land Sale Program facilitated by the Urban Redevelopment Authority in 2007. SBC was successful in the tender and acquired the land for SGD681.8 million.

Further to, and pursuant to the terms of, the Scottsdale Subscription:

i. IOI Consolidated had transferred the entire issued ordinary share capital of Iselin, consisting of 1 ordinary share, to Scottsdale ("Iselin Restructuring"). In connection with the Iselin Restructuring, Scottsdale had also granted to IOI Consolidated a put option and IOI Consolidated had granted to Scottsdale a call option in respect of all of the 174,342,527 redeemable preference shares issued by Iselin to IOI Consolidated ("Iselin RPS"). Upon exercise of the call option, the Iselin RPS had been transferred to Scottsdale and the consideration for the transfer of Iselin RPS in the sum of SGD174,342,527 is treated as the shareholder loan owing by Scottsdale to IOI Consolidated;

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) Joint venture with City Development Limited (Cont'd)

ii. IOI Consolidated had advanced SGD27,730,499 to Scottsdale as a shareholder loan, which is in proportion to its shareholding in Scottsdale upon the completion of the Scottsdale Subscription; and

iii. IOI Consolidated had entered into a joint venture agreement with IOI, CDL, Ascent View and Scottsdale to regulate the relationship of IOI Consolidated and Ascent View as shareholders of Scottsdale ("Scottsdale JVA").

Subsequent to the Scottsdale Subscription, IOI Consolidated had contributed further proportionate equity of SGD263.6 million to Scottsdale for the purpose of acquiring/redeeming the existing mezzanine notes that were earlier issued by SBC, for working capital requirements and to part finance the construction of South Beach.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

On 28 July 2011, Sri Mayvin Plantation Sdn Bhd ("Sri Mayvin"), an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") to acquire 11,977.91 hectares (or equivalent to 29,597.42 acres) of oil palm plantation land located in the Districts of Labuk-Sugut, Sandakan, Sabah ("Plantation Land") from Pertama Land & Development Sdn Bhd ("Pertama Land") for a total cash consideration of RM830 million (or approximately RM69,294 per hectare)("Proposed Acquisition"). The Proposed Acquisition would also entail the acquisition of all assets including buildings, fixtures and fittings and motor vehicles of the Plantation Land.

Pertama Land is a wholly-owned subsidiary of Duta Plantations Sdn Bhd, which in turn is a wholly-owned subsidiary of Dutaland Berhad ("Dutaland"), a public company listed on Bursa Malaysia Securities Berhad.

The Proposed Acquisition is conditional upon Dutaland obtaining the approvals of its shareholders and other regulatory authorities, if any.

Sri Mayvin has paid a deposit of RM83.0 million, which is equivalent to 10% of the purchase consideration to OSK Trustees Berhad as the Stakeholder.

(b) Treasury shares

Subsequent to the end of the reporting period, the Company had repurchased 26,835,200 ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM4.81 per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

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 *(Retired on 29 October 2010)*
Quah Poh Keat (MIA 2022)
Datuk Karownakaran @ Karunakaran a/l Ramasamy *(Appointed on 17 January 2011)*

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 *(Retired on 29 October 2010)*
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 *(Retired on 29 October 2010)*
Quah Poh Keat *(Appointed on 16 November 2010)*

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 2011

INCOME STATEMENTS

for the Financial Year Ended 30 June 2011

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Revenue	6	**16,154,251**	12,542,962	**2,101,232**	2,138,846
Cost of sales		**(12,743,689)**	(9,335,726)	**(123,693)**	(124,013)
Gross profit		**3,410,562**	3,207,236	**1,977,539**	2,014,833
Other operating income	7(a)	**1,628,282**	565,448	**484,863**	258,723
Marketing and selling expenses		**(237,367)**	(252,129)	**(330)**	(360)
Administration expenses		**(351,110)**	(307,736)	**(96,618)**	(86,335)
Other operating expenses	7(b)	**(1,634,722)**	(576,476)	**(147,393)**	(63,381)
Operating profit	8	**2,815,645**	2,636,343	**2,218,061**	2,123,480
Interest income	9	**47,146**	47,214	**96,036**	83,313
Finance costs	10	**(169,915)**	(221,170)	**(212,322)**	(202,796)
Share of results of associates		**119,739**	54,847	**–**	–
Share of results of jointly controlled entities		**50,997**	33,399	**–**	–
Profit before taxation		**2,863,612**	2,550,633	**2,101,775**	2,003,997
Taxation	11	**(573,099)**	(485,517)	**(59,626)**	(47,550)
Profit for the financial year		**2,290,513**	2,065,116	**2,042,149**	1,956,447
Attributable to:					
Owners of the parent		**2,222,899**	2,035,661	**2,042,149**	1,956,447
Non-controlling interests		**67,614**	29,455	**–**	–
		2,290,513	2,065,116	**2,042,149**	1,956,447
Earnings per ordinary share attributable to owners of the parent (sen)	12				
Basic		**34.75**	32.96		
Diluted		**33.42**	30.01		
Gross dividend per ordinary share of RM0.10 each (sen)	13				
First interim single tier dividend		**8.0**	7.0	**8.0**	7.0
Second interim single tier dividend		**9.0**	10.0	**9.0**	10.0
Total		**17.0**	17.0	**17.0**	17.0

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2011

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the financial year	**2,290,513**	2,065,116	**2,042,149**	1,956,447
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	**220,493**	(325,847)	**–**	–
Other comprehensive income/(loss) for the financial year, net of tax	**220,493**	(325,847)	**–**	–
Total comprehensive income for the financial year	**2,511,006**	1,739,269	**2,042,149**	1,956,447
Total comprehensive income attributable to:				
Owners of the parent	**2,441,337**	1,712,393	**2,042,149**	1,956,447
Non-controlling interests	**69,669**	26,876	**–**	–
	2,511,006	1,739,269	**2,042,149**	1,956,447

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2011

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000 (RESTATED)	COMPANY 2011 RM'000	COMPANY 2010 RM'000 (RESTATED)
ASSETS					
Non-current assets					
Property, plant and equipment	14	**5,677,476**	5,434,932	**436,532**	444,526
Prepaid lease payments	15	**30,007**	29,506	**–**	–
Land held for property development	16	**834,513**	913,328	**–**	–
Investment properties	17	**1,062,529**	1,113,545	**–**	–
Other investments	18	**–**	29,783	**–**	3,180
Goodwill on consolidation	19	**511,994**	513,830	**–**	–
Investments in subsidiaries	20	**–**	–	**6,384,599**	6,313,723
Investments in associates	21	**668,074**	572,223	**22,850**	22,850
Interests in jointly controlled entities	22	**3,099,132**	1,549,245	**–**	–
Derivative assets	23	**18,619**	–	**3,695**	–
Deferred tax assets	35	**49,670**	26,915	**–**	–
		11,952,014	10,183,307	**6,847,676**	6,784,279
Current assets					
Property development costs	24	**235,910**	357,181	**–**	–
Inventories	25	**2,651,655**	1,575,320	**19,373**	16,848
Trade and other receivables	26	**1,722,003**	1,309,915	**24,401**	30,802
Amounts due from subsidiaries	20	**–**	–	**3,586,354**	1,842,290
Amounts due from associates	21	**397**	22	**397**	22
Derivative assets	23	**208,372**	–	**2,640**	–
Current tax assets		**33,815**	35,976	**19,958**	29,938
Other investments	18	**65,427**	4,390	**7,087**	–
Short term funds	27	**1,725,237**	3,108,216	**1,403,759**	2,977,058
Deposits with financial institutions	28	**592,864**	362,182	**209,973**	176,273
Cash and bank balances	29	**467,425**	406,908	**16,155**	1,578
		7,703,105	7,160,110	**5,290,097**	5,074,809
TOTAL ASSETS		**19,655,119**	17,343,417	**12,137,773**	11,859,088

The notes on pages 111 to 265 form an integral part of the financial statements.

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000 (RESTATED)	COMPANY 2011 RM'000	COMPANY 2010 RM'000 (RESTATED)
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	30	**641,603**	667,552	**641,603**	667,552
Reserves	31	**1,932,050**	1,697,343	**2,073,834**	1,872,998
Retained earnings	32	**9,425,524**	8,415,286	**4,311,739**	3,530,545
		11,999,177	10,780,181	**7,027,176**	6,071,095
Non-controlling interests		**262,221**	289,292	**–**	–
Total equity		**12,261,398**	11,069,473	**7,027,176**	6,071,095
Liabilities					
Non-current liabilities					
Borrowings	33	**4,606,449**	4,348,281	**1,804,290**	323,650
Derivative liabilities	23	**19,906**	–	**19,906**	–
Amounts due to subsidiaries	20	**–**	–	**2,075,012**	4,033,974
Other long term liabilities	34	**26,292**	27,906	**955**	938
Deferred tax liabilities	35	**453,046**	465,123	**6,256**	6,630
		5,105,693	4,841,310	**3,906,419**	4,365,192
Current liabilities					
Trade and other payables	36	**1,189,687**	938,763	**95,158**	114,178
Borrowings	33	**791,309**	409,050	**302,700**	–
Amounts due to subsidiaries	20	**–**	–	**714,176**	1,275,122
Amounts due to associates	21	**2,287**	2,182	**2,182**	2,182
Derivative liabilities	23	**189,055**	–	**52,140**	–
Current tax liabilities		**115,690**	82,639	**37,822**	31,319
		2,288,028	1,432,634	**1,204,178**	1,422,801
Total liabilities		**7,393,721**	6,273,944	**5,110,597**	5,787,993
TOTAL EQUITY AND LIABILITIES		**19,655,119**	17,343,417	**12,137,773**	11,859,088

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the Financial Year Ended 30 June 2011

	ATTRIBUTABLE TO OWNERS OF THE PARENT								
	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	NON-CONTROLLING 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
Profit for the financial year	–	–	–	–	–	2,035,661	2,035,661	29,455	2,065,116
Exchange differences on translation of foreign operations	–	–	–	(323,268)	–	–	(323,268)	(2,579)	(325,847)
Total comprehensive income	–	–	–	(323,268)	–	2,035,661	1,712,393	26,876	1,739,269
Transactions with owners									
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 37.1.4)	–	–	(315)	–	–	–	(315)	1,220	905
Disposal of a subsidiary (Note 37.2.2)	–	–	–	–	–	–	–	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 non-controlling 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 111 to 265 form an integral part of the financial statements.

	ATTRIBUTABLE TO OWNERS OF THE PARENT								
	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	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
GROUP									
As at 1 July 2010									
As previously reported	667,552	3,542,923	294,719	(372,747)	(1,767,552)	8,415,286	10,780,181	289,292	11,069,473
Effect of adopting FRS 139 (Note 49)	–	–	(184,567)	–	–	(62,308)	(246,875)	4	(246,871)
As restated	667,552	3,542,923	110,152	(372,747)	(1,767,552)	8,352,978	10,533,306	289,296	10,822,602
Profit for the financial year	–	–	–	–	–	2,222,899	2,222,899	67,614	2,290,513
Exchange differences on translation of foreign operations	–	–	–	218,438	–	–	218,438	2,055	220,493
Total comprehensive income	–	–	–	218,438	–	2,222,899	2,441,337	69,669	2,511,006
Transactions with owners									
Recognition of share option expenses (Note 8 (b))	–	–	11,656	–	–	–	11,656	–	11,656
Exercise of share options	1,187	47,720	(9,611)	–	–	–	39,296	–	39,296
Exchange of 2nd Exchangeable Bonds	2,706	121,229	–	–	–	–	123,935	–	123,935
Cancellation of treasury shares	(29,842)	(1,767,552)	29,842	–	1,767,552	–	–	–	–
Liquidation of a subsidiary (Note 37.1.1)	–	–	–	–	–	–	–	(473)	(473)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	–	(513,083)	(513,083)	–	(513,083)
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	–	(638,135)	(638,135)	–	(638,135)
Changes in equity interest in a subsidiary	–	–	–	–	–	865	865	(2,388)	(1,523)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(93,883)	(93,883)
As at 30 June 2011	641,603	1,944,320	142,039	(154,309)	–	9,425,524	11,999,177	262,221	12,261,398

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2011

		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 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 comprehensive income	–	–	–	–	1,956,447	1,956,447
Transactions with owners						
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
As at 1 July 2010						
As previously reported	**667,552**	**3,542,923**	**97,627**	**(1,767,552)**	**3,530,545**	**6,071,095**
Effect of adopting FRS 139 (Note 49)	–	–	–	–	**(109,737)**	**(109,737)**
As restated	**667,552**	**3,542,923**	**97,627**	**(1,767,552)**	**3,420,808**	**5,961,358**
Profit for the financial year	–	–	–	–	**2,042,149**	**2,042,149**
Total comprehensive income	–	–	–	–	**2,042,149**	**2,042,149**
Transactions with owners						
Recognition of share option expenses (Note 8 (b))	–	–	**11,656**	–	–	**11,656**
Exercise of share options	**1,187**	**47,720**	**(9,611)**	–	–	**39,296**
Exchange of 2nd Exchangeable Bonds	**2,706**	**121,229**	–	–	–	**123,935**
Cancellation of treasury shares	**(29,842)**	**(1,767,552)**	**29,842**	**1,767,552**	–	–
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	**(513,083)**	**(513,083)**
Dividends paid in respect of previous financial year (Note 13)	–	–	–	–	**(638,135)**	**(638,135)**
As at 30 June 2011	**641,603**	**1,944,320**	**129,514**	–	**4,311,739**	**7,027,176**

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2011

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000 (RESTATED)	COMPANY 2011 RM'000	COMPANY 2010 RM'000 (RESTATED)
Cash Flows From Operating Activities					
Profit before taxation		**2,863,612**	2,550,633	**2,101,775**	2,003,997
Adjustments for:					
Depreciation of property, plant and equipment	14	**243,480**	229,016	**4,016**	4,744
Interest expenses	10	**169,915**	221,170	**212,322**	202,796
Fair value loss on financial liabilities		**56,585**	–	**–**	–
Changes in fair value on derivative financial instruments		**29,934**	–	**67,363**	–
Expenses for retirement benefits	34.1	**21,497**	25,952	**98**	100
Share option expenses	8(b)	**11,656**	7,696	**11,656**	7,455
Inventories written down to net realisable value		**8,064**	15,781	**–**	–
Bad debts written off		**3,300**	871	**–**	–
Property, plant and equipment written off	14	**3,170**	26,455	**2,121**	839
Amortisation of prepaid lease payments	15	**2,824**	2,825	**–**	–
Impairment losses on receivables		**2,752**	12,202	**–**	–
Loss/(gain) on liquidation of subsidiaries	37.1	**421**	(567)	**450**	(129)
Goodwill written off	19	**273**	–	**–**	–
Dividend income from other investments		**(1,090)**	(1,428)	**(73)**	(89)
Fair value gain on financial assets		**(1,368)**	–	**–**	–
(Gain)/loss on disposals of subsidiaries	37.2	**(4,602)**	(34,945)	**(4,602)**	6
Impairment losses on receivables written back		**(9,677)**	(6)	**–**	–
Fair value gain on other investments		**(11,764)**	–	**(1,514)**	–
Gain on disposal of product lines	19.1	**(18,124)**	–	**–**	–
Gain on disposal of land from compulsory acquisition		**(24,341)**	–	**–**	–
Gain on conversion of 2nd Exchangeable Bonds		**(31,057)**	–	**(31,057)**	–
Dividend income from short term funds		**(37,534)**	(57,120)	**(37,534)**	(57,120)
Net gain on disposal of property, plant and equipment		**(42,528)**	(876)	**(935)**	(203)
Interest income	9	**(47,146)**	(47,214)	**(96,036)**	(83,313)
Share of results of jointly controlled entities		**(50,997)**	(33,399)	**–**	–
Gain on disposal of investment properties		**(62,691)**	(335)	**–**	–
Net fair value gain on investment properties	17	**(93,080)**	(21,020)	**–**	–
Share of results of associates		**(119,739)**	(54,847)	**–**	–
Net unrealised foreign currency translation gain		**(203,948)**	(377,538)	**(382,947)**	(214,910)
Impairment losses on amounts due from subsidiaries		**–**	–	**19**	10
Changes in fair value on amounts due to subsidiaries		**–**	–	**56,610**	–
Dividend income from associates		**–**	–	**(9,000)**	(15,750)
Dividend income from subsidiaries		**–**	–	**(1,653,944)**	(1,757,070)
Loss on repurchase of 3rd Exchangeable Bonds		**–**	20,286	**–**	–
Impairment losses on other investments		**–**	407	**–**	–
Other investments written off		**–**	5	**–**	5
Gain on disposal of other investments		**–**	(164)	**–**	–
Gain on disposal of prepaid lease payments		**–**	(5,477)	**–**	–
Loss on repayments of amount due to a subsidiary arising from repurchase of 3rd Exchangeable Bonds		**–**	–	**–**	4,669
Operating profit before working capital changes		**2,657,797**	2,478,363	**238,788**	96,037

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the Financial Year Ended 30 June 2011

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Cash Flows From Operating Activities (Cont'd)					
Operating profit before working capital changes		**2,657,797**	2,478,363	**238,788**	96,037
Decrease in property development costs		**113,050**	121,692	**–**	–
(Increase)/decrease in inventories		**(969,291)**	(66,427)	**(2,525)**	268
(Increase)/decrease in trade receivables		**(470,502)**	(30,322)	**1,322**	(1,536)
Decrease/(increase) in other receivables, deposits and prepayments		**26,492**	83,447	**(7,846)**	840
Increase/(decrease) in trade payables		**153,580**	(40,081)	**3,160**	(10,277)
(Decrease)/increase in other payables and accruals		**(1,721)**	45,420	**(22,180)**	26,678
Decrease in amounts due to customers on contracts		**(677)**	(494)	**–**	–
Cash generated from operations		**1,508,728**	2,591,598	**210,719**	112,010
Retirement benefits paid	34.1	**(1,610)**	(1,290)	**(81)**	(110)
Club membership deposits refunded		**(118)**	(13,249)	**–**	–
Retirement benefits contributed	34.1	**(28,711)**	(24,338)	**–**	–
Tax paid		**(581,576)**	(549,609)	**(47,156)**	(25,110)
Tax refunded		**12,993**	5,440	**10,000**	–
Net cash from operating activities		**909,706**	2,008,552	**173,482**	86,790

The notes on pages 111 to 265 form an integral part of the financial statements.

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000 (RESTATED)	COMPANY 2011 RM'000	COMPANY 2010 RM'000 (RESTATED)
Cash Flows From Investing Activities					
Proceeds from disposal of investment properties		**332,825**	2,850	**–**	–
Dividends received from short term funds		**37,534**	57,120	**37,534**	57,120
Proceeds from disposal of land from compulsory acquisition		**32,351**	–	**–**	–
Proceeds from disposal of product lines	19.1	**25,888**	–	**–**	–
Interest received		**25,530**	17,438	**3,646**	3,185
Dividends received from associates		**23,888**	19,116	**9,000**	15,750
Proceeds from disposal of property, plant and equipment		**18,335**	10,632	**7,614**	287
Proceeds from disposal of a subsidiary	37.2	**9,680**	54,348	**9,680**	–
Proceeds from disposal of other investments		**7,332**	683	**568**	–
Proceeds from liquidation of subsidiaries	37.1	**1,097**	129	**1,097**	129
Dividends received from other investments		**1,090**	995	**73**	89
Payments (to)/from associates		**(270)**	57,777	**(375)**	36
Acquisitions of additional interest in subsidiaries	20.1	**(1,523)**	–	**(1,523)**	–
Additions to prepaid lease payments	15	**(3,356)**	(568)	**–**	–
Additions to other investments		**(4,654)**	(7,193)	**(3,042)**	(25)
Additions to investment properties	17	**(25,755)**	(2,399)	**–**	–
Additions to land held for property development	16	**(36,316)**	(132,095)	–	–
Additions to property, plant and equipment	14	**(395,895)**	(432,504)	**(4,822)**	(64,875)
Advances to jointly controlled entities		**(422,051)**	(118,272)	**–**	–
Investments in jointly controlled entities		**(908,563)**	–	**–**	–
Capital repayments from other investments		**–**	13	**–**	–
Privatisation of a subsidiary	20.1	**–**	(11,628)	**–**	(11,628)
Dividends received from subsidiaries		**–**	–	**1,647,583**	1,742,328
Payments to subsidiaries		**–**	–	**(4,075,652)**	(1,062,362)
Net cash (used in)/from investing activities		**(1,282,833)**	(483,558)	**(2,368,619)**	680,034

The notes on pages 111 to 265 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the Financial Year Ended 30 June 2011

	NOTE	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Cash Flows From Financing Activities					
Drawdown of term loans		**2,323,811**	–	**1,832,242**	–
Proceeds from short term borrowings		**208,522**	8,576	**–**	–
Proceeds from issuance of shares		**39,296**	24,427	**39,296**	24,427
Repayments of finance lease obligations		**(119)**	(29)	**–**	–
Repurchase of 3rd Exchangeable Bonds		**(69,122)**	(320,257)	**–**	–
Dividends paid to non-controlling interests		**(93,883)**	(22,957)	**–**	–
Interest paid		**(165,801)**	(144,709)	**(52,399)**	(13,006)
Repayments of term loans		**(434,143)**	(176,691)	**–**	–
Dividends paid	13	**(1,151,218)**	(566,455)	**(1,151,218)**	(566,455)
Redemption of 3rd Exchangeable Bonds	33.3	**(1,397,158)**	–	**–**	–
Proceeds from rights issue		**–**	1,156,582	**–**	1,156,582
Repurchase of shares		**–**	(35,121)	**–**	(35,121)
Net cash (used in)/from financing activities		**(739,815)**	(76,634)	**667,921**	566,427
Net (decrease)/ increase in cash and cash equivalents		**(1,112,942)**	1,448,360	**(1,527,216)**	1,333,251
Cash and cash equivalents at beginning of financial year	38	**3,879,809**	2,459,382	**3,157,103**	1,821,658
Effect of exchange rate changes		**18,659**	(30,436)	**–**	–
Cash and cash equivalents at end of financial year	38	**2,785,526**	3,877,306	**1,629,887**	3,154,909

The notes on pages 111 to 265 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") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 51 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

2.2 Basis of accounting

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

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

2.3 Presentation currency

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

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

3.1 New FRS adopted during the current financial year

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

3.1.1 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 period, 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 statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

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)

3.1.1 Following the adoption of this Standard, the Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.1.2 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 the Group's financial position and performance.

3.1.3 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 profit or loss 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.

Following the adoption of this Standard, the Group has reflected the new format of presentation and additional disclosures warranted in the primary financial statements and relevant notes to the financial statements.

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)

3.1.4 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.

There is no impact upon adoption of this Standard during the financial year.

3.1.5 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 transitional provisions set out in paragraph 103AA of this Standard, the Standard was applied prospectively and the comparatives are not restated. The impact arising from the adoption has been accounted for by adjusting the opening balances in the statements of financial position as at 1 July 2010 as disclosed in Note 49 to the financial statements.

3.1.6 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.

There is no impact upon adoption of these amendments during the financial year.

3.1.7 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.

There is no impact upon adoption of these amendments during the financial year.

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)

3.1.8 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.

There is no impact upon adoption of these amendments during the financial year.

3.1.9 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.

There is no impact upon adoption of these amendments during the financial year.

3.1.10 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.

There is no impact upon adoption of these amendments during the financial year.

3.1.11 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 clarify the designation of one-sided risk in eligible hedged items and streamline the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

There is no impact upon adoption of these amendments during the financial year.

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)

3.1.12 *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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 8 *Operating Segments* clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 108 *Accounting Policies*, *Changes in Accounting Estimates and Errors* clarifies that only Implementation Guidance issued by the Malaysian Accounting Standards Board that are integral parts of FRS is mandatory. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting period but before the financial statements are authorised for issue. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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 the end of the reporting period, the Group and the Company have carrying amounts of prepaid lease payments for land of RM830,682,000 and RM7,715,000 respectively (see Note 48 to the financial statements) that have been reclassified as land held in accordance with FRS 116 upon adoption of this amendment.

Amendment to FRS 118 *Revenue* clarifies reference made on the term "transaction costs" to the definition in FRS 139. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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)

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

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. Except for additional disclosure in Note 22.2, there is no financial impact upon adoption of this amendment during the financial year.

Amendments to FRS 134 *Interim Financial Reporting* clarify 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*. There is no impact upon adoption of these amendments during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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)

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

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. There is no impact upon adoption of this amendment during the financial year.

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. During the financial year, RM37,297,000 has been reclassified from land held for property development to investment properties upon adoption of this amendment.

3.1.13 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.

There is no impact upon adoption of this Interpretation during the financial year.

3.1.14 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.

There is no impact upon adoption of this Interpretation during the financial year.

3.1.15 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.

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)

3.1.15 IC Interpretation 11 FRS 2 - *Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010. (Cont'd)

There is no impact upon adoption of this Interpretation during the financial year, 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 3.2.3 to the financial statements.

3.1.16 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.

There is no impact upon adoption of this Interpretation during the financial year.

3.1.17 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 reporting period 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.

There is no impact upon adoption of this Interpretation during the financial year.

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)

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

3.1.18 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 clarify 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.

There is no impact upon adoption of these amendments during the financial year.

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

3.1.19 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.

There is no impact upon adoption of this Standard during the financial year.

3.1.20 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.

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)

3.1.20 FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010 (Cont'd).

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. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

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 revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition date were before 1 July 2010 are not adjusted.

During the financial year, the newly acquired subsidiary, Speed Modulation Sdn Bhd was accounted for in accordance with this new Standard. However, there is no material impact upon adoption of this Standard during the financial year.

3.1.21 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 remeasured at its fair value at the date when control is lost.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

As at the end of the reporting period, the Group has reclassified RM262,221,000 as non-controlling interests, and there is no material impact upon adoption of this Standard during the financial year in relation to the acquisitions of additional ordinary shares in IOI Properties Berhad.

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

Amendments to FRS 2 *Share-based Payments* clarify 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. There is no impact upon adoption of these amendments during the financial year.

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)

3.1.22 Amendments to FRS are mandatory for annual periods beginning on or after 1 July 2010. (Cont'd)

Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarify 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. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 138 *Intangible Assets* clarify 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. There is no impact upon adoption of these amendments during the financial year.

Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives* clarify 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. There is no impact upon adoption of these amendments during the financial year.

3.1.23 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.

There is no impact upon adoption of this Interpretation during the financial year.

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)

3.1.24 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. There is no impact upon adoption of this Interpretation during the financial year.

3.1.25 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 new accounting policy (see Note 5.14.3) has been applied prospectively.

There is no impact upon adoption of this Interpretation during the financial year.

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

The following is new FRS, Amendments to FRS and IC Interpretations issued by the Malaysian Accounting Standards Board 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 2011

3.2.1 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.

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)

3.2.1 Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011. (Cont'd)

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

3.2.2 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.

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

3.2.3 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 3.1.15 to the financial statements.

3.2.4 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.

3.2.5 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 arrangement dependent on the use of specific assets in the Group.

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 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.

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

Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 3 *Business Combinations* clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

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

Amendments to FRS 101 *Presentation of Financial Statements* clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. 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)

3.2.7 *Improvements to FRSs* (2010) are mandatory for annual periods beginning on or after 1 January 2011. (Cont'd)

Amendments to FRS 128 *Investments in Associates* clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 131 *Interests in Joint Ventures* clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 132 *Financial Instruments: Presentation* clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 *Interim Financial Reporting* clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. Although the Group does not expect any impact on the financial statements rising from the adoption of these amendments, it is expected that additional disclosures would be made in the quarterly interim financial statements of the Group.

Amendments to FRS 139 *Financial Instruments: Recognition and Measurement* clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 13 *Customer Loyalty Programmes* clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. 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 2011

3.2.8 Amendments to IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

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)

3.2.9 IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations whereby equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid 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.

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

3.2.10 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 (i.e. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

At the end of the reporting period, the Group recognises 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.

3.2.11 FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Changes in estimates

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

4.2 Critical judgements made in applying accounting policies

The following is 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.

4.2.1 Classification between investment properties and property, plant and equipment

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

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

4.2.2 Contingent liabilities

The determination 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.

4.3 Key sources of estimation uncertainty

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

4.3.1 Impairment of goodwill on consolidation

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

4.3.2 Property development

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.3 Key sources of estimation uncertainty (Cont'd)

4.3.2 Property development (Cont'd)

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

A 10% difference in the estimated total development revenue or costs would result in approximately 0.60% variance in the Group's revenue and 0.33% variance in the Group's cost of sales.

4.3.3 Deferred tax assets

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

4.3.4 Fair values of borrowings

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

4.3.5 Write down for obsolete or slow moving inventories

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

4.3.6 Valuation of investment properties

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Basis of Consolidation

5.1.1 Business Combinations

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any cost directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets 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 profit or loss 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.

Business combinations from 1 July 2010 onwards

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

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

i. deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes and* FRS 119 *Employee Benefits* respectively;
ii. liabilities or equity instruments related to the replacements by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 *Share-based Paymen*t; and
iii. assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Basis of Consolidation (Cont'd)

5.1.1 Business Combinations (Cont'd)

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

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

5.1.2 Subsidiaries

Subsidiaries are entities in which the Group and the Company have the ability to control the financial and operating policies so as to obtain benefits from their activities. Control exists when the Group has the power to govern the financial and operating policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the existence of control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interest at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the reporting period, using consistent accounting policies.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to consolidate until the date that such control ceases.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstance, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Basis of Consolidation (Cont'd)

5.1.2 Subsidiaries (Cont'd)

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary as a result of a transaction, event or other circumstance, profit or loss on disposal is calculated as the difference between:

i. the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
ii. the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Basis of Consolidation (Cont'd)

5.1.3 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 profit or loss.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the latest financial statements of the associates concerned, from the date significant influence commences until the date the Group ceases to have significant influence over the associates. The investment in associates in the consolidated statement of financial position 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 profit or loss.

The Group's share of results of the associates during the financial year is recognised in the consolidated profit or loss, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign currency translation differences. The Group's share of those changes is recognised directly in equity of the Group.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

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

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Basis of Consolidation (Cont'd)

5.1.4 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.

Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the jointly controlled entity arising from changes in the jointly controlled entity's equity that have not been recognised in the jointly controlled entity's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

5.1.5 Transactions eliminated on consolidation

Intragroup transactions and balances and the resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

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

5.2 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Foreign Currency (Cont'd)

5.2.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

5.2.3 Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

5.3 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the 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 profit or loss during the financial period in which they are incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Property, Plant and Equipment and Depreciation (Cont'd)

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:

Long term leasehold land	over the lease period (30 – 99 years)
Golf course development expenditure	2% - 2.5%
Buildings and improvements	2% - 10%
Plant and machinery	4% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	5% - 33%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at the end of reporting period 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 profit or loss.

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 profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately in profit or loss.

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of plant and equipment is the estimated amount for which a plant and equipment could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss 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 profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.6 Leases

5.6.1 Finance leases

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

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations (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 purpose of lease classification. All leases that do not transfer substantially all the risks and the rewards are classified as operating leases other than the following:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Leases (Cont'd)

5.6.2 Operating lease - the Group as lessee

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

5.6.3 Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building are allocated between 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.

Following the adoption of Amendment to FRS 117 *Leases contained in the Improvements to FRSs (2009)*, the Group reassessed the classification of land elements of unexpired leases on the basis of information existing at the inception of those leases. Consequently, the Group retrospectively reclassified certain prepaid lease payments for land as finance leases as disclosed in Notes 14 and 15 to the financial statements.

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.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duty, commission, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

5.7.2 Property development costs

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Property Development Activities (Cont'd)

5.7.2 Property development costs (Cont'd)

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

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables.

5.8 Investment Properties

Investment properties are properties, which are held either to earn rental yields or for capital appreciation or for both and are not occupied by the Group. 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 profit or loss in the financial year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

5.9 Construction Contracts

Contract cost comprises cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract. Contract cost includes direct materials, expenses, labour and an appropriate proportion of construction overheads.

The aggregate costs incurred and profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Inventories

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

Cost is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of produce and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads.

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and other related development costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

5.11 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments and short term funds with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

5.12 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets and liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories, deferred tax assets, assets arising from construction contracts, assets arising from employee benefits, investment properties, property development costs and financial assets (other than investments in subsidiaries, associates and jointly controlled entities) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

For goodwill, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the Cash-generating Unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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

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

5.14 Financial Instruments

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (Cont'd)

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

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

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

5.14.1 Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

Financial assets classified as financial assets at fair value through profit or loss including short term investment and short term funds.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (Cont'd)

5.14.1 Financial assets (Cont'd)

ii. Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

iii. Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

iv. Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (Cont'd)

5.14.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

ii. Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All financial liabilities of the Group are measured at amortised cost except for financial liabilities at fair value through profit or loss, which are held for trading (including derivatives) or designated at fair value through profit or loss upon initial recognition. Financial liabilities designated at fair value through profit or loss include exchangeable bonds.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (Cont'd)

5.14.2 Financial liabilities (Cont'd)

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

Exchangeable bonds

Prior to the adoption for FRS 139, exchangeable bonds were initially classified separately as financial liabilities and equity instruments in accordance with the substance of the contractual arrangement.

The exchangeable bonds were 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 was 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, was included in equity (capital reserves).

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

5.14.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Financial Instruments (Cont'd)

5.14.3 Equity instruments (Cont'd)

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs, is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

5.14.4 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Any gains or losses arising from changes in the fair value of these contracts are recognised in profit or loss.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 July 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Note 49 to the financial statements.

5.15 Impairment of Financial Assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

i. Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment includes historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Impairment of Financial Assets (Cont'd)

i. Held-to-maturity investments and loans and receivables (Cont'd)

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

ii. Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

5.16 Provisions

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 Provisions (Cont'd)

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

5.17 Contingent Liabilities and Contingent Assets

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

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

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

5.18 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the entities and the amount of the revenue can be measured reliably.

5.18.1 Commodities, other products and services

Revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts.

5.18.2 Property development

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 Revenue Recognition (Cont'd)

5.18.3 Construction contracts

Revenue from work done on construction contracts is recognised based on the "percentage of completion" method. The stage of completion is determined based on the proportion of contract costs incurred for work performed up to the reporting period over the estimated total contract costs.

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

When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately.

5.18.4 Dividend income

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

5.18.5 Rental income

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

5.18.6 Interest income

Interest income is recognised in profit or loss as it accrues.

5.18.7 Club membership license fee

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

5.18.8 Management fees

Management fees are recognised when services are rendered.

5.19 Employee Benefits

5.19.1 Short term employee benefits

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Employee Benefits

5.19.2 Retirement benefits

The Group has various retirement benefit plans in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age and years of service.

5.19.2.1 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. Contributions to defined contribution plans are recognised as an expense in the period in which the employees render their services. Once the contributions have been paid, the Group has no further payment obligations.

5.19.2.2 Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service cost.

If the amount calculated results in an asset, the Group measures the resulting asset at the lower of the amount calculated and the net total of any cumulative unrecognised actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at reporting period for high quality corporate bonds or government bonds.

Actuarial gains and losses resulted from changes in the present value of the plan assets are recognised as income or expense over the expected average remaining working lives of the employees participating in that plan when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the higher of:

a. 10% of the present value of the defined benefit obligations at that date (before deducting plan assets); and

b. 10% of the fair value of any plan assets at that date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Employee Benefits (Cont'd)

5.19.2 Retirement benefits (Cont'd)

5.19.2.2 Defined benefit plans (Cont'd)

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in profit or loss.

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

5.19.3 Equity compensation benefits

The Group operates equity-settled share-based compensation plans, allowing 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 profit or loss over the vesting periods of the grants with a corresponding increase in equity.

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

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in capital reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Employee Benefits (Cont'd)

5.19.3 Equity compensation benefits (Cont'd)

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

5.20 Income Taxes

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

Taxation in profit or loss comprises current and deferred tax.

5.20.1 Current tax

Current tax 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 end of the reporting period.

5.20.2 Deferred tax

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

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

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

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

i. the same taxable entity; or
ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 Income Taxes (Cont'd)

5.20.2 Deferred tax (Cont'd)

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

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

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sales within one year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable 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 profit or loss as impairment loss.

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

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

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 profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit and loss attributable to owners of the parent and weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

5.23 Operating Segments

Operating segments are defined as components of the Group that:

i. 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.

ii. The absolute amount of reported profit or loss is ten (10) per cent or more, in absolute terms of the greater of:

    a. the combined reported profit of all operating segments that did not report a loss; and

    b. the combined reported loss of all operating segments that reported a loss.

iii. The assets are ten (10) per cent or more of the combined assets of all operating segments.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 Operating Segments (Cont'd)

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales of plantation produce and related products	**301,288**	355,838	**400,681**	308,817
Sales of development properties	**971,630**	945,538	**–**	–
Sales of specialty oils and fats and related products	**3,409,492**	2,796,453	**–**	–
Sales of oleochemicals and related products	**2,722,151**	2,041,176	**–**	–
Sales of refined palm oil and related products	**8,526,663**	6,164,892	**–**	–
Rental income from investment properties	**95,653**	97,866	**–**	–
Rendering of services	**88,750**	82,651	**–**	–
Dividend income	**38,624**	58,548	**1,700,551**	1,830,029
	16,154,251	12,542,962	**2,101,232**	2,138,846

7 OTHER OPERATING INCOME/ EXPENSES

(a) Other Operating Income

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unrealised foreign currency translation gain	**294,626**	403,505	**388,111**	226,459
Fair value gain of investment properties	**93,080**	31,091	**–**	–
Realised foreign currency translation gain	**129,942**	57,298	**3,829**	285
Bad debts recovered	**–**	7	**–**	–
Gain on disposal of property, plant and equipment	**42,582**	890	**936**	203
Gain on disposal of land from compulsory acquisition	**24,341**	–	**–**	–
Gain on disposal of investment properties	**62,691**	335	**–**	–
Gain on disposal of prepaid lease payments	**–**	5,477	**–**	–
Gain on disposal of other investments	**–**	164	**–**	–
Gain on liquidation of subsidiaries (Note 37.1)	**–**	567	**–**	129
Gain on disposals of subsidiaries (Note 37.2)	**4,602**	34,945	**4,602**	–
Gain on disposal of product lines (Note 19.1)	**18,124**	–	**–**	–
Gain on changes in fair value on derivative financial instruments	**213,992**	–	**2,640**	–
Gain on changes in fair value on financial assets	**2,034**	–	**–**	–
Gain on changes in fair value on financial liabilities	**25**	–	**–**	–
Fair value gain on short term funds	**21,081**	–	**19,673**	–
Fair value gain on other investments	**11,764**	–	**1,514**	–
Realised fair value gain on derivative financial instruments	**622,366**	–	**–**	–
Gain on conversion of 2nd Exchangeable Bonds	**31,057**	–	**31,057**	–
Management fees	**–**	–	**29,807**	27,570
Others	**55,975**	31,169	**2,694**	4,077
	1,628,282	565,448	**484,863**	258,723

7 OTHER OPERATING INCOME/ EXPENSES (CONT'D)

(b) Other Operating Expenses

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (RESTATED)	2011 RM'000	2010 RM'000 (RESTATED)
Depreciation of property, plant and equipment	**203,491**	187,269	**1,084**	1,069
Fair value loss on investment properties	**–**	10,071	**–**	–
Goodwill written off (Note 19)	**273**	–	**–**	–
Rental expenses	**10,063**	11,945	**1,274**	1,254
Loss on disposal of property, plant and equipment	**54**	14	**1**	–
Loss on liquidation of subsidiaries (Note 37.1)	**421**	–	**450**	–
Loss on disposal of a subsidiary (Note 37.2)	**–**	–	**–**	6
Impairment losses on receivables (Note 26.1)	**2,752**	12,202	**–**	–
Impairment losses on amounts due from subsidiaries	**–**	–	**19**	10
Property, plant and equipment written off (Note 14)	**3,170**	26,455	**2,121**	839
Replanting expenditure	**21,190**	31,017	**4,098**	1,868
Realised foreign currency translation loss	**52,629**	26,006	**2,392**	28,843
Unrealised foreign currency translation loss	**90,678**	25,967	**5,164**	11,549
Loss on changes in fair value on derivative financial instruments	**243,926**	–	**70,003**	–
Loss on changes in fair value on financial assets	**666**	–	**–**	–
Loss on changes in fair value on financial liabilities	**56,610**	–	**–**	–
Loss on changes in fair value on amounts due to subsidiaries	**–**	–	**56,610**	–
Realised fair value loss on derivative financial instruments	**734,903**	–	**–**	–
Research and development expenses	**2,471**	2,415	**–**	–
Others	**211,425**	243,115	**4,177**	17,943
	1,634,722	576,476	**147,393**	63,381

8. OPERATING PROFIT

	GROUP 2011 RM'000	GROUP 2010 RM'000 (RESTATED)	COMPANY 2011 RM'000	COMPANY 2010 RM'000 (RESTATED)
(a) Other than those disclosed in Note 7, operating profit has been arrived at after charging:				
Amortisation of prepaid lease payments (Note 15)	**2,824**	2,825	**–**	–
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**1,162**	1,080	**125**	120
Non-statutory audit				
- tax compliance and advisory services	**464**	368	**–**	5
- others	**178**	179	**173**	158
Member firms of BDO International				
Statutory audit	**1,138**	1,597	**–**	–
Non-statutory audit				
- tax compliance and advisory services	**39**	886	**–**	–
Other auditors				
Statutory audit	**508**	481	**–**	–
Bad debts written off	**3,300**	871	**–**	–
Depreciation of property, plant and equipment (Note 14)	**243,480**	229,016	**4,016**	4,744
Direct operating expenses of investment properties	**30,037**	30,654	**–**	–
Expenses for retirement benefits (Note 34.1)	**21,497**	25,952	**98**	100
Hire of plant and machinery	**7,549**	8,064	**–**	–
Impairment losses on other investments	**–**	407	**–**	–
Inventories written down to net realisable value	**8,064**	15,781	**–**	–
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 investments written off	**–**	5	**–**	5
Rental of premises	**955**	1,190	**1,274**	1,254
Share option expenses (Note 8(b))	**11,656**	7,696	**11,656**	7,455

8. OPERATING PROFIT (CONT'D)

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
and crediting:				
Impairment losses on receivables written back (Note 26.1)	**9,677**	6	**–**	–
Gross dividends received from:				
- short term funds quoted in Malaysia	**37,534**	57,120	**37,534**	57,120
- other quoted investments in Malaysia	**1,034**	1,414	**73**	89
- other unquoted investments in Malaysia	**56**	14	**–**	–
- unquoted subsidiaries	**–**	–	**1,653,944**	1,757,070
- unquoted associates	**–**	–	**9,000**	15,750
Rental income from plant and machinery	**8,077**	7,465	**–**	–
Rental income from:				
- investment properties	**95,653**	97,866	**–**	–
- rendering of services	**8,339**	4,732	**–**	–
- others	**2,785**	2,129	**101**	95

Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM12,259,967,000 (2010 - RM8,879,598,000) and RM123,693,000 (2010 - RM124,013,000) respectively.

(b) Employee information

The employee benefits costs are as follows:

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Wages, salaries and others	**658,375**	613,703	**101,651**	95,589
Contributions to Employee's Provident Fund	**26,341**	23,591	**8,716**	8,094
Expenses for retirement benefits (Note 34.1)	**21,497**	25,952	**98**	100
Share option expenses	**11,656**	7,696	**11,656**	7,455
	717,869	670,942	**122,121**	111,238

9. INTEREST INCOME

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Short term deposits	**13,185**	12,690	**2,960**	2,984
Subsidiaries	**–**	–	**92,762**	80,128
Jointly controlled entities	**25,285**	30,249	**–**	–
Housing development accounts	**2,401**	1,128	**–**	–
Others	**6,275**	3,147	**314**	201
	47,146	47,214	**96,036**	83,313

10. FINANCE COSTS

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Interest expenses				
Bank overdrafts	**112**	49	**1**	–
Revolving credits	**78**	136	**–**	–
Short term loans	**1,342**	40	**–**	–
Subsidiaries	**–**	–	**159,055**	189,790
Term loans	**80,456**	53,273	**45,402**	13,006
2nd Exchangeable Bonds (Note 33.2)	**–**	17,662	**–**	–
3rd Exchangeable Bonds (Note 33.3)	**–**	75,799	**–**	–
Guaranteed Notes	**80,587**	87,558	**–**	–
Hire purchase	**106**	–	**–**	–
Others	**8,144**	835	**7,864**	–
	170,825	235,352	**212,322**	202,796
Less: Interest capitalised	**(910)**	(14,182)	**–**	–
	169,915	221,170	**212,322**	202,796

11. TAXATION

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Current year				
Malaysian income taxation	**575,613**	482,601	**60,000**	47,000
Foreign taxation	**30,678**	30,165	**–**	–
Deferred taxation (Note 35)	**(12,529)**	25,457	**(1)**	760
	593,762	538,223	**59,999**	47,760
Prior years				
Malaysian income taxation	**4,353**	10,897	**–**	–
Foreign taxation	**(3,353)**	(9,528)	**–**	–
Deferred taxation (Note 35)	**(21,663)**	(54,075)	**(373)**	(210)
	(20,663)	(52,706)	**(373)**	(210)
	573,099	485,517	**59,626**	47,550

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	
	2011 %	2010 %	2011 %	2010 %
Applicable tax rate	**25.00**	25.00	**25.00**	25.00
Tax effects in respect of:				
Non allowable expenses	**3.13**	3.92	**4.21**	3.02
Non taxable income	**(6.30)**	(5.76)	**(6.48)**	(2.84)
Revenue expenses capitalised	**(0.01)**	(0.01)	**–**	(0.01)
Tax exempt income	**(0.29)**	(0.05)	**(19.87)**	(22.77)
Tax incentives and allowances	**(0.18)**	(0.51)	**(0.01)**	(0.02)
Utilisation of previously unrecognised tax losses and capital allowances	**(0.02)**	(0.03)	**–**	–
Different tax rates in foreign jurisdiction	**0.29**	0.28	**–**	–
Share of post tax results of associates	**(1.05)**	(0.54)	**–**	–
Share of results of jointly controlled entities	**(0.45)**	(0.33)	**–**	–
Other items	**0.61**	(0.87)	**–**	–
	20.73	21.10	**2.85**	2.38
Over provision in prior years	**(0.72)**	(2.06)	**(0.02)**	(0.01)
Average effective tax rate	**20.01**	19.04	**2.83**	2.37

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM395,000 (2010 - RM577,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM27,624,000 (2010 - RM29,204,000), 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% (2010 - 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

12. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share of the Group is calculated based on the profit for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

12. EARNINGS PER ORDINARY SHARE (CONT'D)

	GROUP	
	2011	2010
Profit for the financial year attributable to owners of the parent (RM'000)	**2,222,899**	2,035,661
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares ('000)	**6,396,303**	6,177,023
Basic earnings per ordinary share (sen)	**34.75**	32.96

Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group are calculated based on the adjusted profit for the financial year attributable to owners of the parent divided by the adjusted weighted average number of ordinary shares after taking into consideration of all dilutive potential ordinary shares.

	GROUP	
	2011 RM'000	2010 RM'000
Profit for the financial year attributable to owners of the parent	**2,222,899**	2,035,661
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period		
Net interest savings	**–**	13,247
Fair value adjustments	**38,072**	–
Net foreign currency translation differences taken up	**(23,924)**	(29,085)
	14,148	(15,838)
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period		
Net interest savings	**–**	56,850
Fair value adjustments	**18,538**	–
Net foreign currency translation differences taken up	**(87,148)**	(149,669)
	(68,610)	(92,819)
Adjusted profit for the financial year attributable to owners of the parent	**2,168,437**	1,927,004

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	
	2011 '000	2010 '000
Weighted average number of ordinary shares in issue after deducting the treasury shares	**6,396,303**	6,177,023
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period	**62,940**	74,555
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period	**1,254**	139,108
Adjustments for share option granted to executives of the Group	**28,657**	30,774
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	**6,489,154**	6,421,460
Diluted earnings per ordinary share (sen)	**33.42**	30.01

13. DIVIDENDS

	GROUP AND COMPANY	
	2011 RM'000	2010 RM'000
Second interim single tier dividend in respect of financial year ended 30 June 2010 declared and paid of 10.0 sen per ordinary share	**638,135**	–
First interim single tier dividend in respect of financial year ended 30 June 2011 declared and paid of 8.0 sen per ordinary share	**513,083**	–
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
	1,151,218	566,455

The Directors have declared a second interim single tier dividend of 9.0 sen per ordinary share, amounting to RM576,844,596 in respect of the financial year ended 30 June 2011. The dividend is payable on 7 October 2011 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 27 September 2011.

No final dividend has been recommended for the financial year ended 30 June 2011.

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

2011

AT COST	AT BEGINNING OF FINANCIAL YEAR, AS RESTATED RM'000	ADDITIONS RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	ADJUSTMENTS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	500,767	41,774	(4,224)	3,628	–	–	541,945
Plantation development expenditure	1,737,214	30,420	(59)	(636)	(2,050)	–	1,764,889
Leasehold land	997,083	–	–	101	–	(52,583)	944,601
Golf course development expenditure	17,552	–	–	–	(323)	–	17,229
Buildings and improvements	1,369,945	33,777	(3,935)	38,659	(3,179)	–	1,435,267
Plant and machinery	2,692,291	79,742	(4,085)	60,393	(4,912)	–	2,823,429
Motor vehicles	83,550	9,507	(2,675)	(42)	(1,537)	159	88,962
Furniture, fittings and equipment	160,164	24,130	(5,086)	285	(1,517)	47,414	225,390
Construction in progress	233,665	219,495	(5,832)	1,218	(40)	(47,573)	400,933
	7,792,231	438,845	(25,896)	103,606	(13,558)	(52,583)	8,242,645

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR, AS RESTATED RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	ADJUSTMENTS RM'000	AT END OF FINANCIAL YEAR RM'000
Leasehold land	166,401	9,672	–	28	–	(52,583)	123,518
Golf course development expenditure	1,288	322	–	–	–	–	1,610
Buildings and improvements	443,775	46,385	(1,438)	8,357	(2,662)	–	494,417
Plant and machinery	1,563,398	133,934	(1,806)	27,105	(4,572)	–	1,718,059
Motor vehicles	63,034	7,268	(2,564)	(57)	(1,486)	–	66,195
Furniture, fittings and equipment	119,403	45,899	(2,681)	417	(1,668)	–	161,370
	2,357,299	243,480	(8,489)	35,850	(10,388)	(52,583)	2,565,169

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP

2010

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	EFFECT OF ADOPTING AMENDMENT TO FRS 117 RM'000	AS RESTATED 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	–	514,653	683	(2)	(14,132)	–	(435)	500,767
Plantation development expenditure	1,689,406	–	1,689,406	47,119	(2)	1,458	(767)	–	1,737,214
Leasehold land	–	998,216	998,216	2,296	(3,332)	(97)	–	–	997,083
Golf course development expenditure	43,996	–	43,996	–	–	–	(26,444)	–	17,552
Buildings and improvements	1,305,774	–	1,305,774	129,205	(892)	(77,930)	(1,332)	15,120	1,369,945
Plant and machinery	2,632,751	–	2,632,751	200,496	(2,236)	(158,833)	(10,249)	30,362	2,692,291
Motor vehicles	83,232	–	83,232	6,158	(4,386)	(292)	(1,375)	213	83,550
Furniture, fittings and equipment	152,804	–	152,804	10,205	(2,515)	(265)	(2,195)	2,130	160,164
Construction in progress	264,225	–	264,225	50,080	(371)	(32,041)	–	(48,228)	233,665
	6,686,841	998,216	7,685,057	446,242	(13,736)	(282,132)	(42,362)	(838)	7,792,231

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR RM'000	EFFECT OF ADOPTING AMENDMENT TO FRS 117 RM'000	AS RESTATED 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
Leasehold land	–	156,987	156,987	10,493	(1,005)	(74)	–	–	166,401
Golf course development expenditure	966	–	966	322	–	–	(2,284)	2,284	1,288
Buildings and improvements	429,713	–	429,713	43,280	(220)	(25,851)	(804)	(2,343)	443,775
Plant and machinery	1,512,548	–	1,512,548	156,337	(1,923)	(93,987)	(9,577)	–	1,563,398
Motor vehicles	61,086	–	61,086	7,355	(3,794)	(281)	(1,332)	–	63,034
Furniture, fittings and equipment	112,892	–	112,892	11,229	(2,515)	(293)	(1,910)	–	119,403
	2,117,205	156,987	2,274,192	229,016	(9,457)	(120,486)	(15,907)	(59)	2,357,299

* *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)

COMPANY

2011

AT COST	AT BEGINNING OF FINANCIAL YEAR, AS RESTATED RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	212,790	–	(96)	–	212,694
Leasehold land	9,695	–	–	–	9,695
Plantation development expenditure	185,690	2,100	(59)	(2,050)	185,681
Buildings and improvements	39,082	195	(3,915)	(156)	35,206
Plant and machinery	38,741	757	(3,019)	(187)	36,292
Motor vehicles	8,982	714	(917)	(18)	8,761
Furniture, fittings and equipment	16,467	461	(3,614)	(255)	13,059
Construction in progress	6	595	–	–	601
	511,453	4,822	(11,620)	(2,666)	501,989

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR, AS RESTATED RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	AT END OF FINANCIAL YEAR RM'000
Leasehold land	1,980	106	–	–	2,086
Buildings and improvements	16,030	1,303	(1,433)	(97)	15,803
Plant and machinery	29,522	1,250	(1,166)	(182)	29,424
Motor vehicles	7,807	611	(845)	(18)	7,555
Furniture, fittings and equipment	11,588	746	(1,497)	(248)	10,589
	66,927	4,016	(4,941)	(545)	65,457

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

2010

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	EFFECT OF ADOPTING AMENDMENT TO FRS 117 RM'000	AS RESTATED RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	RECLASSIFICATIONS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	173,581	–	173,581	39,211	(2)	–	–	212,790
Leasehold land	–	9,695	9,695	–	–	–	–	9,695
Plantation development expenditure	166,213	–	166,213	20,246	(2)	(767)	–	185,690
Buildings and improvements	37,563	–	37,563	1,438	–	(96)	177	39,082
Plant and machinery	36,126	–	36,126	2,976	(114)	(314)	67	38,741
Motor vehicles	9,475	–	9,475	286	(597)	(182)	–	8,982
Furniture, fittings and equipment	15,052	–	15,052	718	(24)	(209)	930	16,467
Construction in progress	1,180	–	1,180	–	–	–	(1,174)	6
	439,190	9,695	448,885	64,875	(739)	(1,568)	–	511,453

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR RM'000	EFFECT OF ADOPTING AMENDMENT TO FRS 117 RM'000	AS RESTATED RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	AT END OF FINANCIAL YEAR RM'000
Leasehold land	–	1,875	1,875	105	–	–	1,980
Buildings and improvements	14,742	–	14,742	1,343	–	(55)	16,030
Plant and machinery	28,448	–	28,448	1,492	(114)	(304)	29,522
Motor vehicles	7,802	–	7,802	698	(518)	(175)	7,807
Furniture, fittings and equipment	10,700	–	10,700	1,106	(23)	(195)	11,588
	61,692	1,875	63,567	4,744	(655)	(729)	66,927

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Carrying amount

	GROUP 2011 RM'000	GROUP 2010 RM'000 (RESTATED)	COMPANY 2011 RM'000	COMPANY 2010 RM'000 (RESTATED)
Freehold land	**541,945**	500,767	**212,694**	212,790
Leasehold land	**821,083**	830,682	**7,609**	7,715
Plantation development expenditure	**1,764,889**	1,737,214	**185,681**	185,690
Golf course development expenditure	**15,619**	16,264	**–**	–
Buildings and improvements	**940,850**	926,170	**19,403**	23,052
Plant and machinery	**1,105,370**	1,128,893	**6,868**	9,219
Motor vehicles	**22,767**	20,516	**1,206**	1,175
Furniture, fittings and equipment	**64,020**	40,761	**2,470**	4,879
Construction in progress	**400,933**	233,665	**601**	6
	5,677,476	5,434,932	**436,532**	444,526

During the financial year, the Group reassessed its long term leases of land in accordance with the Amendment to FRS 117 to the finance leases, where applicable. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively.

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 RM910,000 (2010 – RM13,578,000).

Interest is capitalised at the rate 4.50% to 7.30% (2010 – 4.50% to 6.75%) per annum.

Included in property, plant and equipment are carrying amounts of assets acquired under finance lease as follows:

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Plant and machinery	**540**	145	**–**	–

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

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Additions to property, plant and equipment	**438,845**	446,242	**4,822**	64,875
Capital gain on exchange of land	**(41,600)**	–	**–**	–
Interest capitalised	**(910)**	(13,578)	**–**	–
Financed by finance lease arrangement	**(440)**	(160)	**–**	–
Cash payments on purchase of property, plant and equipment	**395,895**	432,504	**4,822**	64,875

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
2011				
At cost				
At beginning of financial year, as restated	**54,205**	**2,550**	**56,755**	**–**
Additions	**2,505**	**851**	**3,356**	**–**
Exchange difference	**–**	**(31)**	**(31)**	**–**
At end of financial year	**56,710**	**3,370**	**60,080**	**–**
Accumulated amortisation				
At beginning of financial year, as restated	**26,856**	**393**	**27,249**	**–**
Current year amortisation	**2,822**	**2**	**2,824**	**–**
At end of financial year	**29,678**	**395**	**30,073**	**–**
Carrying amount				
At end of financial year	**27,032**	**2,975**	**30,007**	**–**
2010				
At cost				
At beginning of financial year	978,353	75,963	1,054,316	9,695
Effects on adopting Amendment to FRS 117 (Note 48)	(924,148)	(74,068)	(998,216)	(9,695)
As restated	54,205	1,895	56,100	–
Additions	–	568	568	–
Exchange difference	–	87	87	–
At end of financial year, as restated	54,205	2,550	56,755	–
Accumulated amortisation				
At beginning of financial year	164,245	17,166	181,411	1,875
Effects on adopting Amendment to FRS 117 (Note 48)	(140,212)	(16,775)	(156,987)	(1,875)
As restated	24,033	391	24,424	–
Current year amortisation	2,823	2	2,825	–
At end of financial year, as restated	26,856	393	27,249	–
Carrying amount				
At end of financial year, as restated	27,349	2,157	29,506	–

During the financial year, the Group reassessed its long term leases of land in accordance with the Amendment to FRS 117 to be finance leases, where applicable. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively.

16. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
2011					
At cost					
At beginning of financial year	**435,564**	**118,073**	**173**	**359,518**	**913,328**
Costs incurred	**9,935**	**–**	**–**	**26,381**	**36,316**
Transfer to investment properties (Note 17)	**(1,593)**	**–**	**–**	**(35,704)**	**(37,297)**
Transfer to property development costs (Note 24)	**(23,815)**	**(4,662)**	**–**	**(48,736)**	**(77,213)**
Disposals	**(361)**	**–**	**–**	**(260)**	**(621)**
At end of financial year	**419,730**	**113,411**	**173**	**301,199**	**834,513**
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 24)	(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

Included in land held for property development of the Group are plantation land of RM95,298,000 (2010 - RM95,321,000) 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.

Development costs incurred in the previous financial year included interest expense capitalised amounted to RM604,000. Interest was capitalised at the rate of 7.05% per annum.

17. INVESTMENT PROPERTIES

GROUP	AT BEGINNING OF FINANCIAL YEAR RM'000	TRANSFER FROM PROPERTY DEVELOPMENT COST RM'000	TRANSFER FROM LAND HELD FOR PROPERTY DEVELOPMENT RM'000	FAIR VALUE ADJUSTMENTS RM'000	ADDITIONS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	DISPOSALS RM'000	AT END OF FINANCIAL YEAR RM'000
2011								
At fair value								
Freehold land and buildings	**853,129**	**62,185**	**37,297**	**93,080**	**25,755**	**–**	**(8,917)**	**1,062,529**
Leasehold land and buildings	**260,416**	**–**	**–**	**–**	**–**	**8,190**	**(268,606)**	**–**
	1,113,545	**62,185**	**37,297**	**93,080**	**25,755**	**8,190**	**(277,523)**	**1,062,529**

17. INVESTMENT PROPERTIES (CONT'D)

GROUP	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
2010							
At fair value							
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

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.

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 (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	22,421 sq. m.
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	35,121 sq. m.
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	*
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	104 units of commercial lot	Freehold	23,849 sq. m.

17. INVESTMENT PROPERTIES (CONT'D)

NAME OF BUILDING/LOCATION	DESCRIPTION	TENURE OF LAND	NET LETTABLE AREA
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	20 units of commercial lot and car park	Freehold	32,433 sq. m.
Lot No. 1854 Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Commercial 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.
IOI Resort Putrajaya	37 units of residential bungalow	Freehold	24,718 sq. m.
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	3 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 retail complex	Freehold	6,319 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.

** PFCC Tower 4 and 5 are currently under construction.*

18. OTHER INVESTMENTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current				
At cost				
In Malaysia				
- Quoted shares	–	34,354	–	8,404
- Unquoted shares	–	1,770	–	860
	–	36,124	–	9,264
Less: Accumulated impairment losses	–	(6,341)	–	(6,084)
Total other investments – non-current	–	29,783	–	3,180
Current				
At cost				
In Malaysia				
- Quoted shares	–	417	–	–
Outside Malaysia				
- Quoted shares	–	16,210	–	–
- Unquoted shares	–	5	–	–
	–	16,632	–	–
Less: Accumulated impairment losses	–	(12,242)	–	–
	–	4,390	–	–
At fair value through profit or loss				
In Malaysia				
- Quoted shares	**58,044**	–	**7,087**	–
- Quoted warrants	**1,305**	–	–	–
Outside Malaysia				
- Quoted shares	**3,817**	–	–	–
- Quoted warrants	**349**	–	–	–
- Unquoted shares	**1,912**	–	–	–
	65,427	–	**7,087**	–
Total other investments - current	**65,427**	4,390	**7,087**	–
At market value				
- Quoted shares in Malaysia	**58,044**	51,223	**7,087**	3,099
- Quoted warrants in Malaysia	**1,305**	–	–	–
- Quoted shares outside Malaysia	**3,817**	4,372	–	–
- Quoted warrants outside Malaysia	**349**	–	–	–

The comparative figures have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in paragraph 44AA of FRS 7.

19. GOODWILL ON CONSOLIDATION

	GROUP 2011 RM'000	GROUP 2010 RM'000
At beginning of financial year	**513,830**	513,830
Less: Written off	**(273)**	–
Less: Disposal of product lines (Note 19.1)	**(1,563)**	–
At end of financial year	**511,994**	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 2011 RM'000	GROUP 2010 RM'000
Plantation	**93,025**	93,025
Property	**83,004**	83,277
Resource-based manufacturing	**335,965**	337,528
	511,994	513,830

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash flows are projected based on the management's 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 12.50%.

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.

19. GOODWILL ON CONSOLIDATION (CONT'D)

19.1 Disposal of product lines

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

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

20. SUBSIDIARIES

20.1 Investments in subsidiaries

	COMPANY	
	2011 RM'000	2010 RM'000
At cost		
Unquoted shares in Malaysia	**5,508,255**	5,432,378
Unquoted shares outside Malaysia	**881,963**	886,964
	6,390,218	6,319,342
Less: Accumulated impairment losses	**(5,619)**	(5,619)
	6,384,599	6,313,723

Details of the subsidiaries are set out in Note 47 to the financial statements.

2011

During the financial year, the Company:

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

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

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

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

20. SUBSIDIARIES (CONT'D)

20.1 Investments in subsidiaries (Cont'd)

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

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

2010

During the previous financial year, the Company:

i. acquired 35,234,021 ordinary shares of RM0.50 each 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 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.

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

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 7.30% (2010 - 0% to 7.05%) 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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	**296,738**	200,887	**–**	–
	668,074	572,223	**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

	2011 RM'000	2010 RM'000
Assets and liabilities		
Total assets	**3,006,625**	2,420,645
Total liabilities	**1,333,760**	1,081,753
Results		
Revenue	**2,448,004**	1,704,736
Profit for the financial year	**393,629**	169,208

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.

22. JOINTLY CONTROLLED ENTITIES

22.1 Interests in jointly controlled entities

	GROUP	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	**912,617**	4,054
Share of post acquisition results and reserves	**(146,518)**	(214,799)
	766,099	(210,745)
Amounts due from jointly controlled entities	**2,333,033**	1,759,990
	3,099,132	1,549,245

Details of the jointly controlled entities are set out in Note 47 to the financial statements.

22. JOINTLY CONTROLLED ENTITIES (CONT'D)

22.1 Interests in jointly controlled entities (Cont'd)

Amounts due from jointly controlled entities represent outstanding amounts arising from subsidiaries' proportionate advances for the acquisition and development of land in Singapore and China were related to development expenses and working capital, which are unsecured, bear interest at rates ranging from 0.91% to 1.91% (2010 - 0.97% to 2.25%) per annum and are not repayable within the next twelve (12) months.

Gurantees given by the Group and the Company for credit facilities of jointly controlled entities amounted to RM1,026,918,000 (2010 - RM978,529,000) and RM892,837,000 (2010 - RM841,609,000) respectively.

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

	GROUP	
	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	**5,149,677**	2,487,276
Total assets	**5,149,677**	2,487,276
Current liabilities	**635,270**	21,070
Non-current liabilities	**3,748,308**	2,676,951
Total liabilities	**4,383,578**	2,698,021
Results		
Revenue	**157,276**	124,690
Expenses, including finance costs and taxation	**(106,279)**	(91,291)

22.2 Capital commitment of jointly controlled entities

	GROUP	
	2011 RM'000	2010 RM'000
Authorised capital expenditure of jointly controlled entities		
Construction in progress		
- Contracted	**543,887**	66,925
- Not contracted	**938,647**	–

23. DERIVATIVE FINANCIAL INSTRUMENTS

2011	GROUP		
	CONTRACT/ NOTIONAL AMOUNT NET LONG/ (SHORT) RM'000	FAIR VALUE FINANCIAL ASSETS RM'000	FINANCIAL LIABILITIES RM'000
Forward foreign exchange contracts	(2,853,723)	21,015	19,815
Commodity forward contracts	(185,923)	137,629	97,472
Commodity futures	(125,289)	47,088	22,268
Commodity swap contracts	18,000	2,640	–
Cross currency swap contracts	1,924,846	14,924	69,406
Interest rate swap contracts	1,816,200	3,695	–
Total derivative financial instruments	594,111	226,991	208,961
Less: Current portion		(208,372)	(189,055)
Non-current portion		18,619	19,906

	COMPANY		
	CONTRACT/ NOTIONAL AMOUNT NET LONG RM'000	FAIR VALUE FINANCIAL ASSETS RM'000	FINANCIAL LIABILITIES RM'000
Commodity swap contracts	18,000	2,640	2,640
Cross currency swap contracts	1,441,910	–	69,406
Interest rate swap contracts	1,816,200	3,695	–
Total derivative financial instruments	3,276,110	6,335	72,046
Less: Current portion		(2,640)	(52,140)
Non-current portion		3,695	19,906

The comparative figure as at 30 June 2010 have not been presented by virtue of the exemption given in paragraph 44AA of FRS 7.

i. Forward foreign exchange contracts

Forward foreign exchange contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currencies denominated financial assets and financial liabilities.

ii. Commodity forward contracts, swap contracts and futures

The commodities forward contracts, swap contracts and futures were entered into with the objective of managing and hedging the respective exposure of the Group's plantation segment and resource-based manufacturing segment to adverse price movements in vegetable oil commodities. The fair values of these components have been determined based on published market prices or quoted from reputable financial institutions.

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

iii. Cross currency swap contracts

Currency swap contracts are used to hedge foreign currency exposures of borrowings.

iv. Interest rate swap contracts

Interest rate swap contracts are used to hedge the Group's exposures to movements in interest rates.

Prior to the adoption for FRS 139, any gain or losses arising from the above derivatives entered into as hedges of anticipated future transactions were deferred until the dates of such transactions at which time they were included in the measurement of such transactions, except for the interest rate swap contracts which the differential in interest rates to be paid was recognised in profit or loss over the life of the contract as part of interest expense.

With the adoption of FRS 139, all the above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

During the financial year, the Group and the Company recognised total fair value losses of RM129,343,000 and RM42,357,000 respectively arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange and interest rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 42.6.

24. PROPERTY DEVELOPMENT COSTS

GROUP	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	DEVELOPMENT COST RM'000	ACCUMULATED COSTS CHARGED TO PROFIT OR LOSS RM'000	TOTAL RM'000
2011					
At cost					
At beginning of financial year	**276,701**	**5,865**	**3,676,652**	**(3,602,037)**	**357,181**
Costs incurred	**4,497**	**–**	**287,459**	**–**	**291,956**
Transfer from land held for property development (Note 16)	**23,815**	**4,662**	**48,736**	**–**	**77,213**
Transfer to inventories	**(1,132)**	**–**	**(22,117)**	**–**	**(23,249)**
Transfer to investment properties (Note 17)	**(235)**	**–**	**(61,950)**	**–**	**(62,185)**
Recognised as expense in profit or loss as part of cost of sales	**–**	**–**	**–**	**(405,006)**	**(405,006)**
At end of financial year	**303,646**	**10,527**	**3,928,780**	**(4,007,043)**	**235,910**
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 profit or loss 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

25. INVENTORIES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At cost				
Plantation produce	**92,096**	18,595	**5,293**	6,166
Raw materials and consumables	**1,462,762**	812,854	**6,118**	3,926
Completed development properties	**98,317**	126,400	**–**	–
Nursery inventories	**45,993**	37,342	**7,771**	6,756
Trading inventories	**81,200**	20,700	**–**	–
Finished goods	**659,529**	268,692	**–**	–
Others	**75,317**	78,170	**191**	–
	2,515,214	1,362,753	**19,373**	16,848
At net realisable value				
Raw materials and consumables	**14,904**	12,427	**–**	–
Completed development properties	**890**	1,760	**–**	–
Finished goods	**120,647**	198,380	**–**	–
	136,441	212,567	**–**	–
	2,651,655	1,575,320	**19,373**	16,848

26. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables (Note 26.1)	**1,475,855**	1,009,483	**1,037**	2,359
Other receivables, deposits and prepayments (Note 26.2)	**127,229**	156,152	**23,364**	28,443
Accrued billings	**118,242**	144,280	**–**	–
Amounts due from customers (Note 26.3)	**677**	–	**–**	–
	1,722,003	1,309,915	**24,401**	30,802

26.1 Trade receivables

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	**1,482,049**	1,029,419	**1,037**	2,359
Less: Impairment losses	**(6,194)**	(19,936)	**–**	–
	1,475,855	1,009,483	**1,037**	2,359

26. TRADE AND OTHER RECEIVABLES (CONT'D)

26.1 Trade receivables (Cont'd)

(a) The normal trade credit terms granted by the Group and the Company range from 7 to 120 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The reconciliation of movements in the impairment losses of trade receivables is as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of financial year	**19,936**	11,490	**–**	–
Charge for the financial year	**2,522**	12,202	**–**	–
Impairment losses on receivables written back	**(9,677)**	(6)	**–**	–
Written off	**(3,285)**	(871)	**–**	–
Foreign currency translation differences	**(3,302)**	(2,879)	**–**	–
At end of financial year	**6,194**	19,936	**–**	–

26.2 Other receivables, deposits and prepayments

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	**65,098**	47,754	**1,468**	4,182
Less: Impairment losses	**(1,340)**	(1,127)	**–**	–
	63,758	46,627	**1,468**	4,182
Deposits	**26,383**	64,099	**16,218**	16,130
Prepayments	**37,088**	45,426	**5,678**	8,131
	127,229	156,152	**23,364**	28,443

(a) Included in other receivables of the Group is an amount due from affiliates of RM1,486,000 (2010 - RM765,000) for property project management services provided by a subsidiary, which are unsecured, interest-free and payable within the credit period in cash and cash equivalents.

(b) Included in deposits of the Group was an amount of RM38,163,000 paid during the previous financial year as part of the bid price for a piece of land.

(c) The reconciliation of movements in the impairment losses of other receivables is as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of financial year	**1,127**	1,127	**–**	–
Charge for the financial year	**230**	–	**–**	–
Written off	**(15)**	–	**–**	–
Foreign currency translation differences	**(2)**	–	**–**	–
	1,340	1,127	**–**	–

26. TRADE AND OTHER RECEIVABLES (CONT'D)

26.3 Amounts due from customers

	GROUP	
	2011 RM'000	2010 RM'000
Aggregate costs incurred to date	**25,453**	24,509
Recognised profit	**5,721**	5,668
	31,174	30,177
Progress billings	**(30,497)**	(30,177)
Amounts due from customers on contracts	**677**	–

27. SHORT TERM FUNDS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Investment in fixed income trust funds in Malaysia				
At fair value through profit or loss	**1,725,237**	–	**1,403,759**	–
At cost	**–**	3,108,216	**–**	2,977,058
	1,725,237	3,108,216	**1,403,759**	2,977,058
At market value	**1,725,237**	3,110,719	**1,403,759**	2,979,252

(a) Investment in fixed income trust funds in Malaysia represents investment in highly liquid money market, which is readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(b) The comparative figures as at 30 June 2010 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in paragraph 44AA of FRS 7.

28. DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with licensed banks	**546,298**	333,749	**209,973**	176,273
Deposits with discount houses	**46,566**	28,433	**–**	–
	592,864	362,182	**209,973**	176,273

29. CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM194,282,000 (2010 - RM183,118,000) 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			
	2011		2010	
	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		
2011		
Ordinary shares of RM0.10 each		
At beginning of financial year	**6,675,517,480**	**667,552**
Issue of shares arising from the exercise of ESOS at RM2.44 per ordinary share	**5,973,800**	**597**
Issue of shares arising from the exercise of ESOS at RM4.19 per ordinary share	**5,899,800**	**590**
Issue of ordinary shares arising from the exchange of the 2nd Exchangeable Bonds at RM4.58 per share	**27,060,115**	**2,706**
Transfer of capital reserve arising from cancellation of treasury shares	**(298,418,700)**	**(29,842)**
At end of financial year	**6,416,032,495**	**641,603**
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

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

ii. Of the total 6,416,032,495 (2010 - 6,675,517,480) issued and fully paid-up ordinary shares of RM0.10 each, none of the shares (2010 - 298,418,700) 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 6,416,032,495 (2010 - 6,377,098,780) ordinary shares of RM0.10 each.

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. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issue of any other company.

(c) Maximum allowable allotment and basis of allocation

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

- the number of new IOI Shares allotted, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total new IOI Shares that are available to be issued under the ESOS; and

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

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 9th anniversary of the ESOS.

(g) Rights attaching to the IOI Shares

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

30. SHARE CAPITAL (CONT'D)

30.1 Executive Share Option Scheme (Cont'd)

The movements of the options over the unissued ordinary shares of RM0.10 each in the Company and the weighted average exercise price during the financial year are as follows:

		NO. OF OPTIONS OVER ORDINARY SHARES						
OPTION PRICE (RM)	DATE OF OFFER	OUTSTANDING AS AT BEGINNING OF THE FINANCIAL YEAR	ACCEPTED	EXERCISED	LAPSED	ADJUSTMENT *	OUTSTANDING AS AT END OF THE FINANCIAL YEAR	EXERCISABLE AS AT END OF THE FINANCIAL YEAR
2011								
2.44	**12 January 2006**	**43,817,000**	**–**	**(5,973,800)**	**(2,405,000)**	**–**	**35,438,200**	**35,438,200**
4.19	**2 April 2007**	**36,010,200**	**–**	**(5,899,800)**	**(3,948,800)**	**–**	**26,161,600**	**26,161,600**
5.00	**6 July 2010**	**–**	**17,965,900**	**–**	**–**	**–**	**17,965,900**	**–**
		79,827,200	**17,965,900**	**(11,873,600)**	**(6,353,800)**	**–**	**79,565,700**	**61,599,800**
Weighted average exercise price		**RM3.23**	**RM5.00**	**RM3.31**	**RM3.53**	**–**	**RM3.59**	**RM3.18**
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

* *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 reporting period

OPTION PRICE RM	NO. OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE RM	EXERCISABLE PERIOD
2011			
2.44	35,438,200	2.44	12 January 2007 - 23 November 2015
4.19	26,161,600	4.19	2 April 2008 - 23 November 2015
5.00	17,965,900	5.00	6 July 2011 - 23 November 2015
	79,565,700	3.59	
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	

ii. Share options exercised during the financial year

OPTION PRICE RM	DATE OF EXERCISE	NO. OF SHARE OPTIONS EXERCISED	WEIGHTED AVERAGE SHARE PRICE RM
2011			
2.44	July 2010	140,800	5.12
2.44	September 2010	2,288,300	5.47
2.44	November 2010	120,000	5.80
2.44	December 2010	1,079,500	5.81
2.44	January 2011	770,000	5.74
2.44	March 2011	428,000	5.76
2.44	June 2011	1,147,200	5.30
4.19	July 2010	503,000	5.12
4.19	September 2010	1,321,000	5.47
4.19	November 2010	612,000	5.80
4.19	December 2010	403,500	5.81
4.19	January 2011	821,000	5.74
4.19	March 2011	883,300	5.76
4.19	June 2011	1,356,000	5.30
		11,873,600	5.53

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
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

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

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

OPTION PRICE RM	GRANT DATE	VESTING DATE	FAIR VALUE RM
2011			
5.00	**6 July 2010**	**6 July 2011**	**0.924**
		6 July 2012	**1.035**
		6 July 2013	**1.106**
		6 July 2014	**1.146**

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

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

30. SHARE CAPITAL (CONT'D)

30.1 Executive Share Option Scheme (Cont'd)

iv. Adjustments to option price and number of options during the previous financial year

During the previous 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	ORIGINAL GRANT DATE 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

The fair values of the additional share options granted during the previous 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

30. SHARE CAPITAL (CONT'D)

30.1 Executive Share Option Scheme (Cont'd)

iv. Adjustments to option price and number of options during the previous financial year (Cont'd)

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.

31. RESERVES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share premium	**1,944,320**	3,542,923	**1,944,320**	3,542,923
Capital reserves (Note 31.1)	**142,039**	294,719	**129,514**	97,627
Treasury shares, at cost (Note 31.2)	**–**	(1,767,552)	**–**	(1,767,552)
Foreign currency translation reserve (Note 31.3)	**(154,309)**	(372,747)	**–**	–
	1,932,050	1,697,343	**2,073,834**	1,872,998

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

31.1 Capital reserves

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to minority shareholders	**9,015**	9,015	**–**	–
Equity component of 2nd Exchangeable Bonds (Note 33.2)	**–**	24,618	**–**	–
Equity component of 3rd Exchangeable Bonds (Note 33.3)	**–**	159,949	**–**	–
Capital redemption reserves arising from the cancellation of treasury shares	**64,362**	34,520	**64,362**	34,520
Share option reserves	**68,662**	66,617	**65,152**	63,107
	142,039	294,719	**129,514**	97,627

The equity components of 2nd Exchangeable Bonds and 3rd Exchangeable Bonds have been adjusted in the current financial year upon adoption of FRS 139.

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 29 October 2010.

31. RESERVES (CONT'D)

31.2 Treasury shares (Cont'd)

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. 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.

The Company did not repurchase any ordinary shares of RM0.10 each of its issued share capital from the open market during the current financial year. On 2 March 2011, the Company cancelled all its accumulated 298,418,700 treasury shares with carrying amount of RM1,767,552,752 or at an average price of RM5.92 per ordinary share of RM0.10 each. The transaction of the treasury shares during the financial year is as follows:

			PURCHASE PRICE PER SHARE		
	NO. OF SHARES	COST RM	HIGHEST RM	LOWEST RM	AVERAGE RM
2011					
At beginning of financial year	**298,418,700**	**1,767,552,752**	**7.47**	**2.17**	**5.92**
Cancellation	**(298,418,700)**	**(1,767,552,752)**			
At end of financial year	**–**	**–**			
2010					
At beginning of financial year	291,244,500	1,732,431,519	7.47	2.17	5.95
Purchased 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
	7,174,200	35,121,233	4.97	4.71	4.90
At end of financial year	298,418,700	1,767,552,752	7.47	2.17	5.92

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

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.

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 in Malaysia 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 end of the reporting period.

33. BORROWINGS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current liabilities				
Secured				
Finance lease obligation (Note 33.7)	**452**	131	**–**	–
Less: Portion due within 12 months included under short term borrowings	**(134)**	(25)		–
	318	106	**–**	–
Unsecured				
Term loans (Note 33.1)	**3,387,100**	1,334,203	**2,106,990**	323,650
Less: Portion due within 12 months included under short term borrowings	**(302,700)**	(384,257)	**(302,700)**	–
	3,084,400	949,946	**1,804,290**	323,650
2nd Exchangeable Bonds (Note 33.2)	**–**	345,795	**–**	–
3rd Exchangeable Bonds (Note 33.3)	**12,847**	1,440,298	**–**	–
Guaranteed Notes (Note 33.4)	**1,508,884**	1,612,136	**–**	–
	4,606,449	4,348,281	**1,804,290**	323,650
Current liabilities				
Secured				
Finance lease obligation (Note 33.7)	**134**	25	**–**	–
	134	25	**–**	–
Unsecured				
Revolving credits (Note 33.5)	**–**	24,768	**–**	–
Trade Financing (Note 33.6)	**233,290**	–	**–**	–
Term loans - portion due within 12 months (Note 33.1)	**302,700**	384,257	**302,700**	–
	535,990	409,025	**302,700**	–
2nd Exchangeable Bonds (Note 33.2)	**255,185**	–	**–**	–
	791,309	409,050	**302,700**	–
Total borrowings	**5,397,758**	4,757,331	**2,106,990**	323,650

Prior to the adoption for FRS 139, exchangeable bonds were initially classified separately as financial liabilities and equity instruments in accordance with the substance of the contractual arrangement. When the initial carrying amounts of the exchangeable bonds were allocated to the equity and liability components, the equity component was assigned as the residual amount after deducting from the fair value of the instrument as a whole and the amount for the liability component, which is determined separately. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognising the components of the instrument separately. Upon adoption of FRS 139, exchangeable bonds are now recognised as financial liabilities at fair value through profit or loss.

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 reporting period is JPY15.0 billion (2010 - JPY15.0 billion). This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

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

iii. SGD15.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the reporting period was nil (2010 - SGD15.0 million). This term loan bore interest at rates ranging from 0.84% to 1.30% per annum and was repayable in 60 months from the date of first drawdown commencing June 2008 or June 2013 whichever was earlier. This bank loan was settled by the foreign incorporated subsidiary during the financial year.

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 reporting period is JPY6.0 billion (2010 - JPY6.0 billion). This fixed-rate loan bears interest at 4.50% per annum and is repayable in full on 5 February 2038.

v. USD100.0 million term loan, which was drawn down by the Company during 3 February 2009. The outstanding amount as at end of the reporting period is USD100.0 million (2010 - 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.

vi. USD600.0 million term loan, which was drawn down by the Company during the financial year. The outstanding amount as at end of the reporting period is USD600.0 million. This floating-rate term loan bears interest at 1.30% plus BBA-LIBOR per annum and is repayable in 7 years from drawndown date in January 2011.

vii. SGD166 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the reporting period was nil (2010 - SGD166.0 million). This term loan bore interest at rates ranging from 0.85% to 1.19% per annum and was repayable in 3 ½ years from drawdown date in September 2007. This bank loan was settled by the foreign incorporated subsidiary during the financial year.

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Less than 1 year	**302,700**	384,257	**302,700**	–
1 - 2 years	**491,140**	323,650	**–**	323,650
2 - 3 years	**–**	34,722	**–**	–
3 - 4 years	**–**	–	**–**	–
4 - 5 years	**–**	–	**–**	–
More than 5 years	**2,593,260**	591,574	**1,804,290**	–
	3,387,100	1,334,203	**2,106,990**	323,650

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 has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 2nd Exchangeable Bonds at the Accreted Principal Amount on 18 December 2009.

v. Unless previously redeemed, repurchased and cancelled or exchanged, the 2nd Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 116.05% on 18 December 2011.

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 statement of financial position 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

Prior to the adoption for FRS 139, exchangeable bonds were initially classified separately as financial liabilities and equity instruments in accordance with the substance of the contractual arrangement. When the initial carrying amounts of the exchangeable bonds were allocated to the equity and liability components, the equity component was assigned as the residual amount after deducting from the fair value of the instrument as a whole and the amount for the liability component, which is determined separately. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognising the components of the instrument separately. Upon adoption of FRS 139, exchangeable bonds are now recognised as financial liabilities at fair value through profit or loss.

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

GROUP	NOMINAL VALUE OF 2ND EXCHANGEABLE BONDS (USD)	EXCHANGE PRICE	NO. OF SHARES ISSUED	REMARKS
2011				
Exchange during the financial year	35,010,000	RM4.58	27,060,115	Ordinary share of RM0.10 each

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.

In the previous 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.

33. BORROWINGS (CONT'D)

33.2 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") (Cont'd)

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

GROUP	LIABILITY COMPONENT RM'000	EQUITY COMPONENT RM'000	DEFERRED TAX RM'000
2011			
At beginning of financial year			
As previously reported	**345,795**	**24,618**	**(6,053)**
Effects on adopting FRS 139	**50,234**	**(24,618)**	**6,053**
As restated	**396,029**	**–**	**–**
Exchange of USD35,010,000 nominal value of the 2nd Exchangeable Bonds	**(154,992)**	**–**	**–**
Fair value adjustment	**38,072**	**–**	**–**
Foreign currency translation differences	**(23,924)**	**–**	**–**
At end of financial year	**255,185**	**–**	**–**
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)

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.

33. BORROWINGS (CONT'D)

33.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (Cont'd)

iii. The 3rd Exchangeable Bonds are redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 1.25% compounded semi-annually ("Accreted Principal Amount"):

(a) on or after 15 January 2010, if:

- the closing price of the IOI Shares translated into US Dollar at the prevailing screen rate, is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; and

- the closing price of the IOI Shares is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; or

(b) at any time, if less than USD60 million in aggregate principal amount of the 3rd Exchangeable Bonds remain outstanding.

iv. Unless the 3rd Exchangeable Bonds have been previously redeemed, repurchased and cancelled or exchanged, each Bondholder has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 3rd Exchangeable Bonds at the Accreted Principal Amount on 15 January 2011.

During the financial year, the Group repurchased and cancelled part of the 3rd Exchangeable Bonds of USD21,650,000 (equivalent to RM69,122,000) from the open market. On 15 January 2011, the Bondholders have exercised their options to require IOI Resources to redeem USD440,770,000 (equivalent to RM1,345,891,000) of the 3rd Exchangeable Bonds at their accreted principal amount of 103.81%, which amounted to USD457,559,370 (equivalent to RM1,397,158,000). Subsequent to the redemption, the balance of the 3rd Exchangeable Bonds outstanding was USD4,102,000 (equivalent to RM12,847,000).

v. Unless previously redeemed, repurchased and cancelled or exchanged, the 3rd Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 106.43% on 15 January 2013.

At initial recognition, the 3rd Exchangeable Bonds were recognised in the Group statement of financial position 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**

In the previous 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.

33. BORROWINGS (CONT'D)

33.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (Cont'd)

The movements of the 3rd Exchangeable Bonds during the financial year are as follows:

GROUP	LIABILITY COMPONENT RM'000	EQUITY COMPONENT RM'000	DEFERRED TAX RM'000
2011			
At beginning of financial year			
As previously reported	**1,440,298**	**159,949**	**19,288**
Effects on adopting FRS 139	**107,438**	**(159,949)**	**(19,288)**
As restated	**1,547,736**	**–**	**–**
Redemption of USD440,770,000 nominal value of the 3rd Exchangeable Bonds	**(1,397,158)**	**–**	**–**
Repurchase of USD21,650,000 nominal value of the 3rd Exchangeable Bonds	**(69,122)**	**–**	**–**
Fair value adjustment	**18,538**	**–**	**–**
Foreign currency translation differences	**(87,147)**	**–**	**–**
At end of financial year	**12,847**	**–**	**–**
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

Prior to the adoption for FRS 139, exchangeable bonds were initially classified separately as financial liabilities and equity instruments in accordance with the substance of the contractual arrangement. When the initial carrying amounts of the exchangeable bonds were allocated to the equity and liability components, the equity component was assigned as the residual amount after deducting from the fair value of the instrument as a whole and the amount for the liability component, which is determined separately. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognising the components of the instrument separately. Upon adoption of FRS 139, exchangeable bonds are now recognised as financial liabilities at fair value through profit or loss.

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.

33. BORROWINGS (CONT'D)

33.4 USD500 Million 5.25% Guaranteed Notes due 2015 ("Guaranteed Notes") (Cont'd)

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

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

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

	GROUP	
	2011 RM'000	2010 RM'000
At beginning of financial year	**1,612,136**	1,751,388
Foreign currency translation differences	**(104,391)**	(140,419)
Interest expense	**1,139**	1,167
At end of financial year	**1,508,884**	1,612,136

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 in previous financial year of SGD10.7 million was fully repaid during the financial year. These revolving credits bore interest rates ranging from 0.84% to 1.30% per annum.

33.6 Trade financing

Unsecured

Trade financing utilised during the financial year is subject to interest rates ranging from 3.41% to 3.45% (2010 – Nil) per annum.

33. BORROWINGS (CONT'D)

33.7 Finance lease obligation

Finance lease obligation is payable as follows :

	GROUP	
	2011 RM'000	2010 RM'000
Minimum lease payments		
- not later than 1 year	**216**	42
- later than 1 year and not later than 5 years	**381**	131
	597	173
Less: Unexpired finance charges	**(145)**	(42)
	452	131
Present value of finance lease obligations		
- not later than 1 year	**134**	25
- later than 1 year and not later than 5 years	**318**	106
	452	131

Finance lease obligation is subject to fixed interest rate of 8.00% (2010 - 8.00%) per annum.

34. OTHER LONG TERM LIABILITIES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Retirement benefits (Note 34.1)	**26,181**	27,677	**955**	938
Club membership deposits	**111**	229	**–**	–
	26,292	27,906	**955**	938

34.1 Retirement benefits

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Present value of funded obligations	**305,948**	312,786	**–**	–
Fair value of plan assets	**(281,576)**	(285,089)	**–**	–
	24,372	27,697	**–**	–
Present value of unfunded obligations	**22,548**	21,648	**955**	938
Present value of net obligations	**46,920**	49,345	**955**	938
Unrecognised actuarial gains	**(23,847)**	(25,854)	**–**	–
Unrecognised past service cost	**3,108**	4,186	**–**	–
Recognised liability for defined benefit obligations	**26,181**	27,677	**955**	938

34. OTHER LONG TERM LIABILITIES (CONT'D)

34.1 Retirement benefits (Cont'd)

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 2010 and 30 June 2011 respectively.

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net liability at beginning of financial year	**27,677**	30,167	**938**	948
Contributions to funded plans	**(28,711)**	(24,338)	**–**	–
Benefits paid for unfunded plans	**(1,610)**	(1,290)	**(81)**	(110)
Expense recognised in profit or loss (Note 8(b))	**21,497**	25,952	**98**	100
Foreign currency translation differences	**7,328**	(2,814)	**–**	–
Net liability at end of financial year	**26,181**	27,677	**955**	938

Expense recognised in profit or loss:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current service cost	**20,172**	11,826	**56**	56
Interest cost	**16,270**	15,606	**45**	45
Expected return on plan assets	**(16,474)**	(13,881)	**–**	–
Net actuarial loss/(gain)	**2,303**	13,703	**(17)**	(20)
Past service cost	**(774)**	(1,302)	**14**	19
	21,497	25,952	**98**	100

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost of sales	**9,716**	12,017	**98**	100
Marketing and selling expenses	**1,583**	1,972	**–**	–
Administration expenses	**10,198**	11,963	**–**	–
	21,497	25,952	**98**	100
Actual gain on plan assets	**2,916**	43,058	**–**	–

34. OTHER LONG TERM LIABILITIES (CONT'D)

34.1 Retirement benefits (Cont'd)

Liability for defined benefit obligations

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

	GROUP AND COMPANY	
	2011	2010
Discount rate	**5.8%**	4.8%
Expected return on plan assets	**4.7%**	5.4%
Future salary increases	**3.2%**	3.2%

35. DEFERRED TAXATION

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of financial year	**438,208**	469,982	**6,630**	6,080
Effects on adopting FRS 139 (Note 49)	**(12,726)**	–	**–**	–
As restated	**425,482**	469,982	**6,630**	6,080
Recognised in profit or loss (Note 11)				
- Current year	**(12,529)**	25,457	**(1)**	760
- Prior years	**(21,663)**	(54,075)	**(373)**	(210)
	(34,192)	(28,618)	**(374)**	550
Reduction through repurchase of 3rd Exchangeable Bonds	**–**	(4,299)	**–**	–
Foreign currency translation differences	**12,086**	1,143	**–**	–
At end of financial year	**403,376**	438,208	**6,256**	6,630

Presented after appropriate offsetting as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax liabilities	**453,046**	465,123	**6,256**	6,630
Deferred tax assets	**(49,670)**	(26,915)	**–**	–
	403,376	438,208	**6,256**	6,630

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
As previously reported	**465,123**	521,039	**6,630**	6,080
Effects of adopting FRS 139 (Note 49)	**(12,726)**	–	**–**	–
As restated	**452,397**	521,039	**6,630**	6,080
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	**45,408**	32,496	**(374)**	550
Temporary differences on prepaid lease rental	**(68)**	(143)	**–**	–
Temporary differences on recognition of project expenses	**(160)**	(198)	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**(27,563)**	(12,692)	**–**	–
Temporary differences on 2nd Exchangeable Bonds	**–**	(4,416)	**–**	–
Temporary differences on 3rd Exchangeable Bonds	**–**	(18,950)	**–**	–
Temporary differences on fair value adjustments on investment properties	**(24,177)**	(44,606)	**–**	–
Other temporary differences	**(2,720)**	(219)	**–**	–
	(9,280)	(48,728)	**(374)**	550
Reduction through repurchase of 3rd Exchangeable Bonds	**–**	(4,299)	**–**	–
Foreign currency translation differences	**9,929**	(2,889)	**–**	–
At end of financial year	**453,046**	465,123	**6,256**	6,630

Deferred tax assets

	GROUP	
	2011 RM'000	2010 RM'000
At beginning of financial year	**26,915**	51,057
Recognised in profit or loss		
Temporary differences on unutilised tax losses	**2,345**	(7,937)
Temporary differences on unabsorbed capital allowances	**(324)**	(2,440)
Retirement benefit obligation	**1,660**	(12,081)
Unrealised profits on inventories	**10,989**	1,031
Other deductible temporary differences	**10,242**	1,317
	24,912	(20,110)
Foreign currency translation differences	**(2,157)**	(4,032)
At end of financial year	**49,670**	26,915

35. DEFERRED TAXATION (CONT'D)

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

Deferred tax liabilities

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Temporary differences on accelerated capital allowances	**314,629**	269,221	**6,256**	6,630
Temporary differences on prepaid lease rental	**6,148**	6,216	**–**	–
Temporary differences on recognition of project expenses	**1,075**	1,235	**–**	–
Temporary differences on 2nd Exchangeable Bonds	**–**	(6,053)	**–**	–
Temporary differences on 3rd Exchangeable Bonds	**–**	19,288	**–**	–
Other taxable temporary differences	**544**	2,755	**–**	–
Temporary differences on fair value adjustments on investment properties	**1,813**	25,564	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**128,837**	146,897	**–**	–
	453,046	465,123	**6,256**	6,630

Deferred tax assets

	GROUP	
	2011 RM'000	2010 RM'000
Unutilised tax losses	**5,330**	2,985
Unabsorbed capital allowances	**4,402**	4,726
Retirement benefit obligations	**4,613**	2,952
Unrealised profits on inventories	**14,882**	3,893
Other deductible temporary differences	**20,443**	12,359
	49,670	26,915

The following deferred tax assets have not been recognised:

	GROUP	
	2011 RM'000	2010 RM'000
Unutilised tax losses	**6,906**	7,301
Unabsorbed capital allowances	**3,309**	3,309
Other deductible temporary differences	**1,066**	1,066
	11,281	11,676

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		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables (Note 36.1)	**646,120**	422,349	**9,571**	6,411
Other payables and accruals (Note 36.2)	**527,154**	507,215	**85,587**	107,767
Progress billings	**16,413**	9,199	**–**	–
	1,189,687	938,763	**95,158**	114,178

36.1 Trade payables

Included in trade payables of the Group are retention monies of RM61,256,000 (2010 - RM64,316,000).

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

36.2 Other payables and accruals

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Land premium payable	**–**	25,525	**–**	–
Advances from minority shareholders	**2,452**	19,171	**–**	–
Other payables	**265,986**	196,874	**11,721**	54,284
Customer deposits and other deposits	**28,364**	30,102	**604**	464
Accruals	**230,352**	235,543	**73,262**	53,019
	527,154	507,215	**85,587**	107,767

Included in other payables of the Group is land cost payable of RM2.6 million (2010 - RM12.4 million).

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES

37.1 Liquidation of subsidiaries

2011

During the current financial year, loss on liquidation of subsidiaries is arising from the following subsidiaries:

	NOTE	BALANCE LIQUIDATION PROCEED RECEIVED	LOSS ON LIQUIDATION	
		GROUP AND COMPANY RM'000	GROUP RM'000	COMPANY RM'000
IOI Pelita Quarry Sdn Bhd	**37.1.1**	**1,097**	**(6)**	**(450)**
Loders Croklaan For Trading and Distribution LLC	**37.1.2**	**–**	**(415)**	**–**
		1,097	**(421)**	**(450)**

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (CONT'D)

37.1 Liquidation of subsidiaries (Cont'd)

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

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

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

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

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

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

2010

In the previous financial year, the Group completed the liquidation of the following subsidiaries:

	NOTE	BALANCE LIQUIDATION PROCEEDS RECEIVED	GAIN ON LIQUIDATION	
		GROUP AND COMPANY RM'000	GROUP RM'000	COMPANY RM'000
Ladang Sabah Holdings Sdn Bhd	37.1.3	20	20	20
IOI Construction Sdn Bhd	37.1.4	109	547	109
		129	567	129

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (CONT'D)

37.1 Liquidation of subsidiaries (Cont'd)

37.1.3 Ladang Sabah Holdings Sdn Bhd ("Ladang Sabah Holdings")

During the previous financial year, the Group received a balance liquidation proceeds of RM19,728 upon completion of the liquidation of a subsidiary, Ladang Sabah Holdings.

37.1.4 IOI Construction Sdn Bhd ("IOI Construction")

During the previous financial year, the Group completed the liquidation of a subsidiary, IOI Construction and the impact was summarised as follows:

	RM'000
Net current liabilities	(7,780)
Less: Non-controlling interests	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

37.2 Disposals of subsidiaries

2011

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

	NOTE	CASH INFLOW ON DISPOSAL	GAIN ON DISPOSAL	
		GROUP AND COMPANY RM'000	GROUP RM'000	COMPANY RM'000
Projects IOI (Mauritius) Ltd	37.2.1	9,680	4,602	4,602

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

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

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

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

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (CONT'D)

37.2 Disposals of subsidiaries (Cont'd)

2010

In the previous financial year, the Group disposed the following subsidiaries:

	NOTE	CASH INFLOW ON DISPOSAL	GAIN/(LOSS) ON DISPOSAL	
		GROUP RM'000	GROUP RM'000	COMPANY RM'000
IOI Pelita Kanowit Sdn Bhd	37.2.2	–	15	(6)
Paduwan Development Sdn Bhd	37.2.3	54,348	34,930	–
		54,348	34,945	(6)

37.2.2 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: Non-controlling interests	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 previous financial year.

37.2.3 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.

37. LIQUIDATION AND DISPOSALS OF SUBSIDIARIES (CONT'D)

37.2 Disposals of subsidiaries (Cont'd)

37.2.3 Paduwan Development Sdn Bhd (Cont'd)

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 previous 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
Non-controlling interests	(109)
Increase in Group's net profit	36,380

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term funds (Note 27)	**1,725,237**	3,108,216	**1,403,759**	2,977,058
Deposits with financial institutions (Note 28)	**592,864**	362,182	**209,973**	176,273
Cash and bank balances (Note 29)	**467,425**	406,908	**16,155**	1,578
	2,785,526	3,877,306	**1,629,887**	3,154,909

The Group has undrawn borrowing facilities of RM607,891,000 (2010 - RM777,000,000) at end of the financial year.

38. CASH AND CASH EQUIVALENTS (CONT'D)

Upon adoption of FRS 139, the cash and cash equivalents brought forward since the previous financial year had been adjusted as follows:

	AS AT 30 JUNE 2010 RM'000	EFFECT OF ADOPTING FRS 139 RM'000	AS AT 1 JULY 2010 RM'000
GROUP			
Cash and cash equivalents	3,877,306	2,503	**3,879,809**
COMPANY			
Cash and cash equivalents	3,154,909	2,194	**3,157,103**

39. SIGNIFICANT RELATED PARTY DISCLOSURES

39.1 Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of the Group include:

i. Direct and indirect subsidiaries as disclosed in Note 47 to the financial statements;

ii. Vertical Capacity Sdn Bhd and its holding company, Progressive Holdings Sdn Bhd, the major corporate shareholders of the Company;

iii. Associates and jointly controlled entities as disclosed in Note 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.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

39.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2011 RM'000	2010 RM'000
GROUP		
Associates		
Sales of oleochemical products and palm kernel oil	**903,884**	563,684
Purchases of oleochemical products	**15,702**	18,330
Purchases of palm products	**36,558**	30,298
Agency fees income	**1,815**	1,481
Rental income on storage tank	**7,016**	7,447
Affiliates		
Property project management services	**3,840**	3,305
COMPANY		
Subsidiaries		
Sales of palm products	**392,433**	282,290
Purchases of palm products	**18,664**	14,119
Agency fees income	**1,428**	1,549
Management fees	**29,807**	27,570
Interest income	**92,762**	80,128
Interest expense	**159,055**	189,790

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 2011 are disclosed in Note 20.2, Note 21.3 and Note 22.1 to the financial statements.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

39.3 Key management personnel compensation

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors				
Fees	**591**	576	**459**	480
Remuneration	**53,140**	49,602	**50,753**	47,402
Estimated monetary value of benefits-in-kind	**246**	311	**104**	98
Total short term employee benefits	**53,977**	50,489	**51,316**	47,980
Post employment benefits	**6,324**	5,800	**6,058**	5,544
Share option expenses	**1,528**	1,327	**1,528**	1,327
	61,829	57,616	**58,902**	54,851
Other key management personnel				
Short term employee benefits	**3,007**	3,340	**–**	–
Post employment benefits	**341**	338	**–**	–
Share option expenses	**1,606**	746	**–**	–
	4,954	4,424	**–**	–

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

	GROUP	
	2011 '000	2010 '000
Executive Share Option Scheme of the Company		
At beginning of financial year	**14,694**	18,844
Granted	**4,600**	–
Adjustment arising from Renounceable Rights Issue of the Company	**–**	365
Exercised	**(3,181)**	(4,515)
Lapsed	**(593)**	–
At end of financial year	**15,520**	14,694
Executive Share Option Scheme of a subsidiary		
At beginning of financial year/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.

40. CONTINGENT LIABILITIES - UNSECURED

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Litigations involving claims for damages and compensation	**6,000**	6,000	**–**	–

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

Material litigation - subsidiaries

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

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

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

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

The High Court has on 3 December 2010 struck off the Plaintiffs' Writ of Summons and Statement of Claim due to procedural non-compliance subject to the Plaintiffs' right to apply for reinstatement. The Plaintiffs' solicitors have subsequently filed an application to reinstate the Writ of Summons and Statement of Claim. On 10 March 2011, the High Court dismissed the Plaintiffs' application for reinstatement and the Plaintiffs have filed an appeal against the said decision to the Court of Appeal.

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

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity mix. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, buy back shares or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2011 and 30 June 2010.

41. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has an appropriate target gearing ratio of net debt to equity. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent. These gearing ratios are monitored by the Group on an ongoing basis.

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Borrowings	**5,397,758**	4,757,331	**2,106,990**	323,650
Trade and other payables	**1,189,687**	938,763	**95,158**	114,178
Amounts due to subsidiaries	**–**	–	**2,789,188**	5,309,096
Amounts due to associates	**2,287**	2,182	**2,182**	2,182
Total liabilities	**6,589,732**	5,698,276	**4,993,518**	5,749,106
Less: Cash and cash equivalents	**(2,785,526)**	(3,877,306)	**(1,629,887)**	(3,154,909)
Net debt	**3,804,206**	1,820,970	**3,363,631**	2,594,197
Total capital	**11,999,177**	10,780,181	**7,027,176**	6,071,095
Net debt	**3,804,206**	1,820,970	**3,363,631**	2,594,197
Equity	**15,803,383**	12,601,151	**10,390,807**	8,665,292
Gearing ratio (%)	**24.07**	14.45	**32.37**	29.94

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 of Directors.

The Group operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines which are administered via divisional Risk Management Committees. Divisional Risk Management Committees report regularly to the Audit Committee which oversees the management of risk in the Group on behalf of the Board of Directors.

Certain comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

42.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Japanese Yen ("JPY"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

42.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

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

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

The hedging methods that the Group adopts in managing its currency risk depend on the principal forms of foreign currency exposure, as discussed below:

i. **Structural foreign currency exposure from its net investment in foreign operations (subsidiaries, associates, and joint venture)**

Background

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at each consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income. Intragroup transactions with foreign operations involving monetary financial instruments will also result in foreign currency translation gain or loss that cannot be eliminated on consolidation, but has to be recognised either in profit or loss or in other comprehensive income. However, non-monetary financial items translated at historical exchange rates will not give rise to foreign currency risk. Resulting from its net investment in foreign operations, the Group's current and future profit stream in various foreign currencies will also be exposed to foreign currency risk.

Hedging method

Where feasible the Group would match its foreign currency borrowing with the functional currency of its foreign operations. Nevertheless, the Group considers such foreign currencies' overall fiscal position and borrowing costs before deciding on the currency major to be carried as debt in its book. In this regard, the Group has major foreign currency borrowings denominated in USD, EUR, SGD and JPY, which do not necessarily match all the functional currencies of its foreign operations. Where appropriate, exposures from mismatch in foreign currency borrowings are hedged with Cross Currency Swap.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

42.1.1 Risk management approach (Cont'd)

ii. Transactional obligations or rights denominated in foreign currency

Background

The majority of the Group's transactional currency risk arises from its foreign currency based forward sales and purchases of commodity items, contracted by its subsidiaries along the palm value chain. These forward commodity contracts for "own use" purposes are non-financial instruments and are generally not recognised in the Statements of Financial Position. However, these non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations. Certain product-streams underlying the forward contracts are net-cash settled or have contract provisions for net-cash settlement, and these are accounted by the Group as financial instruments with fair valuation impact to its financial statements. Regardless of "own use" or fair value through profit or loss, these forward contracts on fulfilment at maturity will result in book receivables or payables in foreign currency.

Hedging method

Intra-day transactions or forward contracts in foreign currencies are first netted based on matching characteristics. The net exposure is then hedged off with vanilla foreign exchange forwards.

In general, currency exposure from foreign investments and borrowings is managed centrally at the Group HQ level, whilst currency exposure arising from transactions or contractual obligations is managed at the respective entity or business unit's level. The Group adopts a uniform Foreign Currency Risk Management Policy and Guide, which sets out the authority and limits for inception of foreign currency derivatives; types of approved foreign currency derivatives; acceptable hedging practices and methods; and over-sight structure and controls. Below are extracts of key policies:

(a) Speculative positioning on foreign currency is prohibited;

(b) Net currency exposure on trade transactions and forward contracts are to be hedged in full on back-to-back basis. Hedging on portfolio basis (or macro-hedging) comprising of unmatched mixed maturity and amount is disallowed;

(c) Inception of foreign currency derivatives as hedging instrument against forecast trade transactions in foreign currency is disallowed;

(d) Hedging with foreign currency futures on traded exchanges is generally disallowed;

(e) Inception of over-the-counter structures derivatives for hedging purposes are confined to HQ and each contract is subject to executive management's approval; and

(f) Subsidiaries inception of foreign currency derivative for hedging purposes are confined to vanilla foreign currency forwards and plain European style foreign currency options.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

42.1.1 Risk management approach (Cont'd)

The Group's entire currency exposure (as hedge items) and corresponding foreign currency derivative hedging instruments are mark-to-market and fair value once a month primarily for operational hedge effectiveness testing and for executive management reporting and oversight. Weekly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

42.1.2 Foreign currency risk exposure

The analysis of the Group's foreign currencies long-short positions for each class of financial instruments with separate lines on currency derivative is as follows:

GROUP
2011

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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

42.1.2 Foreign currency risk exposure (Cont'd)

COMPANY
2011

CONTRACT BASED CURRENCY MATURITY	USD <1 YEAR RM'000	USD > 1 YEAR RM'000	EUR <1 YEAR RM'000	EUR > 1 YEAR RM'000	SGD <1 YEAR RM'000	SGD > 1 YEAR RM'000
Financial assets in foreign currencies						
Cash and bank balances	27	–	8,107	–	13,170	–
Amounts due from subsidiaries	150,209	–	845,309	–	1,104,350	–
Financial liabilities in foreign currencies						
Borrowings	(302,700)	(1,816,200)	–	–	–	–
Amounts due to subsidiaries	(2,336,208)	–	–	–	–	–
Currency derivatives						
Structured and hybrids	351,500	315,050	–	(350,240)	–	–
Net exposure	(2,137,172)	(1,501,150)	853,416	(350,240)	1,117,520	–

i. The Group is net short in USD by USD1.4 billion (equivalent to RM4.4 billion) where USD1.2 billion (equivalent to RM3.6 billion) is due beyond 12 months. This short position is expected to be met from its future revenue stream mainly denominated in USD;

ii. The foreign currency long-short mismatch between forward commodity contracts (as hedge items) and foreign currency forward derivative (as hedging instruments) is attributed to intragroup forward commodity sales and purchases that give rise to net currency exposure at the entity level. Foreign currency long-short position from forward commodity contracts of both related entities are eliminated on consolidation (but not necessarily its fair value gain or loss arising from foreign currency) – leaving behind the currency long short on foreign currency forward derivative.

As at the end of the previous reporting period, the Group entered into forward foreign exchange contracts with the following notional amounts and maturities:

GROUP
2010

	MATURITIES LESS THAN 1 YEAR RM'000	MATURITIES 1-2 YEARS RM'000	MATURITIES 2-3 YEARS RM'000	TOTAL NOTIONAL AMOUNT RM'000
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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

42.1.2 Foreign currency risk exposure (Cont'd)

GROUP
2010

	MATURITIES LESS THAN 1 YEAR RM'000	MATURITIES 1-2 YEARS RM'000	MATURITIES 2-3 YEARS RM'000	TOTAL NOTIONAL AMOUNT RM'000
Purchase contracts used to hedge purchase commitments payable				
USD	245,853	–	–	245,853
Others	2,696	–	–	2,696
	248,549	–	–	248,549

The net financial assets and financial liabilities of the Group and of the Company that were not denominated in their functional currencies as at the end of the previous reporting period were as follows:

FUNCTIONAL CURRENCY	NET FINANCIAL ASSETS/(LIABILITIES) HELD IN NON-FUNCTIONAL CURRENCIES USD RM'000	EUR RM'000	OTHERS RM'000	TOTAL RM'000
2010				
GROUP				
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)
COMPANY				
RM	(4,286,991)	838,175	–	(3,448,816)

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

GROUP
2011

i. Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

42.1.2 Foreign currency risk exposure (Cont'd)

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.

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.

COMPANY
2011

i. Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investments 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. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Foreign currency risk (Cont'd)

42.1.2 Foreign currency risk exposure (Cont'd)

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 investments 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.

42.1.3 Sensitivity analysis

The foreign currencies held as at the end of the reporting period comprise mainly of USD, EUR, SGD and JPY. A 100 basis points movement in these currencies would have equally increased or decreased profit or loss for the Group by approximately RM30 million and for the Company by approximately RM12 million.

42.2 Interest rate risk

The Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in re-pricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

42.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (Cont'd)

42.2.2 Interest rate risk exposure

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

GROUP
2011

		REPRICING BRACKETS						
	NOTE	LESS THAN 1 YEAR RM'000	1 – 2 YEARS RM'000	2 – 3 YEARS RM'000	3 - 4 YEARS RM'000	MORE THAN 4 YEARS RM'000	TOTAL RM'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	28	592,864	–	–	–	–	592,864	3.23
Short term funds	27	1,725,237	–	–	–	–	1,725,237	1.62
		2,318,101	–	–	–	–	2,318,101	
Floating rate instruments								
Cash and bank balances		467,425	–	–	–	–	467,425	1.73
		467,425	–	–	–	–	467,425	
Total assets repricing		2,785,526	–	–	–	–	2,785,526	1.82

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (Cont'd)

42.2.2 Interest rate risk exposure (Cont'd)

GROUP
2011

		REPRICING BRACKETS						
		LESS THAN 1 YEAR	1 – 2 YEARS	2 – 3 YEARS	3 - 4 YEARS	MORE THAN 4 YEARS	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE
	NOTE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	33.1	–	491,140	–	–	788,970	1,280,110	4.33
Guaranteed notes	33.4	–	–	–	–	1,508,884	1,508,884	5.34
Trade financing		233,290	–	–	–	–	233,290	3.43
Financial lease obligations	33.7	134	167	151	–	–	452	8.00
		233,424	491,307	151	–	2,297,854	3,022,736	
Floating rate instruments								
Term loan	33.1	302,700	–	–	–	1,804,290	2,106,990	4.07
		302,700	–	–	–	1,804,290	2,106,990	
Total liabilities repricing		536,124	491,307	151	–	4,102,144	5,129,726	
Net repricing gap		2,249,402	(491,307)	(151)	–	(4,102,144)	(2,344,200)	

GROUP
2010

	NOTE	LESS THAN 1 YEAR RM'000	1 – 2 YEARS RM'000	2 – 3 YEARS RM'000	3 - 4 YEARS RM'000	MORE THAN 4 YEARS RM'000	TOTAL RM'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	28	362,182	–	–	–	–	362,182	2.73
Short term funds	27	3,108,216	–	–	–	–	3,108,216	2.16
		3,470,398	–	–	–	–	3,470,398	
Floating rate instruments								
Cash and bank balances		406,908	–	–	–	–	406,908	1.11
		406,908	–	–	–	–	406,908	
Total assets repricing		3,877,306	–	–	–	–	3,877,306	

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (Cont'd)

42.2.2 Interest rate risk exposure (Cont'd)

GROUP
2010

	NOTE	REPRICING BRACKETS LESS THAN 1 YEAR RM'000	1 – 2 YEARS RM'000	2 – 3 YEARS RM'000	3 - 4 YEARS RM'000	MORE THAN 4 YEARS RM'000	TOTAL RM'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
Interest bearing financial liabilities								
Fixed rate instruments								
Term Loans	33.1	–	–	–	–	591,574	591,574	5.59
2nd Exchangeable Bonds	33.2	–	345,795	–	–	–	345,795	5.12
3rd Exchangeable Bonds	33.3	–	–	1,440,298	–	–	1,440,298	4.35
Guaranteed Notes	33.4	–	–	–	–	1,612,136	1,612,136	5.34
Financial lease obligations	33.7	25	29	77	–	–	131	8.00
		25	345,824	1,440,375	–	2,203,710	3,989,934	
Floating rate instruments								
Term loan		742,629	–	–	–	–	742,629	2.00
Revolving credits		24,768	–	–	–	–	24,768	0.96
		767,397	–	–	–	–	767,397	
Total liabilities repricing		767,422	345,824	1,440,375	–	2,203,710	4,757,331	
Net repricing gap		3,109,884	(345,824)	(1,440,375)	–	(2,203,710)	(880,025)	

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (Cont'd)

42.2.2 Interest rate risk exposure (Cont'd)

COMPANY
2011

	NOTE	LESS THAN 1 YEAR RM'000	1 – 2 YEARS RM'000	2 – 3 YEARS RM'000	3 - 4 YEARS RM'000	MORE THAN 4 YEARS RM'000	TOTAL RM'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
		REPRICING BRACKETS						
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	28	209,973	–	–	–	–	209,973	3.41
Short term funds	27	1,403,759	–	–	–	–	1,403,759	1.62
		1,613,732	–	–	–	–	1,613,732	
Floating rate instruments								
Cash and bank balances		16,155	–	–	–	–	16,155	1.73
		16,155	–	–	–	–	16,155	
Total assets repricing		1,629,887	–	–	–	–	1,629,887	
Interest bearing financial liabilities								
Floating rate instruments								
Term loans	33.1	302,700	–	–	–	1,804,290	2,106,990	4.07
Total liabilities repricing		302,700	–	–	–	1,804,290	2,106,990	
Net repricing gap		1,327,187	–	–	–	(1,804,290)	(477,103)	

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (Cont'd)

42.2.2 Interest rate risk exposure (Cont'd)

COMPANY
2010

		REPRICING BRACKETS						
	NOTE	LESS THAN 1 YEAR RM'000	1 – 2 YEARS RM'000	2 – 3 YEARS RM'000	3 - 4 YEARS RM'000	MORE THAN 4 YEARS RM'000	TOTAL RM'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	28	176,273	–	–	–	–	176,273	1.30
Short term funds	27	2,977,058	–	–	–	–	2,977,058	2.26
		3,153,331	–	–	–	–	3,153,331	
Floating rate instruments								
Cash and bank balances		1,578	–	–	–	–	1,578	1.73
		1,578	–	–	–	–	1,578	
Total assets repricing		3,154,909	–	–	–	–	3,154,909	
Interest bearing financial liabilities								
Floating rate instruments								
Term loans	33.1	323,650	–	–	–	–	323,650	3.85
Total liabilities repricing		323,650	–	–	–	–	323,650	
Net repricing gap		2,831,259	–	–	–	–	2,831,259	

On 4 October 2010, the Group and the Company entered into two interest rate swap agreements with total notional principal of USD600 million that converted a floating interest rate into a fixed interest rate liability. The effective period for this interest rate swap is from October 2010 to October 2017.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Interest rate risk (Cont'd)

42.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A 50 basis points increase in interest rates would have increased profit or loss for the Group and the Company by approximately RM35 million and RM50 million respectively, and a 50 basis points decrease in interest rates would have decreased profit or loss for the Group and the Company by approximately RM34 million and RM49 million respectively.

42.3 Price fluctuation risk

The Group's plantation and resource-based manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two (2) operating segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

The Group's objective on price risk management is to limit the Group's exposure to fluctuations in market prices and to achieve expected margins on revenue.

42.3.1 Risk management approach

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

The Group's commodity price risk management activities are integrated with its commodity sales and marketing activities, which is centralised at the corporate level. The operation is governed by formalised policies and procedures of which an outline is extracted below:

i. Forward sales commitment is limited to certain forward periods (generally 2 - 5 months, depending on product type);

ii. Volume that can be committed to forward sales is limited to a certain percentage of forecast production (generally not exceeding 70% of monthly production, depending on product type);

iii. Forward contracts can only be incepted with pre-approved counter-parties. (Limits on volume and forward period is further established for each counter-party);

iv. Commodity futures can only be traded by authorised officers with established volume limits; and

v. Each portfolio (by product category and legal entity) is subject to further limits on net volume exposure and net mark-to-market fair value ("MTM FV") loss limit (that serves as trigger for intervention).

Trade positions are compiled daily, and mark-to-market fair value is reviewed weekly. An exposure report on the Group's total long-short position (of all physical contracts, futures contracts and uncommitted inventory) with mark-to-market fair value is produced monthly for executive oversight.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 Price fluctuation risk (Cont'd)

42.3.2 Price risk exposure

Detailed in table below is a summary of the Group's financial instruments subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the reporting period.

2011

	CONTRACT AND NOTIONAL VALUE			FAIR VALUE ATTRIBUTED TO PRICE CHANGES AT PERIOD CLOSING		
	< 1 YEAR RM'000	> 1 YEAR RM'000	TOTAL RM'000	< 1 YEAR RM'000	> 1 YEAR RM'000	TOTAL RM'000
GROUP						
Commodity based						
Forward sales contracts	(251,577)	–	(251,577)	70,325	–	70,325
Forward purchase contracts	65,654	–	65,654	(30,168)	–	(30,168)
Commodity derivatives	(125,289)	–	(125,289)	24,820	–	24,820
CPO swap – short	18,000	–	18,000	2,640	–	2,640
Equity based						
Other investments	51,475	–	51,475	65,427	–	65,427
				133,044	–	133,044
COMPANY						
Commodity based						
CPO swap – short	18,000	–	18,000	2,640	–	2,640
CPO swap – long	(18,000)	–	(18,000)	(2,640)	–	(2,640)
Equity based						
Other investments	11,892	–	11,892	7,087	–	7,087
				7,087	–	7,087

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 Price fluctuation risk (Cont'd)

42.3.2 Price risk exposure (Cont'd)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2011 RM'000	FAIR VALUE ATTRIBUTED TO PRICE CHANGES AT PERIOD CLOSING HIERARCHY OF THE UNDERLYING VARIABLE INPUT USED IN MEASURING FAIR VALUATION			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
GROUP				
Commodity based				
Forward sales contracts	70,325	–	–	70,325
Forward purchase contracts	(30,168)	–	–	(30,168)
Commodity derivatives	24,820	–	–	24,820
CPO swap – short	2,640	–	–	2,640
Equity based				
Other investments	63,515	–	1,912	65,427
	131,132	–	1,912	133,044
COMPANY				
Commodity based				
CPO swap – short	2,640	–	–	2,640
CPO swap – long	(2,640)	–	–	(2,640)
Equity based				
Other investments	7,087	–	–	7,087
	7,087	–	–	7,087

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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 Price fluctuation risk (Cont'd)

42.3.3 Sensitivity analysis

Majority of the Group exposure to price volatility was mainly derived from palm products. If the price of palm products changes by 7.5%, profit or loss for the Group and the Company would have equally increased or decreased by approximately RM148 million and RM8 million respectively.

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

As at the end of the previous reporting period, the Group entered into the following commodity future contracts:

Commodity future

GROUP	MATURITIES		TOTAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	NOTIONAL AMOUNT RM'000
2010			
Sale contracts	112,811	–	112,811
Purchase contracts	205,684	15,241	220,925

The net unrecognised gain/(loss) as at the end of previous reporting period on commodity sale and purchase contracts used were deferred until occurance of the related future transactions in the following manner:

GROUP	MATURITIES		NET UNREGCONISED GAIN/(LOSS) AS AT END OF THE REPORTING PERIOD
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	RM'000
2010			
Sale contracts	2,759	–	2,759
Purchase contracts	(8,486)	(369)	(8,855)

The Group was also exposed to price fluctuation risk arising from changes in the market prices of its quoted investments. The Group did not use derivative instruments to manage this risk as these quoted investments were mainly held as long term investments.

42.4 Credit risk

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

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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

42.4.1 Risk management approach

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

The Group's credit risk varies with the different classes of counter-parties as outlined below:

i. Plantation and resource-based manufacturing

Most of the upstream sales are intragroup to downstream "resource-based manufacturing". Upstream sales to external parties are mainly payment on delivery and/ or secured with trade-financing documentation. Resource-based manufacturing sales are mostly to external parties with credit terms ranging from 30 to 90 days - and across global markets of varying sovereign risk. The Group also engages in forward sales (and forward procurement of feedstock). Such forward contracts may have positive fair valuation giving rise to counter-party default risk.

Policies and procedures

(a) Customers are assessed of credit risk and sovereign nation risks (where applicable) on both quantitative and qualitative elements prior to the approval of credit exposure and limits. In this regard, external credit rating services such as Standard & Poor or Dun & Bradstreet are used. Where customers are approved for forward physical contracts, limits on contractual forward periods and value are established. Regular reviews are made;

(b) Credit risk authority is decentralised to the respective entities' credit committee – but supervised centrally at the corporate level; and

(c) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Customers with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore overdue status.

Collateral and credit enhancement

In general, a combination of:

(a) Corporate guarantee may be required for globe-wide credit facilities for multinational corporations;

(b) Cash deposits/ advance may be required for certain customers or orders;

(c) Transactional documentation (i.e. Letter of Credit or Cash Against Document) for export sales; and

(d) Credit insurance coverage (up to certain established limits) for downstream Oleochemical and Specialty Fats' credit sales – leaving some credit exposure on declined coverage and those beyond approved limits.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

42.4.1 Risk management approach (Cont'd)

ii. Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. Property investment entails the hospitality sub-segment which sales are generally cash settled; and the rental property sub-segment which poses a certain degree of collection risk in correlation with the macroeconomic environment.

Policies and procedures

(a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;

(b) Credit where granted for corporate clients in the hospitality sub-segment is duly assessed and selectively approved with established limits;

(c) All tenants are subjected to deposits requirement averaging 3 months rental; and

(d) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore overdue status.

Collateral and credit enhancement

In general, a combination of:

(a) Title retention and conveyance on clearance for property development;

(b) Cash deposits/ advance for hospitality sub-segment; and

(c) Deposits for rental sub-segment.

iii. Financial institutions and Exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. The Group also enters into financial derivative contracts with licensed financial institutions, and in commodity futures contracts with licensed Exchanges for hedging purposes. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

42.4.1 Risk management approach (Cont'd)

iii. Financial institutions and Exchanges (Cont'd)

Policies and procedures

(a) Funds are placed only with licensed financial institutions with credit rating of "A- and above". Similar requirement is enforced on counter-parties for financial derivatives in addition to the mandatory International Swaps and Derivatives Association master agreements;

(b) Funds placements are centrally monitored, and where applicable are spread out based on location needs; and

(c) Commodity futures are incepted only with main licensed Exchanges.

Collateral and credit enhancement

In general, a combination of:

(a) National deposit insurance; and

(b) Fidelity guarantee

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, overdue aging analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

42.4.2 Credit risk exposures and concentration

The Group's credit risks are mainly on financial assets relating to trade receivables, cash deposits, and securities placement and investments as summarised in the table below for both the Group and Company level.

2011	NOTE	MAXIMUM EXPOSURE RM'000	COLLATERAL AND ENHANCEMENT OBTAINED RM'000	NET EXPOSURE TO CREDIT RISK RM'000	COLLATERAL OR CREDIT ENHANCEMENT OBTAINED
GROUP					
Financial assets					
Cash and bank balances		467,425	40	467,385	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	28	592,864	–	592,864	
Trade and other receivables, net of deposits and prepayments		1,658,532	376,914	1,281,618	Letter of credit and credit insurance
Other investments	18	65,427	–	65,427	
Short term funds	27	1,725,237	–	1,725,237	
Amounts due from associates		397	–	397	
Derivative assets	23	226,991	–	226,991	
		4,736,873	376,954	4,359,919	
COMPANY					
Financial assets					
Cash and bank balances		16,155	–	16,155	
Deposits with financial institutions	28	209,973	–	209,973	
Trade and other receivables, net of deposits and prepayments		2,505	–	2,505	
Other investments	18	7,087	–	7,087	
Short term funds	27	1,403,759	–	1,403,759	
Amounts due from subsidiaries		3,586,354	–	3,586,354	
Amounts due from associates		397	–	397	
Derivative assets	23	6,335	–	6,335	
		5,232,565	–	5,232,565	

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

42.4.2 Credit risk exposures and concentration (Cont'd)

The table below outlines the credit quality analysis of the Group's and the Company's financial assets together with the impairment charge for the year.

	NEITHER PAST DUE NOR IMPAIRED				PAST DUE NOT IMPAIRED		IMPAIRMENT CHARGED IN REPORTING PERIOD	IMPAIRMENT AT END OF REPORTING PERIOD
	STRONG RM'000	MEDIUM RM'000	WEAK RM'000	RENEGOTIATED RM'000	RM'000	TOTAL RM'000	RM'000	RM'000
GROUP								
2011								
Cash and bank balances	467,425	–	–	–	–	467,425	–	–
Deposits with financial institutions	592,864	–	–	–	–	592,864	–	–
Trade and other receivables, net of deposits and prepayments	1,209,589	212,510	9,263	9,830	217,340	1,658,532	(2,752)	7,534
Other investments	63,515	1,912	–	–	–	65,427	–	–
Short term funds	1,725,237	–	–	–	–	1,725,237	–	–
Amounts due from associates	397	–	–	–	–	397	–	–
Derivative assets	226,991	–	–	–	–	226,991	–	–
	4,286,018	214,422	9,263	9,830	217,340	4,736,873	(2,752)	7,534

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

42.4.2 Credit risk exposures and concentration (Cont'd)

COMPANY 2011	NEITHER PAST DUE NOR IMPAIRED STRONG RM'000	MEDIUM RM'000	WEAK RM'000	RENEGOTIATED RM'000	PAST DUE NOT IMPAIRED RM'000	TOTAL RM'000	IMPAIRMENT CHARGED IN REPORTING PERIOD RM'000	IMPAIRMENT AT END OF REPORTING PERIOD RM'000
Cash and bank balances	16,155	–	–	–	–	16,155	–	–
Deposits with financial institutions	209,973	–	–	–	–	209,973	–	–
Trade and other receivables, net of deposits and prepayments	2,361	–	144	–	–	2,505	–	–
Other investments	7,087	–	–	–	–	7,087	–	–
Short term funds	1,403,759	–	–	–	–	1,403,759	–	–
Derivative assets	6,335	–	–	–	–	6,335	–	–
Amounts due from associates	397	–	–	–	–	397	–	–
Amounts due from subsidiaries	3,586,354	–	–	–	–	3,586,354	19	6,019
	5,232,421	–	144	–	–	5,232,565	19	6,019

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:
Strong = Strong financial standing, low probability of default
Medium = Low to moderate risk of default
Weak = Weak financial standing, history of overdue

From the above table, more than 90% in value of the Group's financial assets are of "strong" credit quality, with only the "receivables" class having overdue and impairment. Besides the objective evidence of loss events, it is also the Group's policy to provide impairment for any amount overdue in aging brackets above 120 days unless supported by valid reasons. Table below provides an aging analysis of past overdue but not impaired alongside with the rationale for deferment of impairment on those overdue above 120 days.

GROUP 2011	OVERDUE BUT NOT IMPAIRED 1 – 30 DAYS RM'000	31 – 60 DAYS RM'000	61 – 90 DAYS RM'000	91 – 120 DAYS RM'000	>120 DAYS RM'000	TOTAL RM'000	ESTIMATED FAIR VALUES COLLATERAL AND CREDIT ENHANCEMENT HELD RM'000
Trade receivables	195,940	15,504	2,900	–	–	214,344	376,864
Other receivables	2,729	22	20	18	207	2,996	50
	198,669	15,526	2,920	18	207	217,340	376,914

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Credit risk (Cont'd)

42.4.2 Credit risk exposures and concentration (Cont'd)

Receivables of the Group that are overdue but not impaired are merely represented by reputable organisations.

It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The credit risk concentration of the Group is mainly in the "receivables" class, except for deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	PLANTATION		PROPERTY DEVELOPMENT		PROPERTY INVESTMENT		RESOURCE-BASED MANUFACTURING		OTHERS		TOTAL	
2011	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	M'000	%
GROUP												
Malaysia	10,381	98	305,472	100	6,554	100	280,959	21	3,514	100	606,880	37
Europe	–	–	–	–	–	–	594,876	45	–	–	594,876	36
North America	–	–	–	–	–	–	123,879	9	–	–	123,879	7
Asia (excluding Malaysia)	205	2	–	–	3	–	235,422	18	6	–	235,636	14
Others	–	–	–	–	–	–	97,658	7	–	–	97,658	6
	10,586	100	305,472	100	6,557	100	1,332,794	100	3,520	100	1,658,929	100
COMPANY												
Malaysia	285,555	69	–	–	–	–	–	–	1,204,274	38	1,489,829	42
Asia (excluding Malaysia)	128,814	31	–	–	–	–	–	–	1,104,350	35	1,233,164	34
Central and Eastern Europe	–	–	–	–	–	–	–	–	866,263	27	866,263	24
	414,369	100	–	–	–	–	–	–	3,174,887	100	3,589,256	100

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 Liquidity and cash flow risk

Liquidity or cash flow risk arises when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost. The Group's liquidity risk includes non-financial instruments and forward contract obligations.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due and in a cost-effective manner.

42.5.1 Risk management approach

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

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

The Group manages its liquidity risk with a combination of the following methods:

i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

ii. Maintain a diversified range of funding sources with adequate back-up facilities;

iii. Maintain debt financing and servicing plan; and

iv. Maintain medium to long term cash flow planning incorporating funding positions and requirements of all its subsidiaries.

As a Group policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

i. Perform annual cash flow budgeting and medium-term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit is reasonably determined. (The aggregation of these allows for an overview of the Group's forecast cash flow and liquidity position, which in turn facilitates further consolidated cash flow planning);

ii. Manage contingent liquidity commitment and exposures;

iii. Monitor liquidity ratios against internal thresholds;

iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and

v. Manage concentration and maturity profile of both financial and non-financial liabilities.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 Liquidity and cash flow risk (Cont'd)

42.5.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2011	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	3 - 4 YEARS RM'000	MORE THAN 4 YEARS RM'000	TOTAL RM'000
GROUP						
Financial liabilities						
Trade and other payables	1,189,687	–	–	–	–	1,189,687
Borrowings	760,852	504,522	151	–	4,118,670	5,384,195
Amounts due to associates	2,287	–	–	–	–	2,287
Derivative liabilities	189,055	–	–	19,906	–	208,961
	2,141,881	504,522	151	19,906	4,118,670	6,785,130
COMPANY						
Financial liabilities						
Trade and other payables	95,158	–	–	–	–	95,158
Borrowings	302,700	–	–	–	1,816,200	2,118,900
Amounts due to associates	2,182	–	–	–	–	2,182
Amounts due to subsidiaries	714,176	12,847	–	–	2,062,165	2,789,188
Derivative liabilities	52,140	–	–	19,906	–	72,046
	1,166,356	12,847	–	19,906	3,878,365	5,077,474

i. The Group and the Company have ample liquidity to meet its financial liabilities and obligations maturing in the next 12 months;

ii. Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free-cash-flow to be generated from its operations; and

iii. Liquidity risk concentration is evident in maturity bucket financial year 2012 and financial year 2015 onwards, where the Group and the Company borrowing commitments are due.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.6 Fair values

2011

The carrying amounts of finance lease obligations approximate their fair values as there is no significant difference between the historical interest rate at the point when liabilities were undertaken and the current prevailing market interest rate.

2010

The carrying amounts of financial instruments of the Group and of the Company as at the previous financial year end approximated their fair values except as set out below:

		GROUP		COMPANY	
	NOTE	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
Recognised					
Other investments	18	32,398	55,595	2,320	3,099
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	33.7	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
Unrecognised					
Forward foreign exchange contracts					
Sale contracts		–	32,933	–	–
Purchase contracts		–	5,726	–	–
Currency swap contracts		–	(3,512)	–	1,651
Commodity future contracts					
Sale contracts		–	2,759	–	–
Purchase contracts		–	(8,855)	–	–

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 had the same maturity dates with the said borrowings.

The following methods and assumptions were used to estimate the fair values of financial instruments:

i. The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate fair values due to the relatively short term maturity of these financial instruments.

ii. The fair values of quoted investments are their quoted market prices at the end of the reporting period. The fair values of unquoted investments are estimated based on 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.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.6 Fair values (Cont'd)

iii. The fair values of the Group's 2nd Exchangeable Bonds, 3rd Exchangeable Bonds and Guaranteed Notes are their quoted market prices at the end of the reporting period. The fair values of the Group's other borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

iv. The fair values of derivative financial instruments are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the end of the reporting period arising from such contracts and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

42.7 Classification of financial instruments

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

2011	LOAN AND RECEIVABLES RM'000	FAIR VALUE THROUGH PROFIT OR LOSS RM'000	AVAILABLE FOR SALE RM'000	HELD TO MATURITY RM'000	TOTAL RM'000
Financial assets					
GROUP					
Trade and other receivables, net of deposits and prepayments	1,658,532	–	–	–	1,658,532
Amounts due from associates	397	–	–	–	397
Derivative assets	–	226,991	–	–	226,991
Other investments	–	65,427	–	–	65,427
Short term funds	–	1,725,237	–	–	1,725,237
Deposits with financial institutions	592,864	–	–	–	592,864
Cash and bank balances	467,425	–	–	–	467,425
	2,719,218	2,017,655	–	–	4,736,873
COMPANY					
Trade and other receivables, net of deposits and prepayments	2,505	–	–	–	2,505
Amounts due from subsidiaries	3,586,354	–	–	–	3,586,354
Amounts due from associates	397	–	–	–	397
Derivative assets	–	6,335	–	–	6,335
Other investments	–	7,087	–	–	7,087
Short term funds	–	1,403,759	–	–	1,403,759
Deposits with financial institutions	209,973	–	–	–	209,973
Cash and bank balances	16,155	–	–	–	16,155
	3,815,384	1,417,181	–	–	5,232,565

42. FINANCIAL INSTRUMENTS (CONT'D)

42.7 Classification of financial instruments (Cont'd)

2011	OTHER FINANCIAL LIABILITIES RM'000	FAIR VALUE THROUGH PROFIT OR LOSS RM'000	TOTAL RM'000
Financial liabilities			
GROUP			
Borrowings	5,129,726	268,032	5,397,758
Trade and other payables	1,189,687	–	1,189,687
Amounts due to associates	2,287	–	2,287
Derivative liabilities	–	208,961	208,961
	6,321,700	476,993	6,798,693
COMPANY			
Borrowings	2,106,990	–	2,106,990
Trade and other payables	95,158	–	95,158
Amounts due to subsidiaries	2,521,156	268,032	2,789,188
Amounts due to associates	2,182	–	2,182
Derivative liabilities	–	72,046	72,046
	4,725,486	340,078	5,065,564

43. COMMITMENTS

43.1 Capital Commitments

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Authorised capital expenditure not provided for in the financial statements				
- Contracted				
Purchase of property, plant and equipment	90,740	36,439	1,068	–
Purchase of land held for property development	–	46,005	–	–
Construction in progress	102,070	5,470	286	–
- Not contracted				
Purchase of property, plant and equipment	1,334,521	129,443	3,655	7,482
Purchase of land held for property development	48,927	–	–	–
Construction in progress	103,460	–	–	–
New planting	5,270	6,462	1,587	3,816

43. COMMITMENTS (CONT'D)

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 end of the reporting period but not recognised as liabilities are as follows:

	GROUP	
	2011 RM'000	2010 RM'000
Not later than 1 year	**8,100**	9,410
Later than 1 year and not later than 5 years	**11,680**	17,266
Later than 5 years	**113,453**	115,802
	133,233	142,478

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 end of the reporting period but not recognised as receivables are as follows:

	GROUP	
	2011 RM'000	2010 RM'000
Not later than 1 year	**63,478**	84,513
Later than 1 year and not later than 5 years	**32,631**	72,189
Later than 5 years	**7,248**	4,983
	103,357	161,685

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

44.1 Exchange of lands between Resort Villa Golf Course Berhad and Mayang Development Sdn Bhd

On 15 January 2011, Resort Villa Golf Course Berhad ("Resort Villa") a wholly-owned subsidiary of the Company exchanged with Mayang Development Sdn Bhd ("Mayang Development") its freehold land known as Parcel PT73 with an area of approximately 51.6 acres located in Lot PT73, H.S. (D) 10728, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan ("Resort Villa Exchanged Land") for freehold land owned by Mayang Development with an area of approximately 51.6 acres located in Geran 31713, Lot 439 and Lot 2298, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan ("Mayang Development Exchanged Land").

Resort Villa Exchanged Land is part of an existing 9-hole golf course. Mayang Development Exchanged Land is a parcel of vacant land identified by Resort Villa to replace a portion of its golf course.

Independent valuations have been conducted on both pieces of land. The Resort Villa Exchanged Land was valued at RM44,953,920 based on valuation of approximately RM20 per sq. ft. whereas the Mayang Development Exchanged land was valued at RM41,600,000 based on valuation of approximately RM18.50 per sq. ft. The difference in valuations of RM3,353,920 payable by Mayang Development to Resort Villa was settled by cash.

Subsequent to the exchange of land, Resort Villa has leased back the Resort Villa Exchanged Land from Mayang Development Exchanged Land at RM0.61 per sq. ft. per annum for a period of 12 months with an option to further extend the lease on a monthly basis for up to 6 months from the end of the earlier lease, as part of its golf course operation until the new courses, which are currently being built are completed and fully operational.

44.2 Joint venture with City Development Limited

On 8 April 2011, the Company and its wholly-owned subsidiary, IOI Consolidated (Singapore) Pte Ltd ("IOI Consolidated"), a company incorporated in Singapore, completed a subscription agreement with City Developments Limited ("CDL") and Ascent View Holdings Pte. Ltd. ("Ascent View"), a wholly-owned subsidiary of CDL, in relation to:

i. IOI Consolidated's subscription for 114,770,000 ordinary shares or 49.9% equity interest in Scottsdale Properties Pte. Ltd. ("Scottsdale") for a cash consideration of SGD114,770,000; and

ii. Ascent View's subscription for 115,229,998 ordinary shares in Scottsdale for a cash consideration of SGD499 and the balance through a capitalisation of a part of an existing shareholder loan of SGD115,229,499 extended by Ascent View to Scottsdale resulting in Ascent View holding 115,230,000 ordinary shares or 50.1% equity interest in Scottsdale (including the 2 ordinary shares already held by Ascent prior to this subscription).

(collectively, "Scottsdale Subscription"). Following completion of the Scottsdale Subscription, IOI Consolidated holds 49.9% and Ascent View holds 50.1% of the enlarged issued share capital of Scottsdale respectively.

Prior to the Scottsdale Subscription, the Company had on 1 April 2011 acquired 238,351,251 ordinary shares in the issued share capital of South Beach Consortium Pte Ltd ("SBC"), representing approximately 33.33% of the issued share capital of SBC from Elad Group Singapore Pte Ltd ("Elad") for a total cash consideration of SGD173,888,000 (equivalent to approximately RM417.3 million) ("South Beach Acquisition"). The Company has nominated Iselin Limited (a company incorporated in the Cayman Islands), a wholly-owned subsidiary of IOI Consolidated ("Iselin") prior to Iselin Restructuring (as defined below) as the transferee of the SBC shares acquired pursuant to the South Beach Acquisition. SBC was incorporated for the purpose of participating in a design tender for a piece of land located along Beach Road Singapore under the Singapore Government Land Sale Program facilitated by the Urban Redevelopment Authority in 2007. SBC was successful in the tender and acquired the land for SGD681.8 million.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

44.2 Joint venture with City Development Limited (Cont'd)

Further to, and pursuant to the terms of, the Scottsdale Subscription:

i. IOI Consolidated had transferred the entire issued ordinary share capital of Iselin, consisting of 1 ordinary share, to Scottsdale ("Iselin Restructuring"). In connection with the Iselin Restructuring, Scottsdale had also granted to IOI Consolidated a put option and IOI Consolidated had granted to Scottsdale a call option in respect of all of the 174,342,527 redeemable preference shares issued by Iselin to IOI Consolidated ("Iselin RPS"). Upon exercise of the call option, the Iselin RPS had been transferred to Scottsdale and the consideration for the transfer of Iselin RPS in the sum of SGD174,342,527 is treated as the shareholder loan owing by Scottsdale to IOI Consolidated;

ii. IOI Consolidated had advanced SGD27,730,499 to Scottsdale as a shareholder loan, which is in proportion to its shareholding in Scottsdale upon the completion of the Scottsdale Subscription; and

iii. IOI Consolidated had entered into a joint venture agreement with IOI, CDL, Ascent View and Scottsdale to regulate the relationship of IOI Consolidated and Ascent View as shareholders of Scottsdale ("Scottsdale JVA").

Subsequent to the Scottsdale Subscription, IOI Consolidated had contributed further proportionate equity of SGD263.6 million to Scottsdale for the purpose of acquiring/redeeming the existing mezzanine notes that were earlier issued by SBC, for working capital requirements and to part finance the construction of South Beach.

45. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

On 28 July 2011, Sri Mayvin Plantation Sdn Bhd ("Sri Mayvin"), an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") to acquire 11,977.91 hectares (or equivalent to 29,597.42 acres) of oil palm plantation land located in the Districts of Labuk-Sugut, Sandakan, Sabah ("Plantation Land") from Pertama Land & Development Sdn Bhd ("Pertama Land") for a total cash consideration of RM830 million (or approximately RM69,294 per hectare)("Proposed Acquisition"). The Proposed Acquisition would also entail the acquisition of all assets including buildings, fixtures and fittings and motor vehicles of the Plantation Land.

Pertama Land is a wholly-owned subsidiary of Duta Plantations Sdn Bhd, which in turn is a wholly-owned subsidiary of Dutaland Berhad ("DutaLand"), a public company listed on Bursa Malaysia Securities Berhad.

The Proposed Acquisition is conditional upon Dutaland obtaining the approvals of its shareholders and other regulatory authorities, if any.

Sri Mayvin has paid a deposit of RM83.0 million, which is equivalent to 10% of the purchase consideration to OSK Trustees Berhad as the Stakeholder.

45.2 Treasury shares

Subsequent to the end of the reporting period, the Company had repurchased 26,835,200 ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM4.81 per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

46. 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.

2011	PLANTATION RM'000	PROPERTY DEVELOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE -BASED MANU- FACTURING RM'000	OTHER OPERATIONS RM'000	TOTAL RM'000
Revenue						
Segment revenue	2,369,514	971,630	95,653	14,658,306	127,374	18,222,477
Result						
Segment operating profit	1,497,788	509,876	116,124	404,270	93,057	2,621,115
Fair value gain on investment properties	–	–	93,080	–	–	93,080
	1,497,788	509,876	209,204	404,270	93,057	2,714,195
Assets						
Segment assets	3,986,410	1,711,386	1,009,496	6,408,866	416,515	13,532,673
Interest in associates	367,763	75,646	–	221,032	3,633	668,074
Interest in jointly controlled entities	–	3,099,132	–	–	–	3,099,132
	4,354,173	4,886,164	1,009,496	6,629,898	420,148	17,299,879
Liabilities						
Segment liabilities	315,027	177,488	22,849	825,354	86,509	1,427,227
Other Information						
Capital expenditure	88,849	22,681	25,755	245,641	85,030	467,956
Depreciation and amortisation	65,736	2,507	3,160	164,341	10,560	246,304
Non-cash expenses other than depreciation and amortisation	132,636	616	2,105	195,904	82,458	413,719

46. SEGMENTAL INFORMATION (CONT'D)

2010	PLANTATION RM'000	PROPERTY DEVELOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE -BASED MANU-FACTURING RM'000	OTHER OPERATIONS RM'000	TOTAL RM'000
Revenue						
Segment revenue	1,990,476	945,538	97,866	11,002,521	141,199	14,177,600
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
	1,126,214	532,052	70,830	568,562	61,514	2,359,172
Assets						
Segment assets	3,995,901	1,830,526	1,128,742	4,199,993	675,157	11,830,319
Interest in associates	303,116	70,950	–	194,149	4,008	572,223
Interest in jointly controlled entities	–	1,549,245	–	–	–	1,549,245
	4,299,017	3,450,721	1,128,742	4,394,142	679,165	13,951,787
Liabilities						
Segment liabilities	239,117	179,735	43,661	454,963	51,375	968,851
Other Information						
Capital expenditure	110,596	4,492	2,399	304,309	27,413	449,209
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

46. SEGMENTAL INFORMATION (CONT'D)

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

	GROUP	
	2011 RM'000	2010 RM'000
Revenue		
Segment revenue	**18,222,477**	14,177,600
Inter-segment sales	**(2,068,226)**	(1,634,638)
Total revenue	**16,154,251**	12,542,962
Profit or loss		
Segment results	**2,714,195**	2,359,172
Translation gain on foreign currency denominated borrowings	**215,435**	395,838
Unallocated fair value loss on derivative financial instruments	**(46,939)**	–
Unallocated fair value loss on financial liabilities	**(56,610)**	–
Unallocated fair value gain on financial assets	**20,327**	–
Other unallocated corporate expenses	**(30,763)**	(118,667)
Operating profit	**2,815,645**	2,636,343
Interest income	**47,146**	47,214
Finance costs	**(169,915)**	(221,170)
Share of results of associates	**119,739**	54,847
Share of results of jointly controlled entities	**50,997**	33,399
Profit before taxation	**2,863,612**	2,550,633
Taxation	**(573,099)**	(485,517)
Profit for the financial year	**2,290,513**	2,065,116
Assets		
Segment assets	**17,299,879**	13,951,787
Unallocated corporate assets	**2,355,240**	3,391,630
Total assets	**19,655,119**	17,343,417
Liabilities		
Segment liabilities	**1,427,227**	968,851
Unallocated corporate liabilities	**5,966,494**	5,305,093
Total liabilities	**7,393,721**	6,273,944

46. SEGMENTAL INFORMATION (CONT'D)

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Cultivation of oil palm and processing of palm oil Development of 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

2011	MALAYSIA RM'000	EUROPE RM'000	NORTH AMERICA RM'000	ASIA RM'000	OTHERS RM'000	CONSO-LIDATED RM'000
Revenue from external customers by location of customers	**5,282,744**	**4,771,337**	**1,536,642**	**3,305,623**	**1,257,905**	**16,154,251**
Segment assets by location of assets	**8,325,278**	**2,246,821**	**702,299**	**2,255,289**	**2,986**	**13,532,673**
Capital expenditure by location of assets	**448,241**	**10,348**	**6,848**	**2,507**	**12**	**467,956**
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	8,431,488	1,165,416	427,211	1,800,077	6,127	11,830,319
Capital expenditure by location of assets	297,581	141,717	9,733	24	154	449,209

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

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 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Cantawan Oil Palms Sdn Bhd @	**100.0%**	100.0%	Dormant
Fruitful Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Hill Land Sdn Bhd @	**100.0%**	100.0%	Dormant
Ladang Asas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Berhad	**100.0%**	100.0%	Cultivation of oil palm
Laksana Kemas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mayvin (Sabah) Sdn Bhd	**100.0%**	100.0%	Investment holding
Meriteam Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
Pine Capital Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
PR Enterprise Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Priceland Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Right Purpose Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Safima Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sri Cantawan Sdn Bhd @	**100.0%**	100.0%	Dormant
Terusan Baru Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Dynamic Plantations Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Ladang Sabah Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Mayvin Incorporated Sdn Bhd	**100.0%**	100.0%	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
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

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Direct Subsidiaries (Cont'd)			
Plantation (Cont'd)			
Future Growth Sdn Bhd	**100.0%**	100.0%	Dormant
Morisem Consolidated Sdn Bhd	**100.0%**	100.0%	Dormant
Morisem Sdn Bhd	**100.0%**	100.0%	Dormant
Lynwood Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Oakridge Investments Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Oleander Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Zonec Plus Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Palm Biotech Sdn Bhd	**100.0%**	100.0%	Commercialisation of high quality clonal ramets through tissue culturing process and its related biotechnology research and development activities
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	**100.0%**	100.0%	Property development and 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%**	99.9%	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	**99.8%**	99.7%	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%	Investment holding
IOI Consolidated (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**100.0%**	100.0%	Property development and 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

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Direct Subsidiaries (Cont'd)			
Resource-based Manufacturing (Cont'd)			
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
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 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 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 *(In liquidation)*	**100.0%**	100.0%	Dormant
Speed Modulation Sdn Bhd	**100.0%**	–	Dormant

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Deramakot Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Ladang Mayvin Sdn Bhd @	**100.0%**	100.0%	Dormant
Mowtas Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Mayvin Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Subsidiaries of Pine Capital Sdn Bhd			
Ladang Tebu Batu Putih Sdn Bhd @	**100.0%**	100.0%	Dormant
Luminous Aspect Sdn Bhd @	**100.0%**	100.0%	Dormant
Priceland Plantation Sdn Bhd @	**100.0%**	100.0%	Dormant
Sayang Segama Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Vagas Sdn Bhd @	**100.0%**	100.0%	Cultivation of oil palm
Sri Yongdankong Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Vantage Wealth Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Bilprice Development Sdn Bhd @	**100.0%**	100.0%	Dormant
Erat Manis Sdn Bhd @	**100.0%**	100.0%	Dormant
Hidayat Rakyat Sdn Bhd @	**100.0%**	100.0%	Dormant
Hidayat Ria Sdn Bhd @	**100.0%**	100.0%	Dormant
Kunimas Sdn Bhd @	**100.0%**	100.0%	Dormant
Lokoh Sdn Bhd @	**100.0%**	100.0%	Dormant
Maxgrand Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Muara Julang Sdn Bhd @	**100.0%**	100.0%	Dormant
Pricescore Enterprise Sdn Bhd @	**100.0%**	100.0%	Dormant
Pujian Harum Sdn Bhd @	**100.0%**	100.0%	Dormant
Syarikat Best Cocoa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd @	**100.0%**	100.0%	Dormant
Very Good Estate Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100.0%**	100.0%	Cultivation of soft wood timber

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (Cont'd)			
Plantation (Cont'd)			
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%	Cultivating and producing palm oil products
Unipamol Malaysia Sdn Bhd *	**100.0%**	100.0%	Dormant
Pamol Bintang Sdn Bhd *	**100.0%**	100.0%	Dormant
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm , sales of palm oil products and investment holding
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm
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%	Cultivation of oil palm
PT Berkat Nabati Sejahtera * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
PT Sukses Karya Sawit * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
Property Development and Investment			
Subsidiary of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	**99.9%**	99.9%	Dormant
Subsidiary of Projects IOI (Mauritius) Ltd			
A. P. Gems & Jewellery Park Pvt Ltd (India) * *(Incorporated in India)*	**–**	49.0%	Property investment

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (Cont'd)			
Property Development and Investment (Cont'd)			
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	**99.8%**	99.7%	Property development, property investment and investment holding
Flora Development Sdn Bhd	**99.8%**	99.7%	Property development and property investment
Kapar Realty And Development Sdn Berhad *(In liquidation)*	**67.8%**	67.8%	Property development
Kumpulan Mayang Sdn Bhd	**99.8%**	99.7%	Property development
Pine Properties Sdn Bhd	**99.8%**	99.7%	Property development and property investment
Dynamic Management Sdn Bhd	**99.8%**	99.7%	Property development, investment holding and provision of management services
Commercial Wings Sdn Bhd	**99.8%**	99.7%	Property investment
Property Skyline Sdn Bhd	**89.8%**	89.7%	Provision of management services and investment holding
IOI Land Singapore Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.7%	Investment holding
Flora Horizon Sdn Bhd	**99.8%**	99.7%	Property development and cultivation of oil palm
Pilihan Teraju Sdn Bhd	**99.8%**	99.7%	Dormant
Hartawan Development Sdn Bhd	**99.8%**	99.7%	Property development and cultivation of oil palm
Jutawan Development Sdn Bhd	**99.8%**	99.7%	Dormant
Paska Development Sdn Bhd	**99.8%**	99.7%	Dormant
Multi Wealth (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.7%	Investment holding
IOI Properties (Singapore) Pte Ltd # *(Incorporated in Singapore)*	**99.8%**	99.7%	Investment holding
IOI Landscape Services Sdn Bhd	**99.8%**	99.7%	Landscape services, sale of ornamental plants and turfing grass
Palmy Max Limited # *(Incorporated in Hong Kong)*	**99.8%**	–	Investment holding
Subsidiaries of Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	**99.8%**	99.7%	Building maintenance services
Lush Development Sdn Bhd	**99.8%**	99.7%	Property development
Riang Takzim Sdn Bhd	**99.8%**	99.7%	Dormant
Tanda Bestari Development Sdn Bhd	**99.8%**	99.7%	Property development

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (Cont'd)			
Property Development and Investment (Cont'd)			
Subsidiaries of Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	**99.8%**	99.7%	General contractors
Pilihan Megah Sdn Bhd	**99.8%**	99.7%	Property development, property investment and investment holding
Legend Advance Sdn Bhd	**69.8%**	69.8%	Property development and property investment
Subsidiary of Pilihan Megah Sdn Bhd			
Future Link Properties Pte Ltd # *(Incorporated in Singapore)*	**60.9%**	60.8%	Property investment
Subsidiaries of Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd	**92.3%**	92.2%	Property development, property investment and cultivation of oil palm
Property Village Berhad	**80.8%**	80.8%	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	**89.8%**	89.7%	Property development
Trilink Pyramid Sdn Bhd	**89.8%**	89.7%	Dormant
Subsidiary of Property Village Berhad			
Baycrest Sdn Bhd	**80.8%**	80.8%	General contractors
Subsidiary of Kean Ko Sdn Berhad			
Seremban Enterprise Corporation Berhad *(In liquidation)*	**58.4%**	58.4%	Property development
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmex Industries Sdn Berhad *	**100.0%**	100.0%	Property development and investment holding
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

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (Cont'd)			
Resource-based Manufacturing (Cont'd)			
Subsidiaries of IOI Oleochemical Industries Berhad			
Acidchem International Sdn Bhd *	**100.0%**	100.0%	Manufacturing of fatty acids and glycerine
Derichem (M) Sdn Bhd *	**100.0%**	100.0%	Manufacturing of soap noodles
Esterchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Stabilchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmco Oil Mill Sendirian Berhad *	**100.0%**	100.0%	Trading in commodities
Subsidiaries of Loders Croklaan Group B. V.			
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding
Loders Croklaan For Oils S.A.E. # *(Incorporated in Egypt)*	**100.0%**	100.0%	Production of emulsified raw materials and semi finished goods on oils and fats
IOI-Loders Croklaan Oils B.V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Palm oil refinery
Loders Croklaan (Shanghai) Trading Co. Ltd # *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Trading of specialty oils and fats products
IOI Loders Croklaan Oils Sdn Bhd	**100.0%**	100.0%	Refining and trading of crude palm oil, 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%	Commission-based agent for the import of specialty fats for the food industry
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
Loders Croklaan Burkina Faso S.A.R.L. * *(Incorporated in the West Africa)*	**100.0%**	100.0%	Wholesale procurement and trading of agricultural products particularly shea nuts and shea butter

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (Cont'd)			
Resource-based Manufacturing (Cont'd)			
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.			
Loders Croklaan Trading & Distribution LLC # *(Incorporated in Egypt, in liquidation)*	**99.0%**	99.0%	Trading and marketing of food-based products
IOI Specialty Fats For Trade Limited Liability Company # *(Incorporated in Egypt)*	**99.0%**	99.0%	Trading of specialty fats
Subsidiary of IOI Loders Croklaan Oils Sdn Bhd			
Loders Croklaan (Asia) Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiary of Loders Croklaan Malaysia Sdn Bhd			
Lipid Nutrition Trading (Beijing) Co. Ltd * *(Incorporated in the People's Republic of China)*	**100.0%**	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

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Indirect Subsidiaries (Cont'd)			
Non-Segment (Cont'd)			
Subsidiaries of IOI Oleochemical Industries Berhad (Cont'd)			
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
Subsidiary of Palmco Engineering Limited			
Tianjin Palmco Oil And Fats Co. Ltd * *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Dormant
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	**60.0%**	60.0%	Management services
Subsidiaries of Swee Lam Estates (Malaya) Sdn Bhd			
Swee Lam Development Sdn Bhd	**100.0%**	100.0%	Dormant
Swee Lam Properties Sdn Bhd	**100.0%**	100.0%	Dormant

* *Subsidiaries not audited by BDO.*

\# *Subsidiaries audited by member firms of BDO International.*

@ *These subsidiaries ceased operations with effect from December 2009 following the completion of 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.*

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	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%**	24.0%	Property development and cultivation of oil palm
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of fatty alcohol and methyl esters
Kao Plasticizer (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of plasticizer and other chemical products
Peter Greven Asia Sdn Bhd	**40.0%**	40.0%	Manufacturing of metallic stearates
Associate of Palmex Industries Sdn Berhad			
Malaysia Pakistan Venture Sdn Bhd	**25.0%**	25.0%	Investment holding
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%**	50.0%	Property development
Jointly controlled entity of IOI Properties (Singapore) Pte Ltd			
Pinnacle (Sentosa) Pte Ltd *(Incorporated in Singapore)*	**65.0%**	65.0%	Property development
Jointly controlled entity of Multi Wealth (Singapore) Pte Ltd			
Mergui Development Pte Ltd *(Incorporated in Singapore)*	**60.0%**	60.0%	Property development

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2011	EFFECTIVE GROUP INTEREST 2010	PRINCIPAL ACTIVITIES
Jointly Controlled Entities (Cont'd)			
Jointly controlled entity of Palmy Max Limited			
Prime Joy Investments Limited *(Incorporated in Hong Kong)*	**50.0%**	–	Property development
Jointly controlled entity of IOI Consolidated (Singapore) Pte Ltd			
Scottsdale Properties Pte Ltd *(Incorporated in Singapore)*	**49.9%**	–	Investment holding

48. COMPARATIVES

During the current financial year, the Group has adopted the Amendment to FRS 117 *Leases*. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. Long term leasehold land held by the Group as at 1 July 2009 were reclassified from prepaid lease payments for land as previously reported, to property, plant and equipment as long term leasehold land.

The following comparative figures have been restated following the above changes in accounting policy.

	AS PREVIOUSLY REPORTED RM'000	RECLASSI-FICATIONS RM'000	AS RESTATED RM'000
As at 1 July 2009			
Statements of financial position			
GROUP			
Property, plant and equipment	4,569,636	841,229	**5,410,865**
Prepaid lease payments	872,905	(841,229)	**31,676**
COMPANY			
Property, plant and equipment	377,498	7,820	**385,318**
Prepaid lease payments	7,820	(7,820)	**–**
As at 30 June 2010			
Statements of financial position			
GROUP			
Property, plant and equipment	4,604,250	830,682	**5,434,932**
Prepaid lease payments	860,188	(830,682)	**29,506**
COMPANY			
Property, plant and equipment	436,811	7,715	**444,526**
Prepaid lease payments	7,715	(7,715)	**–**

48. COMPARATIVES (CONT'D)

	AS PREVIOUSLY REPORTED RM'000	RECLASSI-FICATIONS RM'000	AS RESTATED RM'000
For the financial year ended 30 June 2010			
Income statements			
GROUP			
Depreciation of property, plant and equipment	218,523	10,493	**229,016**
Amortisation of prepaid lease payments	13,318	(10,493)	**2,825**
COMPANY			
Depreciation of property, plant and equipment	4,639	105	**4,744**
Amortisation of prepaid lease payments	105	(105)	**–**

The Group has also during the current financial year adopted FR 139 *Financial Instruments*: *Recognition and Measurement* which was applied prospectively and the comparatives are not restated.

49. OPENING STATEMENTS OF FINANCIAL POSITION

The opening statements of financial position as at 1 July 2010 primarily reflect the effects arising from the adoption of FRS 139 as follows:

GROUP	AS AT 30 JUNE 2010 RM'000 (RESTATED)	EFFECT OF ADOPTING FRS 139 RM'000	AS AT 1 JULY 2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	5,434,932	–	5,434,932
Prepaid lease payments	29,506	–	29,506
Land held for property development	913,328	–	913,328
Investment properties	1,113,545	–	1,113,545
Other long term investments	29,783	(29,783)	–
Goodwill on consolidation	513,830	–	513,830
Investments in associates	572,223	–	572,223
Interests in jointly controlled entities	1,549,245	–	1,549,245
Derivative assets	–	33,431	33,431
Deferred tax assets	26,915	–	26,915
	10,183,307	3,648	10,186,955

49. OPENING STATEMENTS OF FINANCIAL POSITION (CONT'D)

GROUP	AS AT 30 JUNE 2010 RM'000 (RESTATED)	EFFECT OF ADOPTING FRS 139 RM'000	AS AT 1 JULY 2010 RM'000
Current assets			
Property development costs	357,181	–	357,181
Inventories	1,575,320	–	1,575,320
Trade and other receivables	1,309,915	69	1,309,984
Amounts due from subsidiaries	–	–	–
Amounts due from associates	22	–	22
Derivative assets	–	94,488	94,488
Current tax assets	35,976	–	35,976
Short term investments	4,390	52,265	56,655
Short term funds	3,108,216	2,503	3,110,719
Deposits with financial institutions	362,182	–	362,182
Cash and bank balances	406,908	–	406,908
	7,160,110	149,325	7,309,435
TOTAL ASSETS	17,343,417	152,973	17,496,390
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	667,552	–	667,552
Reserves	1,697,343	(184,567)	1,512,776
Retained earnings	8,415,286	(62,308)	8,352,978
	10,780,181	(246,875)	10,533,306
Non-controlling interests	289,292	4	289,296
Total equity	11,069,473	(246,871)	10,822,602
Liabilities			
Non-current liabilities			
Borrowings	4,348,281	332,957	4,681,238
Derivative liabilities	–	33,675	33,675
Other long term liabilities	27,906	–	27,906
Deferred tax liabilities	465,123	(12,726)	452,397
	4,841,310	353,906	5,195,216
Current liabilities			
Trade and other payables	938,763	(5)	938,758
Borrowings	409,050	–	409,050
Amounts due to associates	2,182	–	2,182
Derivative liabilities	–	45,943	45,943
Current tax liabilities	82,639	–	82,639
	1,432,634	45,938	1,478,572
Total liabilities	6,273,944	399,844	6,673,788
TOTAL EQUITY AND LIABILITIES	17,343,417	152,973	17,496,390

49. OPENING STATEMENTS OF FINANCIAL POSITION (CONT'D)

COMPANY	AS AT 30 JUNE 2010 RM'000 (RESTATED)	EFFECT OF ADOPTING FRS 139 RM'000	AS AT 1 JULY 2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	444,526	–	444,526
Other long term investments	3,180	(3,180)	–
Investments in subsidiaries	6,313,723	–	6,313,723
Investments in associates	22,850	–	22,850
Derivative assets	–	28,701	28,701
	6,784,279	25,521	6,809,800
Current assets			
Inventories	16,848	–	16,848
Trade and other receivables	30,802	–	30,802
Amounts due from subsidiaries	1,842,290	–	1,842,290
Amounts due from associates	22	–	22
Current tax assets	29,938	–	29,938
Short term investments	–	3,099	3,099
Short term funds	2,977,058	2,194	2,979,252
Deposits with financial institutions	176,273	–	176,273
Cash and bank balances	1,578	–	1,578
	5,074,809	5,293	5,080,102
TOTAL ASSETS	11,859,088	30,814	11,889,902

49. OPENING STATEMENTS OF FINANCIAL POSITION (CONT'D)

COMPANY	AS AT 30 JUNE 2010 RM'000 (RESTATED)	EFFECT OF ADOPTING FRS 139 RM'000	AS AT 1 JULY 2010 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	667,552	–	667,552
Reserves	1,872,998	–	1,872,998
Retained earnings	3,530,545	(109,737)	3,420,808
Total equity	6,071,095	(109,737)	5,961,358
Liabilities			
Non-current liabilities			
Borrowings	323,650	–	323,650
Derivative liabilities	–	27,049	27,049
Amounts due to subsidiaries	4,033,974	–	4,033,974
Other long term liabilities	938	–	938
Deferred tax liabilities	6,630	–	6,630
	4,365,192	27,049	4,392,241
Current liabilities			
Trade and other payables	114,178	–	114,178
Amounts due to subsidiaries	1,275,122	113,502	1,388,624
Amounts due to associates	2,182	–	2,182
Current tax liabilities	31,319	–	31,319
	1,422,801	113,502	1,536,303
Total liabilities	5,787,993	140,551	5,928,544
TOTAL EQUITY AND LIABILITIES	11,859,088	30,814	11,889,902

50. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2011 were authorised for issue by the Board of Directors on 6 September 2011.

51. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	2011	
	GROUP RM'000	COMPANY RM'000
Total retained profits of the Company and its subsidiaries		
Realised	11,053,383	3,654,276
Unrealised	844,878	657,463
	11,898,261	4,311,739
Total share of retained profits/(accumulated losses) from associates		
Realised	302,331	–
Unrealised	(5,593)	–
Total share of accumulated losses from jointly controlled entities		
Realised	(171,832)	–
Unrealised	(2,196)	–
	12,020,971	4,311,739
Less: Consolidation adjustments	(2,595,447)	–
	9,425,524	4,311,739

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 100 to 265 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
6 September 2011

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 100 to 265 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 2011	)	

Before me

Cheong Lak Hoong
Commissioner for Oaths
No. B232

INDEPENDENT AUDITORS' REPORT
to the Members of IOI Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IOI Corporation Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 100 to 265.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965, in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 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 purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The 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 Reporting Responsibilities

The supplementary information set out in Note 51 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Tang Seng Choon
2011/12/11 (J)
Chartered Accountant

Kuala Lumpur
6 September 2011

GROUP PROPERTIES

A. PLANTATION ESTATES

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	FACTORY/ MILL	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2011 RM'000
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,574	OP	–	1983	21,209
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	42,031
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	–	1985	19,699
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	–	1989	25,708
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	22,913
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	–	1990	27,887
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	–	2000	20,896
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	–	2000	12,513
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	–	2002	14,679
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,641	OP	–	2002	14,070
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,317	OP	–	1990	40,556
Bahau Estate, Kuala Pilah	Freehold	2,833	OP R	–	1990	49,724
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	–	1990	12,510
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,554	OP R	1	1990	58,554
Paya Lang Estate, Segamat	Freehold	2,517	OP R	–	1990	44,475
Tambang Estate, Segamat	Freehold	2,020	OP	–	1990	40,081
Bukit Serampang Estate, Tangkak	Freehold	2,735	OP	–	1990	47,752
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	–	1990	34,988
Sagil Estate, Tangkak	Freehold	2,385	OP	–	1990	47,591
Segamat Estate, Segamat	Freehold	1,921	OP	–	1990	38,973
Pamol Plantations Estate, Kluang	Freehold	8,110	OP	1	2003	275,790
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	1993	26,718
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	–	1993-2009	26,766
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	–	1993	41,883
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	1993	25,233
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	–	1993	32,006
Baturong 1-3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	66,155
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	1991	514
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2077-2990	18,417	OP	1	1985-2000	236,391
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,093	OP	-	1995	107,052
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	-	1996	30,648

A. PLANTATION ESTATES (CONT'D)

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	FACTORY/ MILL	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2011 RM'000
Sabah (Cont'd)						
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	48,559
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998-2003	280,080
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078-2080	1,452	OP	–	1998	31,906
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	1998	28,454
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	–	2001	64,116
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	–	2001	79,240
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	–	2003-2007	41,232
Pamol Estate, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	196,313
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	–	2003	99,503
Linbar 1 & 2 Estate, Kinabatangan	Leasehold expiring 2081	4,840	OP	–	2003	121,420
Mayvin 1-2 Estate, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	1	2003	96,717
Mayvin 5-6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	–	2003	101,506
Leepang 1-5 Estate, Kinabatangan	Leasehold expiring 2080-2102, 2974-2995	9,906	OP	2	2003-2009	281,137
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	5,000	OP	–	2002	56,215
Tegai Estate, Baram	Leasehold expiring 2058, 2095	4,040	OP	–	2002	43,085

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 2011 RM'000
Bandar Puchong Jaya - Parcel A Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	164 hectares	4 hectares	On-going mix development project	1989	5,211
Bandar Puchong Jaya - Parcel B Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	210 hectares	17 hectares	On-going mix development project	1990	32,909
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	72 hectares	On-going mix development project	1994	160,344
IOI Resort Various sub-divided lots in Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	13 hectares	Condominium and bungalow development	1990	55,318
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	63 hectares	On-going mix development project	1988	49,005
Bandar Putra Lots 26737, 3783, 3785 and various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	708 hectares	On-going mix development project	1988	139,332
Taman Lagenda Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	91 hectares	30 hectares	On-going mix development project	2005	58,167
Bandar Putra PTD 5746, 5747 & 5748, Segamat Johor Darul Takzim	Freehold	198 hectares	40 hectares	On-going mix development project	1990	18,759

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 2011 RM'000
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	111 hectares	Homestead development	1990	1,451
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	51,501
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	1,459
Lots 2, 3, 177 & 179 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	196 hectares	196 hectares	Future development land	1990	6,308
Lots 429, 432 & 434, Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	1 hectare	Future development land	1990	1,253
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	10 hectares	On-going mix development project	1990	967
Lot 369 (Part), Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1990	1,308

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 2011 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	86 hectares	Future development land	1983	14,029
HS(D) 11323 PT No 12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	196 hectares	92 hectares	On-going mix development project	2001	240,138
Desaria Sungai Ara Penang	Freehold	159 hectares	21 hectares	Residential development	2001	5,860
Lot 200, Teluk Kumbar Mukim 11, Daerah Barat Daya Penang	Freehold	1.3 hectares	1.3 hectares	Residential development	2009	6,114
HS(D) 1431 PT No 4471 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	21 hectares	21 hectares	Future development land	2002	20,046
Taman Kempas Utama Various sub-divided lots in Tebrau, Johor Bahru Johor Darul Takzim	Freehold	102 hectares	45 hectares	On-going mix development project	2006	115,603
Lots 3210, 3211, 3220, 3221 & 3421 Durian Tunggal Alor Gajah Melaka	Freehold	435 hectares	435 hectares	Future development land	2006	38,088
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

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 2011 RM'000
Lot 8165 Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	1,799 sq m	Future development land	2001	1,963
PTD 63696 HS(D) 200924 Mukim Tebrau Johor Bahru Johor Darul Takzim	Freehold	2 hectares	2 hectares	Future development land	2009	26,320

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 2011 RM'000
IOI Mall Bandar Puchong Jaya, Puchong Selangor Darul Ehsan	Freehold	66,521 sq m	57,721 sq m	3 storey shopping mall	15	2011	310,000
IOI Mall (new wing) Bandar Puchong Jaya, Puchong Selangor Darul Ehsan	Freehold	18,771 sq m	22,421 sq m	4 storey shopping mall	3	2011	140,000
IOI Business Park Bandar Puchong Jaya, Puchong Selangor Darul Ehsan	Freehold	–	32,433 sq m	20 units commercial lot and car park	13	2011	24,894
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	16,926 sq m	3,490 sq m	1.5 storey semi-wet market	4	2011	20,000
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	11,557 sq m	35,121 sq m	2 blocks of purpose-built office building	3	2011	107,500
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	19,955 sq m	*	2 blocks of purpose-built office building	–	2011	79,258#
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 retail complex	5	2011	9,500

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 2011 RM'000
IOI Resort Putrajaya	Freehold	75,878 sq m	24,718 sq m	37 units of residential bungalow	4-15	2011	82,000
One IOI Square IOI Resort Putrajaya	Freehold	18,802 sq m	18,802 sq m	12 storey office building erected on existing land	8	2011	97,987
Two IOI Square IOI Resort Putrajaya	Freehold	22,176 sq m	12,167 sq m	12 storey office building erected on existing land	8	2011	51,300
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	47,259 sq m	23,101 sq m	3 storey shopping mall	10	2011	57,000
Lot 17355 Petaling Jaya Selangor Darul Ehsan	Freehold	506 sq m	465 sq m	1 unit 3.5 storey shop office	17	2011	5,200
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	13	2011	690
HS(D) 125263 PT 17727 Mukim Petaling Selangor Darul Ehsan	Freehold	2,593 sq m	2,593 sq m	Petrol station land	–	2011	3,400
HS(D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq m	2,690 sq m	Petrol station land	–	2011	1,800

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 2011 RM'000
HS(D) 45891 PT 9428 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq m	1,699 sq m	Petrol station land	–	2011	1,000
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	24,450 sq m	23,849 sq m	104 units commercial lot	1	2011	71,000

* PFCC Tower 4 and 5 are currently under construction

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

D. INDUSTRIAL PROPERTIES

LOCATION	TENURE	LAND AREA	USAGE	YEAR OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2011 RM'000
27, Section 13 Jalan Kemajuan Petaling Jaya Selangor Darul Ehsan	Leasehold expiring 2059	8,336 sq m	Industrial premises for rental	–	1984	5,354
Country lease CL 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery	14	1995	130,058
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	32 10	2001	46,914 8,513
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,400 sq m	Bulk cargo terminal	37	2001	191
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	8,615 sq m	Bulking installation	37	2001	–
HS(D) 160988 PTD No.89217 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2041	9 hectares	Factory sites	30	2005	49,284
PT 110296, 15926 & 15927 Jalan Pekeliling Pasir Gudang Johor Bahru	Leasehold expiring 2037, 2052	8 hectares	Factory complex and vacant industrial land	21	2007	19,588
PT 17368, Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah Pasir Gudang Johor Bahru	Leasehold expiring 2038, 2047, 2051	8 hectares	Factory complex	25	2007	25,636

D. INDUSTRIAL PROPERTIES (CONT'D)

LOCATION	TENURE	LAND AREA	USAGE	YEAR OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2011 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	22	2001	–
Loders Croklaan Hogeweg 1, 1520 Wormerveer Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	20-41	2002	117,184
Durkee Road 24708 W Channahon Illinois, United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	9-41	2002	46,475
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rotterdam, The Netherlands	Leasehold	15 hectares	Palm oil refinery	6-10	2004	276,400
195 Belfield Rd. Rexdale Ontario M9W-1G8 Canada	Freehold	1,022 sq m	Specialty oils and fats manufacturing facilities	35	2002	1,231

E. OTHER PROPERTIES

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	YEAR OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2011 RM'000
Palm Garden Hotel Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	12,181 sq m	152-room hotel	15	1990	17,021
IOI Palm Garden Golf Course Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	47.4 hectares	27-hole golf course and clubhouse	18	1990	8,527
IOI Resort Lot 3991 (part), Dengkil, Sepang Selangor Darul Ehsan	Freehold	6 hectares	Hotel and 12 storey office building erected on existing land	8-9	1990	119,513
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	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	14	1994	1,146
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	96 hectares	27-hole golf course	–	1994	17,077
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	10	1994	6,938
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	31	2005	156

E. OTHER PROPERTIES (CONT'D)

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	YEAR OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET CARRYING AMOUNT AS AT 30 JUNE 2011 RM'000
PT 3865, Pasir Ponyang Port Dickson Negeri Sembilan Darul Khusus	Freehold	917 sq m	Holiday bungalow	28	1990	99
Lot 8, Jalan Segama Lahad Datu Sabah	Leasehold expiring 2894	112 sq m	Shoplot	18	1993	–
Lot 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq m	Semi-detached house and staff apartments	25	1993	–
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	10	1993	708
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	–	1993	1,663
Country lease 115325543 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Vacant land	–	1993	2,965
302-H, Jalan Relau Desaria, Sg Ara Penang	Freehold	167 sq m	Shoplot	16	2001	258
HS(D) 10733 PT 78 Pekan Bukit Bisa Daerah Sepang Selangor Darul Ehsan	Freehold	17.6 hectare	Commercial	–	1990	27,601
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	–	1990	2,326
Lot 51665 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2043	2,968 sq m	Vacant land	–	2009	474
Geran 31713 Lot 439 and Lot 2298 Dengkil, Sepang Selangor Darul Ehsan	Freehold	20.8 hectares	Golf course and clubhouse in construction	–	2011	41,600

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Second Annual General Meeting ("AGM") of the Company will be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 24 October 2011 at 10.00 a.m. for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2011 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2 To re-elect Mr Lee Yeow Seng, the Director retiring by rotation pursuant to Article 101 of the Company's Articles of Association. **Resolution 2**

3 To re-elect the following Directors retiring by casual vacancy pursuant to Article 102 of the Company's Articles of Association:

(i) Datuk Karownakaran @ Karunakaran a/l Ramasamy **Resolution 3**
(ii) Mr Lim Tuang Ooi **Resolution 4**

4 To consider and if thought fit, to pass the following as Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:

(i) "THAT Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

(ii) "THAT Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 6**

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

"THAT the payment of Directors' fees of RM458,750 for the financial year ended 30 June 2011 to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 7**

6 To re-appoint BDO, the retiring auditors for the financial year ending 30 June 2012 and to authorise the Directors to fix their remuneration. **Resolution 8**

7 As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

7.1 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." **Resolution 9**

7.2 **Proposed Renewal of Existing Share Buy-Back Authority**

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings and share premium account to purchase 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 Malaysia Securities Berhad ("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;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 10**

7.3 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT approval be and is hereby given for the renewal of shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries ("Related Parties"), as detailed in Part B, Section 4 of the Circular to Shareholders of the Company dated 30 September 2011 ("Shareholders' Mandate") subject to the following:

(a) the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

AGENDA (CONT'D)

7.3 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Cont'd)**

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year,

THAT authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiration of the period within which the next Annual General Meeting of the Company after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Resolution 11**

8 To transact any other business of which due notice shall have been given.

By Order of the Board

Lee Ai Leng
Tan Choong Khiang
Secretaries

Putrajaya
30 September 2011

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.

6 Only members whose names appear in the Record of Depositors as at **17 October 2011** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

7 **Explanatory Notes on Special Business**

i Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

Ordinary resolution 9 is to seek a renewal of the general mandate which was approved at the 41st Annual General Meeting of the Company held on 29 October 2010 and which will lapse at the conclusion of the forthcoming Annual General Meeting to be held on 24 October 2011.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under ordinary resolution 9, 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 41st Annual General Meeting of the Company.

ii Proposed Renewal of Existing Share Buy-Back Authority

Ordinary resolution 10, if passed, will empower the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

iii Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary resolution 11 is to renew the shareholders' mandate granted by the shareholders of the Company at the previous Annual General Meeting held on 29 October 2010. 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 30 September 2011.

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 Director retiring by rotation and standing for re-election pursuant to Article 101 of the Articles of Association of the Company is as follows:

- Mr Lee Yeow Seng

b The Directors retiring by casual vacancy and standing for re-election pursuant to Article 102 of the Articles of Association of the Company are as follows:

- Datuk Karownakaran @ Karunakaran a/l Ramasamy
- Mr Lim Tuang Ooi

c The Directors seeking for re-appointment under Section 129 of the Companies Act, 1965 are as follows:

- Tan Sri Dato' Lee Shin Cheng
- Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 50 to 55 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 83 of the Annual Report.

SHAREHOLDERS INFORMATION
As at 29 August 2011

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	:	32,663

ANALYSIS OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	TOTAL HOLDINGS	%
1-99	3,312	28,787	0.00
100-1,000	6,650	5,332,244	0.08
1,001-10,000	17,063	64,421,310	1.01
10,001-100,000	4,742	126,141,293	1.98
100,001- 319,466,813	892	3,102,873,902	48.56
319,466,814 and above	4	3,090,538,759	48.37
Total	32,663	6,389,336,295	100.00

LIST OF TOP 30 SHAREHOLDERS
(without aggregating securities from different securities accounts belonging to the same person)

	NAME	NO. OF SHARES HELD	%
1.	Vertical Capacity Sdn Bhd	1,365,960,480	21.38
2.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	722,185,579	11.30
3.	Vertical Capacity Sdn Bhd	539,992,700	8.46
4.	Vertical Capacity Sdn Bhd	462,400,000	7.24
5.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank Sarasin-Rabo (Asia) Limited (AC Client Frgn)*	281,673,400	4.41
6.	AmanahRaya Trustees Berhad *Skim Amanah Saham Bumiputera*	231,339,800	3.62
7.	Kumpulan Wang Persaraan (Diperbadankan)	141,145,000	2.21
8.	Annhow Holdings Sdn Bhd	123,362,300	1.93
9.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Market Vectors – AgriBusiness ETF*	112,559,155	1.76
10.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	111,459,600	1.74
11.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	104,076,567	1.63
12.	Vertical Capacity Sdn Bhd	95,000,000	1.49

SHAREHOLDERS INFORMATION
As at 29 August 2011

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

	NAME	NO. OF SHARES HELD	%
13.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	89,516,980	1.40
14.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd (5 1418741981A)*	83,000,000	1.30
15.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	64,208,613	1.00
16.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	58,000,000	0.91
17.	Valuecap Sdn Bhd	55,942,400	0.88
18.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets (Stock Index Fund)*	54,908,378	0.86
19.	AmanahRaya Trustees Berhad *Amanah Saham Didik*	51,629,700	0.81
20.	AmanahRaya Trustees Berhad *Amanah Saham 1Malaysia*	48,962,666	0.77
21.	Lembaga Tabung Haji	41,415,100	0.65
22.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Prudential Fund Management Berhad*	40,346,101	0.63
23.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd (KLM/2009/1377)*	37,000,000	0.58
24.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee UBS AG Singapore (Foreign)*	34,598,800	0.54
25.	Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd for Government of Singapore*	33,908,176	0.53
26.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Rickoh Holdings Sdn Bhd (071001)*	32,500,000	0.51
27.	Permodalan Nasional Berhad	30,275,200	0.47
28.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – AmIslamic Bank Berhad for Vertical Capacity Sdn Bhd*	30,000,000	0.46
29.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)*	27,652,626	0.43
30.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Lai Ming Chun @ Lai Poh Lin*	25,719,000	0.40
	Total	5,130,738,321	80.30

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

NAME OF SHAREHOLDERS	NO. OF ORDINARY SHARES HELD DIRECT	%	INDIRECT	%
Tan Sri Dato' Lee Shin Cheng	58,684,900	0.92	*2,680,393,580	41.95
Puan Sri Datin Hoong May Kuan	–	–	**2,739,078,480	42.87
Dato' Lee Yeow Chor	8,240,400	0.13	***2,671,353,180	41.81
Lee Yeow Seng	800,000	0.01	***2,671,353,180	41.81
Vertical Capacity Sdn Bhd	2,671,353,180	41.81	–	–
Progressive Holdings Sdn Bhd	–	-	#2,671,353,180	41.81
Employees Provident Fund Board	797,715,759	12.49	–	–

* *Deemed interested by virtue of his interests in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC") and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng.*

** *Deemed interested by virtue of her interests and the interests of her spouse, Tan Sri Dato' Lee Shin Cheng and her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in PH, which in turn holds 100% equity interest in VC and shares held by Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng.*

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

\# *Deemed interested by virtue of its interest in VC, the wholly-owned subsidiary.*

NOTES

IOI CORPORATION BERHAD (Company No. 9027-W)
Incorporated in Malaysia

PROXY FORM

IOI GROUP

I/We (Please use block letters)

NRIC / Co. No. Mobile Phone No.

of

being a member(s) of **IOI Corporation Berhad**, hereby appoint

NRIC / Co. No.

of

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Second Annual General Meeting ("AGM") of the Company to be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 24 October 2011 at 10.00 a.m. or any adjournment thereof.

My proxy shall vote as follows:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2011 and the Reports of the Directors and Auditors thereon		
2.	To re-elect Mr Lee Yeow Seng as a Director		
3.	To re-elect Datuk Karownakaran @ Karunakaran a/l Ramasamy as a Director		
4.	To re-elect Mr Lim Tuang Ooi as a Director		
5.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor pursuant to Section 129 of the Companies Act, 1965		
7.	To approve Directors' Fees		
8.	To re-appoint BDO as Auditors and to authorise the Directors to fix their remuneration		
9.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	To approve the proposed renewal of existing share buy-back authority		
11.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

(Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast.)

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy : %
Second proxy : %
100%

No. of Shares Held :
CDS A/C No. :

Dated this day of 2011

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.
6. Only members whose names appear in the Record of Depositors as at **17 October 2011** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

FOLD HERE

STAMP

The Company Secretary
IOI CORPORATION BERHAD
Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

FOLD HERE

IOI GROUP

IOI CORPORATION BERHAD 9027-W
Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

www.ioigroup.com