



Value

Consistency

Quality

VALUE

# VALUE

IOI Corporation Berhad 9027-W Incorporated in Malaysia Annual Report 2002



www.ioigroup.com

IOI Corporation Berhad 9027-W Incorporated in Malaysia Annual Report 2002

## Our Vision

■ ... is to be a pre-eminent 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 and balanced commercial success by satisfying our customers' needs, giving superior performance to our shareholders, providing rewarding careers to our people, having mutually beneficial relationship with our business associates, participating and contributing effectively towards nation building and the welfare and advancement of the society in which we operate.

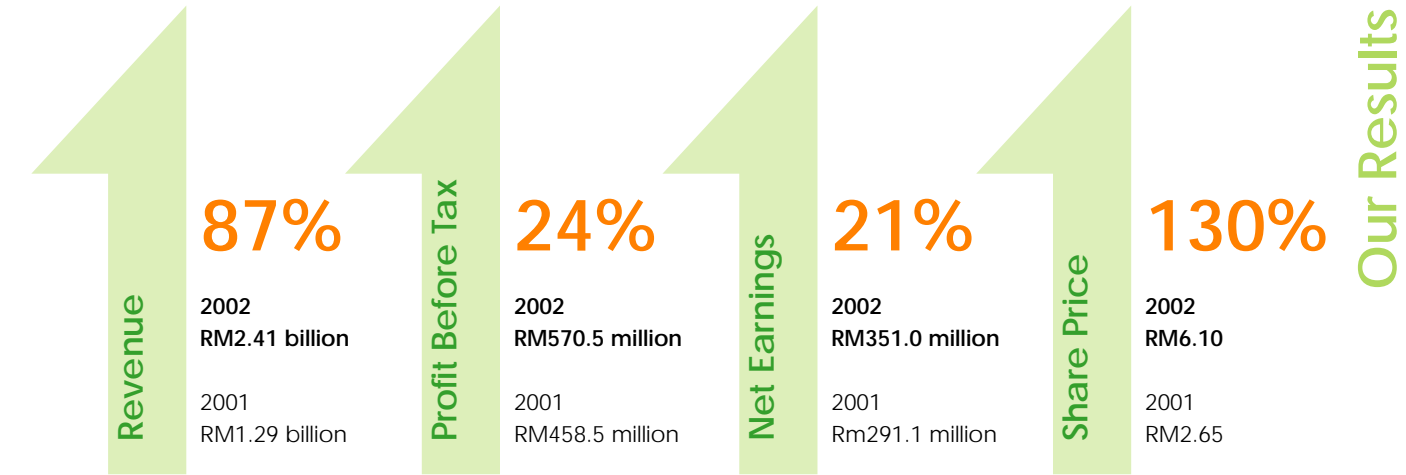
## Contents

<u>2</u> Notice of Annual General Meeting	<u>34</u> Management's Discussion and Analysis – Highlights – Economic Profit & Return – Review of Core Business Operations	<u>98</u> Senior Management Team
<u>7</u> Statement Accompanying Notice of Annual General Meeting of the Company	<u>70</u> Corporate Information	<u>99</u> Group Business Structure
<u>10</u> Chairman's Statement	<u>71</u> Board of Directors	<u>100</u> Location of Operations
<u>26</u> Group Financial Overview	<u>72</u> Profile of Directors	<u>102</u> Corporate Calendar
<u>28</u> Group Performance Highlights	<u>78</u> Audit Committee Report	<u>106</u> Social Contributions
<u>29</u> Group Quarterly Results	<u>82</u> Corporate Governance	<u>109</u> Financial Statements
<u>29</u> Financial Calendar	<u>88</u> Statement on Internal Control	<u>185</u> Group Properties
<u>30</u> Five year Financial Highlights	<u>90</u> Statement of Directors' Interests	<u>192</u> Shareholders/ Warranholders Information
	<u>91</u> Other Information	Proxy Form

Our Key Strategies

- plan and act with cohesive purpose towards Vision IOI
- focus on core businesses
- create value for all stakeholders
- market focused and oriented
- continuous improvement in quality, productivity and cost efficiencies

Key Indicators	2002	2001	2000	1999	1998
Financial					
Profit before taxation (RM'000)	570,502	458,462	501,647	462,190	316,823
Net profit attributable to shareholders (RM'000)	350,960	291,128	303,033	379,662	199,169
Shareholders' equity (RM'000)	2,938,275	2,538,120	2,254,090	2,023,754	1,662,624
Return on average equity (%)	12.82	12.15	14.17	20.60	12.72
Basic earnings per share (sen)	41.21	34.62	35.96	44.97	23.60
Gross dividend per share (%)	30.0	25.0	20.0	12.0	6.0
Plantation					
FFB production (MT)	1,920,692	1,926,808	1,565,807	1,279,149	949,694
Total oil palm area (Ha)	98,864	87,605	86,151	85,706	83,198
Property					
Sales value (RM'000)	483,522	435,965	372,137	303,526	172,381
Sales (unit)	2,090	3,564	2,417	2,227	1,152
Oleochemical					
Plant Utilisation (%)	95	97	89	70	64
Sales (MT)	221,889	219,205	211,400	168,554	162,518



Our Results





The Group returned to its usual growth trend (which was broken for the first time after 11 years of continuous growth because of depressed palm oil prices) again in FY 2002 with a 24% growth in pre-tax profit. This achievement is a tribute to good performances by all three of our core businesses: plantation, property and manufacturing.

But our investors are not the only ones to benefit from our strong performance. FY 2002 was a year that saw us create value for all our stakeholders.

*Value*

■ **NOTICE IS HEREBY GIVEN THAT** the Thirty-Third Annual General Meeting of the Company will be held at Putra Room, Renaissance Palm Garden Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Friday, 18 October 2002 at 10.15 a.m. for the following purposes:

### Agenda

- |  |   |
|--|---|
| <p>1 To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2002 and the Reports of the Directors and Auditors thereon.</p> <p>2 To re-elect the following Directors retiring by rotation pursuant to Article 101 of the Company's Articles of Association:</p> <p style="margin-left: 20px;">a Tan Sri Dato' Lee Shin Cheng</p> <p style="margin-left: 20px;">b Dato' Yeo How</p> <p>3 To consider and if thought fit, to pass the following as an Ordinary Resolution:</p> <p style="margin-left: 20px;">"THAT Mr Chan Fong Ann, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."</p> <p>4 To consider and if thought fit, to pass the following as an Ordinary Resolution:</p> <p style="margin-left: 20px;">"THAT the increase in the payment of Directors' fees to RM231,000, to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved."</p> | <p>5 To declare a final dividend of 18% or 9 sen per ordinary share of RM0.50 each less 28% income tax in respect of the financial year ended 30 June 2002.</p> <p>6 To re-appoint BDO Binder, the retiring auditors and to authorise the Directors to fix their remuneration.</p> <p>7 As special business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:</p> <p style="margin-left: 20px;">7.1 Authority To Directors To Allot And Issue Shares Pursuant To Executive Share Option Scheme</p> <p style="margin-left: 20px;">"THAT pursuant to the Company's Executive Share Option Scheme ("the Scheme") and the extension thereon, as approved by the Ordinary Resolution passed at the Extraordinary General Meeting held on 8 March 1995 and 27 March 2000 respectively, the Directors of the Company be and are hereby authorised in accordance with Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time in accordance with the Scheme."</p> |
|--|---|

## 7.2 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 the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued."

## 7.3 Proposed Renewal Of Existing Share Buy-Back Authority

"THAT, subject to compliance with all applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to ten percent (10%) of the Group's latest audited shareholders' equity, which comprises the issued and fully paid-up share capital and reserves of the Group to purchase up to ten per cent (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 the Kuala Lumpur Stock Exchange ("KLSE") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company and shall be backed by the latest audited retained earnings and share premium reserves of the Company;

### 7.3 Proposed Renewal Of Existing Share Buy-Back Authority (cont'd)

AND 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 the KLSE;

AND 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 at a general meeting,

whichever is 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 KLSE Listing Requirements or any other relevant authorities."

#### 7.4 Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions

"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 interest of Directors, Major Shareholders or persons connected with the Directors and/or Major Shareholders of the Company and its subsidiaries ("Related Parties"), as detailed in the Circular to Shareholders of the Company dated 26 September 2002 subject to the following:

- i 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
- ii disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year,

and any other arrangements and/or transactions as are incidental thereto;

AND THAT authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution until:

- i the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- ii the expiration of the period within which the next Annual General Meeting after the 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 in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

- 8 To transact any other business of which due notice shall have been given.

### Notice of Dividend Entitlement and Payment

**NOTICE IS HEREBY GIVEN THAT** the final dividend, if approved, will be paid on 6 November 2002 to shareholders whose names appear in the Record of Depositors at the close of business on 23 October 2002.

A Depositor shall qualify for entitlement only in respect of:

- a Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 21 October 2002 (in respect of shares which are exempted from mandatory deposit);
- b Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 23 October 2002 in respect of ordinary transfers; and
- c Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Lee Ai Leng  
Yap Chon Yoke  
Secretaries

Puchong, Selangor Darul Ehsan  
26 September 2002

#### Notes

- 1 A member may appoint any person to be his proxy and the provisions of section 149(1)(b) of the Act shall not apply to the Company.
- 2 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- 3 If a member appoints two proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.
- 4 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- 5 An instrument appointing a proxy must be deposited at the Company's registered office at No.7-10, Jalan Kenari 5, Bandar Puchong Jaya, Off Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

#### 6 Explanatory Statement on Special Business

- i Authority To Directors To Allot And Issue Shares Pursuant To Executive Share Option Scheme

The purpose of this ordinary resolution is to enable the Directors of the Company to allot and issue shares to those executives who have exercised their options under the Executive Share Option Scheme.

- ii Authority To Directors To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

The ordinary resolution proposed under item 7.2 of the Agenda, if passed will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

- iii Proposed Renewal Of Existing Share Buy-Back Authority

The ordinary resolution proposed under item 7.3 of the Agenda, if passed will empower the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through the Kuala Lumpur Stock Exchange. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.



Notes (cont'd)

**6 Explanatory Statement on Special Business (cont'd)**

**iv Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions**

The ordinary resolution proposed under item 7.4 of the Agenda is to renew the Shareholders' Mandate granted by the Shareholders of the Company at the Extraordinary General Meeting held on 30 January 2002. 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 with 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 26 September 2002.

## Statement Accompanying Notice of Annual General Meeting

■ pursuant to paragraph 8.28(2) of the listing requirements of the Kuala Lumpur Stock Exchange

**1 Names of directors who are standing for re-election**

Directors retiring pursuant to Article 101 of the Company's Articles of Association


- Tan Sri Dato' Lee Shin Cheng
- Dato' Yeo How

**2 Thirty-Third Annual General Meeting of IOI Corporation Berhad**

- |                      |  |
|----------------------|--|
| <b>Place</b>         | ■ Putra Room, Renaissance Palm Garden Hotel<br>IOI Resort, 62502 Putrajaya, Malaysia |
| <b>Date and time</b> | ■ Friday, 18 October 2002 at 10.15 a.m.  |



*Celebrating*



"At my time of life, I expect my money to work for me. I invest in IOI because, in a volatile world, they still deliver value. I'm not a big risk-taker. What I look for is steady performance – both in terms of share price and dividend yield. And that's what I get."

*Dependability...*





Tan Sri Dato' Lee Shin Cheng  
Executive Chairman

■ Dear Shareholders,

On behalf of my colleagues on the Board of **IOI Corporation Berhad**, it gives me great pleasure to present to you the Annual Report and Financial Statements of the Company and the Group for the financial year ended 30 June 2002.

*Creating...*



### Operating Background

As an export oriented economy, the Malaysian economy was not spared from the negative effects of the downturns in the US economy and the global electronics industry as well as the aftermath of September 11. Negative GDP growths were recorded for the quarters ended September and December 2001. However, GDP growth for the whole of 2001 managed to stay positive with a 0.4% growth rate, due mainly to the government's fiscal stimulus measures and accommodative monetary policy to promote domestic growth in mitigation for the anaemic external conditions.

These measures, which were a boost especially for the construction, housing and automobile industries, coupled with surging palm oil prices, steered the Malaysian economy convincingly back to positive territory for the quarters ended March and June 2002.

The Group was able to capitalise on this volatile but improving environment to achieve another set of good results and to return to our customary growth trend.

### Financial Overview

The Group recorded a revenue of RM2.41 billion for financial year ended 30 June 2002, a 87% increase over the previous year's RM1.29 billion due principally to the inclusion of Palmco as a subsidiary and also because of much higher revenue contribution from the plantation and property development segments.



#### Financial Overview (cont'd)

Group earnings before interest and taxation (EBIT) for the financial year under review was RM620.0 million, a notable 22% increase from RM508.2 million recorded for the previous financial year due to much higher plantation earnings on the back of higher palm products prices and increased contributions from the property segment. After deducting finance cost of RM49.5 million (2001 – RM49.8 million), the Group registered a pre-tax profit of RM570.5 million, a 24% increase from FY 2001's RM458.5 million.

Net earnings attributable to shareholders of the Company, after deducting taxes and minority interests for financial year 2002 was 21% higher at RM351.0 million as compared to RM291.1 million for financial year 2001. Correspondingly, the fully diluted EPS for financial year 2002 was higher at 38.63 sen compared to 34.56 sen the previous year.

During the financial year, an additional 18,473,000 ordinary shares of 50 sen each was issued through the exercise of executive share option scheme at allotment price ranging from RM2.20 – RM3.90 per share. In addition, 27,451,000 new ordinary shares were also issued pursuant to the exercise of rights under the Company's 1995/2003 Warrants.

After taking into account all the above and additional treasury shares acquired during the financial year at a cost of RM10.1 million as well as dividend pay-out, Group shareholders' fund increased by 16% over the previous financial year to RM2.94 billion at 30 June 2002 while total assets increased by 19% to RM5.56 billion.

### Segmental Contribution to Profit Before Interest and Tax



**2002**

- Plantation 37%
- Property 42%
- Manufacturing 17%
- Others 4%



**2001**

- Plantation 23%
- Property 41%
- Manufacturing 17%
- Others 19%

You will also be pleased to note that the market capitalisation of the Company has increased from RM2.22 billion at the end of last financial year to RM5.38 billion as at 30 June 2002.

### Review of Results

The Group delivered a set of outstanding performance for the financial year under review. With a strong rebound in CPO prices from last year's depressed levels, plantation earnings increased by 94% whilst the palm-based manufacturing operations performed satisfactorily despite more challenging operating conditions and higher raw material prices. The property segment performed better than expected from strong sales in the second half to register 26 % growth in earnings.

Plantation operating profit, which has contributed only 23% or RM117.8 million to Group EBIT for FY 2001, contributed 37% or RM228.7 million in FY 2002 to Group EBIT.

In tandem with the improving domestic economy, low mortgage rates and supportive government policies which provided the conducive setting, total property sales for FY 2002 increased by 11% to RM483.5 million, from RM436.0 the previous year.





#### Review of Results (cont'd)

In line with the improved property sales, in particular the second half of the financial year, revenue from the Group's development activities, representing progress work done on sold properties, increased 29% to RM546.1 million, up from RM423.5 million recorded for FY 2001. Accordingly, EBIT from development activities increased by 26% to RM235.0 million from RM186.3 million.

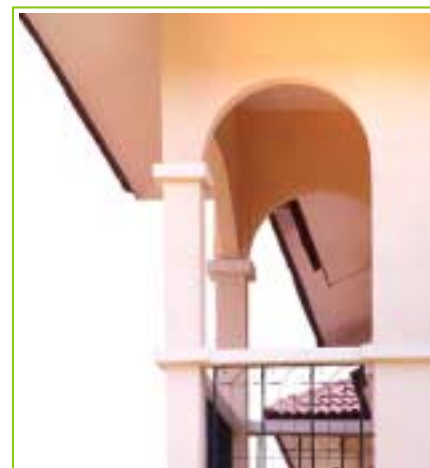
EBIT contribution from property investment which portfolio is substantially in commercial and retail properties within our own townships, increased by 22% to RM25.1 million during the year to bring the total EBIT of the Group's property division to RM260.2 million for FY 2002, as compared to RM206.9 million for FY 2001, a 26% increase. Overall, the Group's property division contributed 42% towards Group EBIT for FY 2002, the second consecutive year that property EBIT has exceeded plantation EBIT.

FY 2002 also saw rationalisation of the Group's manufacturing activities whereby those that are non-palm related and hence considered non-core activities, were disposed off. With the disposals, the Group's manufacturing activities now comprise entirely palm-based down-stream manufacturing activities.

With the inclusion of Palmco as a subsidiary in October 2001 and the de-consolidation of NIOI in March 2002, the EBIT contribution from manufacturing activities increased by 27% to RM107.8 million as compared to RM85.0 million for the previous financial year. The contribution represents 17% (2001 – 17%) of Group EBIT.







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

### Dividends

The Board has declared an interim taxable dividend of 12% in respect of the financial year ended 30 June 2002 which was paid on 22 March 2002. Your Board also recommends a final dividend of 18% less income tax which, subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid to entitled shareholders on 6 November 2002.

This, together with the interim dividend, will result in a total dividend for the financial year ended 30 June 2002 of 30% less income tax (10.8 sen net per 50 sen share) amounting to RM94.5 million as compared to the 25% less income tax (9 sen net per 50 sen share) totalling RM75.7 million paid, for the previous financial year.

In addition, a special dividend by way of distribution of Palmco shares for free, expected to be effected in October 2002 and as elaborated in greater detail in the next section was proposed.

Your Board has proposed higher dividend payments in line with the outstanding and consistent performance of the Company and the Group and after taking into account the cash requirement of the Group.



### Other Corporate Developments

#### **Palmco**

As mentioned in my statement in last year's Annual Report, your Company responded to Sime Darby Berhad ("Sime")'s Voluntary General Offer ("VGO") on Palmco by serving notice to exercise the warrants it held in Palmco for new Palmco shares and was obliged to extend a Conditional Mandatory Offer ("MGO") under the Malaysian Code on Take-Overs and Mergers, 1998.

The Company's MGO on Palmco shares was subsequently declared unconditional on 4 October 2001 after the shareholdings of the Company and person acting in concert with the Company in Palmco has exceeded 50% of the issued and paid-up share capital of Palmco.

The Offer was closed on 18 October 2001 with the Company's gross equity interest (direct and indirect) in Palmco increased to approximately 61% and Palmco became a subsidiary of the Company.

With the completion of the MGO exercise, Palmco Shares and Palmco Warrants were suspended from trading on the Kuala Lumpur Stock Exchange ("KLSE") from 19 October 2001 pursuant to paragraph 16.02(d) of the KLSE Listing Requirements ("Listing Requirements") as Palmco's shareholdings spread does not meet the public shareholding spread requirement under the Listing Requirements.



In order for Palmco to meet its public shareholdings spread for its shares to be traded again on the KLSE and to reward shareholders of the Company for their continuous support of the Company, your Board proposed to distribute up to 41,350,579 Palmco shares for free to the shareholders of the Company by way of capital distribution involving the reduction of the share premium reserves of the Company.

The Proposed Distribution was subsequently approved by all the relevant authorities and shareholders of the Company and received sanction of the High Court of Malaya on 4 September 2002 and shareholders should receive their entitlements before end October 2002.

#### **Rationalisation**

As mentioned briefly earlier, the Group rationalised its manufacturing operations during the financial year by disposing its stakes in industrial gas producing subsidiary, Nissan-Industrial Oxygen Incorporated Berhad ("NIOI") and steel pipes manufacturing associate, Kanzen Tetsu Sdn Bhd ("KTSB"). The disposals were made as these operations and investments were not related to the group's core businesses.

The first batch of NIOI shares representing 31.78% equity interest in NIOI was disposed of to Malaysian Oxygen Berhad ("MOX") on 4 March 2002 for a cash consideration of RM67,456,690 or RM5.16 per share. Following the disposal, an exceptional gain of approximately RM23 million was recognised at the Group level and NIOI was de-consolidated with effect from 4 March 2002.





#### Other Corporate Developments (cont'd)

##### Rationalisation (cont'd)

The Company had also committed to dispose its remaining 4,800,000 NIOI shares to MOX. These shares were under a moratorium on sale, transfer and assignment pursuant to one of the conditions imposed by the Securities Commission ("SC") on its approval for the listing of NIOI in 1997. On 11 April 2002, the Company obtained the approval from the SC and the disposal of the 4,800,000 NIOI shares was completed on 22 July 2002.

The Group also entered into a conditional share sale agreement on 23 April 2002 to dispose its 30% interests in KTSB to FACB Industries Incorporated Berhad ("FACBI") for a cash consideration of RM11,000,000. The sale was completed on 30 August 2002.

##### Loders Croklaan

I indicated in my report last year that the Group is well positioned to take on new business opportunities to ensure continuous growth in our core businesses. I am therefore pleased to report that in order to further broaden (by products as well as by geographical base) the Group's downstream palm-related manufacturing activities, the Company has on 31 August 2002 entered into an agreement to acquire a 100% interest in Loders Croklaan B.V. and the related businesses located in United States, Canada and Egypt (collectively called "Loders Croklaan") from Unilever Group for a total cash consideration of EURO 217 million or approximately RM813 million.





This acquisition is in line with the Group's objective of seeking potential investment opportunities within the sphere of our core businesses that meet our investment criteria to ensure the Group's continuous growth.

Loders Croklaan is one of the world's leading suppliers of speciality oils and fats to the food sector. It has a long standing tradition of quality and innovation and has pioneered products and applications in its core snack ingredients business. It is also in the development of the potentially high growth area of nutritional lipid and operates a small special products unit selling both food and animal feed ingredients that are produced by other manufacturers. Loders Croklaan has an extensive oil and fat derived product portfolio and a global customer base including leading multi-national manufacturers in the food sector.

The acquisition is expected to create synergies for the Group's entire palm oil based business besides providing instant entry into the downstream speciality oils and fats industry and will transform the Group into a global integrated palm oil player.

The acquisition is subject to IOI's shareholder approval at an EGM to be convened and the approval of Loders Croklaan's Works Council.

Further details of the acquisition will be set out in the circular to shareholders to be despatched shortly and this acquisition is expected to be completed by end of November 2002.



#### Human Resource

Integrating and reinforcing the critical skills and competencies of our workforce continued to be the main focus of our human resource strategy throughout FY 2002. Staff training and development activities were more applications-based and customer service-oriented, in keeping with the Group's emphasis in making training more cost-effective and value enhancing as well. For example for its Plantation Division, the Group continued to allocate resources to build up a cadre of cadet planters through intensive in situ management development seminars and cross-functional field exposure.

In response to the high fluidity of project development needs, volatile property market conditions, increasingly more complex regulations and higher expectations of purchasers, the Group also embarked on an extensive series of in-house quality training seminars designed to increase staff's awareness and understanding of good quality management practices in all aspects of development planning, implementation, delivery and customer service.

Given the increasing importance of good corporate governance, the Group also initiated a comprehensive framework for the identification, analysis, measurement and control of key risks that may impact its operations and activities. This involved groupwide risk management training as well as adoption of strategic risk management action plans for addressing pertinent risk areas and contingencies proactively and systematically.



### Community Services

For the year under review, the Group continued with its traditional strong support and encouragement for worthy social causes and charity, especially in the provision of financial support to bright needy students from rural background who have earned places of scholarship in local universities and have had excelled in both their studies and sports. Yayasan Tan Sri Dato' Lee Shin Cheng again gave out generous Young Achievers' Awards to outstanding students in primary and secondary schools and also bestowed several rural schools with funds to help finance the expansion of school facilities and equipment, thereby helping to expand educational opportunities to a wider cross-section of the estate and rural communities.

Our IOI Family Club and the various operating units jointly organised several charity and fund-raising activities e.g. blood-donation drive, recycling of used articles, charity car wash and others to help the less fortunate and the handicapped.

All these activities were co-ordinated and implemented with the help of our townships' residents, tenants, our Golf Club members, business associates, suppliers and the local authorities in the spirit of muhibah and "Malaysia Boleh" as part of our Group's contribution to society and nation building.







### Prospects

Against a backdrop of increasing global uncertainties and external risks, we are most fortunate to have good visibilities and prospects for the industries we are in.

Palm oil prices are expected to continue with its cyclical uptrend after experiencing three years of declining prices of which last year was a long-term low. Production growth of most vegetable oils are in decline due to adverse weather conditions and/or as a result of deliberate cut back in response to the depressed prices over the past two years. With the impact of El Nino expected to be felt in 2003, CPO prices are expected to be substantially higher than prices achieved for FY 2002. Hence, plantation earnings are expected to show very substantial increase again.

Although higher palm oil prices will generally result in lower margins for the downstream operations, the Group's manufacturing operations are nevertheless expected to sustain their contributions because of the increase in production capacities.

In the case of our property business, a recovering domestic economy, low interest rates and supportive fiscal policies are expected to sustain the housing market for the current financial year and we therefore expect to do well again.

Overall, barring unforeseen circumstances, your Group should perform very well for the current and next financial year, driven mainly by strong plantation earnings growth.







Over the medium term, when Loders Croklaan is successfully integrated and assimilated, apart from synergistic benefits and counter balancing cyclical palm oil earnings, exciting potentials are expected.

### Acknowledgement

I would like to extend my deepest appreciation to our valued customers, business partners, associates, bankers for their support and loyalty without which our success will not be possible. We sincerely thank you all and look forward to your continued trust and support in us again. I would also like to extend my heartfelt thanks to the relevant government authorities for their guidance and support and to my fellow directors, management team and all members of the IOI family for their dedication and commitment.

It has been a very busy year and our excellent achievements are a result of the concerted effort and contribution of the entire team. I am very pleased to note the pride our people has in the organisation and their desire to sustain its progress.

In closing, my sincere thanks to our shareholders, for your continued support and confidence in the IOI Group and to assure you that we will continue to work to uphold your trust in us.

Thank you.

Tan Sri Dato' Lee Shin Cheng  
Executive Chairman

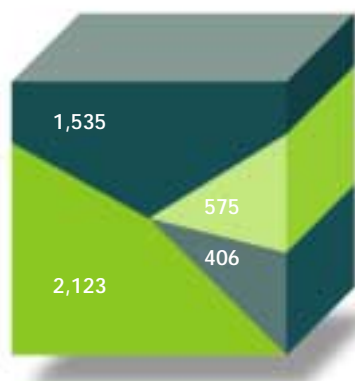
# growth

- It is by achieving consistent, long-term growth in profitability and volume that we will become pre-eminent in our core business areas.

*Growth*

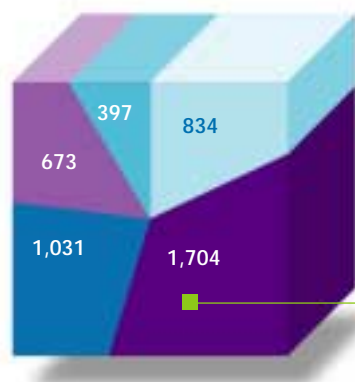


Balance sheet as at 30 June 2001  
(RM million)



### Assets

- Property, plant and equipment
- Other long term assets
- Other current assets
- Cash & cash equivalents (a)



### Shareholders' Equity and Liabilities

- Share capital & other reserves
- Retained profits
- Borrowings (b)
- Minority interests
- Other liabilities

Net borrowings = (b) - (a) = RM625 million

Net gearing = 24.6%

Cash flow for the financial year ended 30 June 2002  
(RM million)

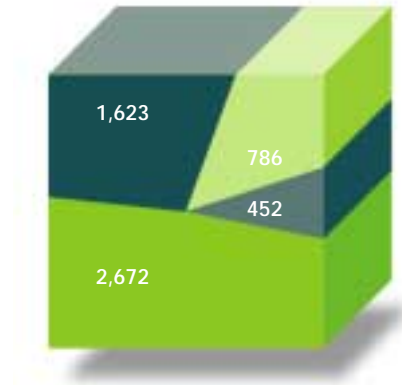
Net operating cash flow	553
Capital expenditure, net of disposal	(189)
Free cash flow from operation	364
Proceeds from shares issued	152
Proceeds from disposal of investments, net of payments for other investments	103
Investments in development land bank	(125)
Acquisition of minority interests in a property subsidiary company	(94)
Investments in hotel property	(103)
Additional Investment in Palmco, net of Palmco's cash balances and borrowings	(116)
Interest payments	(57)
Share repurchases	(10)
Dividend payments	
– Shareholders of the Company	(83)
– Shareholders of subsidiary companies	(46)
Increase in net borrowings	(15)
Net borrowings as at 30.06.01	(625)
Net borrowings as at 30.06.02	(640)

Segmental contribution to profit before interest & tax  
(RM million)



Plantations	229
Properties	260
Manufacturing	108
Others	23
<b>Total</b>	<b>620</b>

Balance sheet as at 30 June 2002  
(RM million)

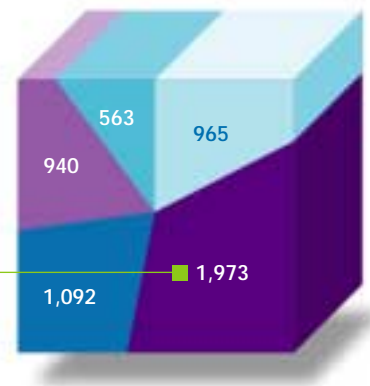


#### Assets

- Property, plant and equipment
- Other long term assets
- Other current assets
- Cash & cash equivalents (a)

#### Retained profit for the financial year ended 30 June 2002 (RM million)

■ Profit before interest and tax	620
Net interest expense	(50)
Profit before taxation	570
Taxation	(112)
Profit after taxation	458
Minority interest	(107)
Net profit for the financial year	351
Dividends paid	(83)
Retained profit for the financial year	268
Net gain not recognised in income statement	1
■ Retained profits as at 30.06.01	1,704
Retained profits as at 30.06.02	1,973



#### Shareholders' Equity and Liabilities

- Share capital & other reserves
  - Retained profits
  - Borrowings (b)
  - Minority interests
  - Other liabilities
- Net borrowings = (b) - (a) = RM640million  
Net gearing = 21.8%

## Group Performance Highlights

In RM'000	2002	2001	% + / (-)
<b>Financial Performance</b>			
Revenue	2,410,500	1,291,578	87
Profit before interest and taxation	620,029	508,221	22
Profit before taxation	570,502	458,462	24
Net operating profit after taxation ("NOPAT")	498,980	402,816	24
Net profit attributable to shareholders	350,960	291,128	21
Average shareholders' equity	2,738,198	2,396,105	14
Average capital employed	4,730,924	4,070,515	16
Operating margin (%)	24.33	31.44	(23)
Return on average equity (%)	12.82	12.15	5
NOPAT/Average capital employed (%)	10.55	9.90	7
Basic earnings per share (sen)	41.21	34.62	19
Gross dividend per share (sen)	15.0	12.5	20
Net tangible assets per share (sen)	319	291	10
Dividend cover (number of times)	3.71	3.85	(3)
Interest cover (number of times)	8.26	6.85	21
<b>Plantation Statistic</b>			
FFB production (MT)	1,920,692	1,926,808	(0)
Yield per mature hectare (MT)	22.91	24.24	(5)
Mill production (MT)			
Crude palm oil	477,794	469,070	2
Palm kernel	118,209	119,855	(1)
Oil extraction rate (%)			
Crude palm oil	21.28	19.98	7
Palm kernel	5.26	5.11	3
Average selling price (RM/MT)			
Crude palm oil	1,075	838	28
Palm kernel	522	457	14
Operating profit (RM/mature hectare)	2,834	1,615	75
<b>Property Performance</b>			
Sales value	483,522	435,965	11
Sales (unit)	2,090	3,564	(41)
Average selling price	231	122	89
Revenue	546,146	423,536	29
Operating profit	235,036	186,283	26
Operating profit (per unit)	112	52	115
Progress billings	498,015	357,600	39
<b>Oleochemical Performance</b>			
Plant utilisation (%)	95	97	(2)
Sales (MT)	221,889	219,205	1



## Group Quarterly Results

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		FY 2002	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue	364,650	15%	589,335	25%	650,610	27%	805,905	33%	2,410,500	100%
Operating profit	73,800	14%	120,110	23%	161,041	31%	165,130	32%	520,081	100%
Share of results of associated companies	13,535	27%	8,126	16%	12,865	25%	15,895	32%	50,421	100%
Profit before taxation	87,335	15%	128,236	22%	173,906	31%	181,025	32%	570,502	100%
Taxation	(13,602)	12%	(24,267)	22%	(34,080)	30%	(40,320)	36%	(112,269)	100%
Profit after taxation	73,733	16%	103,969	23%	139,826	30%	140,705	31%	458,233	100%
Minority interest	(11,018)	10%	(27,521)	26%	(32,577)	30%	(36,157)	34%	(107,273)	100%
Net profit attributable to shareholders	62,715	18%	76,448	22%	107,249	30%	104,548	30%	350,960	100%
Earnings per share (sen)										
Basic	7.46		9.08		12.63		11.95		41.21	
Diluted	7.37		8.98		11.54		10.82		38.63	
<b>Operating profit on segmental basis</b>										
Plantations	34,763	15%	56,638	25%	66,436	29%	70,817	31%	228,654	100%
Property development	35,567	15%	47,493	20%	62,534	27%	89,442	38%	235,036	100%
Property investment	6,897	27%	6,422	26%	5,117	20%	6,694	27%	25,130	100%
Manufacturing	18,944	17%	30,302	28%	35,246	33%	23,340	22%	107,832	100%
Others	2,726	11%	654	3%	18,149	78%	1,848	8%	23,377	100%
Profit before interest and taxation	98,897	16%	141,509	23%	187,482	30%	192,141	31%	620,029	100%
Net interest expense	(11,562)	23%	(13,273)	27%	(13,576)	27%	(11,116)	23%	(49,527)	100%
Profit before taxation	87,335	15%	128,236	22%	173,906	31%	181,025	32%	570,502	100%

## Financial Calendar

<b>Financial Year End</b>	30 June 2002	<b>Payment of Dividends</b>	
<b>Announcement of Results</b>		Interim	
1st quarter	15 November 2001	Declaration	21 February 2002
2nd quarter	21 February 2002	Book closure	12 March 2002
3rd quarter	14 May 2002	Payment	22 March 2002
4th quarter	10 August 2002	Final	
<b>Notice of Annual General Meeting</b>	26 September 2002	Proposal	10 August 2002
<b>Annual General Meeting</b>	18 October 2002	Approval by shareholders	18 October 2002
		Book closure	23 October 2002
		Payment	6 November 2002

## Five Year Financial Highlights

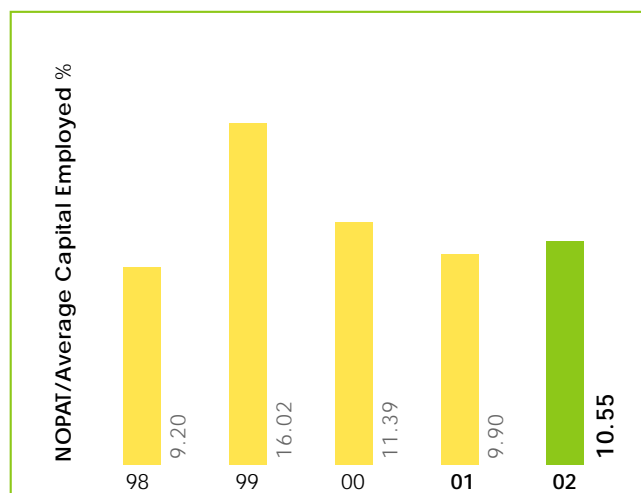
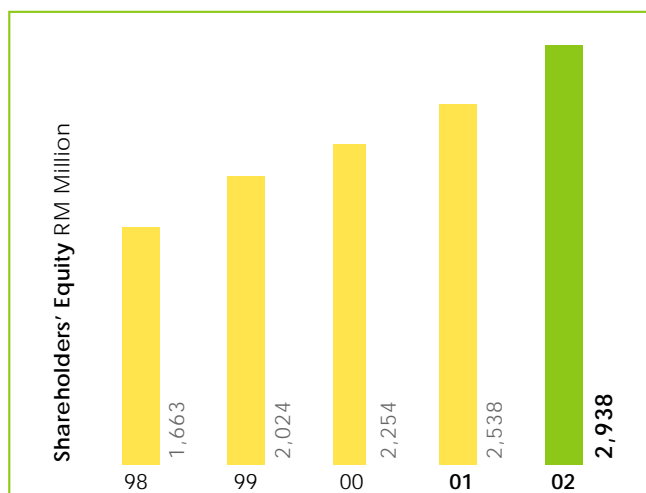
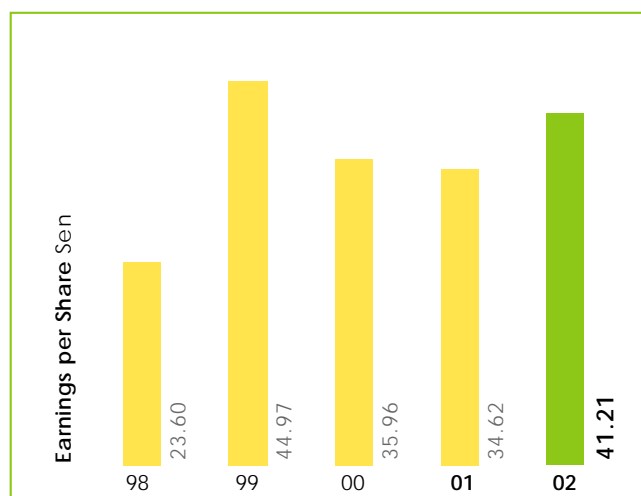
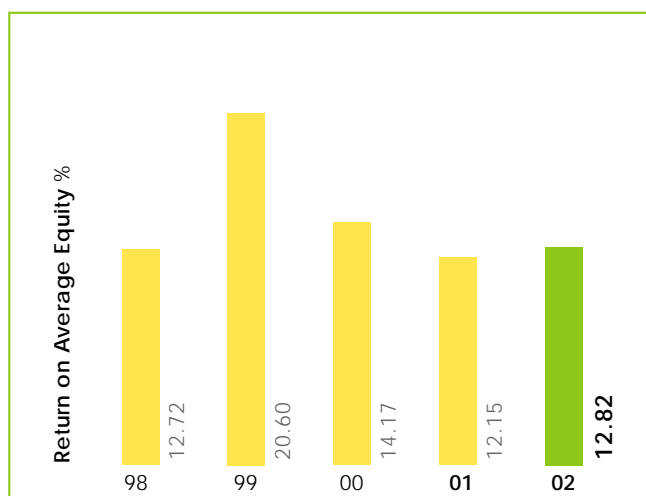
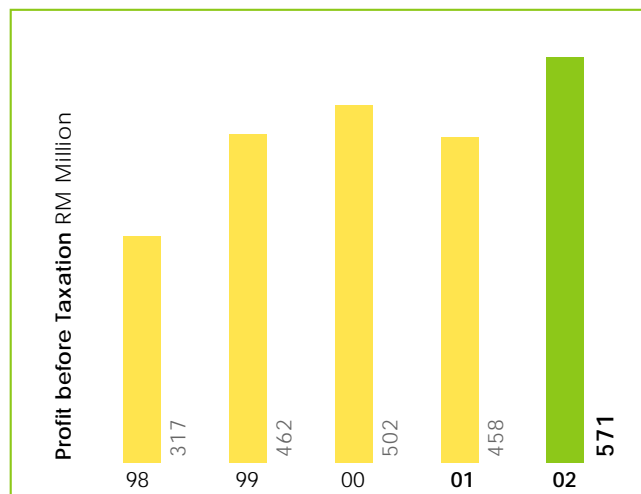
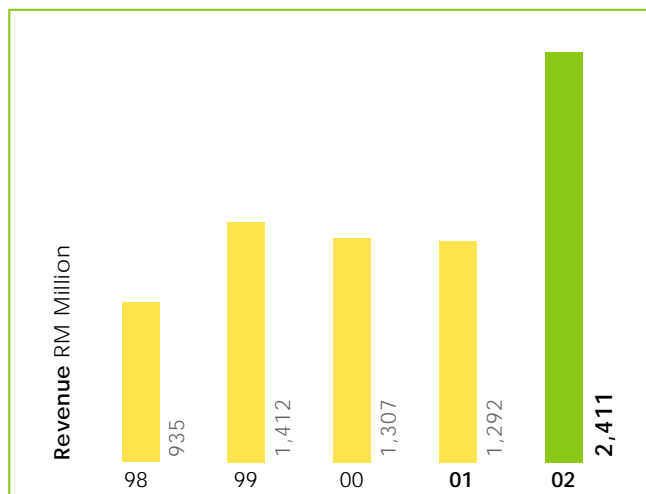
In RM'000	2002	2001	2000	1999	1998
<b>Results</b>					
Revenue	2,410,500	1,291,578	1,306,685	1,411,917	935,127
Profit before taxation	570,502	458,462	501,647	462,190	316,823
Taxation	(112,269)	(96,264)	(121,654)	216	(72,997)
Profit after taxation	458,233	362,198	379,993	462,406	243,826
Minority interests	(107,273)	(71,070)	(76,960)	(82,744)	(44,657)
Net profit attributable to shareholders	350,960	291,128	303,033	379,662	199,169
Dividends	(82,828)	(60,572)	(66,757)	(18,233)	(17,724)
Retained profit for the financial year	268,132	230,556	236,276	361,429	181,445
<b>Group Assets</b>					
Property, plant and equipment	2,671,783	2,123,375	1,953,434	1,836,892	1,814,295
Associated companies	258,463	409,271	587,786	590,879	593,983
Investment properties	522,456	489,519	380,940	361,882	308,589
Other long term investments	18,191	33,276	27,501	15,353	30,255
Land held for development	660,074	524,333	512,283	604,355	572,025
Other assets	163,629	78,689	71,354	73,163	73,715
Current assets	1,265,735	1,006,213	827,907	603,578	550,708
Total assets	5,560,331	4,664,676	4,361,205	4,086,102	3,943,570
Current liabilities	(1,133,531)	(901,600)	(903,693)	(798,496)	(1,033,346)
	4,426,800	3,763,076	3,457,512	3,287,606	2,910,224
<b>Financed by</b>					
Share capital	447,988	425,026	423,943	422,468	422,070
Reserves	2,490,287	2,113,094	1,830,147	1,601,286	1,240,554
Shareholders' equity	2,938,275	2,538,120	2,254,090	2,023,754	1,662,624
Minority interests	940,021	672,698	569,973	471,283	435,308
Deferred income	–	–	207,603	237,261	237,261
Long term liabilities	433,251	507,357	394,628	532,236	551,799
Deferred taxation	115,253	44,901	31,218	23,072	23,232
	4,426,800	3,763,076	3,457,512	3,287,606	2,910,224
Net operating profit after tax ("NOPAT")	498,980	402,816	417,220	540,732	281,731
Average shareholders' equity	2,738,198	2,396,105	2,138,922	1,843,189	1,565,331
Average capital employed <sup>1</sup>	4,730,924	4,070,515	3,664,313	3,374,859	3,061,059
<b>Financial Statistics</b>					
Basic earnings per share (sen)	41.21	34.62	35.96	44.97	23.60
Gross dividend per share (sen)	15.0	12.5	10.0	6.0	3.0
Net tangible assets per share (sen)	319	291	257	229	180
Return on average equity (%)	12.82	12.15	14.17	20.60	12.72
NOPAT/Average capital employed (%)	10.55	9.90	11.39	16.02	9.20
Net debt/Equity (%) <sup>2</sup>	21.78	24.62	27.23	43.62	59.85

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

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

Certain comparative figures have been reclassified to conform with current financial year's presentation as disclosed in Note 45 and Note 46 to the financial statements.





# performance

- We constantly strive to be the best in everything we do. This is what will enable us to attain peak performance: exceeding our customers' expectations, providing our investors with superior returns and our people with rewarding careers.

*Performance*





### Highlights

- Pursuant to our strategy to strengthen investment in core businesses and to hive off those that do not fit or synergise with our core activities, the following changes affecting group consolidated financial statements were made:

- reclassification of Palmco from associated company to subsidiary with effect from 4 October 2001.
- De-consolidation of NIOI with effect from 4 March 2002.

The above changes all relates to the Group's manufacturing segment.

- Group pretax profit which declined for the first time in FY 2001 after eleven consecutive years of growth, is on the up-trend again for FY 2002.

Group pretax profit of RM570.5 million was 24% higher than the previous year on the back of a 28% increase in CPO prices and good performance from the property segment.

- Similarly, net attributable profit after accounting for tax and minority interests was up 21% and surpassed the RM350 million level for the first time to achieve RM351.0 million.
- With the consolidation of Palmco, higher palm products prices and higher revenue contribution from property development activities, Group revenue soared 87% to RM2.4 billion.
- At the EBIT level, because palm oil prices were still below long term average levels, property segment was the leading contributor to Group EBIT for the second consecutive year.



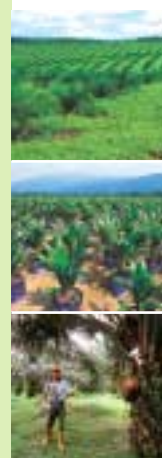
The respective contributions from the three core segments to Group EBIT were as follows:

	FY 2002	FY 2001
Plantations	37%	23 %
Properties	42%	41 %
Manufacturing	17%	17 %

- Plantation segment was however the biggest contributor to Group net earnings:

	FY 2002	FY 2001
Plantations	47%	20%
Properties	34%	30%
Manufacturing	16%	21%

- Operating margin on a Group basis reduced from 31.4% to 24.3% for FY 2002 due principally to the inclusion of Palmco's manufacturing revenue which contributes a much lower operating margin and also because the exceptional gain for FY 2001 (RM94.4 million) was higher than for FY 2002 (RM14.7 million).
- FFB production for FY 2002 was flat despite 13% increase in hectareage because of cyclical biological factors but better oil extraction rates resulted in a marginal increase of 4% in CPO production. Plantation earnings nevertheless rebounded sharply by 94% from the exceptionally low level of RM117.8 million for FY 2001 to RM228.7 million for FY 2002 as prices recovered.





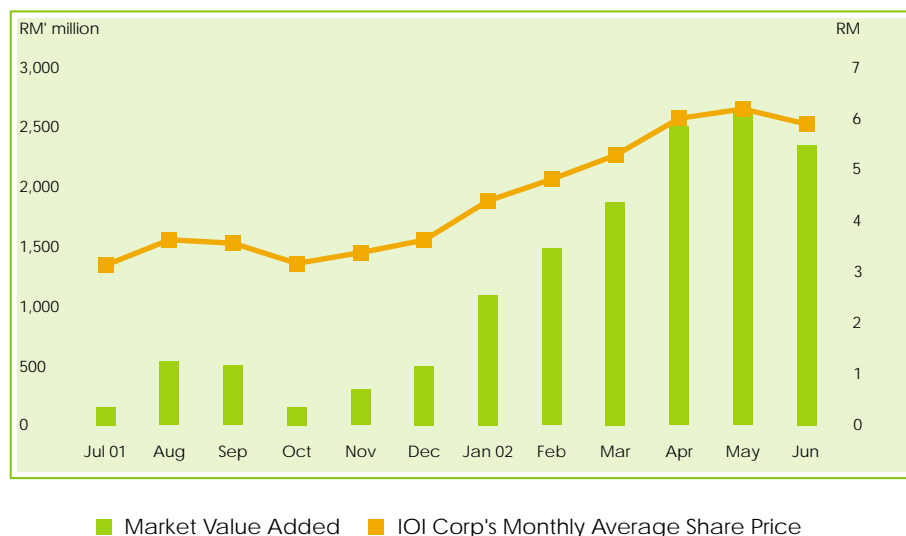
#### Highlights (cont'd)

- Property earnings for FY 2002 came in better than expected, boosted by strong sales in the second half of the financial year. Sales for the year increased by 11 % to RM483.5 million. Rental revenue from investment properties were also higher by 52%. Consequently EBIT contribution from property segment increased by 26% to RM260.2 million from FY 2001, a historical high for our property segment.
- On a gross basis, the manufacturing segment's profitability was marginally lower because higher oil input prices generally reduces operating margins for the downstream operation. Contribution to Group EBIT from manufacturing however reflect a 27% increase to RM107.8 million due mainly to changes in group structure as explained above.
- Net operating profit after tax ("NOPAT") of the Group for FY 2002 was RM499.0 million as compared to RM402.8 million the previous year, a 24% increase. Based on an average capital employed of RM4,730.9 million (FY 2001 – RM4,070.5 million), the Return on Capital Employed ("ROCE") or NOPAT/Average Capital Employed ratio of the Group is 10.55% for FY 2002, up from 9.90% recorded in FY 2001.

The Group's ROCE is expected to improve further in FY 2003 as CPO price is on the up-trend and the property and manufacturing sectors are expected to sustain their good performances. Also, newly invested capital expenditure for plant expansions, land bank and investment properties are expected to enhance future earnings.

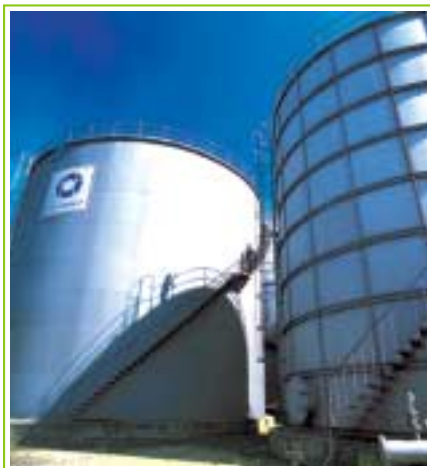
- Despite a 24% increase in NOPAT, the Group's Economic Profit increased from by only 7% RM125.0 million to RM134.2 million, due mainly to an increase in the Group's weighted average cost of capital ("WACC") from 6.83% to 7.71% resulting from an increase in cost of equity due to higher share price volatility.





- The Company's market capitalisation increased from RM2.22 billion as at 30.6.2001 to RM5.38 billion as at 30.6.2002. The significant increase in market capitalisation has resulted in a Market Value Added of RM2.34 billion at the end of the financial year under review.
- Net operating cash flow for the year was RM553.3 million. After deducting capital expenditure of RM189.0 million, mainly in respect of oleochemical plant expansion to increase plant capacity by 50%, new planting expenditure for oil palm, CPO milling capacities as well as other plantation infrastructure to enhance the productivity and capacity of our plantation business, free cash flow from operation was RM364.0 million.
- The Group also utilised about RM116.3 million (net of cash balances and bank borrowings of Palmco) for the Palmco MGO and an additional total of about RM227.9 million for investment in land bank for future development and hotel property besides dividend payout of RM82.8 million to the shareholders of the Company during the year. With the strong free cash flow from operation coupled with net proceeds from issue of shares and disposals of non-core businesses of approximately RM255.0 million, net borrowings of the Group increased by only RM14.9 million after the above utilisation.
- Despite an increase in net borrowings of RM14.9 million, the Group's net gearing ratio has nonetheless improved further from 24.6% as at the previous financial year end to 21.8% as at 30 June 2002, due mainly to a 16% increase in shareholders equity. Management regards the Group's current gearing level to be on the conservative side.





### Highlights (cont'd)

- The Return on Equity ("ROE") for the financial year under review was 12.82% as compared to 12.15% for the previous year. Returns are expected to improve further in line with improved outlook for the oil palm sector and consistent performance from the property and manufacturing sectors as well as through future contributions from newly added investments.

The Group also intends to continue to enhance returns for shareholders by increasing dividend pay-out and share repurchase programme when appropriate. The dividend rate was further increased from 25% gross on par value to 30% gross on par value in FY 2002. Total dividend plus amount spent on share repurchase for the year amounted to RM104.6 million, which is equivalent to 30% of net attributable earnings for the year.

Additionally a special dividend by way of distribution of about 41.4 million Palmco shares costed at a value of approximately RM184.2 million is scheduled to be effected by end October 2002.

- Our participation in our core businesses, namely palm oil and properties, entails risks that arise in the ordinary course of business. Palm oil prices in particular, can be very volatile and can result in wide fluctuation in revenue and cash flow. Other risks include oleo products price risk, currency risk, interest rate risks, changes in the financial and property markets and other operation risks. Our risk management policy is to exploit as fully as possible the many opportunities available in the markets we operate in, while taking on only those risks that are necessarily associated with creating added economic value while strategically balancing up risks that could not otherwise be managed to a satisfactory level.



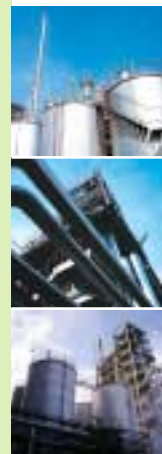


- In the case of palm oil, for instance, normal price fluctuations are manageable risks whilst unduly sharp fluctuations are strategically balanced by the Group's positioning in different segments of the palm oil value chain, namely plantation, refinery, oleochemicals and, with the proposed acquisition of Loders Croklaan, speciality oils and fats. The Group's exposure to different segments of the palm oil chain also enables better risk management execution that enhances value beyond mere balancing out the effect of price fluctuation.
- The Group has in place a formal risk management framework. Overall, through strategic measures, consistent risk management and continuous refinement, we are able to recognise and exclude fundamental dangers for IOI in the ordinary course of business.

### Economic Profit and Return

Key business units are evaluated on its ability to generate economic profit and analysis of acquisitions, capital expenditures, budgets and strategic plans are based on economic profit principles.

The Group's various business units are accountable for cost of capital employed (shareholders' equity and borrowings) in order to measure real economic profits and returns. The system measures how much economic value business units have created by deducting a charge (cost of equity and cost of debts) for the capital employed from net operating profit after tax (NOPAT). Business units must have a net operating profit after tax (NOPAT) that is more than its costs of capital before it is considered to have "created value" or economic profit.



### 5 Years Economic Profit Trend

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



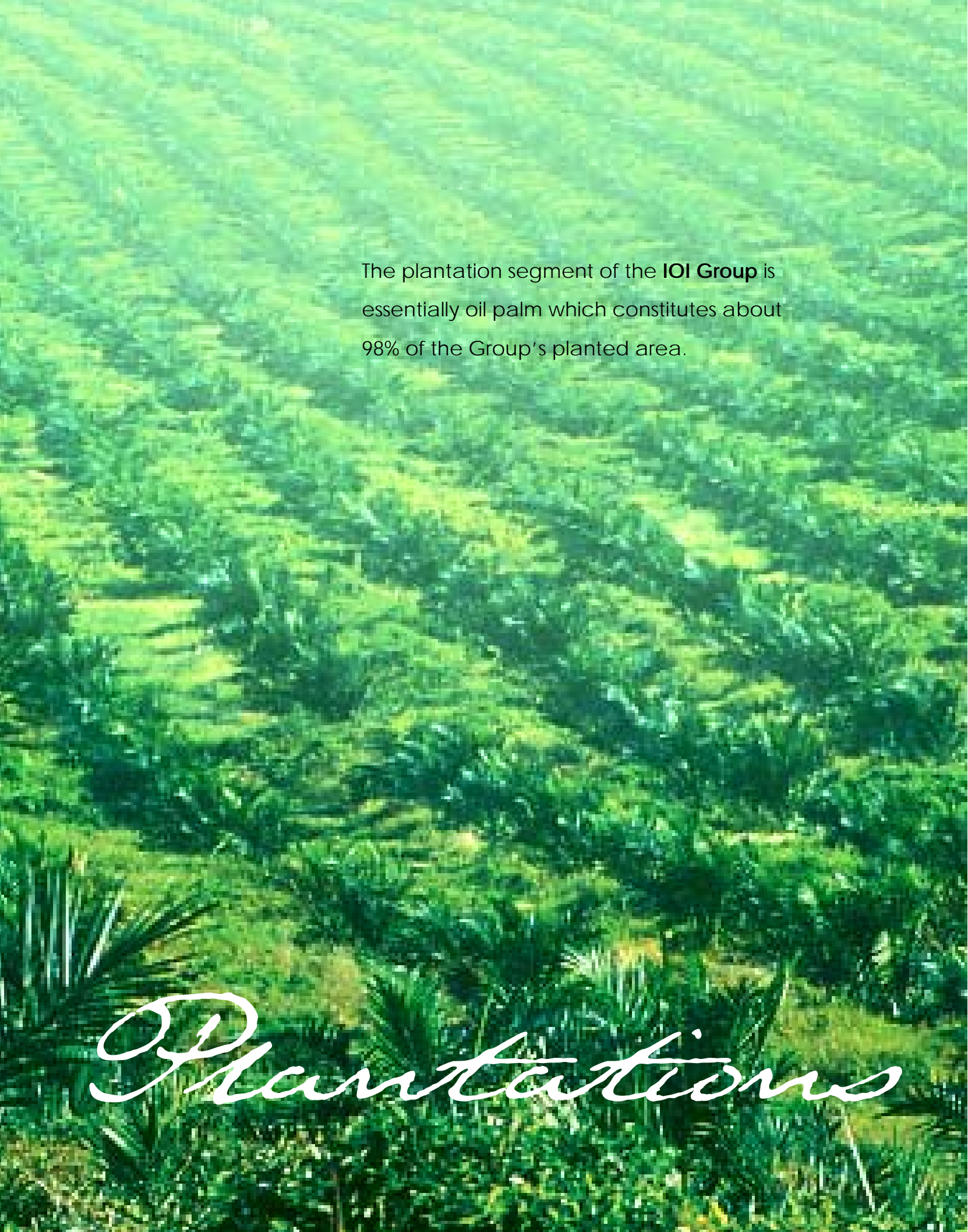
Year ended 30 June	1998	1999	2000	2001	2002
<b>In RM'000</b>					
Economic profit	9,421	218,397	109,658	124,971	<b>134,185</b>
Total cost of debts	30,311	70,870	33,628	35,846	<b>34,797</b>
Total cost of equity	241,999	251,465	273,934	241,999	<b>329,998</b>
NOPAT	281,731	540,732	417,220	402,816	<b>498,980</b>

As mentioned earlier under Highlights, the Group's Economic Profit for FY 2002 increased by 7% only despite a 24% increase in NOPAT due mainly to increase in required return on equity or cost of equity resulting from higher share price volatility.

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



Note:  
Average shareholders' equity for FY 1998-2001 have been restated as a result of change in accounting policy on proposed dividends. Accordingly, the economic profit and cost of equity for the affected years have been recomputed based on the restated shareholders' equity. For further details on the change of accounting policy, please refer Note 45 to the Financial Statement.



The plantation segment of the **IOI Group** is essentially oil palm which constitutes about 98% of the Group's planted area.

*Plantations*



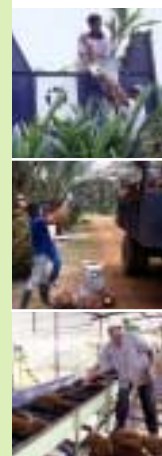
The activities or scope in this segment covers the breeding and production of superior seedlings, the planting and cultivation of oil palm (and a small percentage of rubber and orchard) and the millings of fresh fruit bunches ("FFB") harvested from the oil palm into crude palm oil ("CPO") and palm kernel ("PK") at CPO mills. The CPO and PK produced by our CPO mills in Sabah are sold to our own palm oil refinery and kernel crushing plant ("KCP") in Sandakan, Sabah, whereas CPO and PK in Peninsular Malaysia are sold to third parties.

Currently, the Group owns a total of 53 estates and has 10 CPO mills in operation. As at 30 June 2002, a total titled area of 110,096 hectares is directly owned by the Company and its subsidiaries and another 2,377 hectares by an associated company but managed by the Group. (Plantation statistics given excludes the associated company).

Approximately 35% of the Group's plantation holdings are in Peninsular Malaysia, mainly in the central and southern parts of the Peninsular, and the balance 65% in the state of Sabah, East Malaysia, clustered in the Lahad Datu, Sandakan region.

### Operating Principle

The Group manages its plantation operations based on sustainable agriculture principles. We believe that to ensure sustainability, scarce agriculture land should be put to optimum use by ensuring high productivity and cost efficiency whilst also ensuring no detrimental effects to the natural environment and to the local communities. In this regard, oil palm which oil yields are higher than any other vegetable oil crop and which oil has excellent nutritional ingredients, is the best vegetable oil crop to cultivate.





#### Operating Principle (cont'd)

We adopt plantation management and agronomic practices that strive to ensure that yields are enhanced, resource inputs are optimised and wherever possible be of renewable resources and that any adverse effects on soil fertility, water and air quality and other environmental effects are minimised.

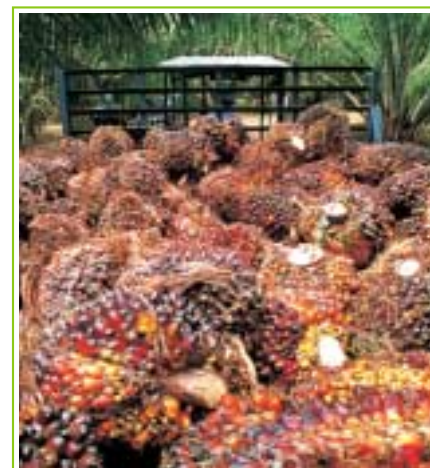
#### Operations

For oil palm, the total planted area at the end of the financial year under review increased by 11,259 hectares to 98,864 hectares while area brought into maturity increased by 5% or 4,809 hectares to 85,035 hectares at year end, due mainly to the inclusion of matured palm plantations of Palmco.

FFB harvested for the year was flat at 1.9 million MT as compared to the previous year because normal production growth was affected by cyclical biological factors which have affected the industry as a whole. Consequently, overall yield per hectare for FY 2002 dropped from 24.24 MT per hectare for financial year 2001 to 22.91 MT per hectare. The Group's FFB yield is nonetheless higher than the industry average by 15-20% as fertiliser inputs are always maintained at optimum levels irrespective of CPO price movements. Practices to ensure productivity and cost efficiency improvements are also in place to enhance our production yield. Incentive programmes were also introduced to reward productivity improvements. Barring adverse weather conditions, yields have the potential to be significantly higher over the next few years as most of the palms have yet to reach peak yielding years.







In line with higher palm products prices, the amount of cess and sales tax paid for the year was higher as compared to FY 2001, in particular Sabah sales tax, which becomes payable when CPO prices are above RM1,000 per MT. The cess and tax for the year were as follows:

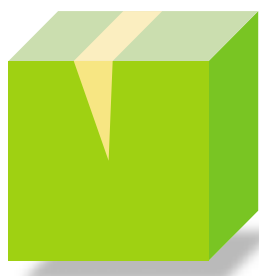
In RM'000	FY 2002	FY 2001
MPOB cess	7,519	4,735
Rubber	351	386
	7,870	5,121
Sabah sales tax	12,983	–
	20,853	5,121

As for rubber which contributes only about 1% of plantation earnings, the total planted area was further reduced to 1,776 hectares from 2,001 hectares for the previous financial year.

In tandem with the reduction in planted area, rubber production reduced by 3% to 3,607,000 kg for the year under review despite the improvement in yield per Ha from 1,855 kg per Ha for FY 2001 to 1,995 kg per Ha.

On capital expenditure, the Division spent RM28.7 million on new planting (vs. RM16.5 million in 2001) and RM38.5 million (vs. RM39.0 million in 2001) towards the expansion of capacity for CPO mills, road and bridges, staff quarters and agricultural equipment. These capital expenditures are to cater for the projected increase in crop production in earning years. In addition, a sum of RM8.6 million (RM5.6 million in 2001) was charged out as replanting expenditure.

### Oil Palm Hectarage ...by Region



#### Sabah – 65%

- Mature 94% (59,969 HA)
- Immature 6% (3,929 HA)



#### Peninsular – 35%

- Mature 72% (25,066 HA)
- Immature 28% (9,900 HA)

### Operations (cont'd)

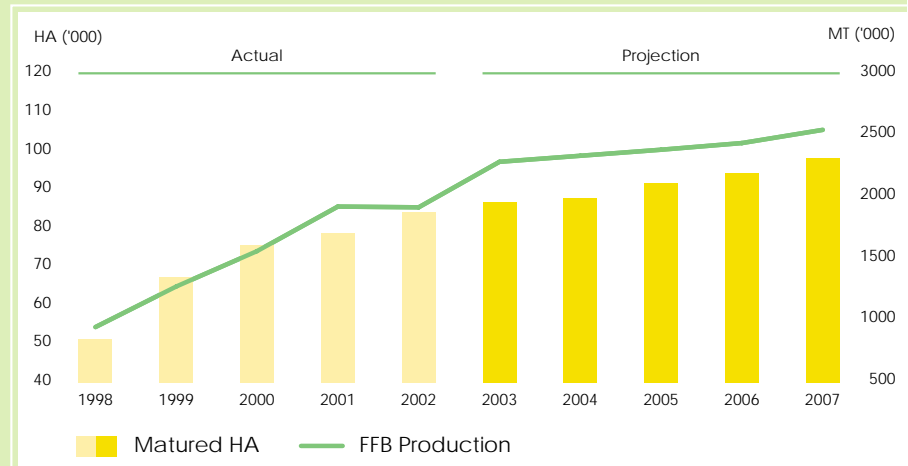
After two straight years of decline, plantation earnings increased significantly for the financial year under review as CPO prices rebounded strongly from a long-term low of RM697 per MT recorded in February 2001 to a high of RM1,448 per MT for June 2002. Group's CPO price realised increased by 28% from RM838 per MT for FY 2001 to RM1,075 per MT whilst PK prices increased from RM457 per MT to RM522 per MT for the year under review. Consequently, EBIT from this sector soared 94% to RM228.7 million for FY 2002 as compared to RM117.8 million for FY 2001.

Plantation Division made a net operating profit after tax ("NOPAT") of RM218.0 million for financial year 2002, a marginal decrease of 1% over RM221.0 million recorded for 2001 as the previous year has the benefit of an exceptional gain of RM96.3 million recognised in respect of the final instalment for the sale of Jasin Lalang Estate, giving an ROCE of 12.7% (vs. 13.3% in 2001) based on an average capital employed base of RM1,717.6 million (RM1,664.5 million in 2001).

Operating margins achieved, as expressed by EBIT to Revenue, was 32% compared to 24% for the previous year reflecting effects of much higher palm product prices. Consequently, the operating profit per average mature hectare for oil palm was RM2,834 as compared to RM1,615 per hectare for the previous year, a 75% increase.

Although these profitability measures are substantial improvements, they are nevertheless still significantly lower than long term averages of about USD 400 per MT for CPO prices and of about RM3,500 per mature hectare in operating profit.

### Mature Oil Palm Area/FFB Production



### Outlook and Prospects

Production of almost all the major vegetable oils are down due to either adverse weather and/or intentional cut-backs in response to depressed prices over the last two years. El Nino has also been forecasted for Asia Pacific for the current year and although expected to be milder in effect than in 1997, will nevertheless further restrict production growth.

The phenomenon has already affected Northern Australia's crop production significantly this season whilst the impact on Malaysian and Indonesian CPO production may likely be felt in 2003. Overall, it is estimated that supply will be in deficit of demand by almost 2,000,000 MT in respect of all vegetable oils for the new season.

As palm oil is currently trading at a substantial discount of between USD70 to USD120 per MT to the other vegetable oils, palm oil prices are likely to rise significantly when the low crop season starts by end 2002. Hence, the Group's plantation operation should continue to enjoy substantial improvements in revenue and profitability over these two years, at least.



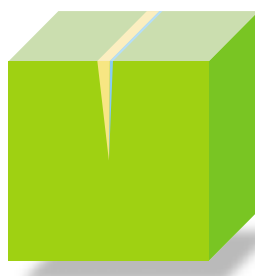


### Plantation Statistics

#### Crop Statement

Year ending 30 June	2002	2001	2000	1999	1998
<b>Oil Palm</b>					
Mature area harvested (hectare)	83,825	79,477	75,586	66,958	50,526
FFB production (tonne)	1,920,692	1,926,808	1,565,807	1,279,149	949,694
Yield per mature hectare (tonne)	22.91	24.24	20.72	19.10	18.80
Mill production					
Crude palm oil	477,794	469,070	371,145	281,656	230,528
Palm kernel	118,209	119,855	98,172	74,666	62,779
Oil extraction rate (%)					
Crude palm oil	21.28	19.98	20.04	19.49	19.91
Palm kernel	5.26	5.11	5.30	5.17	5.42
Average selling price (RM/tonne)					
Crude palm oil	1,075	838	1,216	2,029	1,663
Palm kernel	522	457	948	1,082	855
Operating profit (RM/mature hectare)	2,834	1,615	3,088	5,758	4,494
<b>Rubber</b>					
Mature area tapped (hectare)	1,808	2,009	2,102	2,637	2,937
Rubber production ('000 kg)	3,607	3,727	3,461	4,278	4,097
Yield per mature hectare (kg)	1,995	1,855	1,647	1,622	1,395
Average selling price (RM/kg)	3.30	3.40	3.32	3.18	3.26
Operating profit (RM/mature hectare)	1,486	1,534	1,230	1,108	1,285

Crop Mix



- Oil Palm 98% (98,864 HA)
- Rubber 2% (1,776 HA)
- Others 0% (314 HA)

Oil Palm Hectarage ...by Age



- Due 4.4% (4,316 HA)
- Past Prime 5.0% (4,964 HA)
- Prime 53.3% (52,680 HA)
- Young 23.3% (23,075 HA)
- Immature 14.0% (13,829 HA)

#### Area Statement (In Hectares)

Year ending 30 June	2002	2001	2000	1999	1998
<b>Oil Palm</b>					
Mature	85,035	80,226	77,906	69,323	62,886
Immature	13,829	7,379	8,245	16,383	20,312
	<b>98,864</b>	<b>87,605</b>	<b>86,151</b>	<b>85,706</b>	<b>83,198</b>
<b>Rubber</b>					
Mature	1,776	2,001	2,014	2,348	2,632
Immature	–	–	–	–	118
	<b>1,776</b>	<b>2,001</b>	<b>2,014</b>	<b>2,348</b>	<b>2,750</b>
<b>Others</b>	<b>314</b>	<b>299</b>	<b>287</b>	<b>320</b>	<b>395</b>
<b>Total planted area</b>	<b>100,954</b>	<b>89,905</b>	<b>88,452</b>	<b>88,374</b>	<b>86,343</b>
Nursery	167	109	67	171	143
Estate under development	2,538	7,810	–	–	1,117
Housing project	1,187	1,105	1,055	997	993
Labour lines, buildings sites & infrastructure	5,250	4,884	4,869	4,630	5,570
<b>Total area</b>	<b>110,096</b>	<b>103,813</b>	<b>94,443</b>	<b>94,172</b>	<b>94,166</b>

"You know what really gives me job satisfaction? It's being able to make a positive difference by delivering more than what someone else could. To me, that's what creating value means."



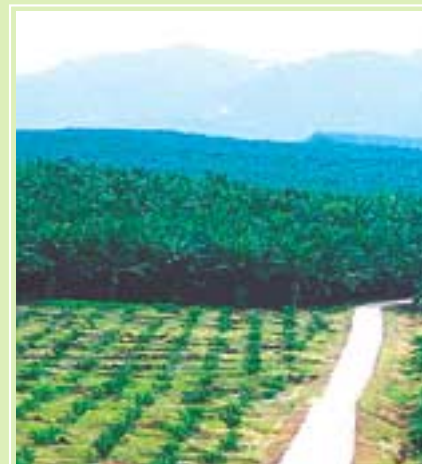
#### Creating Value in Plantations – Best Estate Practices

The Company is committed to Best Practices in its estates with emphasis on getting the basics in field practices and operations right, and strict supervision and implementation of the work in the fields by the management. Further improvements in terms of consistency of quality and timeliness of practices are sought in critical areas by focusing on planning, organisation and evaluation of work as well as availability of man-power, material and skill resources required.

More targets are now set for yields, oil extraction rates and quality parameters at the estates and mills. Best practices in the industry are evaluated and where useful, adopted and adapted for implementation. Training and upgrading of skills and knowledge of management and supervisory staff to meet the targets have been further emphasised.

With labour availability continuing to be a constraint for the whole industry, detailed planning on sourcing and deployment of this vital resource has been given much attention. To reduce turnover of workers on the estates, close monitoring of workers' earnings and welfare is carried out. Meanwhile, efforts are made to mechanise operations wherever economically viable, so that dependency on labour is reduced.





In the estates, site specific practices are now emphasised with corrective action such as soil and water conservation measures, mulching with empty fruit bunches, additional fertilisation and where appropriate, drainage in areas of soils of low fertility or slow drainage to improve growth and yields of the oil palms.

A programme to re-map the estates with our own GPS and GIS teams has started in the Sabah estates. Pest and disease losses are identified and reduced by taking appropriate measures including a programme to contain Ganoderma Basal Stem Rot disease.

High priority was set on achieving harvesting standards and crop transport arrangements which are within management control to improve crop quality and oil extraction rates. Intensive crop grading schemes have been implemented at the estates and mills.

2,197 ha of old palms have been replanted in the past financial year with new high yielding oil palm seedling and clonal materials from our Research Centre breeding programmes which raises the potentials for higher oil yields in the estates in the coming years.

This package of best practices and focused management on attaining the targets set will drive the Company to improve its oil yield and quality results further.



A man and a woman are shown in a room, likely a new home, surrounded by cardboard boxes and household items. The man is standing and holding a silver kettle, while the woman is sitting on the floor, looking at a large black folder or book. They are both smiling, suggesting a positive and happy move. The room has large windows with sheer curtains, and a lamp is visible on the right side. The overall atmosphere is warm and inviting.

The Group's property business, comprising both development and investment activities, are substantially carried out through 65% owned, listed subsidiary, **IOI Properties Berhad**.

*Properties*



Several smaller projects, are carried out through direct subsidiaries of the Company because of existing joint venture arrangements.

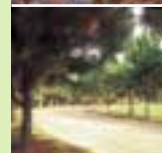
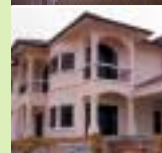
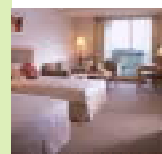
The main projects currently undertaken are located in the Klang Valley and Southern Johor, each involving sizeable tracts of land planned for self-contained townships.

The Group's forte is in township development where there is flexibility in tailoring product mix to prevailing market conditions and where inherent business risks are lower than for other forms of development.

### Operations

The housing market sentiments improved significantly in the second half of the financial year, buoyed by the recovery in the domestic economy, rise in the KLCI, high liquidity and all time low house mortgage interest rates. Buyers also took advantage of the Government's stamp duty exemption which expired in June 2002, to purchase properties from developers.

The Group benefited from the buoyant market, especially for its Klang Valley projects to further improved on its profitability and leadership position. Group's properties sales recorded at RM316.4 million for the second half, an increase of 89% as compared with the first half of the financial year. The Klang Valley projects located in the Puchong, Putrajaya/Cyberjaya corridor and comprise of Bandar Puteri and Bandar Puchong Jaya accounted for the bulk of the increase.







#### Operations (cont'd)

The Puchong, Putrajaya/Cyberjaya corridor enjoys very good demand because of the locational advantages and easy accessibility through a network of new highways, the perceived potential for capital appreciation and relatively affordable pricing compared to the older established areas.

The Selangor's Petaling District where our Puchong projects are located is one of the fastest growing area of the nation. The growth rate for the Petaling District for last few years is at an exponential rate due to the availability of good infrastructure and convenience for the buyers.

The IOI Mall together with the newly opened Tesco Hypermarket also provides the Puchong residents with ample shopping and other amenities.

Down south, our Bandar Putra Kulai ("BPK") continues to enjoy steady demand although the Johor property market is still soft. With the opening of our IOI Mall, Kulai in December 2001 and the newly completed Club Houses for Palm Villa Golf and Country Resort, the BPK township is more vibrant and lively now. The newly completed facilities are part of our overall plan to develop the BPK township into a fully integrated and self contained township which are expected to enhance demand for a wide range of affordable houses and commercial properties.





For the financial year under review, the Group sold a total of 2,090 units properties with a total sale value of RM483.5 million as compared to 3,564 units with a total sales value of RM436.0 million for FY 2001. Bandar Puteri, the current flagship development of the Group accounts for more than 60% of the total sale value and contributed to the significant increase in sales during the financial year.

The sales for the various projects are as follows:

Projects	Units		Sale Value (RM million)	
	FY 2002	FY 2001	FY 2002	FY 2001
Bandar Puchong Jaya	400	613	71.4	79.4
Bandar Puteri, Puchong	820	1,217	303.3	220.4
Klang Valley	1,220	1,830	374.7	299.8
Bandar Putra, Kulai	707	1,278	96.2	110.3
Others	163	456	12.6	25.9
Total	2,090	3,564	483.5	436.0



### Operations (cont'd)

In tandem with the improved property market in the second half of the financial year and less launches of lower costs strata units, the sales mix for the year under review skew towards higher end products with properties above RM250,000 range accounting for 33% (FY 2001 – 12%) of the units sold while the units priced below RM100,000 dropped significantly from 53% in FY 2001 to 32%. Consequently, the average price per unit has increased from RM122,000 the previous year to RM231,000 for FY 2002.

The property sales mix by price range are as follows :

Price Range	FY 2002		FY 2001	
	Units	%	Units	%
Above RM500,000	135	6	75	2
Between RM250,000 to RM500,000	572	27	377	10
Between RM150,000 to RM250,000	268	13	351	10
Between RM100,000 to RM150,000	453	22	881	25
Below RM100,000	662	32	1,880	53
Total	2,090	100	3,564	100





The Group's property investment portfolio comprises mainly of retail and office space totaling approximately RM1.7 million sq ft (FY 2001 – 1.4 million sq ft) of net lettable space, of which about 100,000 sq ft is located in Singapore. The increase in lettable space during the financial year is mainly due to the opening of the newly completed IOI Mall at Kulai which contributed an additional of 261,000 sq ft of lettable space. IOI Mall, Kulai opened for business in December 2001 and currently enjoy an occupancy rate of 80%. The overall higher occupancy rate and increase in lettable space has resulted in gross rental revenue increased by 52% to RM45.8 million and operating profits increased by 22 % to RM25.1 million.

## Results

With record high property sales of RM483.5 million, revenue from property development segment increased 29% from RM423.5 million for FY 2001 to RM546.1 million whilst EBIT was 26% higher at RM235.0 million.

The Group's property segment overall EBIT for FY 2002, after taking in property investment, was RM260.2 million, 26% higher than FY 2001. The RM260.2 million achieved in FY 2002 is a record high for the property division. NOPAT for FY 2002 was RM178.1 million against RM147.5 million for FY 2001. Based on an average capital employed of RM1,700.0 million, the ROCE for the property segment is 10.5% (FY 2001 – 9.8%). Returns are on the low side despite high operating margins because of low or yields from investment properties averaging 5% of book value.



#### Results (cont'd)

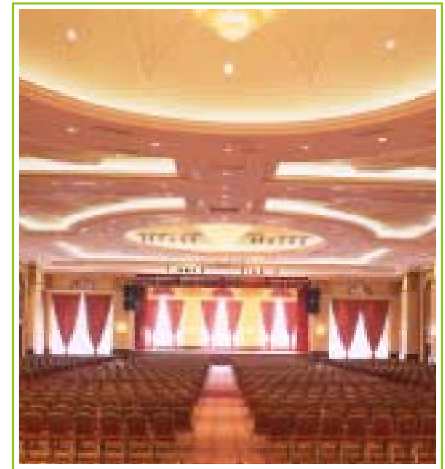
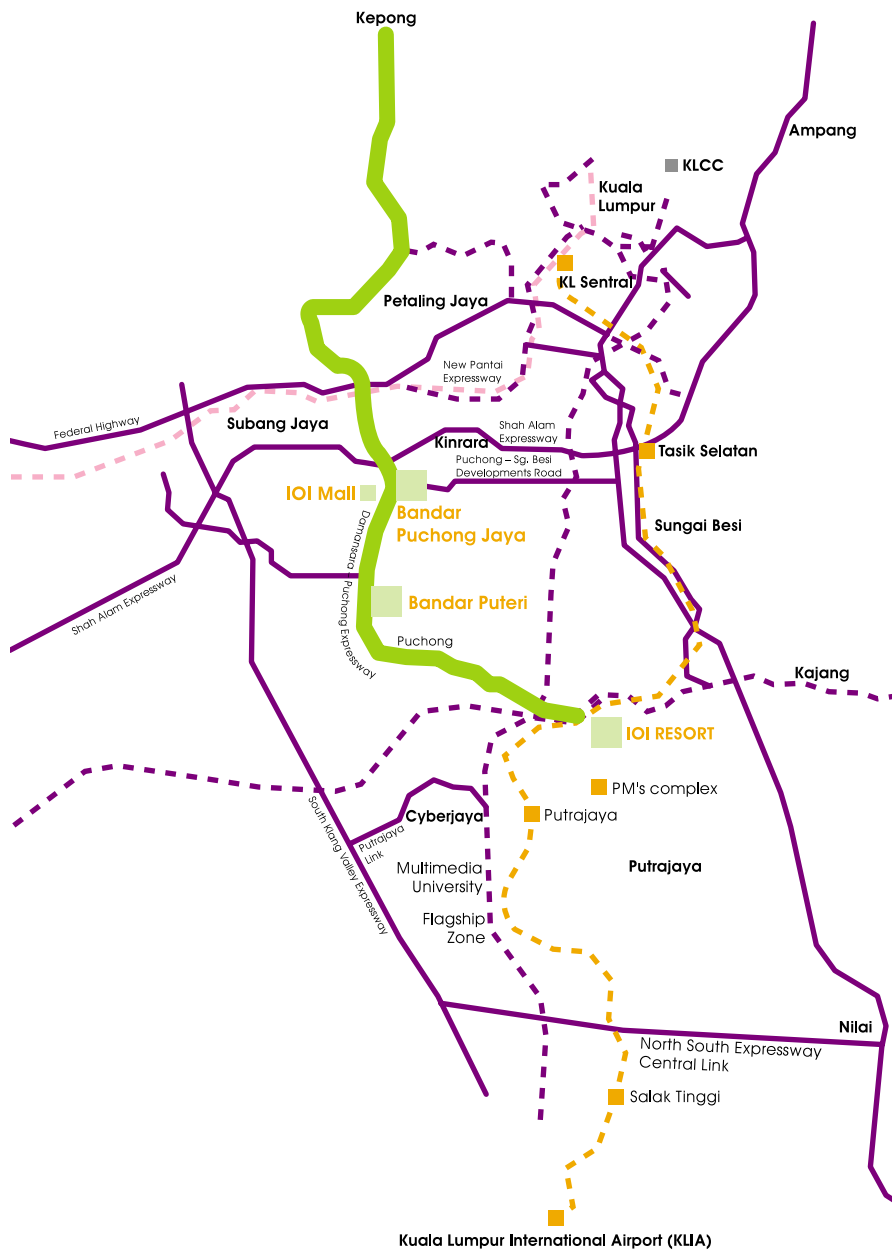
Although the yield are low for investment properties such as the shopping malls, it provides strategic value for the development side of the business and potential for future capital appreciation.

#### Outlook/Prospects

Housing market sentiments are greatly influenced by the state of the economy and the stock market. Whilst there is great concern about the global economy and other external risks and uncertainties, Malaysia's economy has fortunately been able to weather the storm and on a relative basis, should fare better than most, given the competitive advantage of the Ringgit, the benefit of high CPO and crude oil prices.

Fiscal and other supportive policies have also helped to sustain the recovery. Affordability levels should remain high as interest rates are not likely to be increased in the foreseeable future and hence, on balance, the outlook for the housing market for this twelve months should remain sanguine.





A photograph of a manufacturing facility. In the foreground, a worker wearing a yellow hard hat and a white short-sleeved shirt is standing next to a large, complex industrial machine. The machine has a prominent yellow overhead crane arm. The background shows a large, open industrial space with various pipes, structural elements, and other machinery, all under bright, somewhat overexposed lighting.

Year 2002 marks an important milestone  
for the Group's manufacturing segment.

*Manufacturing*



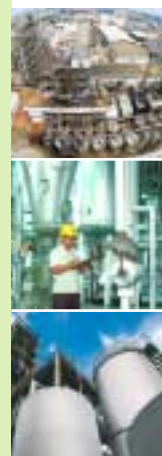


After completing the MGO exercise on Palmco Holdings Berhad ("Palmco"), the Group further rationalise its manufacturing activities by disposing its interests in 44% owned industrial gas producer, Nissan-Industrial Oxygen Incorporated Berhad ("NIOI") and 30% owned steel pipes manufacturing associated company, Kanzen Tetsu Sdn Bhd ("Kanzen"), signalling the exit of the Group from non-palm related manufacturing business.

#### Existing Palm-based activities

With the disposal of non-core activities, NIOI and Kanzen, the remaining manufacturing operations of the Group in IOI Edible Oils and Palmco represent core businesses as they are downstream extension of the oil palm value chain.

The Group's palm oil refinery and kernel crushing plant ("KCP") is located in Sandakan, Sabah in a 50-acre complex served by a dedicated jetty. The refinery has a refining capacity of about 700,000 MT and kernel crushing of about 250,000 MT per annum.





The Palmco Group's core business segment, oleochemicals, are undertaken through subsidiary companies, Acidchem Sdn Bhd ("Acidchem"), Derichem Sdn Bhd and Stabilchem Sdn Bhd, producing namely fatty acids, glycerine, soap noodles and metallic stearates. Palmco is the oldest and largest fatty acid producer in South East Asia. Palmco also has a 30% stake in a JV company with Kao Corporation of Japan called Fatty Chemicals Malaysia Sdn Bhd ("FCM"), for the production of fatty alcohol. Both Acidchem and FCM have completed their expansion plans to increase production capacities by approximately 50% for fatty acids and fatty alcohol respectively.

### Operations & Results

The refinery operation had to adjust to tighter margins and a volatile market during FY 2002. EBIT contribution dropped from RM24.6 million in FY 2001, an exceptionally good year for the refinery, to RM12.3 million.







The manufacturing segment of the Palmco Group, comprising production of PKO, fatty acids, stearates by subsidiaries and production of fatty alcohol by FCM, managed to deliver another set of satisfactory results despite challenging operating conditions brought about by up-trending palm products prices and reduction in demand as a result of global economic slowdown. In this regard, increases in product prices to keep up with the steep increase in raw material prices were restricted by unfavourable economic climate, thereby reducing operating margins. The impact was more pronounced for fatty alcohol than fatty acids. Consequently, the EBIT of Palmco Group's manufacturing segment declined from RM138.7 million to RM114.2 million for FY 2002.

For FY 2003, volume growth is expected to increase significantly as the plant expansion of Acidchem was completed at the end of the financial year under review. EBIT contribution from this segment is therefore expected to be sustained even though margins are expected to further narrow for FY 2003 as palm oil prices are expected to increase further because of the additional capacity for which we have already secured sales for the main products.

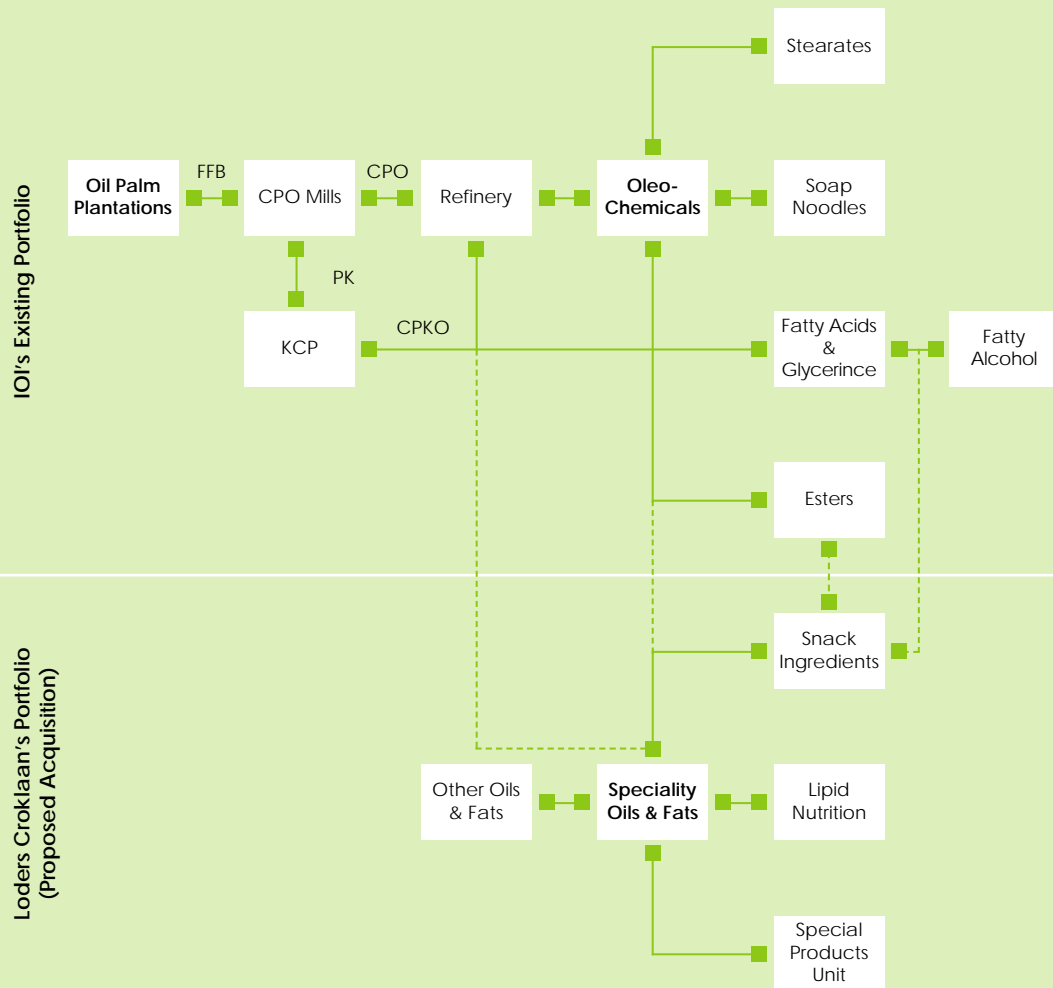


Overall, whilst the performance of the oleochemicals segment in the short term will likely be affected by high raw materials prices and restricted increase in product prices due to global slowdown, the longer term prospects of the oleochemicals business remains promising in view of increasing demand for vegetable oil based body care products.

#### Further Expansion of Oil Palm Value Chain

Subsequent to the financial year end, the Company has entered into an agreement on 31 August 2002 to acquire a 100% interest in Loders Croklaan B.V. and the related businesses ("collectively called Loders Croklaan"), a leading supplier of speciality oils and fats to the food industry from Unilever Group. Loders Croklaan has factories in Wormerveer (Netherlands), Channahon (USA), Toronto (Canada) and Cairo (Egypt) as well as sales offices in seven countries. The Group employs about 600 people and had a turnover of about RM1 billion (2001). Loders Croklaan has a tradition of innovation and R&D excellence which has enabled its products to be the standard for the industry and which has resulted in it being the only company to have won the prestigious European Food Ingredient Awards twice.

This acquisition represents a major step in the Group's strategy of broadening our vertical integration base and expansion abroad. Loders Croklaan's business portfolio offers an extension of value chain to the Group's existing palm-based related businesses as shown below and offer great potential for growth and synergies for the Group's existing core businesses and the business of Loders Croklaan.





Going forward, with the acquisition of Loders Croklaan business, the manufacturing operations of the Group would comprise the following:

	Industry	Effective Interest
IOI Edible Oils Sdn Bhd	Palm Oil Refinery & Kernel Crushing	100%
Palmco Holdings Berhad Group (only manufacturing activities included)	Oleochemicals	41% *
Loders Croklaan	Speciality Oils & Fats	100% **

\* Upon completion of Palmco shares distribution exercise

\*\* Upon completion of the acquisition, expected to be end of November 2002





### Outlook/Prospect

In the short term, we expect the refinery and oleochemical business to be affected by tighter margins as palm oil prices continue to rise. However, increase business volume is expected because of the new capacities added and this should help to mitigate the effects of lower operating margins.

Over the medium term, the proposed Loders Croklaan acquisition will provide the Group with another strong and parallel (to oleochemicals) downstream limb for its palm oil business into speciality fats and generate significant synergistic benefits for the Group. The core snack ingredients growth potential in the Asia-Pacific market as well as the matured markets of Europe and North America when the changes in labelling regulation allow higher usage of cocoa butter equivalent in chocolates is implemented.

Overall, apart from being value enhancing, a more sizeable manufacturing segment (which is palm based) will provide better strategic balance to the Group's palm oil business and help to minimise the downside fluctuation in the Group's income stream.

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

strength

- Our people are our strength.

By nurturing employees who share our values, we create a corporate family, united behind a common vision.

*Strength*





### Board of Directors

Tan Sri Dato' Lee Shin Cheng

*PSM, DPMS, JP*

Executive Chairman

Lee Yeow Chor

Executive Director

Dato' Yeo How

*DIMP*

Executive Director

Lee Cheng Leang

Executive Director

Datuk Hj Mohd Khalil b

Dato' Hj Mohd Noor

*PJN, DSPN, JSM*

Independent Non-Executive Director

Datuk Khalid b Hj Husin

*PJN, DIMP, JMN, KMN, BJB*

Independent Non-Executive Director

Chan Fong Ann

Independent Non-Executive Director

### Audit Committee

Datuk Hj Mohd Khalil b

Dato' Hj Mohd Noor \*

*PJN, DSPN, JSM*

Chairman

Datuk Khalid b Hj Husin \*

*PJN, DIMP, JMN, KMN, BJB*

Chan Fong Ann \*

Dato' Yeo How (MIA 4368)

*DIMP*

Executive Director

\* Independent Non-Executive Directors

### Secretaries

Lee Ai Leng (LS 005809)

Yap Chon Yoke (MAICSA 0867308)

### Registered Office

7-10 Jalan Kenari 5,

Bandar Puchong Jaya

Off Jalan Puchong, 47100 Puchong

Selangor Darul Ehsan

**Tel** 03 8075 2288/8075 1155

**Fax** 03 8075 3997

### Auditors

BDO Binder, Chartered Accountants

15th Floor, Wisma Hamzah Kwong Hing

1 Leboh Ampang,

50100 Kuala Lumpur

**Tel** 03 2072 2755

**Fax** 03 2078 7045

### Registrar

PFA Registration Services Sdn Bhd

1301, Level 13, Uptown 1,

No. 1, Jalan SS21/58,

Damansara Uptown

47400 Petaling Jaya,

Selangor Darul Ehsan

**Tel** 03 7725 4888

**Fax** 03 7725 8046

### Legal Form and Domicile

Public Limited Liability Company

Incorporated and Domiciled in

Malaysia

### Stock Exchange Listing

Main Board of

The Kuala Lumpur Stock Exchange

### Websites

[www.ioigroup.com](http://www.ioigroup.com)

[www.myioi.com](http://www.myioi.com)

[www.palmco-holdings.com](http://www.palmco-holdings.com)

### Email Address

[corp@ioigroup.com](mailto:corp@ioigroup.com)

## Board of Directors

### Board of Directors

1 Tan Sri Dato' Lee Shin Cheng

Executive Chairman

2 Lee Yeow Chor

Executive Director

3 Dato' Yeo How

Executive Director

4 Lee Cheng Leang

Executive Director



5 Datuk Hj Mohd Khalil b

Dato' Hj Mohd Noor

Independent Non-Executive Director

6 Datuk Khalid b Hj Husin

Independent Non-Executive Director

7 Chan Fong Ann

Independent Non-Executive Director

### Tan Sri Dato' Lee Shin Cheng

Executive Chairman

Malaysian, aged 63

Tan Sri Dato' Lee Shin Cheng was first appointed to the Board on 21 July 1981. As Executive Chairman, 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 and selfless devotion 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 University Putra Malaysia in recognition of his contributions to the palm oil industry. Tan Sri is also active in providing his advice and guidance to a large number of industry groupings, associations and social organisations. He serves as, among others, the Adviser to the Real Estate & Housing Developers' Association and the KL & Selangor Chinese Chamber of Commerce and Industry, a Council Member of Malaysian Palm Oil Association and Malaysia-British Business Council, the Honorary President of Association of Eng Choon Societies of Malaysia and Federation of Hokkien Association of Malaysia.

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

Tan Sri is the father of Lee Yeow Chor and the brother of Lee Cheng Leang, both Executive Directors of the Company.

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

Tan Sri attended six out of the nine Board Meetings held during the financial year ended 30 June 2002.

### Lee Yeow Chor

Executive Director

Malaysian, aged 36

Lee Yeow Chor was first appointed to the Board on 25 April 1996. He graduated with a LLB (Honours) from King's College, University of London and is also a Barrister of Gray's Inn. He also holds a Diploma in Finance and Accounting from the London School of Economics. As a Group Executive Director, he is actively involved in overseeing the various business operations of the Group. Prior to his appointment as the Executive Director of the Company, he acted as a General Manager (Group Operations). He also served in various capacities in the Attorney General's Chambers and Judiciary Department for approximately four years. His last posting for the Judiciary Department was as a Magistrate.

He is also the Executive Director of IOI Properties Berhad and Palmco Holdings Berhad.

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

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

He attended eight out of the nine Board Meetings held during the financial year ended 30 June 2002.

### Dato' Yeo How

Executive Director

Malaysian, aged 46

Dato' Yeo How was first appointed to the Board on 25 April 1996. He is a Certified Public Accountant and a member of the Malaysian Institute of Accountants. He is the Group Executive Director and Chief Financial Officer of the Company. Apart from his principal responsibilities as Chief Financial Officer, he also oversees the Group's commodity marketing and palm-based manufacturing business unit. He has considerable experience in corporate finance and general management. He has been with the IOI Group for the past 19 years and, prior to joining the IOI Group in 1983, he was with a public accounting firm for 5 years.

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

He attended all the nine Board Meetings held during the financial year ended 30 June 2002.



### Lee Cheng Leang

Executive Director

Malaysian, aged 54

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

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

He attended all the nine Board Meetings held during the financial year ended 30 June 2002.

### Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor

Independent Non-Executive Director

Malaysian, aged 61

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 University of Malaya and Diploma in Commercial Policy from Geneva. He is a former public servant and his last post in the public service was as the Auditor General of Malaysia (1994-2000). Some of the other posts he held during his 36 years of distinguished service in the public sector were Deputy Secretary General in Ministry of Trade and Industry and Secretary General in 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.

He attended all the nine Board Meetings held during the financial year ended 30 June 2002.



#### **Datuk Khalid b Hj Husin**

Independent Non-Executive Director

Malaysian, aged 56

Datuk Khalid b Hj Husin was first appointed to the Board on 26 July 2001. He graduated with a B.A. (Honours) in History (International Relations) & Diploma in Public Administration from University of Malaya and MSc (Town Planning) from University of Wales, U.K. He has had an illustrious career in the civil service where he served in various capacities in the Ministries and government agencies such as Ministry of Public Enterprises, Ministry of Entrepreneur Development and Ministry of Education. His last post before retirement was as Secretary General of the Ministry of Housing and Local Government.

Datuk Khalid is also a member of the Audit Committee and Nominating Committee of the Company.

He attended seven out of the eight Board Meetings held since his appointment on 26 July 2001 to 30 June 2002.

#### **Chan Fong Ann**

Independent Non-Executive Director

Malaysian, aged 72

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

Chan Fong Ann is actively involved in providing advice and guidance to associations and social organisations in Muar such as Hakka Association, Seu Teck Sean Tong, Chong Hwa Associated Chinese Schools, Chinese Chamber of Commerce, Chinese Association and Chung Hwa Primary School.

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

He attended all the nine Board Meetings held during the financial year ended 30 June 2002.

#### **Notes:**

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

# balance

- By striking a harmonious balance between the needs and aspirations of all our various stakeholders, we strive for sustainable growth over the long term.

*Balance*





### Members

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

Datuk Khalid b Hj Husin  
Member/Independent Non-Executive Director (appointed on  
26.07.2001)

Chan Fong Ann  
Member/ Independent Non-Executive Director

Dato' Yeo How  
Member/Executive Director

### Terms of Reference

#### 1 Composition of Audit Committee

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

The Committee shall elect a Chairman from 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, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum of three members.

#### 2 Objectives

The primary objectives of the Audit Committee are to:

- i Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary companies accounting and management controls, financial reporting and business ethics policies.
- ii Provide greater emphasis on the audit function by serving as the focal point for communication between non-Committee Directors, the External Auditors, internal auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosure to shareholders.
- iii Undertake such additional duties as may be appropriate and necessary to assist the Board.

### 3 Authority

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

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

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

### 4 Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities as 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, their audit report.
- vii To review the assistance given by employees to the external auditors.
- viii To review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work.
- ix To review the internal audit programme and results of the internal audit programme and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.
- x To review the Group's quarterly financial statements and the Group's and the Company's annual financial statements before submission to the Board.

The review shall focus on:

- any changes in accounting policies and practices
- major potential risk issues, if any
- significant adjustments and issues arising from the audit
- the going concern assumption
- compliance with the applicable approved accounting standards
- compliance with stock exchange and legal requirements



## 4 Duties and Responsibilities (cont'd)

- xi 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.
- xii To undertake any other activities as authorised by the Board.

## 5 Meetings

### Number of Meetings

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

### Attendance of Meetings

The head of finance and head of internal audit division and representatives of the external auditors shall normally be invited to attend meetings of the Committee. However, at least once a year the Committee shall meet with the external auditors without executive board members present. 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.

## 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.

## Summary of Activities

During the year, the Audit Committee carried out 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.
- ii Reviewing with the external auditors on 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 Reviewing the audited financial statements before recommending the same for the Board of Directors' approval.
- iv Reviewing the Company's compliance, in particular the quarterly and year end financial statements with the Listing Requirements of the Kuala Lumpur Stock Exchange and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- v Review of the quarterly unaudited financial results announcements before recommending them for the Board of Directors' approval.
- vi Review of the Internal Audit Department's resources requirement, programmes and plan for the financial year 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 ensured that material findings are adequately addressed by management.
- viii Review of related party transactions entered into by the Group. The Committee had, in December 2001, reviewed the procedures and guidelines for recurrent Related Party Transactions and ascertained that these were adequate in ensuring that such transactions are carried out on normal commercial terms consistent with the Group's operating policies which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.
- ix Review of the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the KLSE Listing Requirements.

#### Number of Meetings & Details of Attendance

Eight Audit Committee meetings were held during the financial year ended 30 June 2002. 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	8	8
Datuk Khalid b Hj Husin	8	6
Chan Fong Ann	8	8
Dato' Yeo How	8	8

#### Internal Audit Function

The Internal Audit Department of the Group was established to assist the Audit Committee in discharging its duties and responsibilities.

The Internal Audit Department adopts a risk-based approach, focusing its work mainly on key processes and principal risk areas of the operating units. The Internal Audit Department undertakes regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The department provides the Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the operating units with established policies and procedures.

During the financial year, one hundred audit assignments were carried out and completed by the Internal Audit Department on the various operating units of the Group covering plantation, property, manufacturing and other sectors. Audit reports were issued to the respective companies' Audit Committee members incorporating findings and recommendations with regard to system and control weaknesses noted in the course of the audit and management's responses on the audit findings. The Internal Audit Department also followed up on implementation and disposition of all significant findings and recommendations.





The Board of Directors of the Company fully subscribes to the principles and recommendations embodied in the Malaysian Code on Corporate Governance ("the Code") and strives to adopt the substance behind the corporate governance prescriptions and not merely the form.

In addition to the implementation of the Code, the Company's own corporate governance practices have always been guided by its "Vision IOI" framework whereby responsible and balanced commercial success is to be achieved by addressing the interests of all stakeholders, that is, our customers, our shareholders, our people, our business associates and our nation and the society in which we operate. A set of core values and guiding principles guides our people at all levels in the conduct and management of our business and affairs of the Group. We believe that good corporate governance results in quantifiable long term success and creation of long term shareholder value as well as benefits for all other stakeholders. Hence, the Board of Directors is committed to ensuring that high standard of corporate governance is practised throughout the IOI Group in the best interest of all stakeholders.

The Board is pleased to provide the following statement, which outlines how the Group has applied the principles laid down in the Code. Except for matters specifically identified, the Board of Directors has complied with the best practices set out in the Code.

### The Board Of Directors

#### Principal Duties

The Board takes full responsibility for the overall performance of the Company and of the IOI Group by setting the vision and objectives and by directing the policies, strategic action plans and stewardship of the Group's resources. It focuses mainly on strategies, financial performance and critical business issues, including the following specific areas:

- The Group's strategic action plans
- Financial performance and key performance indicators
- Principal risks and their management
- Succession planning for senior management
- Investor relations programme and shareholder communication policy
- Internal control system



## The Board Of Directors (cont'd)

### Composition of the Board

The Board is made up of four executive directors and three independent directors.

With their intimate knowledge of the Group's business, the four executive directors, with the support of the management team, take on primary responsibility for managing the Group's business and resources. The executive directors, led by Tan Sri Dato' Lee Shin Cheng, have many years of experience in the Group's core businesses and practise a very "hands-on" style of management. The Group is focused on businesses it is good at and the intimate knowledge and close involvement of the executive directors have enabled the Group to have leadership positions in its chosen industries. The specific areas of responsibilities of the executive directors are shown in the Directors' profiles.

The three independent directors are individuals of seniority, calibre, credibility and with vast varied experiences. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor, for instance was formerly the Auditor-General of Malaysia and Datuk Khalid b Hj Husin was formerly the Secretary General of the Ministry of Housing and Local Government. The independent directors are actively involved in various Board committees. 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.

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

Nine Board meetings were held during the financial year ended 30 June 2002. The attendance record of each Director since the last financial year end or the date of appointment is as follows:

	Total Number of Meetings	Number of Meetings Attended
<b>Executive Directors</b>		
Tan Sri Dato' Lee Shin Cheng	9	6
Lee Yeow Chor	9	8
Dato' Yeo How	9	9
Lee Cheng Leang	9	9
<b>Non-executive Directors</b>		
Datuk Hj Mohd Khalil b		
Dato' Hj Mohd Noor	9	9
Chan Fong Ann	9	9
Datuk Khalid b Hj Husin (appointed on 26.07.2001)	8	7

### Board Balance

The current Board composition of four non-independent directors and three independent directors complies with the KLSE Listing Requirements that requires a minimum of 2 or 1/3 of the Board to be independent directors.

## The Board Of Directors (cont'd)

### Board Balance (cont'd)

In his capacity as Executive Chairman, Tan Sri Dato' Lee Shin Cheng functions both as Chief Executive Officer and Chairman of the Board, having taken over from the previous Chairman who retired at the 1999 AGM. The Board is mindful of the convergence of the two roles, but is comfortable that there is no undue risk involved as all related party transactions are strictly dealt with in accordance with the Listing Requirements and with independent consultants to advise other board members and shareholders. The Board also has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notation as the case may be.

There is also balance in the Board with the presence of independent directors who are individuals of credibility and repute and who demonstrate objectivity and robust independence of judgement.

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.

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

### Supply of Information

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

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

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

The Board has the services of two Company Secretaries who ensure that all appointments are properly made, that all necessary information is obtained from the directors, both for the Company's own records and for the purposes of meeting statutory requirements as well as obligations arising from the Listing Requirements or other regulatory requirements. The Company Secretaries are also charged with highlighting all issues which they feel ought to be brought to the Board's attention.

Beside 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 opinion or advice from external consultant such as merchant bankers, valuers, human resource consultants and etc.

### Appointment to the Board

The Nominating Committee of the Company comprises the independent directors. The committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nominating Committee considers the required mix of skills and experience which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

As part of the process of appointing new directors, the Board ensures that new directors are provided with an orientation and education programme.



All directors have attended the Mandatory Accreditation Programme organised by the Research Institute of Investment Analysts Malaysia and Directors are encouraged to attend Continuous Education Programme to keep abreast with new regulatory development and listing requirements.

### Re-election

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

### Directors Remuneration

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

The Remuneration Committee of the Company comprises the following Directors:

- 1 Tan Sri Dato' Lee Shin Cheng
- 2 Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
- 3 Chan Fong Ann

The committee ascertains and approves remuneration packages of executive directors in accordance with the Company's policy guidelines and with reference to external benchmark reports.

The remuneration package of the Executive Chairman is approved by the full Board and fees for independent directors are determined by the full Board with the approval from shareholders at the Annual General Meeting. Individual directors affected are not involved in the approval of their own packages.

### Directors' Remuneration

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2002 are as follows:

- 1 Aggregate remuneration of Directors categorised into appropriate components:

In RM'000	Executive Directors	Non-executive Directors
Fees	266	99
Salaries	2,483	–
Bonus & Incentives	4,073	–
Benefits-in-kind	148	13
Others	1,125	176
Total	8,095	288

- 2 Number of directors whose remuneration falls into the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-executive
Below RM50,000	–	–
RM50,001 to RM100,000	–	2
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	–	1
RM200,001 to RM250,000	–	–
RM250,001 to RM300,000	1	–
RM300,001 to RM850,000	–	–
RM850,001 to RM900,000	1	–
RM900,001 to RM950,000	1	–
RM950,001 to RM6,000,000	–	–
RM6,000,001 to RM6,050,000	1	–



## Shareholders

### Dialogue Between the Company and Investors

The Company recognises the importance of maintaining a constructive and effective communication with all shareholders, stakeholders, investors and the public in general. As such, the Company uses the following key investor relation activities to update investors, to explain its business and financial objectives and to solicit feedback from investors:

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

During the financial year, the Group had participated in 12 roadshows and investor conferences and had approximately 100 meetings with financial analysts and investors.

### Annual General Meeting and Other Communication with Shareholders

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

Timely announcements are made to the public with regard to the Company's corporate proposals, financial results and other required announcements.

The Group has also established several websites with the main one being [www.ioigroup.com](http://www.ioigroup.com), for shareholders and the public to access corporate information, financial statements, news and events related to the Group.

## Accountability and Audit

### Directors' Responsibility for Preparing the Annual Audited Financial Statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Company and the Group's state of affairs. Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps the accounting records and are disclosed with reasonable accuracy which enable them to ensure that the financial statements comply with the Companies Act, 1965. They have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

### Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's financial position and prospects. In addition to Chairman's Statement, the Annual Report of the Company contains the following information to enhance shareholders' understanding of the business operations of the Group:

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

### Internal Control

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

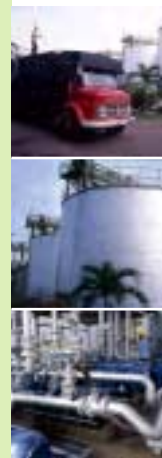
### Audit Committee

The Company has an Audit Committee whose composition meets the Listing Requirements, i.e. independent directors forming the majority and a member that is a qualified accountant.

The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the Audit Committee. However, at least once a year the committee meets with the external auditors without executive Board members present.

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

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



### Introduction

This Statement on Internal Control by the Board of Directors on the Group is made pursuant to KLSE Listing Requirements with regard to the Group's compliance with The Principles and Best Practices provisions relating to internal controls provided in the Malaysian Code on Corporate Governance ('Code').

Outlined below is the statement on internal control of the Group for the financial year under review prepared in accordance with the *Statement on Internal Control: Guidance for Directors of Public Listed Companies* ('Guidance') issued by KLSE.

### Board's Responsibilities

The Board of Directors recognises the importance of sound internal control to good corporate governance. The Board affirms its overall responsibility for the Group's systems on internal control which include the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

Prior to the introduction of the Code, the Group has in place a system whereby continuous process of review and adjustment are being carried out on its control environment, framework and standards to ensure overall adequacy and integrity at all times.

Pursuant to the introduction of the Code, the Board and its management has during the financial year taken steps to review the Group's existing internal control and formalise the existing risk management practices, and where appropriate close gaps to conform with the best practices as recommended in the Code and the Guidance.

The Board confirms that there is an on-going process for identifying, evaluating, managing and monitoring the significant risks affecting the achievement of its business objectives throughout the period and the formalised risk management framework was in place since the fourth quarter of the financial year under review. This process is regularly reviewed by the Board and accords with the Guidance.

The Board is pleased to highlight below the state of the Group's existing internal control systems and the additional efforts carried out by the Group in relation to the Code during this reporting period.

### Pillars of Existing Internal Control

In the years prior to the introduction of the Code, the Group has adopted a risk-based approach to its strategic processes and internal control. Below are key pillars of our existing internal control systems that are in the Board's opinion in conformation with the spirit of the Code and the recommended best practices.

#### Internal Audit Function

Our internal audit adopts a risk based audit approach, and is independent of the activities they audit with direct remit to the Audit Committee. Brief report on internal audit function is set out in the Audit Committee Report.

#### Control Tool

Our internal control systems are aimed at managing business risks that may have undesirable effects on our organisation's ability to achieve our business objectives and successful execution of our strategies that are duly aligned with our "Vision IOI." Each division, strategic business unit, and respective functional units within the Group have a clear understanding of its risk profile vis-à-vis its objectives and goals.



Internal control are well documented and are embedded in business processes – be it administrative, operational, or regulatory compliance in nature – to various degrees that commensurate with the risks.

#### **Strategic Tool**

We also adopt risk management as a strategic tool in strategy formulation, and in our investment and resource allocation processes. For instance, our strategic formulation process is closely aligned to addressing principal risks and probable emerging risks, as well as pursuing potential opportunities that could arise thereof. Our investment and resource allocation decisions are made based on risk-adjusted required return on investment as key criterion to ensure the optimisation of returns on capital employed, and the preservation of shareholders' value.

#### **Information Systems**

Our information systems covering both the external and internal environment (duly aligned with our business structure and processes) plus key performance indicators, both financial and non-financial are firmly in place to communicate and alert on emerging risks, violation of controls, crystallisation of risks, and overall performance measure. The integrity, adequacy, timeliness, and security of the information systems are constantly reviewed.

#### **Further Efforts**

Pursuant to the management's review, further efforts were undertaken to ensure that a formal process is in place to identify, evaluate and manage significant risk faced by the Group and to achieve a higher standard of conformance with the Code.

#### **Institutionalised Risk Management Framework**

The management institutionalised a formal framework that epitomises our approach to risk management (covering risk identification, assessment, and control activities) throughout the organisation in a series of workshops.

In conjunction with the workshops, a standard of diagnostic risk measure, and the Group's risk direction and policies were introduced.

#### **Awareness & Work Culture**

The workshops involving middle management and non-executives also reinforced the existing control practices particularly on segregation of risk management responsibilities as paraphrased into their day-to-day operations. Beyond the risk review conducted at senior management level, these workgroups at middle management and non-executives levels also expanded upon the macro-principal risks, reviewed their risk management performance gap (covering risk identification, measuring & monitoring, and control activities), and developed action plans and programs to further drive improvements.

#### **Board's Conclusion**

Based on the above and on the following basis of review, the Board is pleased to disclose that the state of the Group's internal control systems are sufficiently in line with the Code and the Guidance. No significant control failings or weaknesses that would result in material losses and require disclosure in the Group's annual report were identified during the financial year under review.

- Periodic audit reports and discussion with the Audit Committee
- Periodic management report on the state of the company's affairs which also covers the state on internal control
- Report from the management on the risk review exercise carried out in conjunction with the introduction of the Code which include an assessment of the adequacy and integrity of the Group's internal control systems in managing those risks
- Risk management documentation on principal risks and control activities as compiled by all core divisions of the Group

**Statement of Directors' Interests** ■ in the company and related corporations (as at 3 September 2002)

Name of Director	Direct	%	Indirect	%
<b>The Company</b>				
No. of ordinary shares of 50 sen each				
Tan Sri Dato' Lee Shin Cheng	4,349,051	0.49	265,613,519	29.82
Lee Yeow Chor	238,000	0.03	245,028,139	27.51
Dato' Yeo How	210,000	0.02	–	–
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	65,000	0.01	–	–
Lee Cheng Leang	160,000	0.02	–	–
Chan Fong Ann	1,098,000	0.12	27,804,000	3.12
Datuk Khalid b Hj Husin	–	–	–	–
No. of warrants 1995/2003				
Tan Sri Dato' Lee Shin Cheng	1,100,000	0.62	98,010,410	55.57
Lee Yeow Chor	200,000	0.11	90,810,410	51.49
Dato' Yeo How	–	–	–	–
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	–	–	–	–
Lee Cheng Leang	–	–	–	–
Chan Fong Ann	249,500	0.14	5,981,500	3.39
Datuk Khalid b Hj Husin	–	–	–	–
<b>Subsidiary Company</b>				
IOI Properties Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	810,200	0.24	3,079,400	0.93
Lee Yeow Chor	15,000	–	3,079,400	0.93
Dato' Yeo How	4,000	–	–	–
Chan Fong Ann	11,200	–	–	–
<b>Other Related Corporation</b>				
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000 each				
Tan Sri Dato' Lee Shin Cheng	100	27.03	–	–

**Executive Share Option Scheme of IOI Corporation Berhad**

Name of Director	Option price	No. of options
Tan Sri Dato' Lee Shin Cheng	RM2.80	500,000
Lee Yeow Chor	RM2.70	220,000
Lee Yeow Chor	RM3.90	80,000

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

## Other Information

### Composition of Shareholders



- Largest Shareholder 30.3%
- Other Malaysian Body Corporate & Individuals 20.8%
- Government & Other Related Agencies 3.6%
- Foreigners 45.3%

### Composition of Warrantheolders



- Largest Shareholder 56.19%
- Other Malaysian Body Corporate & Individuals 33.49%
- Government & Other Related Agencies 0.01%
- Foreigners 10.31%

### Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2002 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 for the financial year ended 30 June 2002 were as follows:

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Connected Persons	Value of Transactions RM'000
Nice Frontier Sdn Bhd (1)	Purchase of estate produce by Sharikat Pukin Ladang Kelapa Sawit Sdn Berhad	■ Tan Sri Dato' Lee Shin Cheng (5) ■ Lee Yeow Chor (6) ■ Dato' Yeo How (7)	4,757
Continental Estates Sdn Bhd (2)	Purchase of estate produce by Dynamic Plantation Berhad	■ Tan Sri Dato' Lee Shin Cheng (5) ■ Lee Yeow Chor (6) ■ Dato' Yeo How (7)	12,509

## Recurrent Related Party Transactions of A Revenue Nature (cont'd)

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Connected Persons	Value of Transactions RM'000
Pilihan Megah Sdn Bhd, Dynamic Management Sdn Bhd and Flora Development Sdn Bhd (1) & (3)	Sale of plants and provision of landscaping services by IOI Landscape Services Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (5) ■ Lee Yeow Chor (6) ■ Dato' Yeo How (7)	1,091
Dynamic Management Sdn Bhd (1)	Rental of properties by Halusah Ladang Sdn Bhd (4)	■ Tan Sri Dato' Lee Shin Cheng (5) ■ Lee Yeow Chor (6) ■ Dato' Yeo How (7)	1,260
Permodalan Plantations Sdn Bhd	Purchase of estate produce and palm oil products by Morisem Palm Oil Mill Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (8) ■ Madam Lai Ming Chun @ Lai Poh Lin (9)	33,867
Sakilan Desa Sdn Bhd	Purchase of estate produce and palm oil products by Halusah Ladang Sdn Bhd	■ Madam Lai Ming Chun @ Lai Poh Lin (10)	7,980
Palmco Plantations (Sabah) Sdn Bhd	Purchase of estate produce by Ladang Sabah Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (11) ■ Lee Yeow Chor (12) ■ Dato' Yeo How (13) ■ Madam Lai Ming Chun @ Lai Poh Lin (14)	8,102
Palmco Oil Mill Sdn Bhd	Sale of palm kernel oil, stearin and other palm oil products; and purchase of palm oil products by IOI Edible Oils Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (11) ■ Lee Yeow Chor (12) ■ Dato' Yeo How (13)	91,993 & 6,331 respectively

### Recurrent Related Party Transactions of A Revenue Nature (cont'd)

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Connected Persons	Value of Transactions RM'000
Acidchem International Sdn Bhd	Sale of palm oil products by IOI Edible Oils Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (11) ■ Lee Yeow Chor (12) ■ Dato' Yeo How (13)	1,751
Palmco Oil Mill Sdn Bhd	Sale and purchase of palm oil products by IOI Commodity Trading Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (11) ■ Lee Yeow Chor (12) ■ Dato' Yeo How (13)	6,816 & 9,631 respectively
Palmco Plantations (Sabah) Sdn Bhd	Management of oil palm estates by Halusah Ladang Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (11) ■ Lee Yeow Chor (12) ■ Dato' Yeo How (13) ■ Madam Lai Ming Chun @ Lai Poh Lin (14)	480
Sime Darby Berhad	Purchase of palm oil products by IOI Edible Oils Sdn Bhd	■ Sime Darby Berhad (15)	28,110
Tractors Malaysia (1982) Sdn Bhd	Purchase of generators and other equipments by IOI and its subsidiaries	■ Sime Darby Berhad (15)	–
B.A. Plantations Sdn Bhd	Purchase of estate produce and palm oil products by Morisem Palm Oil Mill Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (16) ■ Puan Sri Datin Hoong May Kuan (17) ■ Lee Yeow Chor (18)	14,411
Right Purpose Sdn Bhd	Purchase of estate produce and palm oil products by Halusah Ladang Sdn Bhd	■ Madam Lai Ming Chun @ Lai Poh Lin (19) ■ Datuk Koh Kin Chee (20) ■ Richard Koh Kin Lip (21)	11,601

## Recurrent Related Party Transactions of A Revenue Nature (cont'd)

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Connected Persons	Value of Transactions RM'000
Pine Capital Sdn Bhd	Purchase of estate produce and palm oil products by Morisem Palm Oil Mill Sdn Bhd	<ul style="list-style-type: none"> <li>■ Tan Sri Dato' Lee Shin Cheng (22)</li> <li>■ Puan Sri Datin Hoong May Kuan (23)</li> <li>■ Lee Yeow Chor (24)</li> <li>■ Datuk Koh Kin Chee (25)</li> <li>■ Richard Koh Kin Lip (26)</li> </ul>	16,499
Mayvin Incorporated Sdn Bhd	Sale of estate produce and palm oil products by Ladang Sabah Sdn Bhd	<ul style="list-style-type: none"> <li>■ Tan Sri Dato' Lee Shin Cheng (27)</li> <li>■ Puan Sri Datin Hoong May Kuan (28)</li> <li>■ Lee Yeow Chor (29)</li> <li>■ Madam Lai Ming Chun @ Lai Poh Lin (30)</li> <li>■ Datuk Koh Kin Chee (31)</li> <li>■ Richard Koh Kin Lip (32)</li> </ul>	7,575
Mayvin Incorporated Sdn Bhd	Purchase of palm oil products by IOI Edible Oils Sdn Bhd and IOI Commodity Trading Sdn Bhd	<ul style="list-style-type: none"> <li>■ Tan Sri Dato' Lee Shin Cheng (27)</li> <li>■ Puan Sri Datin Hoong May Kuan (28)</li> <li>■ Lee Yeow Chor (29)</li> <li>■ Madam Lai Ming Chun @ Lai Poh Lin (30)</li> <li>■ Datuk Koh Kin Chee (31)</li> <li>■ Richard Koh Kin Lip (32)</li> </ul>	11,131 & 57,124 respectively
Mayvin Incorporated Sdn Bhd	Sale of FFB by Palm Plantations (Sabah) Sdn Bhd	<ul style="list-style-type: none"> <li>■ Tan Sri Dato' Lee Shin Cheng (27)</li> <li>■ Puan Sri Datin Hoong May Kuan (28)</li> <li>■ Lee Yeow Chor (29)</li> <li>■ Madam Lai Ming Chun @ Lai Poh Lin (30)</li> <li>■ Datuk Koh Kin Chee (31)</li> <li>■ Richard Koh Kin Lip (32)</li> </ul>	11,976



# Recurrent Related Party Transactions of A Revenue Nature (cont'd)

Related Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Connected Persons	Value of Transactions RM'000
Affinity Future Sdn Bhd	Securing of transportation of CPO and PK by Morisem Palm Oil Mill Sdn Bhd, Ladang Sabah Sdn Bhd, Halusah Ladang Sdn Bhd and Syarimo Sdn Bhd	■ Datuk Koh Kin Chee (33)	4,941
Chop Lam Soon	Purchase of fertilizer by IOI which were subsequently distributed to various subsidiaries	■ Lim Boon Kim (34)	7,553
Malayapine Estates Sdn Bhd	Property project management services by Pilihan Megah Sdn Bhd	■ Tan Sri Dato' Lee Shin Cheng (35) ■ Puan Sri Datin Hoong May Kuan (36) ■ Lee Yeow Chor (37)	1,276
Nippon Sanso Corporation and its subsidiary, National Oxygen Pte Ltd	■ Procurement of plants, equipments and parts; ■ Payment of royalties; and ■ Procurement of gases and gas ancillary equipments for trading purposes by Nissan-Industrial Oxygen Incorporated Berhad	■ Nippon Sanso Corporation (38) ■ Masakazu Yasuda (39) ■ Hirosuke Matsueda (40)	837, 349 & 814 respectively

Note

- 1 Subsidiaries of IOI Properties Berhad ("IOI Properties").
- 2 An associated company of IOI Properties.
- 3 Subsidiaries of IOI Properties, which undertake property development activities of the IOI Properties Group.
- 4 This property relates to an office block located at No 7-10, Jalan Kenari 5, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan with a built-up area of 1,376 m<sup>2</sup>. It is being rented at a monthly rental of RM105,000 under an annually renewable agreement which expires in the month of April of the respective year.
- 5 Tan Sri Dato' Lee Shin Cheng is a Director of IOI and IOI Properties. He is a Major Shareholder of IOI and holds 3,889,600 shares representing 1.17% stake in IOI Properties.
- 6 Mr Lee Yeow Chor is a Director of IOI and IOI Properties. He is a Major Shareholder of IOI and holds 3,084,400 shares representing less than 0.93% stake in IOI Properties.
- 7 Dato' Yeo How is a Director of IOI and IOI Properties. He holds 22,000 shares representing less than 0.01% stake in IOI and 4,000 shares representing less than 0.01% stake in IOI Properties.
- 8 Tan Sri Dato' Lee Shin Cheng is a Director of IOI and Permodalan Plantations Sdn Bhd ("Permodalan") and he is a Major Shareholder of IOI.
- 9 Madam Lai Ming Chun @ Lai Poh Lin is a Director of certain subsidiaries of IOI and Permodalan and she holds 2,971,287 shares representing 0.35 % stake in IOI.
- 10 Madam Lai Ming Chun @ Lai Poh Lin is a Director of certain subsidiaries of IOI and Sakilan Desa Sdn Bhd and she holds 2,971,287 shares representing 0.35 % stake in IOI.
- 11 Tan Sri Dato' Lee Shin Cheng is a Director of IOI and Palmco Holdings Berhad ("Palmco") and he is a Major Shareholder of IOI.
- 12 Mr Lee Yeow Chor is a Director of IOI and Palmco and he is a Major Shareholder of IOI.
- 13 Dato' Yeo How is a Director of IOI and Palmco and he holds 22,000 shares representing less than 0.01% stake in IOI.
- 14 Madam Lai Ming Chun @ Lai Poh Lin is a Director of certain subsidiaries of IOI and Palmco Plantations (Sabah) Sdn Bhd and she holds 2,971,287 shares representing 0.35 % stake in IOI.
- 15 Sime Darby Berhad is a Major Shareholder of Palmco, a subsidiary of IOI.
- 16 Tan Sri Dato' Lee Shin Cheng is a Major Shareholder of IOI and B. A. Plantations Sdn Bhd ("BA") and a Director of both companies.
- 17 Puan Sri Datin Hoong May Kuan is a Major Shareholder of IOI and BA.
- 18 Mr Lee Yeow Chor is a Major Shareholder of IOI and BA and a Director of both companies.
- 19 Madam Lai Ming Chun @ Lai Poh Lin is a Director of certain subsidiaries of IOI and Right Purpose Sdn Bhd ("Right Purpose") and she is a Major Shareholder of Right Purpose and holds 2,971,287 shares representing 0.35 % stake in IOI.
- 20 Datuk Koh Kin Chee is a Director of certain subsidiaries of IOI and Right Purpose and he is a Major Shareholder of Right Purpose and holds 5,000,936 shares representing 0.59 % stake in IOI.
- 21 Mr Richard Koh Kin Lip is a Director of certain subsidiaries of IOI and Right Purpose and he is a Major Shareholder of Right Purpose and holds 5,000,936 shares representing 0.59% stake in IOI.
- 22 Tan Sri Dato' Lee Shin Cheng is a Director and Major Shareholder of IOI and Pine Capital Sdn Bhd ("Pine Capital").
- 23 Puan Sri Datin Hoong May Kuan is a Major Shareholder of IOI and Pine Capital.
- 24 Mr Lee Yeow Chor is a Major Shareholder of IOI and Pine Capital and he is a Director of IOI.

- 25 Datuk Koh Kin Chee is a Director of certain subsidiaries of IOI and a Major Shareholder of Pine Capital and holds 5,000,936 shares representing 0.59 % stake in IOI.
- 26 Richard Koh Kin Lip is a Director of certain subsidiaries of IOI and a Major Shareholder of Pine Capital and holds 5,000,936 shares representing 0.59 % stake in IOI.
- 27 Tan Sri Dato' Lee Shin Cheng is a Director and Major Shareholder of IOI and Mayvin Incorporated Sdn Bhd ("Mayvin").
- 28 Puan Sri Datin Hoong May Kuan is a Major Shareholder of IOI and Mayvin.
- 29 Mr Lee Yeow Chor is a Major Shareholder of IOI and Mayvin and he is a Director of IOI.
- 30 Madam Lai Ming Chun @ Lai Poh Lin is a Director of certain subsidiaries of IOI and Mayvin and she is a Major Shareholder of Mayvin and holds 2,971,287 shares representing 0.35 % stake in IOI.
- 31 Datuk Koh Kin Chee is a Director of certain subsidiaries of IOI and he is a Major Shareholder of Mayvin and holds 5,000,936 shares representing 0.59 % stake in IOI.
- 32 Mr Richard Koh Kin Lip is a Director of certain subsidiaries of IOI and Mayvin and he is a Major Shareholder of Mayvin and holds 5,000,936 shares representing 0.59 % stake in IOI.
- 33 Datuk Koh Kin Chee is a Director of certain subsidiaries of IOI and he is a Major Shareholder of Affinity Future Sdn Bhd and holds 5,000,936 shares representing 0.59 % stake in IOI.
- 34 Mr Lim Boon Kim is a Director of certain subsidiaries of IOI and he is the owner of Chop Lam Soon.
- 35 Tan Sri Dato' Lee Shin Cheng is a Director and Major Shareholder of IOI and Malayapine Estates Sdn Bhd ("Malayapine").
- 36 Puan Sri Datin Hoong May Kuan is a Major Shareholder of IOI and Malayapine.
- 37 Mr Lee Yeow Chor is a Director of IOI and Malayapine and he is a Major Shareholder of IOI.
- 38 Nippon Sanso Corporation ("NSC") was a Major Shareholder of Nissan-Industrial Oxygen Incorporated Berhad ("NIOI"), a subsidiary of IOI disposed of during the financial year under review.
- 39 Masakazu Yasuda was a Director of NIOI nominated by NSC.
- 40 Hirotsuke Matsueda was a Director of NIOI nominated by NSC.

- Notwithstanding the related party disclosures already presented in the financial statements in accordance with Malaysian Accounting Standards Board Standard No. 8 ("MASB 8"), the above disclosures are made in order to comply with Paragraph 10.09 of the KLSE Listing Requirements ("Listing Requirements") with regard to value of related party transactions of a revenue nature conducted in accordance with shareholders' mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the Listing Requirements are, to certain extent, different from those of MASB 8.
- The shareholdings of the respective interested Directors/Major shareholders as shown above are based on information disclosed in the Circular to Shareholders in relation to Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature dated 8 January 2002.

## Senior Management Team

### Group Chief Executive Officer

Tan Sri Dato' Lee Shin Cheng

### Group Executive Directors

Lee Cheng Leang

Lee Yeow Chor

Dato' Yeo How

### Plantation

Dato' Foong Lai Choong

Group Plantation Director

Lai Ming Chun

Executive Director, Sabah

Chew Poh Soon

Plantation Director, Peninsular

Yong Chin Fatt

General Manager,

Group Commodities Marketing

Tan Peng Chan

General Manager, Sandakan

Liew Ah Chai

Acting General Manager, Lahad Datu

Lee Ah Kow

Chief Engineer, Mills & Engineering

Plantation Controllers

Tay Ching An

Goh Hock Sin

Keu Haw Gee

Ranny Tan Ah Seng

Tee Ke Hoi

Lim Eik Hoy

Chief Accountant

### Refinery

Wong Chee Kuan

General Manager

### Property

David Tan Thean Thye

Property Director

Tee Kok Tong

Executive Director,

Nice Skyline Sdn Bhd

General Managers

Simon Heng Kwang Hock

Cheah Siew Mun

Assistant General Managers

Lee Thian Yew

Lim Beng Yeang

Ben Yeoh Cheong Beng

Senior Complex Managers

Chin Kee Liang

Ronnie Aurther Francis

Michael Chai Chee Loong

Chief Accountant

### Oleochemicals

Dr Barry Kheng Cheok Tan

Chief Executive Officer

Chan Choung Yau

Financial Controller

### Hotel

General Managers

Otto Paul Seeman

Muhamad Ariff Ng

### Golf Club

Lim Heng Suan

General Manager

### Corporate

Tham Choon Sarn

General Manager

Information Technology

Lee Ai Leng

Group Legal Adviser/

Company Secretary

Choo Kah Yean

Senior Manager, Corporate Planning

Kong Chee Khoon

Senior Manager, Corporate Finance

Lam Kam Choong

Senior Manager, Corporate Affairs

Lee Yoke Har

Senior Manager, Legal/Group Operations

Soon Yeong Chyan

Group Accountant

Yap Chon Yoke

Company Secretary

### Internal Audit

Prithipal Singh

Internal Audit Manager



**IOI GROUP**



### Plantation

- **Plantation Subsidiaries**  
Oil palm, Rubber, CPO Mill & Latex Concentrate

### Resource-based Manufacturing

- **Palmco Holdings Berhad Group\***  
Oleochemicals
- **IOI Edible Oils Sdn Bhd**  
Palm Oil Refinery/Palm Kernel Crushing

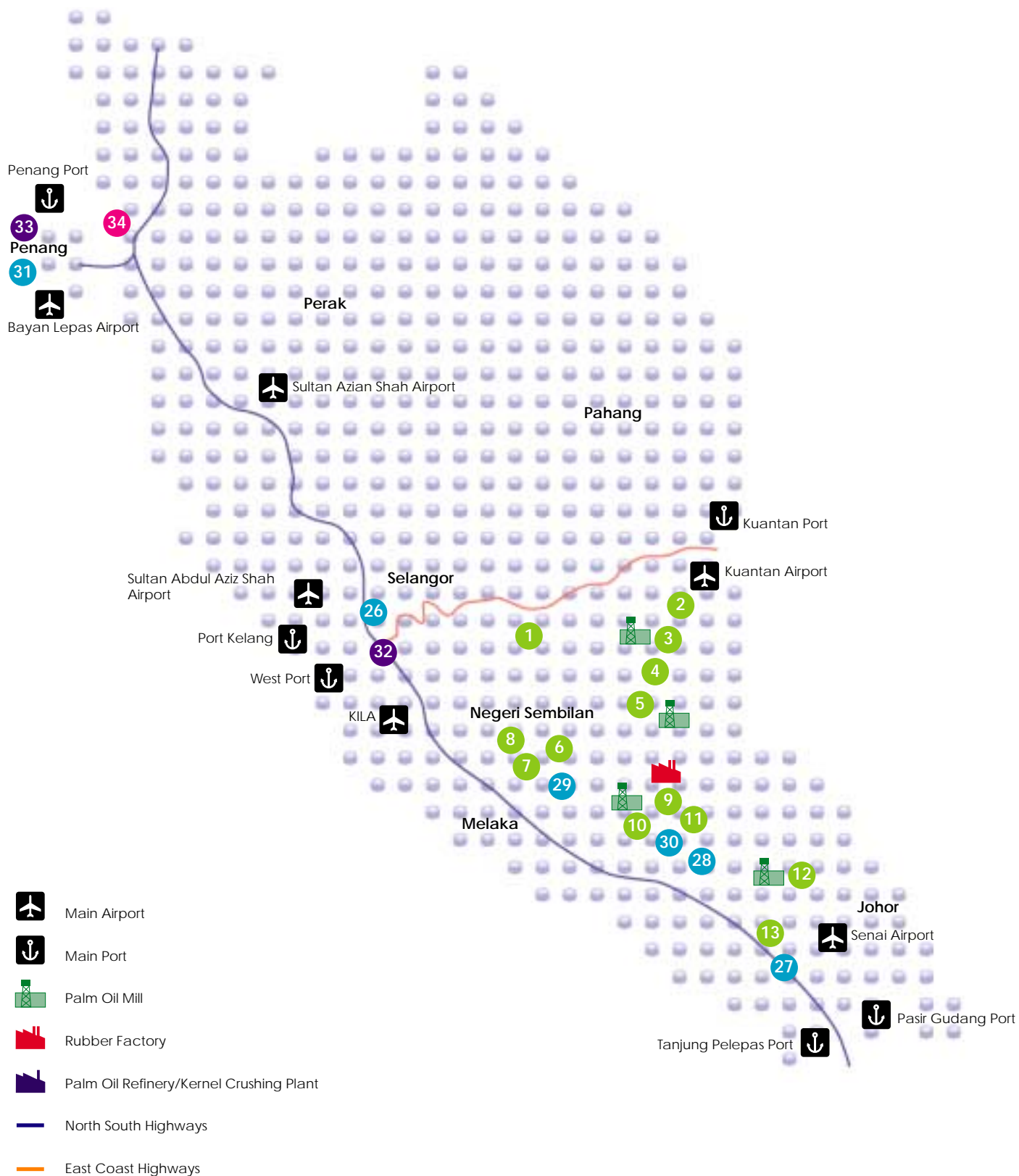
### Property Development & Investment

- **IOI Properties Berhad Group\***
- **Property Subsidiaries**  
Township Development  
Shopping Mall, Office Complex,  
Hotel & Resorts

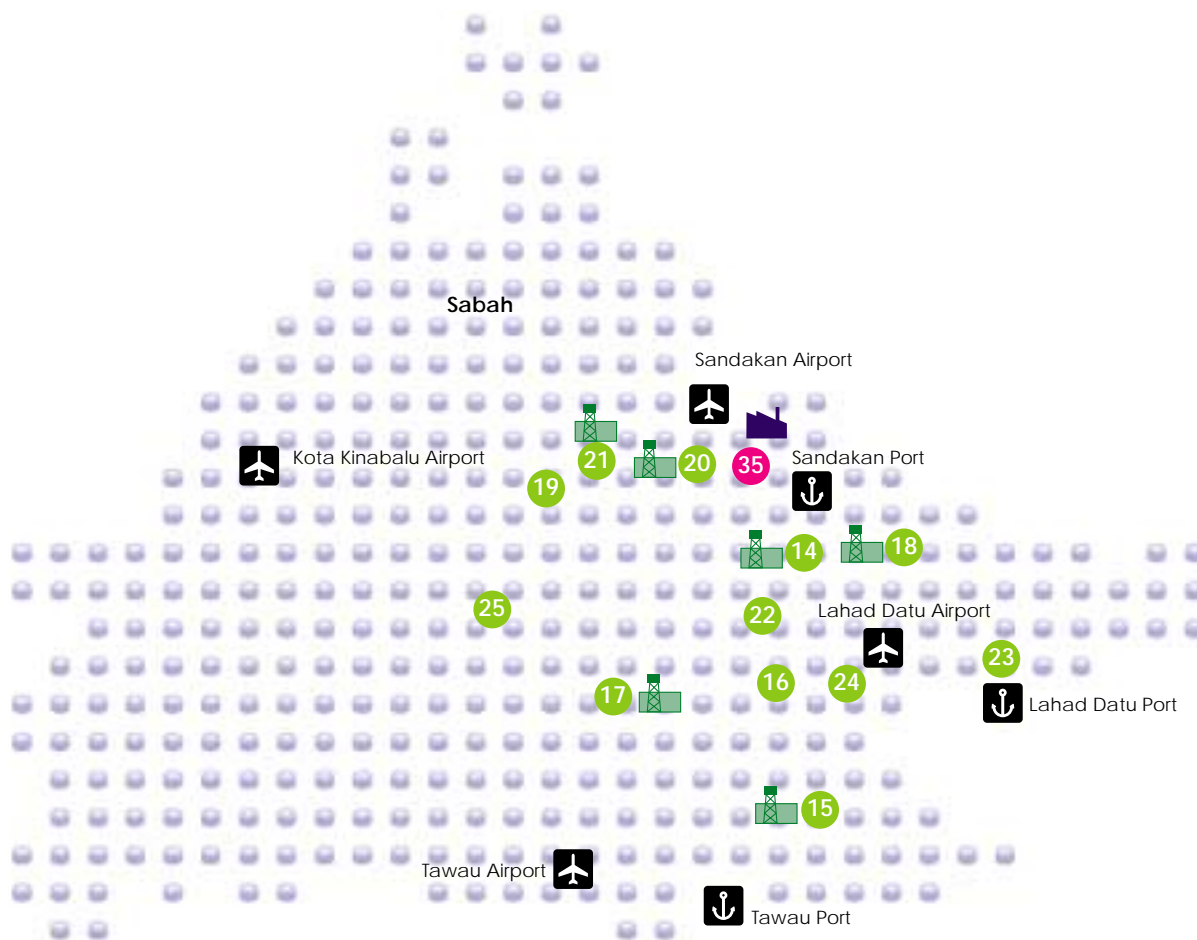
\* Companies listed on the Kuala Lumpur Stock Exchange



## Location of Operations







#### ■ Plantation

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

- 15 Baturong Estate
- 16 Halusah Estate
- 17 Syarimo Estate
- 18 Permodalan Estate
- 19 Laukin Estate
- 20 Sakilan Estate
- 21 Ladang Sabah Estate, IOI Lab & Sandakan Regional Office
- 22 Tas Estate
- 23 Cantawan Estate
- 24 Lahad Datu Regional Office
- 25 Tangkulap Estate & Bimbingan Estate

#### ■ Property Development

- 26 Bandar Puchong Jaya & Bandar Puteri Puchong

- 27 Bandar Putra Kulai
- 28 Bandar Putra Segamat
- 29 Taman Regent
- 30 Sagil Resort
- 31 Desaria Sungai Ara

#### ■ Resort

- 32 IOI Resort, Putrajaya (Putrajaya Marriott Hotel, Renaissance Palm Garden Hotel & Palm Garden Golf Club)
- 33 Casuarina Beach Resort

#### ■ Resource-based Manufacturing

- 34 Palmco Group Oleochemicals Operation
- 35 IOI Plam Oil Refinery/Kernel Crusing Plant



#### October 2001

- IOI Corporation Berhad completed its mandatory offer for the remaining shares and warrants in Palmco Holdings Berhad ("Palmco"). Accordingly, Palmco became a subsidiary of the IOI Corporation Berhad.
- Dato' Yeo How (Executive Director) and Dato' Foong Lai Choong (Group Plantation Director) were conferred Darjah Indera Mahkota Pahang (D.I.M.P), which carries the title Dato' by KeBawah Duli Yang Maha Mulia Sultan Pahang Sultan Haji Ahmad Shah.

- The Renaissance Palm Garden Hotel, a 5-star resort hotel was awarded the "Best Golf and Country Resort" in Malaysia by World Asia Media. World Asia Media the publisher of "Hospitality" magazine, announced the award during the Millennium Gold Awards 2001/2002 dinner on 26 October 2001.

#### November 2001

- Palm Garden Golf Club was featured in a programme, called "Golf Course" by ESPN, which highlights golf courses across the globe that are unique and popular for holiday golfing. It was aired on the 4th and 5th November 2001 on ASTRO's Star Sports.

#### December 2001

- IOI Corporation Berhad emerged among the top companies in Malaysia in the Best-Managed Companies Poll conducted by Asiamoney in 2001 and carried in its December 2001/Jan 2002 issue.

Under the Overall Best Managed Company 2001 (Malaysia) category, IOI Corporation Berhad was ranked sixth while scoring second placing under the Best Annual Report, Overall Best Investor Relations and Access to Senior Management categories. IOI Corporation Berhad was also ranked third placing for Best Company Website and fourth placing for Corporate Strategy.



- Mr. Lee Yeow Chor (Executive Director) soft opened the IOI Mall, Kulai, which costs RM50 million. Among the VIPs guests were Mr. Noel Trinder, Country Manager of TOPS, Mr. Frits Van Peski, Chief Executive Director of TOPS and Mr. Simon Heng (General Manager, Property Division, Johore).
- Shareholders of IOI Corporation Berhad approved the proposed adoption of new Articles of Association.

#### January 2002

- IOI Corporation Berhad extended the subscription period of its warrants for another year from 1 May 2002 to 30 April 2003.



#### February 2002

- Dato' Yeo How was featured on the cover page of "CFO Asia", February 2002 issue, a leading regional magazine for Financial Directors and Treasurers. Its cover topic for February 2002 on "Best Annual Reports In Asia: Proving It" sought to examine the interface and correlation between a Company's Annual Report and its Shareholder Value (as reflected in Share Price Performance).

IOI Corporation Berhad was ranked 15th while IOI Properties Berhad was placed at 20th position among a field of the some of the top conglomerates and multinationals of Asia.

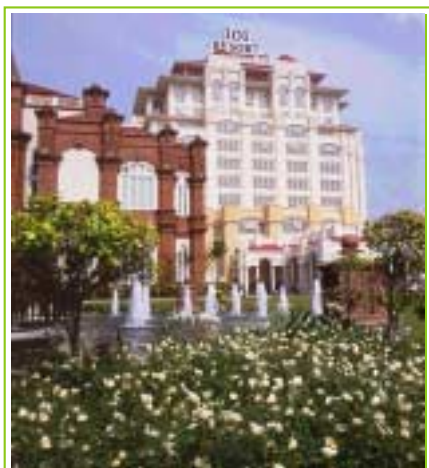


- Tan Sri Dato' Lee Shin Cheng (Executive Chairman) was conferred the Honorary Doctorate Degree in Agriculture (which carries the title Dr) by Universiti Putra Malaysia at Dewan Besar Pusat Kebudayaan & Kesenian Sultan Salahuddin Abdul Aziz Shah, at its 26th Convocation.
- The rolling hills and picturesque resort setting of Palm Garden Golf Club received recognition in three areas in Golf Malaysia Magazine's "Golf Course Poll 2001/2002"; Third Best Golf Course, Best Customer Service Club and Most Memorable Golf Club.



#### March 2002

- IOI Corporation Berhad disposed of its 13,073,002 ordinary shares of RM1.00 in Nissan-Industrial Oxygen Incorporated Berhad ("NIOI") for a cash consideration of RM67,456,690 or RM5.16 per share. Following the disposal, NIOI ceased to be a subsidiary of IOI Corporation Berhad.
- IOI Edible Oils Sdn Bhd launches its "Safety Campaign Week" with numerous activities for staff such as "IEO (IOI Edible Oils) Safety Guide" book, 5S implementation, safety talk on tool box, talks by Perkeso, Jabatan Kesihatan & Keselamatan Pekerja, video shows, no smoking campaign, cleaning & landscaping competition.



#### April 2002

- IOI Corporation Berhad proposed to distribute up to 41,350,579 ordinary shares of RM1.00 each in Palmco Holdings Berhad for free to shareholders of IOI Corporation Berhad on an entitlement basis to be announced on a later date.
- IOI Corporation Berhad entered into a conditional share sale agreement to dispose of its 3,000,000 ordinary shares of RM1.00 each in Kanzen Tetsu Sdn Bhd ("KTSB"), representing 30% of the issued and paid-up share capital of KTSB to FACB Industries Incorporated Berhad for a cash consideration of RM11,000,000.



#### May 2002

- The new Putrajaya Marriott Hotel at IOI Resort soft opens on 15 May 2002. The hotel with its unique Malaysian-Moorish architecture, offers excellent 5-star value of hospitality and services. Its facilities include 488 guestrooms and suites, 7 F&B outlets, 1,500-capacity Grand Ballroom and 16 multiple-use meeting rooms.
- Palm Villa Club House was opened by Mr. Lee Yeow Chor (Executive Director). The Club House covers a gross built-up area of 40,000 sq. ft., comprising of a large function room, lounge, terrace café (over seeing the golf course, pro shop and spacious golfers' changing room) and as well as quality sporting and recreational facilities for the needs of non-golfers and children.





- Renaissance Palm Garden Hotel celebrated its "Associates Appreciation Week" with great gusto. It is one of the Marriott ways for thanking the employees for their hard work and dedication.

#### June 2002

- Morisem Palm Oil Mill Sdn Bhd entered into a conditional sale and purchase agreement to acquire two pieces of leasehold land with total area of 310 acres in Sabah designated for two crude palm oil mil complexes at each site for a total cash consideration of RM11,619,750.
- Palm Garden Golf Club played host to 30 teams from seven countries – Australia, England, France, Indonesia, Jersey, Republic of South Africa, Scotland and Malaysia in the first qualifying round of the 2002 "World Amateur Inter-Team Golf Championship", organised by Tourism Malaysia.



#### July 2002

- Syarimo Sdn Bhd entered into a share sale agreement with several vendors for the purchase of a 100% stake in Kunimas Sdn Bhd ("Kunimas") for a total cash consideration of RM440,521. The principal asset of Kunimas is a piece of land demised for the purpose of cultivation of oil palm measuring approximately 234.33 acres in Sabah.

#### August 2002

- IOI Corporation Berhad signed a MOU with Andhra Pradesh State Trading Corporation Limited for the development of an international standard Gems and Jewellery Park at Hyderabad. The estimated cost of development is RM35 million.



- IOI Corporation Berhad entered into an agreement to acquire the entire business of Loders Croklaan from Unilever Group for a total cash consideration of EURO217 million or approximately RM813 million.

Loders Croklaan is principally involved in the manufacturing of speciality oils and fats with manufacturing facilities in the Netherlands, United States, Canada and Egypt and businesses spanning over 50 countries.



- A 3 km Cross the Course Run was jointly organised by Palm Garden Golf Club and Renaissance Palm Garden Golf Club in September 2001, to raise funds for the "Persatuan Kanak-Kanak Istimewa Kajang".
- Blood Donation and Organ & Tissue Donation Awareness Campaign organised by the Kelab Keluarga IOI at IOI Mall was successful with a total of 101 blood donors and 25 registered organs donors.
- Motivating youngsters to strive for academic excellence and career advancement represents a collective effort by Yayasan Tan Sri Dato' Lee Shin Cheng, through the provision of scholarships and other forms of assistance to needy and deserving students.
- Collections from the Palm Garden Golf Club Liason-Committee golf tournament were handed over to the "Yayasan Uzanam Rumah Kebajikan Kami" during their charity golf game at Palm Garden.





- Being positioned as “Your Neighbourhood Shopping Centre”, IOI Mall and TX Exposition, jointly organised a party for the less fortunate children, aged of 6-14 years from CENTRAID (Centre for Aid), Jalan Klang Lama, at the mall’s main concourse during Christmas.



- More than 50 orphans between the ages of 4 to 13 years from the Pejabat Kebajikan Masyarakat (Kuala Selangor) were invited to a “berbuka puasa” event, another charitable cause organised by IOI Mall.



- Members and staff of Palm Garden Golf Club jointly contributed to the “Charity Car Wash”, organised in aid of the Desa Amal Jireh (Charity Village), a home for orphans, underprivileged, abused children and old folks.



- IOI Mall made a charity contribution to Rumah Charis (home for less fortunate children) by sponsoring tickets of “Disney On Ice”, held at Stadium Putra, Bukit Jalil for the benefit of the children.

A small green plant with three leaves is growing out of a dark, conical mound of soil. The plant is positioned in the center of the frame. The background is a newspaper page with visible text and columns. The text 'Reason to invest' is written in a green, cursive font across the middle of the image, partially overlapping the plant and the soil.

*Reason to invest*



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 2002.

### Principal Activities

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

The principal activities of the subsidiary and associated companies are set out in Note 44 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 2002 are as follows:

In RM'000	Group	Company
<b>Profit before taxation</b>	<b>570,502</b>	<b>189,173</b>
Taxation	(112,269)	(26,003)
<b>Profit after taxation</b>	<b>458,233</b>	<b>163,170</b>
Minority interests	(107,273)	–
<b>Net profit attributable to shareholders</b>	<b>350,960</b>	<b>163,170</b>

### Dividends

A second interim dividend of 15% less income tax in respect of the financial year ended 30 June 2001 amounting to RM45,318,129 was paid on 28 September 2001 as dealt with in the Directors' Report of that financial year. In addition, the Company paid an amount of RM170,100 in respect of the same dividend payment to account for the issue of 3,150,000 new shares arising from the exercise of options granted under the Executive Share Option Scheme subsequent to the financial year end but before the book closure for dividend entitlement.

On 21 February 2002, the Directors declared an interim dividend of 12% less income tax amounting to RM37,340,303 in respect of the financial year ended 30 June 2002. The dividend was paid on 22 March 2002, to shareholders whose names appear in the Record of Depositors at the close of business on 12 March 2002.

The Directors now recommend a final dividend of 18% less income tax in respect of the financial year ended 30 June 2002 which, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, will be paid on 6 November 2002, to shareholders whose names appear in the Record of Depositors at the close of business on 23 October 2002. Based on the outstanding issued and paid-up ordinary shares of the Company as at 30 June 2002 of 882,214,613, the final dividend net of tax amounts to RM57,167,507.



## Issue of Shares and Debentures

During the financial year, the Company issued the following ordinary shares of 50 sen each for cash:

No. of shares	Terms of issue	Purpose of issue
4,221,000	Issued at RM2.20 per share	Exercise of options granted under the Executive Share Option Scheme
4,043,000	Issued at RM2.45 per share	Exercise of options granted under the Executive Share Option Scheme
341,000	Issued at RM2.50 per share	Exercise of options granted under the Executive Share Option Scheme
2,208,000	Issued at RM2.70 per share	Exercise of options granted under the Executive Share Option Scheme
3,730,000	Issued at RM2.80 per share	Exercise of options granted under the Executive Share Option Scheme
3,309,000	Issued at RM3.70 per share	Exercise of options granted under the Executive Share Option Scheme
621,000	Issued at RM3.90 per share	Exercise of options granted under the Executive Share Option Scheme
27,451,000	Issued at RM3.35 per share	Exercise of warrants

The abovementioned shares rank pari passu with the then existing issued shares of the Company.

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

## Warrants 1995/2003

Pursuant to a deed poll dated 28 September 1995 ("Deed Poll"), the Company has on 31 October 1995 issued 209,158,409 warrants ("Warrants") in conjunction with the issue of RM225,000,000 nominal amount of 4% Redeemable Unsecured Loan Stocks 1995/2000.

The salient features of the Warrants as per the Deed Poll are as follows:

- Each Warrant entitles the registered holder at any time during the subscription period to subscribe for one new ordinary share of 50 sen each at an exercise price of RM3.35 per ordinary share.
- The subscription price may be adjusted, where appropriate under circumstances provided in the Deed Poll.
- The subscription period is four and a half-years from the date of issue to expire on 30 April 2000.
- The Warrant holder has no right to participate by virtue of the Warrants in any other share issue of any other company.
- Upon expiry of the subscription period, any unexercised subscription rights will lapse and cease to be valid for any purpose.

On 18 November 1999, the shareholders and the Warrant holders of the Company have approved the extension of the exercise period of the outstanding Warrants. The salient terms of the extension as per the supplemental deed polls dated 17 December 1999 and 25 August 2001 are as follows:

- The original exercise period of the Warrants shall be extended for one year from 1 May 2000 to 30 April 2001.
- The exercise period of the Warrants may be extended beyond 30 April 2001, up to four (4) consecutive periods of one (1) year each from 1 May 2001 ("Further Extension"), provided that the daily weighted average market price of the shares in the Company quoted on the Kuala Lumpur Stock Exchange ("KLSE") at a premium of less than twenty percent (20%) of the subscription price of RM3.35 on any one of the thirty (30) consecutive market days prior to the 31st day of January of the year of expiry of the relevant extension period.
- The Company to announce to the KLSE on any Further Extension, three months prior to the expiry dates of the Warrants.
- The exercise price of the Warrants of RM3.35 per share will not be revised other than those adjustments provided for in the Deed Poll.

### Warrants 1995/2003 (cont'd)

During the financial year, the subscription period of the Warrants was extended for another one year from 1 May 2002 to 30 April 2003 ("Warrants 1995/2003") pursuant to clause 5A of the supplemental deed poll dated 17 December 1999.

The movement of Warrants 1995/2003 during the financial year is as follows:

Subscription price	No of warrants 1995/2003		
	As at 1 July 2001	Exercised	As at 30 June 2002
RM3.35	208,978,431	27,451,000	<b>181,527,431</b>

### Executive Share Option Scheme

An Executive Share Option Scheme ("ESOS") was implemented on 5 April 1995 for the benefit of the executives and full time executive directors of the Group. The option committee appointed by the Board of Directors to administer the ESOS, may from time to time offer options to eligible executives of the Group to subscribe for new ordinary shares of 50 sen each in the Company.

The Company has obtained the necessary approvals from shareholders and the relevant authorities for the extension of the Company's existing ESOS for another 5 years to expire on 4 April 2005.

The salient features of the ESOS are as follows:

- i The maximum number of shares to be offered and allotted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- ii Eligible executives are confirmed executives with at least one year service as at date of offer including full time executive directors of any company comprised in the Group and foreign executives of the Group who are in service for at least five years as at date of offer.
- iii No option shall be granted for less than 1,000 shares or more than 500,000 shares.
- iv The option price for ordinary share of 50 sen each shall be the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the KLSE for the five market days preceding the date of offer or at the par value of the shares, whichever is higher.
- v The original option period of five years that expired on 4 April 2000, was extended for another five years to expire on 4 April 2005.
- vi Grantee of the option has no right to participate by virtue of the option in any other share issue of any other company.



### Executive Share Option Scheme (cont'd)

The movements of the options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

Option price	Date of offer	No. of share options				As at 30 June 2002
		As at 1 July 2001	Offered and accepted	Exercised	Lapsed	
RM2.80	11 May 1995	6,812,000	–	3,730,000	33,000	<b>3,049,000</b>
RM2.50	6 January 1996	358,000	–	341,000	–	<b>17,000</b>
RM2.70	10 January 1996	598,000	–	279,000	75,000	<b>244,000</b>
RM3.50	26 April 1996	110,000	–	–	–	<b>110,000</b>
RM3.90	8 November 1996	2,537,000	–	621,000	201,000	<b>1,715,000</b>
RM2.70	27 August 1997	3,593,000	–	1,929,000	406,000	<b>1,258,000</b>
RM2.20	23 December 1998	1,979,000	–	1,337,000	127,000	<b>515,000</b>
RM2.20	1 December 1999	4,562,000	–	2,884,000	263,000	<b>1,415,000</b>
RM2.45	6 January 2001	4,855,000	–	4,043,000	106,000	<b>706,000</b>
RM3.70	28 December 2001	–	6,957,000	3,309,000	–	<b>3,648,000</b>
<b>Total</b>		<b>25,404,000</b>	<b>6,957,000</b>	<b>18,473,000</b>	<b>1,211,000</b>	<b>12,677,000</b>

In respect of the total 6,957,000 options offered and accepted during the financial year at an option price of RM3.70 ("the Option"), the basis of allocation of the Option has been verified by the external auditors in accordance with the Bye-Laws of ESOS.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings.

### Reserves and Provisions

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

### Directors

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

Tan Sri Dato' Lee Shin Cheng  
 Lee Yeow Chor  
 Dato' Yeo How  
 Lee Cheng Leang  
 Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor  
 Datuk Khalid b Hj Husin  
 Chan Fong Ann

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

Mr Chan Fong Ann who has attained the age of seventy, retires in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting. The Directors recommend that he be re-appointed in accordance with Section 129(6) of the said Act and to hold office until the conclusion of the next Annual General Meeting of the Company.

### Directors' Interests

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

Direct interests	As at 1 July 2001	Acquired	Disposed/ Exercised	As at 30 June 2002
<b>The Company</b>				
No. of ordinary shares of 50 sen each				
Tan Sri Dato' Lee Shin Cheng	4,349,051	–	–	<b>4,349,051</b>
Lee Yeow Chor	128,000	140,000	30,000	<b>238,000</b>
Dato' Yeo How	22,000	250,000	172,000	<b>100,000</b>
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	65,000	–	–	<b>65,000</b>
Lee Cheng Leang	–	500,000	340,000	<b>160,000</b>
Chan Fong Ann	1,098,000	–	–	<b>1,098,000</b>
No. of Warrants 1995/2003				
Tan Sri Dato' Lee Shin Cheng	1,100,000	–	–	<b>1,100,000</b>
Lee Yeow Chor	200,000	–	–	<b>200,000</b>
Dato' Yeo How	180,000	50,000	230,000	<b>–</b>
Chan Fong Ann	249,500	–	–	<b>249,500</b>
<b>Subsidiary Company</b>				
IOI Properties Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	810,200	–	–	<b>810,200</b>
Lee Yeow Chor	5,000	10,000	–	<b>15,000</b>
Dato' Yeo How	4,000	–	–	<b>4,000</b>
Chan Fong Ann	11,200	–	–	<b>11,200</b>
<b>Other Related Corporation</b>				
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000 each				
Tan Sri Dato' Lee Shin Cheng	100	–	–	<b>100</b>

## Directors' Interests (cont'd)

Indirect interests	As at 1 July 2001	Acquired	Disposed/ Exercised	As at 30 June 2002
<b>The Company</b>				
No. of ordinary shares of 50 sen each				
Tan Sri Dato' Lee Shin Cheng	272,342,519	1,992,000	8,721,000	265,613,519
Lee Yeow Chor	251,867,139	1,852,000	8,691,000	245,028,139
Chan Fong Ann	27,278,000	530,000	4,000	27,804,000
No. of Warrants 1995/2003				
Tan Sri Dato' Lee Shin Cheng	85,252,410	12,758,000	–	98,010,410
Lee Yeow Chor	78,052,410	12,758,000	–	90,810,410
Chan Fong Ann	6,501,500	10,000	530,000	5,981,500
<b>Subsidiary Company</b>				
IOI Properties Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	3,079,400	–	–	3,079,400
Lee Yeow Chor	3,079,400	–	–	3,079,400

The movements of the options over unissued shares of the Company granted under the Executive Share Option Scheme to the Directors in office at the end of the financial year are as follows:

Director	Option price	No. of share options			As at 30 June 2002
		As at 1 July 2001	Offered and accepted	Exercised	
Tan Sri Dato' Lee Shin Cheng	RM2.80	500,000	–	–	500,000
Lee Cheng Leang	RM2.80	500,000	–	500,000	–
Lee Yeow Chor	RM2.70	220,000	–	–	220,000
Lee Yeow Chor	RM3.90	80,000	–	–	80,000
Lee Yeow Chor	RM2.20	140,000	–	140,000	–
Dato' Yeo How	RM2.80	390,000	–	200,000	190,000

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

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

### Directors' Benefits

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

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 6 to the financial statements) by reason of a contract made by the Company or by a related corporation with a Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 37 to the financial statements.

### Statutory Information on the Financial Statements

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- i to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- ii to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- i which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- ii which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- iii which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

## Other Statutory Information

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

In the opinion of the Directors:

- i the results of operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- ii no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made except as disclosed in Note 41 to the financial statements.

## Significant Events During the Financial Year

### a Palmco Holdings Berhad

As reported in the previous year's Annual Report, on 26 July 2001, AmMerchant Bank Berhad on behalf of the Company, served a Notice of Conditional Mandatory Offer ("Offer") on the Board of Directors of Palmco Holdings Berhad ("Palmco") to acquire the following securities not already owned by the Company and its subsidiary companies:

- i all existing ordinary shares of RM1.00 each in Palmco ("Palmco Shares") including such number of Palmco Shares as may be issued pursuant to the exercise of any outstanding warrants ("Palmco Warrants") and options granted under the Palmco's Employees' Share Option Scheme at an offer price of RM4.35 per share; and
- ii all outstanding Palmco Warrants at an offer price of RM1.35 per warrant.

On 26 September 2001, the offer price for the Palmco Shares and Palmco Warrants was revised to RM4.60 and RM1.60 respectively.

On 4 October 2001, the Offer became unconditional as the shareholdings of the Company and person acting in concert with the Company in Palmco has exceeded 50% of the issued and paid-up share capital of Palmco as a result of the acceptances received and additional acquisitions of Palmco shares by the Company from open market. Palmco has since become a subsidiary of the Company.

The Offer was closed on 18 October 2001. Upon completion of the Offer and subsequent conversion of Palmco Warrants held by the Company, the Company's shareholdings interest (direct and indirect) in Palmco increased to 123,193,639 Palmco Shares representing approximately 61% of Palmco's issued and paid-up share capital.

Palmco Shares and Palmco Warrants have been suspended from trading on the Kuala Lumpur Stock Exchange ("KLSE") since 19 October 2001 pursuant to paragraph 16.02(d) of the Listing Requirements of the KLSE ("Listing Requirements") as Palmco did not meet the public shareholding spread requirement under the Listing Requirements upon completion of the Offer.

On 5 April 2002, AmMerchant Bank Berhad announced on behalf of the Company that the Company proposed to distribute up to 41,350,579 Palmco Shares for free to the shareholders of the Company on an entitlement basis to be announced on a later date ("Proposed Distribution").

The Proposed Distribution is by way of capital distribution involving the reduction of the share premium reserves of the Company so as to reward the shareholders of the Company for their continuous support of the Company and to enable Palmco to meet its public shareholding spread in order for its shares to be traded again on the KLSE. The Proposed Distribution has been approved by all the relevant authorities and shareholders of the Company but still pending sanction of the High Court of Malaya.

### Significant Events During the Financial Year (cont'd)

#### a Palmco Holdings Berhad (cont'd)

The Proposed Distribution however would not on its own assist Palmco to fulfil the public shareholding spread, as the Proposed Distribution would result in Palmco Shares being distributed to all shareholders of the Company including those who are not deemed as public shareholders ("Non-Public Shareholders") under the Listing Requirements. Accordingly, the Company has proposed to place out such Palmco Shares which otherwise be distributed to the Non-Public Shareholders of the Company at not less than RM4.45 per share to investors who would be deemed public shareholders in accordance with the Listing Requirements ("Proposed Placement") in order to assist Palmco to meet the public shareholding spread requirement. The Proposed Placement has been approved by all the relevant authorities and shareholders of the Company.

#### b Nissan-Industrial Oxygen Incorporated Berhad

On 4 March 2002, the Company disposed of its 13,073,002 ordinary shares of RM1.00 each in Nissan-Industrial Oxygen Incorporated Berhad ("NIOI Shares") representing 31.78% of the issued and paid-up share capital of Nissan-Industrial Oxygen Incorporated Berhad ("NIOI") to Malaysian Oxygen Berhad ("MOX") for a cash consideration of RM67,456,690 or RM5.16 per share by way of a direct business transaction through the Kuala Lumpur Stock Exchange. Following the disposal, NIOI has been de-consolidated and an exceptional gain of approximately RM23 million for the Group was recognised.

In addition, the Company has also committed to dispose its remaining 4,800,000 NIOI Shares representing 11.67% of the issued and paid-up share capital of NIOI which were under a moratorium on sale, transfer and assignment (pursuant to one of the conditions imposed by the Securities Commission ("SC") on its approval for the listing of NIOI in 1997) to MOX for a cash consideration of RM24,768,000 or RM5.16 per share. On 11 April 2002, the Company has obtained the approval from the SC on the Company's application to uplift the said moratorium and the disposal of the 4,800,000 NIOI shares was subsequently completed on 22 July 2002.

#### c Kanzen Tetsu Sdn Bhd

On 23 April 2002, the Board entered into a conditional share sale agreement to dispose of its 3,000,000 ordinary shares of RM1.00 each in Kanzen Tetsu Sdn Bhd ("KTSB") representing 30.00% of the issued and paid-up share capital of KTSB to FACB Industries Incorporated Berhad for a cash consideration of RM11,000,000. The disposal was subsequently completed on 30 August 2002.

### 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)  
Datuk Khalid b Hj Husin  
Chan Fong Ann  
Dato' Yeo How

### Nominating Committee

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

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)  
Chan Fong Ann  
Datuk Khalid b Hj Husin (appointed on 26 April 2002)



### Remuneration Committee

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

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

### Auditors

The retiring auditors, Messrs. BDO Binder, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.  
On behalf of the Board

Tan Sri Dato' Lee Shin Cheng  
Executive Chairman

Dato' Yeo How  
Executive Director

Puchong, Selangor Darul Ehsan  
3 September 2002

In RM'000	Note	Group		Company	
		2002	2001	2002	2001
Revenue	4	2,410,500	1,291,578	247,076	238,036
Cost of sales		(1,654,251)	(840,236)	(71,531)	(73,158)
Gross profit		756,249	451,342	175,545	164,878
Other operating income	5	56,299	119,973	54,766	97,835
Marketing and selling expenses		(77,791)	(27,936)	(749)	(1,917)
Administration expenses		(74,076)	(47,468)	(10,348)	(12,806)
Other operating expenses		(104,195)	(51,042)	(15,287)	(10,701)
<b>Operating profit</b>	6	556,486	444,869	203,927	237,289
Interest income	7	11,924	12,846	38,863	39,951
Finance costs	8	(48,329)	(49,786)	(53,617)	(52,887)
Share of profits of associated companies		50,421	50,533	–	–
<b>Profit before taxation</b>		570,502	458,462	189,173	224,353
Taxation					
– Company and subsidiary companies	9	(110,510)	(84,907)	(26,003)	(29,467)
– Share of taxation of associated companies		(1,759)	(11,357)	–	–
		(112,269)	(96,264)	(26,003)	(29,467)
<b>Profit after taxation</b>		458,233	362,198	163,170	194,886
Minority interests		(107,273)	(71,070)	–	–
<b>Net profit attributable to shareholders</b>		350,960	291,128	163,170	194,886
<b>Earnings per share (sen)</b>	10				
Basic		41.21	34.62		
Diluted		38.63	34.56		
<b>Gross dividend per share (sen)</b>	11				
First interim dividend		6.0	5.0	6.0	5.0
Second interim dividend		–	7.5	–	7.5
Final dividend		9.0	–	9.0	–
<b>Total</b>		15.0	12.5	15.0	12.5

The notes on pages 128 to 182 form an integral part of the financial statements

In RM'000	Note	Group		Company	
		2002	2001	2002	2001
Assets Employed					
Property, plant and equipment	12	2,671,783	2,123,375	385,992	379,724
Subsidiary companies	13	–	–	1,846,787	1,083,096
Associated companies	14	258,463	409,271	17,556	248,320
Investment properties	15	522,456	489,519	–	–
Other long term investments	16	18,191	33,276	10,872	24,668
Land held for development	17	660,074	524,333	–	–
Goodwill on consolidation	18	163,629	78,689	–	–
Current assets					
Development properties	19	302,894	285,687	–	–
Inventories	20	123,382	84,291	4,678	3,728
Trade and other receivables	21	318,045	186,763	13,020	19,356
Amount due from subsidiary companies	13	–	–	712,677	873,294
Amount due from associated companies	14	5,539	6,707	3,540	4,708
Tax recoverable		10,187	11,206	8,287	11,206
Short term investments	22	25,562	–	6,278	–
Short term funds	23	61,641	16,000	–	–
Deposits with financial institutions	24	216,632	206,079	1,137	1,106
Cash and bank balances	25	201,853	209,480	489	118
		1,265,735	1,006,213	750,106	913,516
Current liabilities					
Trade and other payables	26	381,595	294,391	19,670	16,678
Bank overdrafts	27	27,600	25,064	11,162	7,168
Short term borrowings	28	680,416	538,891	611,330	407,667
Amount due to subsidiary companies	13	–	–	381,549	343,920
Amount due to an associated company	14	2,739	2,739	2,739	2,739
Taxation		41,181	40,515	6,087	–
		1,133,531	901,600	1,032,537	778,172
Net current assets/(liabilities)		132,204	104,613	(282,431)	135,344
		4,426,800	3,763,076	1,978,776	1,871,152
Financed By					
Share capital	29	447,988	425,026	447,988	425,026
Reserves	30	2,490,287	2,113,094	1,242,068	1,051,683
Shareholders' equity		2,938,275	2,538,120	1,690,056	1,476,709
Minority interests		940,021	672,698	–	–
Long term borrowings	31	411,968	492,603	282,500	388,616
Other long term liabilities	32	21,283	14,754	–	–
Deferred taxation	33	115,253	44,901	6,220	5,827
		4,426,800	3,763,076	1,978,776	1,871,152

The notes on pages 128 to 182 form an integral part of the financial statements

# Statements of Changes in Equity ■ for the financial year ended 30 June 2002

In RM'000	Share capital	Share premium	Revaluation surplus	Capital reserve	Foreign exchange fluctuation reserve	Reserve on consolidation	Retained profits	Treasury shares	Total
<b>Group</b>									
<b>As at 01 July 2000</b>									
As previously reported	423,943	300,885	788	47,157	4,217	19,673	1,443,333	(16,188)	2,223,808
Prior year adjustments (Note 45)	-	-	-	-	-	-	30,282	-	30,282
As Restated	423,943	300,885	788	47,157	4,217	19,673	1,473,615	(16,188)	2,254,090
Increase in share of net assets of subsidiary companies upon issuance of new shares	-	-	-	82	-	-	-	-	82
Minority interest share of capital reserve in a subsidiary company	-	-	-	(988)	-	-	-	-	(988)
Share of reserve in an associated company arising from dilution of interest	-	-	-	(1,061)	-	-	-	-	(1,061)
Revaluation of investment properties	-	-	64,586	-	-	-	-	-	64,586
Provision of deferred tax in respect of property previously revalued	-	-	(39)	-	-	-	-	-	(39)
Currency translation differences	-	-	-	-	(2,362)	-	-	-	(2,362)
Net gains not recognised in the income statement	-	-	64,547	(1,967)	(2,362)	-	-	-	60,218
Net profit for the financial year	-	-	-	-	-	-	291,128	-	291,128
Amortisation of reserve on consolidation	-	-	-	-	-	(1,818)	-	-	(1,818)
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(30,360)	-	(30,360)
First interim dividend paid	-	-	-	-	-	-	(30,212)	-	(30,212)
Issue of shares	1,083	4,007	-	-	-	-	-	-	5,090
Repurchase of shares	-	-	-	-	-	-	-	(10,016)	(10,016)
<b>As at 30 June 2001</b>	425,026	304,892	65,335	45,190	1,855	17,855	1,704,171	(26,204)	2,538,120

The notes on pages 128 to 182 form an integral part of the financial statements

In RM'000	Share capital	Share premium	Revaluation surplus	Capital reserve	Foreign exchange fluctuation reserve	Reserve on consolidation	Retained profits	Treasury shares	Total
<b>Group</b>									
<b>As at 30 June 2001</b>									
As previously reported	425,026	304,892	65,335	45,190	1,855	17,855	1,658,853	(26,204)	2,492,802
Prior year adjustments (Note 45)	-	-	-	-	-	-	45,318	-	45,318
As Restated	425,026	304,892	65,335	45,190	1,855	17,855	1,704,171	(26,204)	2,538,120
Decrease in share of net assets of subsidiary companies upon issuance of new shares	-	-	-	(1,758)	-	-	-	-	(1,758)
Transfer of revaluation surplus to retained profits arising from disposal of investment properties	-	-	(47)	-	-	-	47	-	-
Transfer of revaluation surplus to retained profit arising from disposal of a subsidiary company	-	-	(749)	-	-	-	749	-	-
Reversal of deferred tax previously provided upon disposal of a subsidiary company	-	-	-	-	-	-	39	-	39
Currency translation differences	-	-	-	-	2,063	-	-	-	2,063
Net gains not recognised in the income statement	-	-	(796)	(1,758)	2,063	-	835	-	344
Net profit for the financial year	-	-	-	-	-	-	350,960	-	350,960
Amortisation of reserve on consolidation	-	-	-	-	-	(1,326)	-	-	(1,326)
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(45,488)	-	(45,488)
First interim dividend paid	-	-	-	-	-	-	(37,340)	-	(37,340)
Issue of shares	22,962	120,114	-	-	-	-	-	-	143,076
Repurchase of shares	-	-	-	-	-	-	-	(10,071)	(10,071)
<b>As at 30 June 2002</b>	<b>447,988</b>	<b>425,006</b>	<b>64,539</b>	<b>43,432</b>	<b>3,918</b>	<b>16,529</b>	<b>1,973,138</b>	<b>(36,275)</b>	<b>2,938,275</b>

The notes on pages 128 to 182 form an integral part of the financial statements

In RM'000	Share capital	Share premium	Retained profits	Treasury shares	Total
<b>Company</b>					
<b>As at 01 July 2000</b>					
As previously reported	423,943	300,885	608,399	(16,188)	1,317,039
Prior year adjustments (Note 45)	–	–	30,282	–	30,282
As Restated	423,943	300,885	638,681	(16,188)	1,347,321
Net profit for the financial year	–	–	194,886	–	194,886
Dividend paid in respect of previous financial year	–	–	(30,360)	–	(30,360)
First interim dividend paid	–	–	(30,212)	–	(30,212)
Issue of shares	1,083	4,007	–	–	5,090
Repurchase of shares	–	–	–	(10,016)	(10,016)
<b>As at 30 June 2001</b>	<b>425,026</b>	<b>304,892</b>	<b>772,995</b>	<b>(26,204)</b>	<b>1,476,709</b>
<b>As at 30 June 2001</b>					
As previously reported	425,026	304,892	727,677	(26,204)	1,431,391
Prior year adjustments (Note 45)	–	–	45,318	–	45,318
As Restated	425,026	304,892	772,995	(26,204)	1,476,709
Net profit for the financial year	–	–	163,170	–	163,170
Dividend paid in respect of previous financial year	–	–	(45,488)	–	(45,488)
First interim dividend paid	–	–	(37,340)	–	(37,340)
Issue of shares	22,962	120,114	–	–	143,076
Repurchase of shares	–	–	–	(10,071)	(10,071)
<b>As at 30 June 2002</b>	<b>447,988</b>	<b>425,006</b>	<b>853,337</b>	<b>(36,275)</b>	<b>1,690,056</b>

The notes on pages 128 to 182 form an integral part of the financial statements



In RM'000	Note	Group		Company	
		2002	2001	2002	2001
Cash Flows From Operating Activities					
Profit before taxation		570,502	458,462	189,173	224,353
Adjustments for:					
Depreciation of property, plant and equipment		77,677	53,788	4,747	4,811
Interest expenses		48,329	49,786	53,617	52,887
Allowance for diminution in value of an associated company		13,000	-	-	-
Amortisation of goodwill on consolidation		8,741	4,924	-	-
Allowance for diminution in value of other long term investments		1,700	1,896	1,700	1,896
Allowance for doubtful debts		1,578	1,874	-	-
Property, plant and equipment written off		1,495	840	50	271
Amortisation of goodwill on acquisition of associated companies		1,050	3,670	-	-
Provision for retirement benefits		798	-	-	-
Dilution of interest in a subsidiary company		221	-	-	-
Allowance for doubtful debts written back		(80)	(396)	-	-
Gain on disposal of investment properties		(90)	-	-	-
Gain on disposal of short term investments		(104)	-	(450)	-
Dividend income from other long term investments		(732)	(275)	(555)	(259)
Amortisation of reserve on consolidation		(1,326)	(1,818)	-	-
Gain on disposal of property, plant and equipment		(2,458)	(2,549)	(345)	(41)
Amortisation of discount on acquisition of associated companies		(2,515)	(2,122)	-	-
Gain on disposal of other long term investments		(5,999)	-	(1,616)	-
Interest income		(11,924)	(12,846)	(38,863)	(39,951)
Gain on disposal of a subsidiary company		(23,334)	-	(50,221)	-
Share of profits of associated companies		(50,421)	(50,533)	-	-
Amortisation of deferred expenditure		-	118	-	118
Provision for retirement benefits written back		-	(13)	-	-
Foreseeable loss on property projects written back		-	(796)	-	-
Deferred income recognised in respect of the disposal of Jasin Lalang Estate		-	(96,262)	-	(96,262)
Allowance for diminution in value of subsidiary companies		-	-	1,421	-
Dividend income from subsidiary companies		-	-	(113,144)	(124,750)
Dividend income from associated companies		-	-	-	(1,838)
Operating profit before working capital changes		626,108	407,748	45,514	21,235
Decrease/(increase) in development properties		96,669	(10,211)	-	-
Decrease/(increase) in inventories		10,394	2,178	(950)	1,907
(Increase)/decrease in trade receivables		(104,660)	(6,492)	268	1,897
Decrease/(increase) in other receivables, deposits and prepayments		19,857	(25,226)	7,254	916
Decrease/(increase) in amount due from customers on contracts		787	(2,122)	-	-
(Decrease)/increase in trade payables		(10,393)	31,238	206	(1,236)
Increase/(decrease) in other payables and accruals		35,532	(3,424)	3,963	1,115
Increase in amount due to customers on contracts		194	-	-	-
Cash generated from operations		674,488	393,689	56,255	25,834
Tax refunded		12,505	-	12,495	-
Club membership deposits received		399	513	-	-
Retirement benefits paid		(47)	-	-	-
Tax paid		(134,094)	(120,892)	(2,000)	(15,974)
Net cash generated from operating activities		553,251	273,310	66,750	9,860

The notes on pages 128 to 182 form an integral part of the financial statements

In RM'000	Note	Group		Company	
		2002	2001	2002	2001
Cash Flows From Investing Activities					
Disposal of a subsidiary company, net of cash and cash equivalents disposed	34	51,556	–	67,321	–
Dividends received from associated companies		26,107	5,697	–	1,838
Proceeds from the disposal of other long term investments		25,553	–	8,693	–
Interest received		12,064	13,132	1,370	4,101
Proceeds from disposal of property, plant and equipment		5,249	8,761	744	953
Dividends received from other long term investments		669	250	504	234
Proceeds from the disposal of investment properties		613	–	–	–
Proceeds from the disposal of short term investments		605	–	605	–
Payments made to associated companies		(192)	–	(192)	–
Additions to investment properties		(271)	(1,838)	–	–
Deposit paid for the acquisition of a subsidiary company		(1,060)	–	–	–
Purchase of other long term investments		(3,854)	(8,044)	(228)	(7,218)
Additions to short term investments		(10,000)	–	–	–
Acquisition of subsidiary companies, net of cash and cash equivalents acquired	35	(19,055)	(32,718)	(187,892)	–
Additions to land held for development		(74,893)	(53,560)	–	–
Acquisition of additional interest in subsidiary companies		(99,145)	(4,708)	(4,851)	(4,708)
Additional investment in associated companies		(108,694)	(4,239)	(59,891)	–
Additions to property, plant and equipment		(295,758)	(162,883)	(11,464)	(8,437)
Amount received from an associated company in respect of the disposal of Jasin Lalang Estate		–	123,417	–	123,417
Payments received from associated companies		–	191	–	21
Deposit paid to a minority shareholder for the acquisition of additional interest in a subsidiary company		–	(10,442)	–	–
Dividends received from subsidiary companies		–	–	86,096	99,293
Payments made to subsidiary companies		–	–	(71,727)	(182,496)
Payment for the conversion of loan stocks into ordinary shares in a subsidiary company		–	–	–	(107,500)
Net cash used in investing activities		(490,506)	(126,984)	(170,912)	(80,502)

The notes on pages 128 to 182 form an integral part of the financial statements

In RM'000	Note	Group		Company	
		2002	2001	2002	2001
Cash Flows From Financing Activities					
Proceeds from short term borrowings		148,319	236,462	205,000	236,250
Proceeds from issuance of shares		143,076	5,090	143,076	5,090
Proceeds from shares issued to minority shareholders		8,784	10	-	-
Repayment of finance lease obligations		(4)	(24)	-	-
Repurchase of shares by a subsidiary company		(309)	-	-	-
Repurchase of shares		(10,071)	(10,016)	(10,071)	(10,016)
Dividend paid to minority shareholders		(45,853)	(23,791)	-	-
Interest paid		(56,846)	(58,310)	(47,154)	(43,637)
Dividend paid		(82,828)	(60,572)	(82,828)	(60,572)
Repayment of term loans		(120,988)	(114,915)	(107,453)	(53,125)
Proceeds from term loans		-	237,600	-	217,000
Repayment of hire purchase creditors		-	(102)	-	-
Redemption of loan stocks		-	(210,000)	-	(210,000)
Net cash (used in)/generated from financing activities		(16,720)	1,432	100,570	80,990
Net increase in cash and cash equivalents		46,025	147,758	(3,592)	10,348
Cash and cash equivalents as previously reported		405,495	257,710	(6,944)	(17,292)
Effect of exchange rate changes		6	27	-	-
Cash and cash equivalents at beginning of financial year as restated		405,501	257,737	(6,944)	(17,292)
Cash and cash equivalents at end of financial year	36	451,526	405,495	(10,536)	(6,944)

The notes on pages 128 to 182 form an integral part of the financial statements

### 1 Principal Activities

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

The principal activities of the subsidiary and associated companies are set out in Note 44 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

The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

### 3 Significant Accounting Policies

#### 3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified for the revaluation of land and buildings, and investment properties), unless otherwise indicated in the significant accounting policies.

#### 3.2 Basis of Consolidation

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

At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statement. The difference between the fair value of purchase consideration and the Group's share of the fair value of the separable net assets of the subsidiary company at the date of acquisition is retained in the consolidated balance sheet either as goodwill or reserve on consolidation, as appropriate. The Group amortises goodwill or reserve on consolidation over a period of not exceeding 20 years.

The total profits and losses of subsidiary companies are included in the consolidated income statement, the proportion of the profit or loss applicable to minority shareholders is deducted in arriving at the profit attributable to the shareholders of the Company.

The total assets and liabilities of the subsidiary companies are included in the consolidated balance sheet and the interests of minority shareholders in the net assets are stated separately.

The consolidated income statement includes the Group's share of profits less losses of the associated companies based on the latest financial statements of the companies concerned. In the consolidated balance sheet, the Group's interest in associated companies is stated at cost plus the Group's share of their post acquisition results and reserves less amortisation of the goodwill or discount on acquisition, if any.

### 3 Significant Accounting Policies (cont'd)

#### 3.2 Basis of Consolidation (cont'd)

In line with the Group's policy on amortisation of goodwill or reserve on consolidation, the Group amortises goodwill or discount on acquisition of associated companies over a period of not exceeding 20 years.

All significant inter-company balances, transactions and unrealised gains or losses are eliminated on consolidation.

#### 3.3 Subsidiary and Associated Companies

Subsidiary companies is companies that are controlled by the Company. Control is the power to govern the financial and operating policies of the subsidiary companies so as to obtain benefits from their activities.

Associated companies are those companies in which the Group has long term equity investment of between 20% and 50% and is in a position to exercise significant influence over the financial and operating policies of the investee companies.

#### 3.4 Revenue Recognition

##### **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 and after eliminating inter-company transactions within the Group.

##### **Development properties**

Revenue from sale of development properties is recognised based on the "percentage of completion" method. The stage of completion is determined based on the proportion of contract costs incurred for work performed up to the balance sheet date over the estimated total contract costs. Foreseeable losses, if any, are recognised immediately in the income statement.

##### **Construction contracts**

Revenue from work done on construction contracts is recognised based on the "percentage of completion" method. The stage of completion is determined based on the proportion of contract costs incurred for work performed up to the balance sheet date over the estimated total contract costs. Foreseeable losses, if any, are recognised immediately in the income statement.

##### **Dividend income**

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

##### **Rental income**

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

##### **Club membership licence fee**

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

### 3 Significant Accounting Policies (cont'd)

#### 3.5 Foreign Currency

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange on that date. Gains or losses on foreign exchange are taken up in the income statement.

For consolidation purpose, the assets and liabilities of overseas subsidiary company are translated into Ringgit Malaysia at exchange rates closely approximating to those ruling at the balance sheet date. Income statement items are translated at average exchange rates for the financial year. Exchange differences arising from the restatement at year-end rates of the opening net investment in the overseas subsidiary company are dealt with through the exchange fluctuation reserve.

The closing rates of exchange used in translation are as follows:

RM1.00 : SGD0.46 (2001 – SGD0.48)

RM1.00 : USD0.26 (2001 – USD0.26)

RM1.00 : EURO0.26 (2001 – nil)

RM1.00 : YEN33.33 (2001 – nil)

RM1.00 : HKD2.04 (2001 – nil)

#### 3.6 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation, less accumulated depreciation, and if any, impairment loss.

Freehold land, freehold plantation, golf course and construction in progress are not depreciated.

Other property, plant and equipment are depreciated on the straight line method so as to write off the cost or valuation of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land and leasehold plantations	over the lease period (30 – 99 years)
Buildings and improvements	2% – 10%
Plant and machinery	4% – 20%
Motor vehicles	10% – 20%
Furniture, fittings and equipment	5% – 25%

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

The carrying amounts of property, plant and equipment are reviewed at each balance sheet to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on revalued asset in which case it is taken to equity.



### 3 Significant Accounting Policies (cont'd)

#### 3.7 Leases

##### **Finance lease**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts are depreciated over the useful life of the asset. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

##### **Operating lease**

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

#### 3.8 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. Replanting expenditure, which represents cost incurred in replanting old planted areas, is written off to the income statement in the financial year it is incurred.

#### 3.9 Investment Properties

Investment properties are stated at cost upon completion of the construction or acquisition. These properties are held for their investment potential and rental income and are therefore not depreciated. These properties will be revalued at regular intervals of at least once in every 5 years with additional valuation in the intervening years where market conditions indicate that the carrying value of the revalued asset is materially different from the market value. Surpluses arising from such valuation will be credited to shareholders' equity as revaluation surplus and any deficit will be charged against such surplus to the extent that decrease offset any increase. In all other cases, the deficit will be charged to the income statement.

On disposal of investment properties, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement and the related amounts in revaluation surplus, if any, is transferred to retained profits.

#### 3.10 Investments

Investments in subsidiary companies (which are eliminated on consolidation), investments in associated companies and other long term investments are stated at cost less allowance for permanent diminution in value, if any. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which the diminution is identified.

Short term investments are stated at the lower of cost and market value calculated on a portfolio basis. Investments in fixed income trust funds that do not meet the definition of cash and cash equivalent are classified as short term investments. The increase or decrease in the carrying amount of short term investments are credited or charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

### 3 Significant Accounting Policies (cont'd)

#### 3.11 Land Held For Development

Land held for development is stated at cost and is reclassified as development property upon commencement of development work on the said land.

#### 3.12 Borrowing Costs

Costs incurred on external borrowings to finance new planting expenditure and other long term qualifying assets are capitalised until the assets are ready for their intended use after which such expenses are charged to the income statement.

#### 3.13 Development Properties

The costs of land under development together with the related expenditure are carried forward at cost plus profit accrued to the properties sold at their relevant stage of completion less progress billings and foreseeable losses, if any. Development expenditure comprises construction and other related development costs including interest costs and administrative overheads relating to the project. Interest costs on borrowings used to finance the relevant projects are included as development expenditure from commencement to the completion of development.

The portion of property development projects which sales have been launched and/or the projects are expected to be completed within the normal operating cycle of two to three years are considered as current assets.

#### 3.14 Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised over the period of the contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it 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.

The aggregate of the costs incurred and the profit/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.

Cost represents direct materials, expenses, labour and an appropriate proportion of construction overheads.

### 3 Significant Accounting Policies (cont'd)

#### 3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out or weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of produce and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads. Inventories of completed development properties comprise cost of land and the relevant development expenditure.

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

#### 3.16 Receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

#### 3.17 Retirement Benefits

The Group's retirement benefits scheme as at 30 June 2002 is in respect of a subsidiary company consolidated during the financial year. Under this unfunded defined benefits retirement scheme, full provision is made based on the last drawn remuneration of all eligible non-executive employees and the length of their services with reference to an actuary, using the attained age method under the accrued benefit valuation basis.

An actuarial valuation of the fund is conducted by a qualified independent actuary at least once every four years. The last valuations was on 30 June 1999.

#### 3.18 Deferred Taxation

Deferred taxation is provided for under the liability method at the current taxation rate on all material timing differences except where it is reasonably probable that such timing difference will not reverse in the foreseeable future. Deferred tax assets are recognised only when there is reasonable assurance of their realisation. Future income tax benefits arising from unutilised investment allowances are taken into consideration in arriving at the provision for deferred taxation.

#### 3.19 Research and Development Expenditure

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

#### 3.20 Treasury Shares

Shares repurchased by the Company are held as treasury shares. These shares are measured and carried at cost of repurchase.

#### 3.21 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investment and short term funds with maturity less than three months which have an insignificant risk of changes in value.

## 4 Revenue

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>Continuing operations</b>				
Sales of plantation produce, refined palm oil & related products	1,235,495	751,347	133,377	111,189
Sales of development properties	532,476	409,899	–	–
Sales of oleochemicals and related products	515,471	–	–	–
Rental income from investment properties	46,350	37,512	–	–
Rendering of services	30,108	23,655	–	–
Construction contract	6,333	–	–	–
Dividend income	732	275	113,699	126,847
	2,366,965	1,222,688	247,076	238,036
<b>Discontinued operations</b>				
Sales of industrial gas and related products	43,535	60,662	–	–
Construction contract	–	8,228	–	–
	2,410,500	1,291,578	247,076	238,036

## 5 Other Operating Income

In RM'000	Group		Company	
	2002	2001	2002	2001
Gain on disposal of a subsidiary company	23,334	–	50,221	–
Gain on disposal of other long term investments	5,999	–	1,616	–
Deferred income recognised in respect of the disposal of Jasin Lalang Estate	–	96,262	–	96,262
Others	26,966	23,711	2,929	1,573
	56,299	119,973	54,766	97,835

## 6 Operating Profit

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>a Operating profit has been arrived at after charging:</b>				
Allowance for diminution in value of				
– an associated company	13,000	–	–	–
– other long term investments	1,700	1,896	1,700	1,896
– subsidiary companies	–	–	1,421	–
Allowance for doubtful debts	1,578	1,874	–	–
Amortisation of				
– deferred expenditure	–	118	–	118
– goodwill on consolidation	8,741	4,924	–	–
– goodwill on acquisition of associated companies	1,050	3,670	–	–
Auditors' remuneration				
– audit	580	445	59	57
– non-audit	120	75	10	75
Depreciation of property, plant and equipment	77,677	53,788	4,747	4,811
Hire of plant and machinery	2,358	–	–	–
Inventories written off	1,426	–	–	–
Lease rentals	90	275	–	–
Property, plant and equipment written off	1,495	840	50	271
Provision for retirement benefits	798	–	–	–
Remuneration of directors of the Company				
– fees	365	360	231	168
– other emoluments	7,857	6,997	4,359	4,402
Rental of premises	703	216	–	–
Replanting expenditure	8,580	5,552	3,796	3,180
Research and development expenditure	5,317	4,905	5,317	4,905
<b>and crediting:</b>				
Allowance for inventory obsolescence written back	1,261	–	–	–
Amortisation of reserve on consolidation	1,326	1,818	–	–
Amortisation of discount on acquisition of associated companies	2,515	2,122	–	–
Bad debt recovered	5,328	–	–	–
Gain on disposal of				
– property, plant and equipment	2,458	2,549	345	41
– short term investments	104	–	450	–
Gross dividend received from				
– other long term investments quoted in Malaysia	732	275	555	259
– subsidiary companies quoted in Malaysia	–	–	86,650	39,750
– associated company quoted in Malaysia	–	–	–	1,838
– unquoted subsidiary companies	–	–	26,494	85,000
Realised gain on foreign exchange	4,028	575	–	–
Allowance for doubtful debts written back	80	396	–	–
Provision for retirement benefits written back	–	13	–	–
Rental income from plant and machinery	4,150	–	–	–
Rental income	45,828	38,798	–	169

## 6 Operating Profit (cont'd)

In RM'000	Group		Company	
	2002	2001	2002	2001

Contract cost of the Group recognised as an expense during the financial year amounted to 6,822,000 (2001 – RM7,531,000). Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM696,133,000 (2001 – RM301,575,000) and RM13,853,000 (2001 – RM13,994,000) respectively.

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM161,000 (2001 – RM158,000) and RM40,900 (2001 – RM37,000) respectively.

Operating profit derived from the discontinued operation amounted to RM8,532,000 (2001 – nil) (Note 34).

**b Employee information**

Employee costs	162,784	126,300	37,079	35,162
----------------	---------	---------	--------	--------

The total number of employees of the Group and of the Company (including Executive Directors) as at end of the financial year was 15,974 (2001 – 14,684) and 2,979 (2001 – 3,228) respectively.

## 7 Interest Income

In RM'000	Group		Company	
	2002	2001	2002	2001
Short term deposits	7,620	6,243	1,196	103
Subsidiary companies	–	–	37,667	38,174
Others	4,304	6,603	–	1,674
	11,924	12,846	38,863	39,951

## 8 Finance Costs

In RM'000	Group		Company	
	2002	2001	2002	2001
Interest expenses				
Bank overdrafts	968	1,050	96	216
Hire-purchase and leasing	–	35	–	–
Loan stocks	–	2,808	–	2,808
Revolving credits	5,039	5,398	3,298	3,185
Short term loans	20,354	6,775	19,171	5,594
Subsidiary companies	–	–	7,640	11,933
Term loans	31,109	39,856	23,412	29,146
Others	434	496	–	5
	57,904	56,418	53,617	52,887
Less: Interest capitalised	(9,575)	(6,632)	–	–
	48,329	49,786	53,617	52,887

## 9 Taxation

In RM'000	Group		Company	
	2002	2001	2002	2001
Income taxation – current year	115,987	76,399	32,000	26,000
Deferred taxation – current year (Note 33)	(5,680)	2,250	393	220
	110,307	78,649	32,393	26,220
Income taxation – prior years	818	(1,402)	(6,390)	(2,200)
Deferred taxation – prior years (Note 33)	(615)	7,660	–	5,447
	203	6,258	(6,390)	3,247
	110,510	84,907	26,003	29,467

The effective tax rate of the Group for the current financial year is lower than the statutory tax rate due principally to the utilisation of brought forward unabsorbed tax losses and unutilised capital and agriculture allowances and exceptional items which are capital in nature and therefore not subject to income tax.

The effective tax rate of the Company for the current financial year is lower than the statutory tax rate due principally to tax exempt dividends received and exceptional items which are capital in nature and therefore not subject to income tax.

The amount of tax savings arising from the utilisation of brought forward unabsorbed tax losses for the Group is to approximately RM3,277,000 (2001 – RM2,033,000).

Subject to agreement with the tax authorities, certain subsidiary companies of the Group have unabsorbed tax losses of approximately RM455,381,000 (2001 – RM439,196,000), of which RM314,990,000 (2001 – 287,616,000) is relating to pre-acquisition losses of subsidiary companies acquired. These losses are available to be carried forward for set off against future chargeable income, for which the related tax effects have not been recognised in the financial statements. The benefits will only be obtained when these subsidiary companies derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

## 10 Earnings Per Share

### Basic earnings per share

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

In RM'000	Group	
	2002	2001
Net profit attributable to shareholders (RM'000)	350,960	291,128
Weighted average number of ordinary shares in issue ('000)	851,578	840,896
Basic earnings per share (sen)	41.21	34.62



## 10 Earning Per Share (cont'd)

### Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has two categories of potential ordinary shares, namely Warrants 1995/2003 and share options granted under the Company's Executive Share Option Scheme ("ESOS").

The diluted earnings per share of the Group are calculated based on the net profit attributable to shareholders divided by the adjusted weighted average number of ordinary shares.

In RM'000	Group	
	2002	2001
Net profit attributable to shareholders	350,960	291,128

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

In RM'000	Group	
	2002	2001
Weighted average number of ordinary shares in issue ('000)	851,578	840,896
Assumed exercise of Warrants 1995/2003 at beginning of financial year ('000)	48,764	–
Assumed exercise of ESOS at beginning of financial year ('000)	8,066	1,521
Weighted average number of ordinary shares for diluted earnings per share ('000)	908,408	842,417
Diluted earnings per share (sen)	38.63	34.56

## 11 Dividends

In RM'000	Group and Company	
	2002	2001
First interim dividend declared and paid of 6.0 sen (2001 – 5.0 sen) per share less income tax	37,340	30,212
Final dividend proposed of 9.0 sen (2001 – nil) per share less income tax	57,168	–
Second interim dividend proposed of nil (2001 – 7.5 sen) per share less income tax	–	45,318
Additional interim and final dividends paid in respect of previous financial year	170	78
	94,678	75,608

The final dividend of 9.0 sen (2001 – nil) per share less income tax which was proposed by the Board of Directors subsequent to the financial year end and subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been accrued as a liability at 30 June 2002. This represents a change in accounting policy from prior years as explained in Note 45.

## 12 Property, Plant and Equipment

Group  
2002

At cost unless otherwise stated	At beginning of financial year	Additions	Acquisition of subsidiary company	Disposals	Disposal of subsidiary company	Write -offs	Reclassi- fication/ transfer*	At end of financial year
In RM'000								
Freehold plantations	396,005	6,068	-	(16)	-	-	-	402,057
Long term leasehold plantations	1,015,387	27,163	139,046	-	-	(600)	11	1,181,007
Freehold land	22,503	-	29,788	(361)	(5,797)	-	-	46,133
Long term leasehold land								
- At valuation	5,101	-	-	-	(5,101)	-	-	-
- At cost	7,087	-	11,841	-	(3,685)	-	(3,402)	11,841
Short term leasehold land	1,225	-	23,475	-	(963)	-	3,402	27,139
Golf course	43,689	205	-	-	-	-	-	43,894
Buildings & improvements								
- At valuation	3,065	-	-	-	(3,065)	-	-	-
- At cost	302,796	17,528	89,347	(2,555)	(14,821)	(1,662)	30,419	421,052
Plant and machinery	388,714	110,901	354,400	(1,361)	(147,602)	(1,239)	40,046	743,859
Motor vehicles	36,025	5,419	8,839	(2,703)	(8,533)	(397)	-	38,650
Furniture, fittings and equipment	56,555	13,628	12,745	(407)	(3,125)	(808)	2,140	80,728
Construction in progress	180,285	122,746	28,089	-	-	(4)	(97,126)	233,990
	2,458,437	303,658	697,570	(7,403)	(192,692)	(4,710)	(24,510)	3,230,350

Accumulated Depreciation	At beginning of financial year	Current year depreciation charge	Acquisition of subsidiary company	Disposals	Disposal of subsidiary company	Write -offs	Reclassi- fication	At end of financial year
In RM'000								
Long term leasehold plantations	21,420	4,065	1,097	-	-	-	-	26,582
Long term leasehold land								
- At valuation	1,112	40	-	-	(1,152)	-	-	-
- At cost	713	141	3,885	-	(293)	-	(458)	3,988
Short term leasehold land	388	511	2,687	-	(341)	-	458	3,703
Buildings & improvements								
- At valuation	2,850	84	-	-	(2,934)	-	-	-
- At cost	85,089	13,892	31,676	(1,292)	(5,852)	(1,233)	-	122,280
Plant and machinery	164,191	48,489	178,798	(940)	(59,884)	(1,069)	-	329,585
Motor vehicles	25,672	4,820	6,485	(2,232)	(7,282)	(397)	-	27,066
Furniture, fittings and equipment	33,627	5,635	9,232	(148)	(2,467)	(516)	-	45,363
	335,062	77,677	233,860	(4,612)	(80,205)	(3,215)	-	558,567

\* Construction in progress completed during the financial year amounted to RM24,510,000 (2001-nil) has been transferred to investment properties.

## 12 Property, Plant and Equipment (cont'd)

Group  
2001

At cost unless otherwise stated	At beginning of financial year	Acquisitions of subsidary companies	Disposals	Write-offs	Reclassi- fication	At end of financial year
In RM'000	Additions					
Freehold plantations	387,348	8,843	–	–	(186)	396,005
Long term leasehold plantations	943,275	13,887	58,225	–	–	1,015,387
Freehold land	27,032	–	–	(4,529)	–	22,503
Long term leasehold land						
– At valuation	5,101	–	–	–	–	5,101
– At cost	7,087	–	–	–	–	7,087
Short term leasehold land	1,225	–	–	–	–	1,225
Golf course	44,144	285	–	–	(740)	43,689
Buildings and improvements						
– At valuation	3,065	–	–	–	–	3,065
– At cost	279,459	19,305	1,357	(213)	(643)	302,796
Plant and machinery	370,355	23,553	249	(4,061)	(2,216)	388,714
Motor vehicles	32,642	4,798	–	(1,183)	(232)	36,025
Furniture, fittings and equipment	51,860	5,848	84	(374)	(911)	56,555
Construction in progress	92,497	91,182	279	–	–	180,285
	2,245,090	167,701	60,194	(10,360)	(4,188)	2,458,437

Accumulated Depreciation	At beginning of financial year	Current year depre- ciation charge	Acquisitions of subsidary companies	Disposals	Write-offs	Reclassi- fication	At end of financial year
In RM'000							
Long term leasehold plantations	16,984	4,436	–	–	–	–	21,420
Long term leasehold land							
– At valuation	1,059	53	–	–	–	–	1,112
– At cost	571	142	–	–	–	–	713
Short term leasehold land	354	34	–	–	–	–	388
Buildings and improvements							
– At valuation	2,738	112	–	–	–	–	2,850
– At cost	74,479	10,965	195	(84)	(466)	–	85,089
Plant and machinery	141,106	28,069	97	(3,216)	(1,865)	–	164,191
Motor vehicles	21,644	4,862	–	(642)	(192)	–	25,672
Furniture, fittings and equipment	29,513	5,115	30	(206)	(825)	–	33,627
	288,448	53,788	322	(4,148)	(3,348)	–	335,062

## 12 Property, Plant and Equipment (cont'd)

### Company 2002

At cost	At beginning of financial year	Additions	Disposals	Write-offs	Reclassi- fication	At end of financial year
In RM'000						
Freehold plantations	291,467	3,608	(16)	-	-	295,059
Long term leasehold plantations	53,740	2	-	-	-	53,742
Freehold land	2,115	-	-	-	-	2,115
Buildings and improvements	20,828	3,616	-	(61)	253	24,636
Plant and machinery	28,452	842	(263)	(83)	-	28,948
Motor vehicles	4,834	1,345	(1,170)	-	-	5,009
Furniture, fittings and equipment	8,641	901	(31)	(72)	-	9,439
Construction in progress	438	1,150	-	-	(253)	1,335
	410,515	11,464	(1,480)	(216)	-	420,283

Accumulated Depreciation	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
In RM'000					
Long term leasehold plantations	1,034	105	-	-	1,139
Buildings and improvements	5,714	1,007	-	(19)	6,702
Plant and machinery	15,131	2,381	(151)	(82)	17,279
Motor vehicles	4,152	394	(911)	-	3,635
Furniture, fittings and equipment	4,760	860	(19)	(65)	5,536
	30,791	4,747	(1,081)	(166)	34,291

## 12 Property, Plant and Equipment (cont'd)

Company  
2001

At cost	At beginning of financial year	Additions	Disposals	Write-offs	At end of financial year
In RM'000					
Freehold plantations	287,608	4,751	(715)	(177)	291,467
Long term leasehold plantations	53,838	–	(98)	–	53,740
Freehold land	2,115	–	–	–	2,115
Buildings and improvements	19,878	987	(37)	–	20,828
Plant and machinery	27,803	1,006	(181)	(176)	28,452
Motor vehicles	4,637	316	(119)	–	4,834
Furniture, fittings and equipment	7,829	977	(13)	(152)	8,641
Construction in progress	38	400	–	–	438
	403,746	8,437	(1,163)	(505)	410,515

Accumulated Depreciation	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
In RM'000					
Long term leasehold plantations	929	105	–	–	1,034
Buildings and improvements	4,806	914	(6)	–	5,714
Plant and machinery	12,952	2,393	(122)	(92)	15,131
Motor vehicles	3,763	508	(119)	–	4,152
Furniture, fittings and equipment	4,015	891	(4)	(142)	4,760
	26,465	4,811	(251)	(234)	30,791

Net Book Value	Group		Company	
In RM'000	2002	2001	2002	2001
Freehold plantations	402,057	396,005	295,059	291,467
Long term leasehold plantations	1,154,425	993,967	52,603	52,706
Freehold land	46,133	22,503	2,115	2,115
Long term leasehold land				
– At valuation	–	3,989	–	–
– At cost	7,853	6,374	–	–
Short term leasehold land	23,436	837	–	–
Golf course	43,894	43,689	–	–
Buildings and improvements				
– At valuation	–	215	–	–
– At cost	298,772	217,707	17,934	15,114
Plant and machinery	414,274	224,523	11,669	13,321
Motor vehicles	11,584	10,353	1,374	682
Furniture, fittings and equipment	35,365	22,928	3,903	3,881
Construction in progress	233,990	180,285	1,335	438
	2,671,783	2,123,375	385,992	379,724

## 12 Property, Plant and Equipment (cont'd)

The long term leasehold land and buildings of a subsidiary company which were previously owned by the Company, have been revalued in 1982 by the Directors based on the open market value on its existing use basis as appraised by an independent firm of professional valuers. These long term leasehold land and buildings were transferred to the subsidiary company pursuant to a restructuring exercise implemented in 1985. The Directors have not adopted a policy of regular revaluation of the said assets. As permitted by the transitional provisions of International Accounting Standards No. 16 (Revised) – Property, Plant and Equipment, the assets were stated at their 1982 valuation less accumulated depreciation in the previous financial year. The subsidiary company has been disposed of during the financial year.

Had the revalued assets been carried at cost less depreciation, the net book value of these assets as at 30 June 2001 would have been:

In RM'000	Cost	Accumulated depreciation	Net book value
<b>2001</b>			
Long term leasehold land	993	243	750
Buildings and improvements	2,288	2,288	–
	3,281	2,531	750

Included in long term leasehold plantations and construction in progress is an amount of interest expense capitalised during the financial year amounted to RM7,900,000 (2001 – RM4,818,000) for the Group.

Freehold and leasehold landed properties of the Group and of the Company at net book value of RM579,947,000 (2001 – RM927,568,000) and RM196,447,000 (2001 – RM190,820,000) respectively have been charged to banks for credit facilities granted to the Group and the Company.

## 13 Subsidiary Companies

In RM'000	Company	
	2002	2001
<b>At cost</b>		
Shares quoted in Malaysia	1,005,941	540,829
Unquoted shares	846,570	546,570
	1,852,511	1,087,399
Less: allowance for diminution in value	(5,724)	(4,303)
	1,846,787	1,083,096
<b>At market value</b>		
Shares quoted in Malaysia	1,834,768	1,140,383

Details of the subsidiary companies are set out in Note 44.

During the financial year under review, the Company acquired additional 59,323,639 ordinary shares of RM1.00 each in an associated company, Palmco Holdings Berhad ("Palmco"). As a result of that, the Company's shareholdings interest in Palmco increased from 32% to 55% and Palmco became a subsidiary of the Company (Note 35.1).

### 13 Subsidiary Companies (cont'd)

During the current financial year, the Company subscribed for additional shares in the following wholly owned subsidiary companies:

Subsidiary company	Type of shares	No. of shares	Price per share (RM)	Total consideration (RM'000)
Resort Villa Golf Course Berhad	Redeemable preference shares	550,000	100.00	55,000
Resort Villa Golf Course Development Sdn Bhd	Redeemable preference shares	320,000	100.00	32,000
Resort Villa Development Sdn Bhd	Redeemable preference shares	2,100,000	100.00	210,000
Resort Villa Development Sdn Bhd	Ordinary shares	2,999,998	1.00	3,000

The considerations for the subscription were paid for by utilising the amount due from the subsidiary companies to the Company.

The amounts due from and to subsidiary companies represent outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of or by subsidiary companies. These amounts are unsecured, bear interest at rates ranging from 0% to 7.0% (2001 – 0% to 7.0%) per annum and have no fixed terms of repayment.

### 14 Associated Companies

In RM'000	Group 2002	Group 2001	Company 2002	Company 2001
<b>At cost</b>				
Shares quoted in Malaysia	–	230,764	–	230,764
Unquoted shares	118,629	73,469	17,556	17,556
	118,629	304,233	17,556	248,320
Share of post acquisition results and reserves of associated companies	146,771	115,768	–	–
Goodwill on acquisition amortised	(2,572)	(16,850)	–	–
Discount on acquisition amortised	8,635	6,120	–	–
	271,463	409,271	–	–
Less: allowance for diminution in value	(13,000)	–	–	–
Interest in associated companies (Note 14.1)	258,463	409,271	17,556	248,320
<b>At market value</b>				
Shares quoted in Malaysia	–	166,953	–	166,953

Details of the associated companies are set out in Note 44.

Palmco Holdings Berhad, an associated company at 30 June 2001 became a subsidiary company during the financial year (Note 13 and Note 35.1).

Amounts due from and to associated companies represent outstanding amounts arising from agency income, purchases and payments made on behalf of or by associated companies which are unsecured, interest-free and have no fixed terms of repayment.



## 14 Associated Companies (cont'd)

### 14.1 Interest in associated companies

In RM'000	Group	
	2002	2001
Share of net tangible assets	297,923	395,524
Share of intangible assets	–	4
Goodwill on acquisition of associated companies (Note 14.2)	2,703	56,551
Discount on acquisition of associated companies (Note 14.3)	(42,163)	(42,808)
	258,463	409,271

### 14.2 Goodwill on acquisition of associated companies

In RM'000	Group	
	2002	2001
The movement in goodwill on acquisition of associated companies during the financial year is as follows:		
Balance at beginning of financial year	56,551	60,221
Additions during the financial year	8,260	–
Transfer to goodwill on consolidation upon consolidation of Palmco Holdings Berhad as a subsidiary company (Note 18)	(61,058)	–
Amortisation for the financial year	(1,050)	(3,670)
Balance at end of financial year	2,703	56,551

### 14.3 Discount on acquisition of associated companies

In RM'000	Group	
	2002	2001
The movement in discount on acquisition of associated companies during the financial year is as follows:		
Balance at beginning of financial year	(42,808)	(37,046)
Arising during the financial year	(1,870)	(7,884)
Amortisation for the financial year	2,515	2,122
Balance at end of financial year	(42,163)	(42,808)

## 15 Investment Properties

In RM'000	Group	
	2002	2001
<b>At cost</b>		
Freehold land and buildings	27,182	–
Leasehold land and buildings	1,999	1,999
	28,181	1,999
<b>At valuation</b>		
Freehold land and buildings	290,893	291,409
Leasehold land and buildings	202,382	196,111
	493,275	487,520
	522,456	489,519

## 15 Investment Properties (cont'd)

Investment properties comprise:

Name of building/location	Description	Tenure of land	Net lettable area
Amoda Building 22, Jalan Imbi Kuala Lumpur	21 storey office with a 5 storey annexe	Freehold	16,825 sq. metre
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	57,507 sq. metre
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	57 units of commercial lot	Freehold	8,418 sq. metre
Mayang Plaza Jalan SS 26/2, Taman Mayang Jaya Petaling Jaya Selangor Darul Ehsan	4 storey commercial complex	Freehold	12,575 sq. metre
IOI Resort Putrajaya	23 units of residential bungalow	Freehold	15,512 sq. metre
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	2 storey shopping mall	Freehold	23,784 sq. metre
IOI Plaza 210 Middle Road Singapore	12 storey office building	Leasehold	8,740 sq. metre
Flat 28 Marathon House 200 Marylebone Road London NW1 5 PW	Residential apartment	Leasehold	80 sq. metre

Freehold land and buildings stated at cost amounted to RM27,182,000 as at 30 June 2002 represent investment properties completed during the financial year. The Directors are of the view that the fair value of these investment properties as at 30 June 2002 approximates thier respective book value.

Leasehold land and buildings stated at cost amounted to RM1,999,000 (2002 – RM1,999,000) represent an investment property acquired in 1999 and has not been revalued sebssequently as the amount is insignificant.

On 30 June 2001, certain investment properties of the Group have been revalued by the Directors based on a valuation carried out by independent professional valuers using the market value basis. The attributable net surplus (after accounting for minority interest and deferred taxation) of RM64,586,000 arising from the revaluation exercise has been credited to revaluation surplus in the shareholders' equity.

Certain investment properties with carrying amount of RM280,429,000 (2001 – RM274,152,000) have been pledged to banks for credit facilities granted to subsidiary companies.

## 16 Other Long Term Investments

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>At cost</b>				
In Malaysia				
– Quoted shares	23,675	22,828	14,103	21,687
– Unquoted shares	1,149	1,017	860	760
– Quoted Warrants	2,188	26,221	2,188	26,220
Outside Malaysia				
– Quoted shares	5	5	5	5
– Unquoted Loan Stocks	–	10,514	–	–
	27,017	60,585	17,156	48,672
Less: allowance for diminution in value	(8,826)	(27,309)	(6,284)	(24,004)
	18,191	33,276	10,872	24,668
<b>At market value</b>				
– Shares quoted in Malaysia	30,460	13,009	8,295	12,151
– Warrants quoted in Malaysia	893	6,619	893	6,619

## 17 Land Held For Development

In RM'000	Group	
	2002	2001
<b>At cost</b>		
Freehold land	401,574	270,050
Long term leasehold land	274	274
	401,848	270,324
Development expenditure	258,226	254,009
	660,074	524,333

Included in development expenditure is interest expense incurred during the financial year amounting to RM1,028,000 (2001 – RM1,545,000).

## 18 Goodwill on Consolidation

In RM'000	Group	
	2002	2001
At beginning of financial year	78,689	71,236
Arising from acquisition of subsidiary companies (Note 35)	33,704	–
Arising from acquisition of additional shares in subsidiary companies	953	12,377
Transfer from goodwill on acquisition of associated company (Note 14.2)	61,058	–
Disposal of a subsidiary company (Note 34)	(2,034)	–
	172,370	83,613
Amortisation for the financial year	(8,741)	(4,924)
At end of financial year	163,629	78,689

## 19 Development Properties

In RM'000	Group	
	2002	2001
<b>At cost</b>		
Freehold land	116,569	89,961
Development expenditure	1,357,149	1,063,540
	1,473,718	1,153,501
Profit recognised to date on sold properties under development less foreseeable losses accrued to date	898,999	674,449
Progress billings	(2,069,823)	(1,542,263)
	302,894	285,687

Included in development expenditure is interest expense incurred during the financial year amounting to RM647,000 (2001 – RM269,000).

## 20 Inventories

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>At cost</b>				
Plantation produce	48,295	43,299	2,164	1,164
Raw materials and consumable stores	29,344	11,552	1,562	1,336
Completed development properties	17,629	16,831	–	–
Nursery inventories	7,054	7,309	952	1,228
Trading inventories	120	1,586	–	–
Finished goods	16,376	1,441	–	–
Others	3,109	818	–	–
	121,927	82,836	4,678	3,728
<b>At net realisable value</b>				
Completed development properties	1,455	1,455	–	–
	123,382	84,291	4,678	3,728

## 21 Trade and Other Receivables

In RM'000	Group		Company	
	2002	2001	2002	2001
Trade receivables (Note 21.1)	238,431	81,866	404	672
Other receivables, deposits and prepayments (Note 21.2)	79,614	100,674	12,616	18,684
Amount due from customers on contracts (Note 21.3)	–	4,223	–	–
	318,045	186,763	13,020	19,356

## 21 Trade and Other Receivables (Cont'd)

### 21.1 Trade receivables

In RM'000	Group		Company	
	2002	2001	2002	2001
Trade receivables	242,746	87,696	404	672
Allowance for doubtful debts	(4,315)	(5,830)	-	-
	238,431	81,866	404	672

Bad debts written off during the financial year against allowances created in the previous financial years are as follows:

In RM'000	Group	
	2002	2001
Bad debts written off	371	930

Allowance for doubtful debts on trade receivables relating to subsidiary company disposed of and subsidiary company consolidated during the financial year amounted to RM2,680,000 and RM60,000 respectively.

### 21.2 Other receivables, deposits and prepayments

In RM'000	Group		Company	
	2002	2001	2002	2001
Prepaid lease rental (Note 21.2.1)	21,854	22,457	-	-
Deposit paid to a minority shareholder (Note 21.2.2)	-	10,442	-	-
Real property gain tax recoverable (Note 21.2.3)	-	5,862	-	5,862
Other receivables	35,636	46,580	6,690	7,401
Other deposits	10,890	6,255	180	1,141
Prepayments	11,369	9,153	5,746	4,280
Allowance for doubtful debts on other receivables	(135)	(75)	-	-
	79,614	100,674	12,616	18,684

Bad debts written off during the financial year against provisions created in the previous financial years are as follows:

In RM'000	Group	
	2002	2001
Bad debts written off	-	57

Allowance for doubtful debts on other receivables relating to subsidiary company consolidated during the financial year amounted to RM38,000.

#### 21.2.1 Prepaid lease rental

This represents the advance lease rental paid for 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. The prepaid lease rental is amortised to the income statements over the lease period of 50 years.

The remaining lease rental which ranges from RM1 million to RM1.6 million per annum will be payable commencing from year 2005 to year 2065 as disclosed in Note 39.2.

## 21 Trade and Other Receivables (cont'd)

## 21.2 Other receivables, deposits and prepayments (cont'd)

## 21.2.2 Deposit paid to a minority shareholder

This represents the deposit paid by IOI Properties Berhad, a subsidiary company of the Company to a minority shareholder of Nice Frontier Sdn Bhd ("NFSB"), for the acquisition of the additional equity interest in NFSB which has resulted the Group's effective equity interest in NFSB increased from 44% to 60%.

## 21.2.3 Real property gain tax recoverable

This represents the amount recoverable from the tax authority in respect of the gain on disposal of Jasin Lalang Estate. The real property gain tax was reduced following the reduction in sale proceeds.

## 21.3 Amount due from customers on contracts

In RM'000	Group	
	2002	2001
Aggregate cost incurred to date	-	7,953
Recognised profit	-	1,540
	-	9,493
Progress billings	-	(5,270)
Amount due from customers on contracts	-	4,223

## 22 Short Term Investments

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>At cost</b>				
In Malaysia				
- Quoted shares	15,965	-	6,278	-
- Unit trusts	10,000	-	-	-
Outside Malaysia				
- Quoted shares	16,189	-	-	-
- Unquoted shares	5	-	-	-
	42,159	-	6,278	-
Less: allowance for diminution in value	(16,597)	-	-	-
	25,562	-	6,278	-
<b>At market value</b>				
In Malaysia				
- Quoted shares	23,863	-	23,808	-
- Unit trusts	10,054	-	-	-
Outside Malaysia				
- Quoted shares	3,823	-	-	-
- Quoted warrants *	207	-	-	-

\* Bonus issue, no cost incurred

## 23 Short Term Funds

In RM'000	Group	
	2002	2001
Investment in fixed income trust funds in Malaysia	61,641	16,000

## 24 Deposits With Financial Institutions

In RM'000	Group		Company	
	2002	2001	2002	2001
Deposits with licensed banks	188,121	147,759	1,137	1,106
Deposits with finance companies	–	7,164	–	–
Deposits with discount houses	28,511	51,156	–	–
	216,632	206,079	1,137	1,106

Included in the deposits with licensed banks of the Group and of the Company is fixed deposit of RM1,000,000 (2001 – RM1,000,000) pledged as security for a fixed loan facility granted to the Company.

## 25 Cash and Bank Balances

Included in the Group's cash and bank balances is an amount of RM152,364,000 (2001 – RM166,958,000) held under Housing Development Account pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 which is not available for general use by the Group.

## 26 Trade and Other Payables

In RM'000	Group		Company	
	2002	2001	2002	2001
Trade payables (Note 26.1)	105,877	98,068	1,334	1,128
Other payables and accruals (Note 26.2)	275,524	196,323	18,336	15,550
Amount due to customers on contracts (Note 26.3)	194	–	–	–
	381,595	294,391	19,670	16,678

### 26.1 Trade payables

In RM'000	Group		Company	
	2002	2001	2002	2001
Trade payables	105,877	98,068	1,334	1,128

Included in trade payables of the Group are retention monies of RM33,333,000 (2001 – RM27,409,000).



## 26 Trade and Other Payables (cont'd)

## 26.2 Other payables and accruals

In RM'000	Group		Company	
	2002	2001	2002	2001
Land premium payable	33,449	33,449	–	–
Advances from minority shareholders of subsidiary companies to the subsidiary companies	20,475	22,902	–	–
Other payables	120,473	94,792	8,877	6,284
Customer and other deposits	24,876	15,253	411	238
Accruals	76,251	29,927	9,048	9,028
	275,524	196,323	18,336	15,550

## 26.3 Amount due to customers on contracts

In RM'000	Group	
	2002	2001
Aggregate cost incurred to date	5,723	–
Recognised profit	610	–
	6,333	–
Progress billings	(6,527)	–
Amount due to customers on contracts	(194)	–

## 27 Bank Overdrafts

In RM'000	Group		Company	
	2002	2001	2002	2001
Secured	22,067	20,360	11,162	7,088
Unsecured	5,533	4,704	–	80
	27,600	25,064	11,162	7,168

The secured bank overdrafts are secured by way of fixed charges over certain freehold and leasehold landed properties of the Group and of the Company. Additionally, certain bank overdrafts of the subsidiary companies are secured by fixed and floating charges over their other assets. The bank overdrafts bear interest at rates ranging from 4.00% to 7.90% (2001 – 4.00% to 8.05%) per annum.

## 28 Short Term Borrowings

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>Secured</b>				
Term loans – portion due within 12 months (Note 31)	<b>79,889</b>	81,868	<b>67,330</b>	68,667
Revolving credits	<b>37,443</b>	61,019	–	–
Trade financing	<b>19,084</b>	51,000	–	–
Finance lease obligations – portion due within 12 months (Note 31)	–	4	–	–
	<b>136,416</b>	193,891	<b>67,330</b>	68,667
<b>Unsecured</b>				
Term loans – portion due within 12 months (Note 31)	<b>10,000</b>	16,000	<b>10,000</b>	10,000
Short term loans	<b>534,000</b>	230,000	<b>534,000</b>	230,000
Revolving credits	–	99,000	–	99,000
	<b>544,000</b>	345,000	<b>544,000</b>	339,000
	<b>680,416</b>	538,891	<b>611,330</b>	407,667

### 28.1 Revolving Credits

The secured revolving credits are secured by way of fixed charges over certain leasehold landed properties of the Group and of the Company. The revolving credits bear interest at rates ranging from 1.95% to 5.05% (2001 – 3.26% to 6.30%) per annum.

### 28.2 Trade Financing

The secured trade financing is secured by way of fixed charges over certain leasehold landed properties of the Group. The trade financing bears interest at rates ranging from 2.60% to 3.50% (2001 – 3.23% to 3.50%) per annum.

### 28.3 Short term loans

The Company has entered into a RM300 million Islamic Notes Issuance Facility on 21 May 2001. The RM300 million Islamic Notes Issuance Facility comprises the issuance of Commercial Papers ("CPs") with maturity of one (1) to twelve (12) months maturity and/or Medium Term Notes ("MTNs") with maturity of one (1) to seven (7) years based on the Syariah Principle of Al-Murabahah.

The CPs issued by the Company during the financial year bear yield to maturity ranging from 2.78% to 3.60% (2001 – 3.00% to 3.48%) per annum. The Company has not issued any MTNs during the financial year.

Total CPs issued as at 30 June 2002 amounted to RM280,000,000 (2001 – RM180,000,000) are included in the unsecured short term loans.

The other short term loans of the Group and of the Company bear interest rates ranging from 4.05% to 5.75% (2001 – 4.05% to 5.75%) per annum.

## 29 Share Capital

In RM'000	Group and Company	
	2002	2001
<b>Ordinary shares of 50 sen each</b>		
<b>Authorised:</b>		
1,500,000,000 shares (2001 – 1,500,000,000 shares)	750,000	750,000
<b>Issued and fully paid-up:</b>		
At beginning of financial year		
850,051,613 shares (2001 – 847,885,613 shares)	425,026	423,943
Issue of 4,221,000 shares (2001 – 1,719,000 shares)		
at RM2.20 per share under Executive Share Option Scheme	2,111	860
Issue of 4,043,000 shares (2001 – nil shares)		
at RM2.45 per share under Executive Share Option Scheme	2,022	–
Issue of 341,000 shares (2001 – 7,000 shares)		
at RM2.50 per share under Executive Share Option Scheme	171	3
Issue of 2,208,000 shares (2001 – 101,000 shares)		
at RM2.70 per share under Executive Share Option Scheme	1,104	50
Issue of 3,730,000 shares (2001 – 214,000 shares)		
at RM2.80 per share under Executive Share Option Scheme	1,865	107
Issue of 3,309,000 shares (2001 – nil shares)		
at RM3.70 per share under Executive Share Option Scheme	1,654	–
Issue of 621,000 shares (2001 – nil shares)		
at RM3.90 per share under Executive Share Option Scheme	310	–
Issue of 27,451,000 shares (2001 – 125,000 shares)		
at RM3.35 per share from exercise of Warrants 1995/2003	13,725	63
At end of financial year		
895,975,613 shares (2001 – 850,051,613 shares)	447,988	425,026

Of the total 895,975,613 (2001 – 850,051,613) issued and fully paid-up ordinary shares, 13,761,000 (2001 – 10,827,000) are held as treasury shares (Note 30.2) by the Company. Accordingly, the number of outstanding shares in issue and fully paid-up as at 30 June 2002 is 882,214,613 (2001 – 839,224,613) ordinary shares of 50 sen each.

## 29.1 Executive Share Option Scheme

An Executive Share Option Scheme (“ESOS”) was implemented on 5 April 1995 for the benefit of the executives and full time executive directors of the Group. The original option period of 5 years which expired on 4 April 2000 has been extended for another 5 years, to expire on 4 April 2005. The option committee appointed by the Board of Directors to administer the ESOS, may from time to time offer options to eligible executives of the Group to subscribe for new ordinary shares of 50 sen each in the Company.

## 29 Share Capital (cont'd)

### 29.1 Executive Share Option Scheme (cont'd)

The movements of the options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

Option price	Date of offer	No. of share options				As at 30 June 2002
		As at 1 July 2001	Offered and accepted	Exercised	Lapsed	
RM2.80	11 May 1995	6,812,000	–	3,730,000	33,000	<b>3,049,000</b>
RM2.50	6 January 1996	358,000	–	341,000	–	<b>17,000</b>
RM2.70	10 January 1996	598,000	–	279,000	75,000	<b>244,000</b>
RM3.50	26 April 1996	110,000	–	–	–	<b>110,000</b>
RM3.90	8 November 1996	2,537,000	–	621,000	201,000	<b>1,715,000</b>
RM2.70	27 August 1997	3,593,000	–	1,929,000	406,000	<b>1,258,000</b>
RM2.20	23 December 1998	1,979,000	–	1,337,000	127,000	<b>515,000</b>
RM2.20	1 December 1999	4,562,000	–	2,884,000	263,000	<b>1,415,000</b>
RM2.45	6 January 2001	4,855,000	–	4,043,000	106,000	<b>706,000</b>
RM3.70	28 December 2001	–	6,957,000	3,309,000	–	<b>3,648,000</b>
<b>Total</b>		<b>25,404,000</b>	<b>6,957,000</b>	<b>18,473,000</b>	<b>1,211,000</b>	<b>12,677,000</b>

### 29.2 Issue of Warrants 1995/2003

The Company has on 31 October 1995 issued 209,158,409 detachable warrants ("Warrants") in conjunction with the issue of RM225,000,000 nominal amount of 4% Redeemable Unsecured Loan Stocks 1995/2000. According to the terms of a deed poll dated 28 September 1995, the Warrants entitle the holders at any time within the exercise period of 4 1/2 years to subscribe for new ordinary shares of 50 sen each in the Company at the subscription price of RM3.35 per share, on the basis of one Warrant for one new ordinary share. On 18 November 1999, the shareholders and Warrants holders have approved the extension of the exercise period of the Warrants. The salient terms of the extension as per the supplemental deed polls dated 17 December 1999 and 25 August 2001 are as follows:

- i The original exercise period of the Warrants shall be extended for one year from 1 May 2000 to 30 April 2001.
- ii The exercise period of the Warrants may be extended beyond 30 April 2001, up to four (4) consecutive periods of one (1) year each from 1 May 2001 ("Further Extension"), provided that the daily weighted average market price of the shares in the Company quoted on the Kuala Lumpur Stock Exchange ("KLSE") at a premium of less than twenty percent (20%) of the subscription price of RM3.35 on any one of the thirty (30) consecutive market days prior to the 31st day of January of the year of expiry of the relevant extension period.
- iii The Company to announce to the KLSE on any Further Extension, three months prior to the expiry dates of the Warrants.
- iv The exercise price of the Warrants of RM3.35 per share will not be revised other than those adjustments provided for in the Deed Poll.

## 29 Share Capital (cont'd)

### 29.2 Issue of Warrants 1995/2003 (cont'd)

During the financial year, the subscription period of the Warrants was extended for another one year from 1 May 2002 to 30 April 2003 ("Warrants 1995/2003") pursuant to clause 5A of the supplemental deed poll dated 17 December 1999.

The movement of Warrants 1995/2003 during the financial year is as follows:

Subscription price	No of warrants 1995/2003		
	As at 1 July 2001	Exercised	As at 30 June 2002
RM3.35	208,978,431	27,451,000	181,527,431

## 30 Reserves

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>Non distributable</b>				
Share premium	425,006	304,892	425,006	304,892
Revaluation surplus	64,539	65,335	-	-
Capital reserve (Note 30.1)	43,432	45,190	-	-
Foreign exchange fluctuation reserve	3,918	1,855	-	-
Reserve on consolidation	16,529	17,855	-	-
Treasury shares, at cost (Note 30.2)	(36,275)	(26,204)	(36,275)	(26,204)
	517,149	408,923	388,731	278,688
<b>Distributable</b>				
Retained profits				
As previously reported	1,973,138	1,658,853	853,337	727,677
Prior year adjustments (Note 45)	-	45,318	-	45,318
As restated	1,973,138	1,704,171	853,337	772,995
	2,490,287	2,113,094	1,242,068	1,051,683

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

### 30.1 Capital reserve

Capital reserve represents net accretion in Group's share of net assets arising from shares issued by certain subsidiary companies to minority shareholders.

### 30.2 Treasury shares

The shareholders of the Company, by a special resolution passed in an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company which comprises ordinary shares with par value of RM0.50 each ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during the last Annual General Meeting of the Company on 30 October 2001.

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

### 30 Reserves (cont'd)

#### 30.2 Treasury shares (cont'd)

During the financial year, the Company bought back its issued shares from the open market as follows:

In RM'000	No. of Shares	Cost	Purchase price per share		
			Highest	Lowest	Average
<b>2002</b>					
At beginning of financial year	10,827,000	26,203,605	2.71	2.04	2.42
Purchases during the financial year					
October 2001	1,140,000	3,676,764	3.29	3.11	3.23
November 2001	711,000	2,531,890	3.53	3.59	3.56
December 2001	1,083,000	3,862,158	3.58	3.54	3.57
	2,934,000	10,070,812	3.58	3.11	3.43
At end of financial year	13,761,000	36,274,417	3.58	2.04	2.64
<b>2001</b>					
At beginning of financial year	6,724,000	16,187,629	2.71	2.14	2.41
Purchases during the financial year					
November 2000	1,471,000	3,689,738	2.55	2.47	2.51
December 2000	759,000	1,936,904	2.64	2.50	2.55
January 2001	1,873,000	4,389,334	2.54	2.04	2.34
	4,103,000	10,015,976	2.64	2.04	2.44
At end of financial year	10,827,000	26,203,605	2.71	2.04	2.42

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

#### 30.3 Distributable reserves

Subject to agreement with the tax authorities:

- the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank approximately RM147,436,000 (2001 – RM210,033,000) of its retained profits if paid out as dividends; and
- the Company has approximately RM209,937,000 (2001 – RM200,906,000) in its tax exempt accounts available for distribution of tax exempt dividends.

Any dividend paid in excess of the aggregated amount indicated in i. and ii. above would result in a tax charge and payable calculated at 28% (2001 – 28%) on the gross amount of the additional dividend paid.

## 31 Long Term Borrowings

In RM'000	Group		Company	
	2002	2001	2002	2001
<b>Secured</b>				
Term loans	456,857	521,971	314,830	412,283
Less: portion due within 12 months included under short term borrowings (Note 28)	(79,889)	(81,868)	(67,330)	(68,667)
	376,968	440,103	247,500	343,616
Finance lease obligations	-	4	-	-
Less: portion due within 12 months included under short term borrowings (Note 28)	-	(4)	-	-
	-	-	-	-
<b>Total Secured</b>	<b>376,968</b>	<b>440,103</b>	<b>247,500</b>	<b>343,616</b>
<b>Unsecured</b>				
Term loans	45,000	68,500	45,000	55,000
Less: portion due within 12 months included under short term borrowings (Note 28)	(10,000)	(16,000)	(10,000)	(10,000)
<b>Total Unsecured</b>	<b>35,000</b>	<b>52,500</b>	<b>35,000</b>	<b>45,000</b>
	<b>411,968</b>	<b>492,603</b>	<b>282,500</b>	<b>388,616</b>

## 31.1 Term Loans

The secured term loans of the Group and of the Company include:

- i RM140 million syndicated fixed term loan which are secured by fixed charges over certain freehold and leasehold plantations of the Group. The RM140 million syndicated fixed term loan bears interest at rates ranging from 5.07% to 5.21% (2001 – 5.14% to 5.44%) per annum and is repayable in full by October 2004.
- ii USD30 million syndicated fixed term loan which is secured by fixed charges over certain freehold and leasehold plantations of the Group. The USD30 million syndicated fixed term loan bears interest at rates ranging from 3.84% to 5.81% (2001 – 6.81% to 8.80%) per annum and is repayable in full by October 2002.
- iii RM150 million joint fixed rate term loan which is secured by fixed charges over certain leasehold plantations of the Group. The RM150 million joint fixed rate term loan bears interest at 6.50% per annum and is repayable in full by July 2003.
- iv SGD20 million term loan pertaining to a foreign incorporated subsidiary company which is secured by a first legal charge of the subsidiary company's investment property and is repayable in one lump sum seven years from the first drawn date or in June 2003, whichever is earlier. The repayment of the term loan will be extended in principle. The SGD20 million term loan bears interest at rates ranging from 1.97% to 3.41% (2001 – 3.35% to 4.15%) per annum.

The other secured term loans of the Group and of the Company are secured by fixed charges over certain freehold and leasehold plantations of the Group. Additionally, certain term loans of the subsidiary companies are secured by fixed and floating charges over their other assets. These term loans bear interest at rates ranging from 5.70% to 6.00% (2001 – 4.20% to 9.10%) per annum.



### 31 Long Term Borrowings (cont'd)

#### 31.1 Term Loans (cont'd)

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

In RM'000	Group		Company	
	2002	2001	2002	2001
Within 2 years	367,356	199,253	342,830	159,997
Between 2 to 5 years	94,971	391,218	17,000	307,286
After 5 years	39,530	–	–	–
	501,857	590,471	359,830	467,283

### 32 Other Long Term Liabilities

In RM'000	Group	
	2002	2001
Retirement benefits (Note 32.1)	6,545	415
Club membership deposits	14,738	14,339
	21,283	14,754

#### 32.1 Retirement Benefits

In RM'000	Group	
	2002	2001
At beginning of financial year	415	428
Addition through subsidiary company acquired	5,815	–
Provision for the current financial year	798	–
Payment made during the financial year	(47)	–
Reduction through subsidiary company disposed	(436)	–
Amount written back during the financial year	–	(13)
At end of financial year	6,545	415

## 33 Deferred Taxation

In RM'000	Group		Company	
	2002	2001	2002	2001
At beginning of financial year	44,901	31,218	5,827	160
Transfer from income statements (Note 9)				
– Current year	(5,680)	2,250	393	220
– Prior years	(615)	7,660	–	5,447
Addition through subsidiary company acquired	6,556	–	–	–
Reduction through subsidiary company disposed	(1,520)	–	–	–
Arising from fair value adjustments on acquisitions	71,650	–	–	–
Provision in respect of revaluation of investment properties	–	3,734	–	–
(Reversal)/provision in respect of leasehold land and building previously revalued	(39)	39	–	–
	115,253	44,901	6,220	5,827

The deferred taxation provisions at the end of the financial year comprise tax effects of:

In RM'000	Group		Company	
	2002	2001	2002	2001
Fair value adjustments on acquisitions	67,489	679	–	–
Timing differences arising from the excess of capital allowances over the corresponding depreciation	32,625	23,271	6,220	5,827
Timing differences arising from prepaid lease rental	6,127	6,288	–	–
Timing differences on projects profit recognition	3,745	7,301	–	–
Revaluation of investment properties	3,734	3,734	–	–
Timing differences on the recognition of certain project expenses	1,533	3,589	–	–
Revaluation of leasehold land and building	–	39	–	–
	115,253	44,901	6,220	5,827

In RM'000	Group	
	2002	2001
Timing differences not accounted for:		
– Current	–	12,605
– Cumulative	50,283	51,237

The above timing differences were not accounted for due to the availability of unutilised investment allowances.

### 34 Disposal of A Subsidiary Company

On 4 March 2002, the Company disposed of its 13,073,002 ordinary shares of RM1.00 each in Nissan-Industrial Oxygen Incorporated Berhad representing 31.78% of the issued and paid-up share capital of Nissan-Industrial Oxygen Incorporated Berhad to Malaysian Oxygen Berhad for a cash consideration of RM67,456,690 or RM5.16 per share by way of a direct business transaction through the Kuala Lumpur Stock Exchange.

Details of fair value of the net assets disposed and cash inflow on disposal of the subsidiary company are as follows:

In RM'000	As at date of disposal	As at 30 June 2001
Property, plant and equipment	112,487	117,306
Other long term investments	38	38
Goodwill on consolidation	2,034	2,001
Net current assets	30,136	21,252
Deferred tax	(1,520)	–
Long term borrowings	(9,000)	(7,500)
Retirement benefits	(436)	(415)
Minority interests	(73,737)	(72,944)
	60,002	59,738
Less: Share of net assets yet to be disposed reclassified to short term investments	(16,015)	
Total share of net assets disposed	43,987	
Net proceeds from disposal	67,321	
Gain on disposal of a subsidiary company	23,334	
Cash consideration for the disposal	67,457	
Less: Expenses incurred for the disposal	(136)	
Net proceeds from disposal	67,321	
Less: cash and cash equivalents disposed	(15,765)	
Cash inflow on disposal of a subsidiary company	51,556	

The effect of the above disposal on the financial results of the Group during the financial year is as follows:

In RM'000	2002 As a subsidiary company up to disposal date	2001 As a subsidiary company
Revenue	43,535	68,890
Operating costs	(35,003)	(53,979)
Operating profit	8,532	14,911
Interest income	248	283
Finance costs	(748)	(1,616)
Profit before taxation	8,032	13,578
Taxation	(2,775)	(3)
Profit after taxation	5,257	13,575
Minority interest	(2,958)	(7,679)
Net profit	2,299	5,896
Gain on disposal of subsidiary company	23,334	–
Increase in Group's net profit	25,633	5,896

## 35 Acquisition of Subsidiary Companies

## 2002

During the financial year, the Group acquired the following subsidiary companies:

	Note	Cash inflow/(outflow), net of cash and cash equivalents acquired	No. of ordinary shares of RM1.00 each	Acquired by
i	Palmco Holdings Berhad 35.1	31,075	43,051,408	IOI Corporation Berhad
ii	Riang Takzim Sdn Bhd 35.2	(1,000)	1,000,000	Cahaya Kota Development Sdn Bhd
iii	Lush Development Sdn Bhd 35.3	(37,713)	5,100	Cahaya Kota Development Sdn Bhd
		(11,417)	4,900	Riang Takzim Sdn Bhd
		(49,130)		
		19,055		

## 35.1 Palmco Holdings Berhad

As at end of the previous financial year, the Group held 32% equity interest in Palmco Holdings Berhad ("Palmco") and Palmco was accounted for as an associated company of the Group.

During the first 3 months of the financial year under review, the Group acquired an additional 27,641,231 ordinary shares of RM1.00 each in Palmco ("Palmco Shares") and the effective equity interest in Palmco as an associated company of the Group increased from 32% to 40% as at 30 September 2001.

Subsequent to that, the Group has further acquired 43,051,408 Palmco Shares representing 19% effective equity interest for a total cash consideration of RM188.3 million. Palmco was accounted for as a subsidiary company with effect from 4 October 2001 when the Mandatory General Offer became unconditional (Note 40.1).

Details of fair value of the net assets acquired and cash inflow on acquisition of subsidiary company are as follows:

In RM'000	
Property, plant and equipment	463,710
Investment in associated companies	135,921
Other long term investments	7,357
Net current assets	308,426
Long term borrowings	(40,000)
Other Long term liabilities	(52,164)
Minority interests	(317,938)
Less: Net assets previously accounted for as interest in associated company	(350,632)
Net assets acquired	154,680
Goodwill on consolidation	33,663
Cost on acquisition	188,343
Purchase consideration discharged by cash	188,343
Less: cash and cash equivalents of subsidiary company acquired	(219,418)
Cash inflow on acquisition of subsidiary company	(31,075)

### 35 Acquisition of Subsidiary Companies (cont'd)

#### 35.1 Palmco Holdings Berhad (cont'd)

The effect of the above acquisition on the financial results of the Group during the financial year is as follows:

In RM'000	2002			2001
	As an associated company	As a subsidiary company	Total	As an associate
Revenue	-	568,398	568,398	-
Operating cost	-	(509,293)	(509,293)	-
Operating profit	-	59,105	59,105	-
Interest income	-	4,455	4,455	-
Interest expense	-	(1,597)	(1,597)	-
Share of results of associated company	13,653	32,760	46,413	45,398
Profit before taxation	13,653	94,723	108,376	45,398
Taxation	(1,809)	(4,164)	(5,973)	(9,255)
Profit after taxation	11,844	90,559	102,403	36,143
Minority interest	-	(37,899)	(37,899)	-
Net profit for the financial year	11,844	52,660	64,504	36,143
Less: Group's share of results in associated company had the Group not acquired the additional equity interest	(11,844)	(39,128)	(50,972)	
Increase in Group's net profit	-	13,532	13,532	

The effect of the above acquisition on the financial position of the Group as at 30 June 2002 is as follows:

In RM'000	2002
Property, plant and equipment	480,468
Associated company	150,449
Other long term investments	6,534
Goodwill on consolidation	91,171
Net current assets	299,857
Long term borrowings	(29,816)
Other long term liabilities	(6,545)
Deferred tax	(45,314)
Minority interest	(359,758)
Group's share of net assets	587,046
Less: Amount accounted for as an associated company	(350,632)
Less: Group's share of results in associated company had the Group not acquired the additional equity interest	(39,128)
Increase in Group's net assets	197,286

## 35 Acquisition of Subsidiary Companies (cont'd)

## 35.2 Riag Takzim Sdn Bhd

On 3 October 2001, a subsidiary company of the Company, Cahaya Kota Development Sdn Bhd acquired 999,998 ordinary shares of RM1.00 each or 99.9998% equity interest in Riag Takzim Sdn Bhd for cash consideration of RM1,000,000.

Details of fair value of the net assets acquired and cash outflow on acquisition of subsidiary company are as follows:

In RM'000	
Net current assets	959
Net assets acquired	959
Goodwill on consolidation	41
	1,000
Purchase consideration discharged by cash	1,000
Cash outflow on acquisition of subsidiary company	1,000

The effect of the above acquisition on the financial results of the Group during the financial year was insignificant as the company was inactive.

The effect of the above acquisition on the financial position of the Group as at 30 June 2002 is as follows:

In RM'000	
Net current assets	959
Goodwill on consolidation	41
Increase in Group's net assets	1,000

## 35.3 Lush Development Sdn Bhd

The acquisitions of Lush Development Sdn Bhd by Cahaya Kota Development Sdn Bhd and Riag Takzim Sdn Bhd were completed on 3 October 2001. The equity interests acquired are as follows:

Acquired by	No. of ordinary shares of RM1.00 each	Equity interest acquired	Cash consideration (RM'000)
Cahaya Kota Development Sdn Bhd	5,100	51%	12,138
Riag Takzim Sdn Bhd	4,900	49%	11,662
	10,000	100%	23,800

Details of fair value of the net assets acquired and cash outflow on acquisition of subsidiary company are as follows:

In RM'000	
Land held for development	74,056
Net current liabilities	(12,300)
Deferred taxation	(9,256)
Net assets acquired	52,500
Purchase consideration discharged by cash	52,500
Less: deposits paid during the previous financial year	(3,370)
Cash outflow on acquisition of subsidiary company	49,130

The effect of the above acquisition on the financial results of the Group during the financial year was insignificant as the company was inactive.

### 35 Acquisition of Subsidiary Companies (cont'd)

#### 35.3 Lush Development Sdn Bhd (cont'd)

The effect of the above acquisitions on the financial position of the Group as at 30 June 2002 is as follows:

In RM'000	
Land held for development	79,246
Net current liabilities	(12,306)
Deferred taxation	(9,256)
Increase in Group's net assets	57,684

#### 2001

On 20 November 2000, a wholly owned subsidiary company of the Company, Syarimo Sdn Bhd has acquired 100% stake in the following companies for a total cash consideration of RM39.1 million:

	Issued and Paid-up Share Capital
i Maxgrand Sdn Bhd	700,200 ordinary shares of RM1.00 each
ii Pricescore Enterprise Sdn Bhd	3 ordinary shares of RM1.00 each
iii Erat Manis Sdn Bhd	2 ordinary shares of RM1.00 each
iv Hidayat Ria Sdn Bhd	2 ordinary shares of RM1.00 each
v Muara Julang Sdn Bhd	2 ordinary shares of RM1.00 each
vi Unikhas Corporation Sdn Bhd	2 ordinary shares of RM1.00 each
vii Hidayat Rakyat Sdn Bhd	2 ordinary shares of RM1.00 each
viii Pujian Harum Sdn Bhd	2 ordinary shares of RM1.00 each
ix Bilprice Development Sdn Bhd	2 ordinary shares of RM1.00 each

Details of fair value of the net assets acquired and cash outflow on acquisition of subsidiary companies are as follows:

In RM'000	
Property, plant and equipment	59,872
Net current liabilities	(6,742)
Long term liabilities	(14,000)
Net assets acquired	39,130
Purchase consideration discharged by cash	39,130
Less: cash and cash equivalents acquired	(2)
Acquisition of subsidiary companies, net of cash and cash equivalents acquired	39,128
Less: Deposits paid during the previous financial year	(6,410)
Cash outflow on acquisition of subsidiary companies, net of cash and cash equivalents acquired	32,718



## 35 Acquisition of Subsidiary Companies (cont'd)

## 2001 (cont'd)

The effect of the above acquisitions on the financial results of the Group for the financial year ended 30 June 2001 was as follows:

In RM'000	
Revenue	573
Operating cost	(2,971)
Decrease in Group's net profit	(2,398)

The effect of the above acquisitions on the financial position of the Group as at 30 June 2001 was as follows:

In RM'000	
Property, plant and equipment	63,699
Inventories	2,389
Other receivables, deposits and prepayments	50
Cash and bank balances	52
Trade payables	(83)
Other payables and accruals	(29,377)
Increase in Group's net assets	36,730

## 36 Cash and Cash Equivalents

Cash and cash equivalents at end of financial year comprise:

In RM'000	Group		Company	
	2002	2001	2002	2001
Short term funds	61,641	16,000	–	–
Deposits with financial institutions	216,632	206,079	1,137	1,106
Cash and bank balances	201,853	209,480	489	118
Bank overdrafts	(27,600)	(25,064)	(11,162)	(7,168)
	452,526	406,495	(9,536)	(5,944)
Less: Deposits with financial institutions (pledged)	(1,000)	(1,000)	(1,000)	(1,000)
Cash and cash equivalents	451,526	405,495	(10,536)	(6,944)

The Group has undrawn borrowing facilities of RM581,420,000 (2001 – RM389,964,000) at end of the financial year.

## 37 Significant Related Party Disclosures

### Identity of Related Parties

- a The Company has a controlling related party relationship with its direct and indirect subsidiary companies as disclosed in the financial statements.
- b The Group also has related party relationships with the Company's largest corporate shareholder, its associated companies, certain directors and key management personnel of the Company and its subsidiary and associated companies and the close family members of these directors and key personnel. The related parties are as follows:

#### Corporate shareholder of the Company

Progressive Holdings Sdn Bhd and its related companies

#### Associated Companies

Palmco Holdings Berhad \*  
Kanzen Tetsu Sdn Bhd  
Continental Estates Sdn Bhd  
Minat Teguh Sdn Bhd  
Reka Halus Sdn Bhd  
Perumahan Abadi Sdn Bhd  
Fatty Chemical (Malaysia) Sdn Bhd #  
Koa Plasticizer (Malaysia) Sdn Bhd #  
Malaysia Pakistan Venture Sdn Bhd #

\* Palmco Holdings Berhad became a subsidiary of the Company with effect from 4 October 2002 (Note 40.1)

# Associated companies of Palmco Holdings Berhad

#### Executive Directors and key management personnel

Tan Sri Dato' Lee Shin Cheng  
Lee Yeow Chor  
Dato' Yeo How  
Lee Cheng Leang  
Dato' Foong Hong Meng @ Foong Lai Choong  
Lai Ming Chun @ Lai Poh Lin  
David Tan Thean Thye  
Tee Kok Tong  
Barry Kheng Cheok Tan

## 37 Significant Related Party Disclosures (cont'd)

## Identity of Related Parties (cont'd)

## Affiliated companies

Mayvin Incorporated Sdn Bhd	– a company in which Tan Sri Dato' Lee Shin Cheng and Lai Ming Chun @ Lai Poh Lin have substantial shareholdings
B.A. Plantations Sdn Bhd	– a company in which Tan Sri Dato' Lee Shin Cheng and Lee Yeow Chor have substantial shareholdings
Pine Capital Sdn Bhd	– a company in which Tan Sri Dato' Lee Shin Cheng, Lee Yeow Chor and Lai Ming Chun @ Lai Poh Lin have substantial shareholdings
Right Purpose Sdn Bhd	– a company in which Lai Ming Chun @ Lai Poh Lin has substantial shareholdings
Malayapine Estates Sdn Bhd	– a company in which Tan Sri Dato' Lee Shin Cheng and Lee Yeow Chor have substantial shareholdings

## Significant Related Party Transactions

In the normal course of business, the Group undertakes transactions with certain of its related parties listed above. Set out below is the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

In RM'000	Group	
	2002	2001
a Sales of palm products		
Palmco Holdings Berhad Group	25,688	81,728
Minat Teguh Sdn Bhd	–	117
Reka Halus Sdn Bhd	–	212
Mayvin Incorporated Sdn Bhd	19,551	5,025
b Sales of oleochemical products and palm kernel oil		
Fatty Chemical (Malaysia) Sdn Bhd	111,409	–

### 37 Significant Related Party Disclosures (cont'd)

#### Significant Related Party Transactions (cont'd)

In RM'000		Group	
		2002	2001
c	Purchases of palm products		
	Palmco Holdings Berhad Group	7,312	22,535
	Minat Teguh Sdn Bhd	–	105
	Continental Estates Sdn Bhd	12,509	9,399
	B.A. Plantations Sdn Bhd	14,411	7,569
	Pine Capital Sdn Bhd	16,499	8,984
	Right Purpose Sdn Bhd	12,598	12,817
	Mayvin Incorporated Sdn Bhd	68,318	47,234
d	Purchases of oleochemical products		
	Fatty Chemical (Malaysia) Sdn Bhd	11,623	–
e	Agency fees		
	Palmco Holdings Berhad Group	112	352
	Continental Estates Sdn Bhd	250	217
f	Property project management services		
	Malayapine Estates Sdn Bhd	1,276	–
g	Rental income on storage tank		
	Fatty Chemical (Malaysia) Sdn Bhd	4,133	–
h	Interest Income		
	Continental Estates Sdn Bhd	–	1,664
i	Rental income on plant and machinery		
	Palmco Holdings Berhad Group	–	155

## 38 Contingent Liabilities – Unsecured

In RM'000	Group		Company	
	2002	2001	2002	2001
Litigation involving claims for damages and compensation	3,909	2,378	–	–
Guarantees for credit facilities of subsidiary companies	–	–	78,684	149,575
Guarantees issued to third parties	7,474	975	349	975
Counter indemnities to banks for bank guarantees issued	18,358	7,063	6,739	1,896
	29,741	10,416	85,772	152,446

## 39 Commitments

## 39.1 Capital Commitments

In RM'000	Group		Company	
	2002	2001	2002	2001
Authorised capital expenditure not provided for in the financial statements				
<b>Contracted</b>				
Purchase of property, plant and equipment	27,252	10,402	1,531	188
Construction in progress	41,626	132,947	–	–
<b>Not Contracted</b>				
Purchase of property, plant and equipment	74,833	44,194	2,113	2,970
New planting	23,463	22,569	1,060	3,807
Construction in progress	–	3,861	–	–

## 39.2 Operating Lease Commitments

The future minimum lease payments under non-cancellable operating lease are as follows:

In RM'000	Group	
	2002	2001
Not later than 1 year	–	–
Later than 1 year and not later than 5 years	3,000	2,000
Later than 5 years	74,214	75,214
	77,214	77,214

The lease payments later than 5 years which ranges from RM1.0 million to RM1.6 million per annum is payable commencing from year 2007 to year 2065.

## 40 Significant Events During The Financial Year

### 40.1 Palmco Holdings Berhad

As reported in the previous year's Annual Report, on 26 July 2001, AmMerchant Bank Berhad on behalf of the Company, served a Notice of Conditional Mandatory Offer ("Offer") on the Board of Directors of Palmco Holdings Berhad ("Palmco") to acquire the following securities not already owned by the Company and its subsidiary companies:

- i all existing ordinary shares of RM1.00 each in Palmco ("Palmco Shares") including such number of Palmco Shares as may be issued pursuant to the exercise of any outstanding warrants ("Palmco Warrants") and options granted under the Palmco's Employees' Share Option Scheme at an offer price of RM4.35 per share; and
- ii all outstanding Palmco Warrants at an offer price of RM1.35 per warrant.

On 26 September 2001, the offer price for the Palmco Shares and Palmco Warrants was revised to RM4.60 and RM1.60 respectively.

On 4 October 2001, the Offer became unconditional as the shareholdings of the Company and person acting in concert with the Company in Palmco has exceeded 50% of the issued and paid-up share capital of Palmco as a result of the acceptances received and additional acquisitions of Palmco shares by the Company from open market. Palmco has since become a subsidiary of the Company.

The Offer was closed on 18 October 2001. Upon completion of the Offer and subsequent conversion of Palmco Warrants held by the Company, the Company's shareholdings interest (direct and indirect) in Palmco increased to 123,193,639 Palmco Shares representing approximately 61% of Palmco's issued and paid-up share capital.

Palmco Shares and Palmco Warrants have been suspended from trading on the Kuala Lumpur Stock Exchange ("KLSE") since 19 October 2001 pursuant to paragraph 16.02(d) of the Listing Requirements of the KLSE ("Listing Requirements") as Palmco did not meet the public shareholding spread requirement under the Listing Requirements upon completion of the Offer.

On 5 April 2002, AmMerchant Bank Berhad announced on behalf of the Company that the Company proposed to distribute up to 41,350,579 Palmco Shares for free to the shareholders of the Company on an entitlement basis to be announced on a later date ("Proposed Distribution").

The Proposed Distribution is by way of capital distribution involving the reduction of the share premium reserves of the Company so as to reward the shareholders of the Company for their continuous support of the Company and to enable Palmco to meet its public shareholding spread in order for its shares to be requoted again on the KLSE. The Proposed Distribution has been approved by all the relevant authorities and shareholders of the Company but still pending sanction of the High Court of Malaya.

The Proposed Distribution however would not on its own assist Palmco to fulfil the public shareholding spread, as the Proposed Distribution would result in Palmco Shares being distributed to all shareholders of the Company including those who are not deemed as public shareholders ("Non-Public Shareholders") under the Listing Requirements. Accordingly, the Company has proposed to place out such Palmco Shares which otherwise be distributed to the Non-Public Shareholders of the Company at not less than RM4.45 per share to investors who would be deemed public shareholders in accordance with the Listing Requirements ("Proposed Placement") in order to assist Palmco to meet the public shareholding spread requirement. The Proposed Placement has been approved by all the relevant authorities and shareholders of the Company.

### 40.2 Nissan-Industrial Oxygen Incorporated Berhad

On 4 March 2002, the Company disposed of its 13,073,002 ordinary shares of RM1.00 each in Nissan-Industrial Oxygen Incorporated Berhad ("NIOI Shares") representing 31.78% of the issued and paid-up share capital of Nissan-Industrial Oxygen Incorporated Berhad ("NIOI") to Malaysian Oxygen Berhad ("MOX") for a cash consideration of RM67,456,690 or RM5.16 per share by way of a direct business transaction through the Kuala Lumpur Stock Exchange. Following the disposal, NIOI has been de-consolidated and an exceptional gain of approximately RM23 million for the Group was recognised.

#### 40 Significant Events During The Financial Year (cont'd)

##### 40.2 Nissan-Industrial Oxygen Incorporated Berhad (cont'd)

In addition, the Company has also committed to dispose its remaining 4,800,000 NIOI Shares representing 11.67% of the issued and paid-up share capital of NIOI which were under a moratorium on sale, transfer and assignment (pursuant to one of the conditions imposed by the Securities Commission ("SC") on its approval for the listing of NIOI in 1997) to MOX for a cash consideration of RM24,768,000 or RM5.16 per share. On 11 April 2002, the Company has obtained the approval from the SC on the Company's application to uplift the said moratorium and the disposal of the 4,800,000 NIOI shares was subsequently completed on 22 July 2002.

##### 40.3 Kanzen Tetsu Sdn Bhd

On 23 April 2002, the Board entered into a conditional share sale agreement to dispose of its 3,000,000 ordinary shares of RM1.00 each in Kanzen Tetsu Sdn Bhd ("KTSB") representing 30.00% of the issued and paid-up share capital of KTSB to FACB Industries Incorporated Berhad for a cash consideration of RM11,000,000. The disposal was subsequently completed on 30 August 2002.

#### 41 Significant Event Subsequent To The Balance Sheet Date

On 31 August 2002, the Company entered into an agreement to acquire a 100% interest in Loders Croklaan B.V. and the related businesses located in United States, Canada and Egypt (collectively called "Loders Croklaan") from Unilever Group for a total cash consideration of EURO217 million or approximately RM813 million.

Loders Croklaan is one of the world's leading suppliers of speciality oils and fats to the food sector. It has a long standing tradition of quality and innovation and has pioneered products and applications in its core snack ingredients business. It is also in the development of the potentially high growth area of nutritional lipid and operates a small special products unit selling both food and animal feed ingredients that are produced by other manufacturers.

The acquisition is expected to create a synergistic force for the Group's existing palm oil business. It will also enable the Group, which is already a sizable player in oleochemicals to become a global integrated player in the speciality oils and fats industry. Loders Croklaan has an extensive oil and fat derived product portfolio and a global customer base including leading multi-national manufacturers in the food sector.

The Proposed Acquisition is subject to the approvals of the shareholders of the Company at an Extraordinary General Meeting to be convened and other relevant authorities, if any.

The acquisition will be financed entirely by an offshore short term bridging loan. The said short term loan facility will be subsequently refinanced by offshore long term funding.

As the transaction was entered into recently and is still pending completion, it was not practicable to disclose information on the fair value of net identifiable assets to be acquired and the resultant goodwill arising on this acquisition. The operating results, assets and liabilities of Loders Croklaan will be consolidated using the acquisition method upon completion of the acquisition. The acquisition is expected to enhance the Group's future earnings.



## 42 Segment Reporting – Group

### Major Segment by Activity

In RM'000	Total revenue	Share of revenue of associated companies	Revenue derived from other segments	Revenue derived from external customers	Profit before interest and taxation	Asset employed
<b>2002</b>						
Plantation	708,489	29,720	441,365	237,404	228,654	1,988,329
Property development	546,146	7,337	–	538,809	235,036	1,311,705
Property investment	60,263	–	–	60,263	25,130	601,770
Manufacturing	1,654,376	100,155	50,682	1,503,539	107,832	1,119,000
Non-segment items	71,458	973	–	70,485	23,377	539,527
	<b>3,040,732</b>	<b>138,185</b>	<b>492,047</b>	<b>2,410,500</b>	<b>620,029</b>	<b>5,560,331</b>
Net interest expense	–	–	–	–	(45,890)	–
Share of net interest expense of associated companies	–	–	–	–	(3,637)	–
	<b>3,040,732</b>	<b>138,185</b>	<b>492,047</b>	<b>2,410,500</b>	<b>570,502</b>	<b>5,560,331</b>
<b>2001</b>						
Plantation	486,666	21,718	233,389	231,559	117,791	1,874,225
Property development	423,536	13,637	–	409,899	186,283	1,124,308
Property investment	47,162	–	–	47,162	20,609	539,018
Manufacturing	863,462	286,561	22,071	554,830	85,014	665,394
Non-segment items	51,282	3,154	–	48,128	98,524	461,731
	<b>1,872,108</b>	<b>325,070</b>	<b>255,460</b>	<b>1,291,578</b>	<b>508,221</b>	<b>4,664,676</b>
Net interest expense	–	–	–	–	(45,007)	–
Share of net interest expense of associated companies	–	–	–	–	(4,752)	–
	<b>1,872,108</b>	<b>325,070</b>	<b>255,460</b>	<b>1,291,578</b>	<b>458,462</b>	<b>4,664,676</b>

Inter-segment sales were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

Non-segment items are relatively insignificant activities and are unrelated to any of the aforementioned major industry segments. There is no geographical segmental reporting as the Group operates substantially in Malaysia.

## 43 Analysis of Liabilities Payable and Debts Receivable – Group

The liabilities payable and debts receivable by the Group, estimated by the Directors are as follows:

In RM'000	Group	
	2002	2001
<b>Liabilities Payable</b>		
Amount due to associated companies	2,739	2,739
Trade payables	105,877	98,068
Other payables and accruals	275,524	196,323
Amount due to customers on contracts	194	–
Bank overdrafts	27,600	25,064
Short term borrowings <sup>1</sup>	590,527	441,019
Taxation	41,181	40,515
Term loans	501,857	590,471
Finance lease obligations	–	4
Club membership deposits	14,738	14,339
	<b>1,560,237</b>	<b>1,408,542</b>
Less:		
Short term funds	61,641	16,000
Deposits with financial institutions	216,632	206,079
Cash and bank balances	201,853	209,480
	<b>1,080,111</b>	<b>976,983</b>
Payable as follows:		
Within 2 years <sup>2</sup>	630,872	271,426
Between 2 to 5 years	394,971	691,218
After 5 years	54,268	14,339
	<b>1,080,111</b>	<b>976,983</b>
<b>Debts Receivable</b>		
Amount due from associated companies	5,539	6,707
Trade receivables	238,431	81,866
Other receivables, deposits and prepayments	79,614	100,674
Tax recoverable	10,187	11,206
Amount due from customers on contracts	–	4,223
	<b>333,771</b>	<b>204,676</b>
Add:		
Estimated proceeds to be received from the exercise of Warrants 1995/2003 <sup>3</sup>	608,117	700,078
	<b>941,888</b>	<b>904,754</b>
Receivable as follows:		
Within 2 years	941,888	904,754
Between 2 to 5 years	–	–
	<b>941,888</b>	<b>904,754</b>

#### 43 Analysis of Liabilities Payable and Debts Receivable – Group (cont'd)

##### Notes:

- 1 Included in short term borrowings of RM590,527,000 (2001 – RM441,019,000) are revolving credit facilities of RM37,443,000 (2001 – RM160,0196,000) and Commercial Papers of RM280,000,000 (2001 – RM180,000,000). Even though these facilities have been classified as payable within 2 years based on accounting requirements, the Directors are however of the view that the facilities form part of the basic financing tools of the Group and therefore significant portion of these facilities will continue to be available in the foreseeable future.
- 2 The liabilities payable within 2 years is net of short term funds, deposits with financial institutions and cash and bank balances.
- 3 The Warrants 1995/2003 are assumed to be fully exercised by the Warrant holders during the next financial year. Accordingly, the proceeds from the exercise of the Warrants 1995/2003 have been classified as receivables within 2 years.

#### 44 List of Subsidiary and Associated Companies

The subsidiary and associated companies, incorporated in Malaysia except otherwise stated, are as follows:

Name of company	Effective group interest		Principal activity
	2002	2001	
Direct Subsidiary Companies			
Plantation			
Cantawan Oil Palms Sdn Bhd	100%	100%	Cultivation of oil palm
Fruitful Plantations Sdn Bhd	100%	100%	Cultivation of oil palm
Hill Land Sdn Bhd	100%	100%	Cultivation of oil palm
Ladang Asas Sdn Bhd	100%	100%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Berhad	100%	100%	Cultivation of oil palm
Safima Plantations Sdn Bhd	100%	100%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	90%	90%	Cultivation of oil palm
Syarikat Sri Tapadung Sdn Bhd	100%	100%	Cultivation of oil palm
Dynamic Plantations Berhad	100%	100%	Cultivation of oil palm and rubber and processing of palm oil
Halusah Ladang Sdn Bhd	100%	100%	Cultivation of oil palm and processing of palm oil
Perusahaan Mekassar (M) Sdn Bhd	100%	100%	Cultivation of oil palm and processing of palm oil
Sharikat Pukin Ladang Kelapa Sawit Sdn Berhad	100%	100%	Cultivation of oil palm and processing of palm oil
Morisem Palm Oil Mill Sdn Bhd *	100%	100%	Processing of palm oil and investment holding
IOI Commodity Trading Sdn Bhd	100%	100%	Trading in palm oil and rubber commodities
Future Growth Sdn Bhd	100%	100%	Investment holding
Ladang Sabah Holdings Sdn Bhd	100%	100%	Investment holding
Morisem Consolidated Sdn Bhd *	100%	100%	Investment holding
Morisem Sdn Bhd *	100%	100%	Investment holding
Syarimo Sdn Bhd	100%	100%	Cultivation of oil palm, processing of palm oil and investment holding

## 44 List of Subsidiary and Associated Companies (cont'd)

Name of company	Effective group interest		Principal activity
	2002	2001	
Direct Subsidiary Companies (cont'd)			
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	100%	100%	Property development
Nice Skyline Sdn Bhd	60%	60%	Property development and investment holding
Rapat Jaya Sendirian Berhad	100%	100%	Property development
Eng Hup Industries Sdn Berhad	100%	100%	Property development and management
IOI Properties Berhad	65%	65%	Property development, property investment and investment holding
Amoda Sdn Bhd	60%	60%	Property investment and investment holding
Kean Ko Sdn Berhad	100%	100%	Investment holding
IOI Landscape Services Sdn Bhd	100%	100%	Landscape services, sale of ornamental plants and turfing grass
Manufacturing			
IOI Edible Oils Sdn Bhd *	100%	100%	Palm oil refinery/kernel crushing plant
Nissan-Industrial Oxygen Incorporated Berhad #	12%	44%	Manufacture and distribution of industrial and medical gases, and gas ancillary equipment and investment holding
Palmco Holdings Berhad *	59%	32%	Investment holding
Non-Segment			
IOI Construction Sdn Bhd	70%	70%	Building, engineering and construction services
IOI-Multimedia Sdn Bhd	94%	88%	Integrated multimedia content provider (ceased operation during the financial year)
IOI Palm Products Sdn Bhd	100%	100%	Manufacturing and trading of oil palm related by-products
Resort Villa Development Sdn Bhd	100%	100%	Hotel and resort development
Resort Villa Golf Course Berhad	100%	100%	Golf and recreational club services
Resort Villa Golf Course Development Sdn Bhd	100%	100%	Hotel and hospitality services
Swee Lam Estates (Malaya) Sdn Berhad	100%	100%	Investment holding
Affinity Communications Sdn Bhd	100%	100%	Pre-operating
Focus Media Sdn Bhd	100%	100%	Pre-operating
IOI Management Sdn Bhd	100%	100%	Pre-operating
Kayangan Heights Sdn Bhd	60%	60%	Pre-operating
Perfect Format Sdn Bhd	100%	100%	Pre-operating
Tampoi Development Sdn Bhd	100%	100%	Pre-operating

# De-consolidated in March 2002 following the decrease in equity interest

#### 44 List of Subsidiary and Associated Companies (cont'd)

Name of company	Effective group interest		Principal activity
	2002	2001	
Indirect Subsidiary Companies			
Plantation			
Subsidiary companies of			
Morisem Palm Oil Mill Sdn Bhd			
Meriteam Sdn Bhd *	100%	100%	Cultivation of oil palm
PR Enterprise Sdn Bhd *	100%	100%	Cultivation of oil palm
Priceland Sdn Bhd *	100%	100%	Cultivation of oil palm
Subsidiary company of			
Future Growth Sdn Bhd			
Permodalan Plantations Sdn Bhd	70%	70%	Cultivation of oil palm
Subsidiary companies of			
Ladang Sabah Holdings Sdn Bhd			
Ladang Sabah Sdn Bhd	100%	100%	Cultivation of oil palm and processing of palm oil
Terusan Baru Sdn Bhd	100%	100%	Cultivation of oil palm
Subsidiary company of			
Morisem Consolidated Sdn Bhd			
Morisem Plantations Sdn Bhd *	100%	100%	Cultivation of oil palm
Subsidiary company of Morisem Sdn Bhd			
Morisem (Sabah) Sdn Bhd *	100%	100%	Cultivation of oil palm
Subsidiary companies of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	100%	100%	Cultivation of oil palm
Bilprice Development Sdn Bhd	100%	100%	Cultivation of oil palm
Erat Manis Sdn Bhd	100%	100%	Cultivation of oil palm
Fastscope Development Sdn Bhd	100%	100%	Cultivation of oil palm
Hidayat Rakyat Sdn Bhd	100%	100%	Cultivation of oil palm
Hidayat Ria Sdn Bhd	100%	100%	Cultivation of oil palm
Lokoh Sdn Bhd	100%	100%	Cultivation of oil palm
Maxgrand Sdn Bhd	100%	100%	Cultivation of oil palm
Mewahandal Sdn Bhd	100%	100%	Cultivation of oil palm
Muara Julang Sdn Bhd	100%	100%	Cultivation of oil palm
Pricescore Enterprise Sdn Bhd	100%	100%	Cultivation of oil palm
Pujian Harum Sdn Bhd	100%	100%	Cultivation of oil palm
Syarikat Best Cocoa Sdn Bhd	100%	100%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd	100%	100%	Cultivation of oil palm
Very Good Estate Sdn Bhd	100%	100%	Cultivation of oil palm

## 44 List of Subsidiary and Associated Companies (cont'd)

Name of company	Effective group interest		Principal activity
	2002	2001	
Indirect Subsidiary Companies (cont'd)			
Subsidiary company of Palmco Holdings Berhad			
Palmco Plantations (Sabah) Sdn Bhd *	59%	–	Cultivation of oil palm
Property Development and Investment			
Subsidiary company of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	60%	60%	Building, engineering and construction services
Subsidiary companies of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	65%	65%	Property development, property investment and investment holding
Flora Development Sdn Bhd	65%	65%	Property development
Kapar Realty and Development Sdn Berhad	44%	44%	Property development
Kumpulan Mayang Sdn Bhd	65%	65%	Property development
Pine Properties Sdn Bhd	65%	65%	Property development and property investment
Dynamic Management Sdn Bhd	65%	65%	Property development and investment holding
Commercial Wings Sdn Bhd	65%	65%	Property investment
Property Skyline Sdn Bhd *	59%	59%	Provision of management services and investment holding
Flora Horizon Sdn Bhd	65%	65%	Pre-operating
Pilihan Teraju Sdn Bhd	65%	65%	Pre-operating
Hartawan Development Sdn Bhd	65%	65%	Inactive
Jutawan Development Sdn Bhd	65%	65%	Inactive
Paduwan Development Sdn Bhd	65%	65%	Inactive
Paska Development Sdn Bhd	65%	65%	Inactive
Subsidiary companies of			
Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	65%	65%	Building maintenance services
Lush Development Sdn Bhd	65%	–	Property Development
Riang Takzim Sdn Bhd	65%	–	Inactive
Subsidiary companies of			
Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	65%	65%	General contractor
Pilihan Megah Sdn Bhd	65%	65%	Property development, property investment and investment holding
Subsidiary company of Pilihan Megah Sdn Bhd			
Future Link Properties Pte Ltd * (Incorporated in Singapore)	40%	40%	Property investment
Subsidiary companies of			
Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd *	60%	44%	Property development, property investment and cultivation of oil palm
Property Village Berhad *	53%	53%	Property development, golf club & recreational services and investment holding

#### 44 List of Subsidiary and Associated Companies (cont'd)

Name of company	Effective group interest		Principal activity
	2002	2001	
Indirect Subsidiary Companies (cont'd)			
Subsidiary company of Property Village Berhad Baycrest Sdn Bhd *	53%	53%	General contractors
Subsidiary companies of Amoda Sdn Bhd Amoda Management Sdn Bhd Amoda Properties Sdn Bhd	60% 60%	60% 60%	Property management services Pre-operating
Subsidiary company of Kean Ko Sdn Berhad Seremban Enterprise Corporation Sdn Berhad	58%	58%	Property development
Subsidiary companies of Palmco Holdings Berhad Palmex Industries Sdn Bhd * Palmco Properties Sdn Bhd *	59% 59%	– –	Property development and investment holding Property investment
Manufacturing			
Subsidiary companies of IOI Edible Oils Sdn Bhd IOI Bio-Energy Sdn Bhd * (formerly known as Cokinasa Sdn Bhd) IOI Jeti Sdn Bhd * IOI Speciality Fats Sdn Bhd *	100% 100% 100%	100% 100% 100%	Investment holding Operation of jetty Palm oil trading and refinery
Subsidiary company of Nissan-Industrial Oxygen Incorporated Berhad Nissan-IOI Industrial Gas (JB) Sdn Bhd #	12%	44%	Manufacture and distribution of industrial gases
Subsidiary companies of Palmco Holdings Berhad Acidchem International Sdn Bhd * Derichem (M) Sdn Bhd * Esterchem (M) Sdn Bhd * Stabichem (M) Sdn Bhd * Palmco Oil Mill Sdn Bhd *	59% 59% 59% 59% 59%	– – – – –	Manufacture of fatty acids and glycerine Manufacture of soap noodles Trading in esters Manufacture of metallic stearates Production of palm kernel oil and palm kernel cakes and trading in commodities
Non-Segment			
Subsidiary companies of Palmco Holdings Berhad Palmex Industries Sdn Bhd * Palmco Jaya Sdn Bhd * Palmco Hotels Sdn Bhd * Palmco Management Services Sdn Bhd * Care Security Services Sdn Bhd * Palmco Plantation (Sabah) Sdn Bhd * Palmco Properties Sdn Bhd * Performance Chemicals (M) Sdn Bhd * Palmina Sdn Bhd * Palmco Niaga Sdn Bhd * Palmco Plantations Sdn Bhd * Palmco Cocoa Sdn Bhd * Direct Consolidated Sdn Bhd * Quantum Green Sdn Bhd * Acidchem (Sabah) Sdn Bhd *	59% 59% 59% 59% 59% 59% 59% 59% 59% 59% 59% 59% 59% 59% 59%	– – – – – – – – – – – – – – –	Property development & invesment holding Bulk cargo warehousing Hotel and related activities Management services & rental of storage tanks Management of collection of service charges Oil palm cultivation Property investment Dormant Dormant Dormant Dormant Dormant Dormant Dormant Dormant

# De-consolidated in March 2002 following the decrease in equity interest in Nissan-Industrial Oxygen Incorporated Berhad



## 44 List of Subsidiary and Associated Companies (cont'd)

Name of company	Effective group interest		Principal activity
	2002	2001	
Indirect Subsidiary Companies (cont'd)			
Subsidiary company of			
Acidchem International Sdn Bhd			
Acidchem (USA) Inc *			
(Incorporated in United States of America)	59%	–	Trading in fatty acids and glycerine
Subsidiary company of			
Palmex Industries Sdn Bhd			
Palmco International (HK) Limited *			
(Incorporated in Hong Kong)	59%	–	Investment holding
Subsidiary companies of			
Palmco International (HK) Limited			
Palmco Engineering Limited *			
(Incorporated in Hong Kong)	59%	–	Investment holding
Acidchem (Singapore) Pte Ltd *			
(Incorporated in Singapore)	59%	–	Dormant
Subsidiary company of			
Palmco Engineering Limited			
Tianjin Palmco Oil & Fats Co Ltd *			
(Incorporated in People's Republic of China)	59%	–	Dormant
Subsidiary company of			
IOI Construction Sdn Bhd			
IOI Concrete Sdn Bhd	70%	70%	Inactive
Subsidiary company of			
Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	60%	60%	Pre-operating
Subsidiary companies of			
Swee Lam Estates (Malaya) Sdn Berhad			
Swee Lam Development Sdn Bhd	100%	100%	Pre-operating
Swee Lam Properties Sdn Bhd	100%	100%	Pre-operating

\* Subsidiary companies not audited by BDO Binder

#### 44 List of Subsidiary and Associated Companies (cont'd)

Name of company	Effective group interest		Principal activity
	2002	2001	
Associated Companies:			
Palmco Holdings Berhad #	59%	32%	Manufacture and distribution of oleochemical products, cultivation of oil palm and processing of palm kernel, property development and investment holding
Kanzen Tetsu Sdn Bhd	30%	30%	Manufacture & distribution of stainless steel pipes
Perumahan Abadi Sdn Bhd	25%	25%	Inactive
Associated company of Ladang Sabah Sdn Bhd			
Reka Halus Sdn Bhd	30%	30%	Cultivation of oil palm and processing of palm oil
Associated company of Sakilan Desa Sdn Bhd			
Minat Teguh Sdn Bhd	27%	27%	Cultivation of oil palm and processing of palm oil
Associated company of IOI Properties Berhad			
Continental Estates Sdn Bhd	16%	16%	Property development
Associated companies of Palmco Holdings Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	18%	–	Manufacturing of fatty alcohol and methyl esters
Kao Plasticizer (Malaysia) Sdn Bhd	18%	–	Manufacturing of plasticizer and other chemical products
Associated company of Palmex Industries Sdn Bhd			
Malaysia Pakistan Venture Sdn Bhd	15%	–	Investment holding

# Reclassified to subsidiary company following the increase in equity interest

#### 45 Prior Year Adjustments

During the financial year, the Group changed its accounting policy in respect of the recognition of dividends proposed or declared after the balance sheet date in compliance with the new Malaysian Accounting Standard Board ("MASB") Standard 19, "Events After the Balance Sheet Date". In the previous financial years, dividends proposed or declared after the balance sheet dates were accrued as a liability at the balance sheet date. Under the new policy, these dividends will be accrued as a liability in the period in which the obligation to pay is established in accordance with MASB Standard 19.

## 45 Prior Year Adjustments (cont'd)

The change in accounting policy has been applied retrospectively. The effects of the change on the Group's and the Company's financial statements are as follows:

In RM'000	Group			Company		
	As previously stated	Effect of change in policy	As restated	As previously stated	Effect of change in policy	As restated
<b>At 01 July 2000</b>						
Retained profits	1,443,333	30,282	1,473,615	608,399	30,282	638,681
Proposed dividends (current liabilities)	30,282	(30,282)	–	30,282	(30,282)	–
<b>At 30 June 2001</b>						
Retained profits	1,658,853	45,318	1,704,171	727,677	45,318	772,995
Proposed dividends (current liabilities)	45,318	(45,318)	–	45,318	(45,318)	–

## 46 Comparative Figures

46.1 In the previous financial year, the Group's investments in fixed income trust funds were classified as short term investments in the balance sheet. During the financial year, the Group has reclassified investments in these trust funds that are subject to an insignificant risk of changes in value and with a maturity period of three months or less from short term investments to short term funds and form part of cash and cash equivalents in order to present more appropriately the nature of these amounts in the financial statements.

The changes in comparative figures are as follows:

In RM'000	Group	
	As previously stated	As restated
<b>Balance Sheet</b>		
Short term funds	–	16,000
Short term investments	16,000	–
<b>Cash Flow Statement</b>		
Cashflow from investing activities	(142,984)	(126,984)
Cash and cash equivalents	389,495	405,495

46.2 The following comparative figures have been restated to present more appropriately the nature of these amounts in the financial statements:

In RM'000	Group		Company	
	As previously stated	As restated	As previously stated	As restated
<b>Balance Sheet</b>				
Property, plant and equipment	2,102,601	2,123,375	–	–
Investment properties	512,766	489,519	–	–
Land held for development	521,860	524,333	–	–
<b>Income Statement</b>				
Other operating income	23,711	119,973	1,573	97,835
Other operating expenses	(49,146)	(51,042)	(8,805)	(10,701)
Exceptional items	94,366	–	94,366	–

## 47 Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 30 June 2002 were authorised for issue by the Board of Directors on 3 September 2002.

## Statement by Directors

---

In the opinion of the Directors, the financial statements set out in pages 120 to 182 are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

- i the state of affairs of the Group and of the Company as at 30 June 2002 and of their results for the financial year ended on that date; and
- ii the cash flows of the Group and of the Company for the financial year ended 30 June 2002.

On behalf of the Board,

Tan Sri Dato' Lee Shin Cheng  
Executive Chairman

Dato' Yeo How  
Executive Director

Puchong, Selangor Darul Ehsan  
3 September 2002

## Statutory Declaration

---

I, Dato' Yeo How, being the Director primarily responsible for the financial management of IOI Corporation Berhad, do solemnly and sincerely declare that the financial statements set out in pages 120 to 182 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 Statutory Declaration Act, 1960.

Subscribed and solemnly declared	)
by the abovenamed	) Dato' Yeo How
at Puchong, Selangor Darul Ehsan	)
this 3 September 2002	)

Before me  
S. Nirmala Devi  
Commission for Oaths  
No. B076

We have audited the financial statements set out on pages 120 to 182. These financial statements are the responsibility of the Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2002 and of their results and cash flows for the financial year then ended; and
- b the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 44 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

BDO Binder  
AF: 0206  
Chartered Accountants

Tan Kim Leong, JP  
235/6/03 (J)  
Partner

Kuala Lumpur  
3 September 2002

## Group Properties

### A Plantation Estates

Location	Tenure	Area (Hectare)	Crop planted	Factory/ mill	Net book value as at 30 June 2002 RM'000	Year of acquisition/ revaluation
<b>Pahang Darul Makmur</b>						
Bukit Dinding Estate, Bentong	Freehold	1,214	OP R	–	17,373	1983
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,411	OP	M	43,187	1985
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,209	OP	–	20,672	1985
Detas Estate, Pekan	Leasehold expiring 2081	2,226	OP	–	26,989	1989
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	M	25,138	1989
Merchong Estate, Pekan	Leasehold expiring 2075	1,953	OP	–	29,653	1990
Leepang A Estate, Rompin	Leasehold expiring 2065	3,887	OP	–	11,770	2000
<b>Negeri Sembilan Darul Khusus</b>						
Regent Estate, Tampin	Freehold	2,303	OP R	–	41,989	1990
Bahau Estate, Kuala Pilah	Freehold	3,020	OP R	–	54,268	1990
Kuala Jelei Estate, Kuala Pilah	Freehold	678	OP	–	12,832	1990
<b>Johor Darul Takzim</b>						
Gomali Estate, Segamat	Freehold	3,678	OP	M	81,408	1990
Paya Lang Estate, Segamat	Freehold	1,420	OP	F	26,116	1990
Tambang Estate, Segamat	Freehold	1,983	OP	–	37,699	1990
Bukit Serampang Estate, Tangkak	Freehold	2,721	OP	–	47,464	1990
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	M	37,887	1990
Sagil Estate, Tangkak	Freehold	2,521	OP R	–	41,864	1990
Segamat Estate, Segamat	Freehold	2,107	OP R	–	37,138	1990
<b>Sabah</b>						
Morismen 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	28,720	1993
Morismen 2 Estate, Kinabatangan	Leasehold expiring 2087	2,023	OP	–	28,011	1993
Morismen 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	M	34,902	1993
Morismen 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	25,653	1993
Morismen 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	M	30,642	1993
Baturong Estates, Kunak	Leasehold expiring 2081	7,485	OP	M	65,532	1991
Ladang Halusah, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	131	1991
Syarimo 1 to 8 Estates, Kinabatangan	Leasehold expiring 2077-2990	18,272	OP	M	201,458	1985-2000
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,093	OP	–	109,286	1995
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	–	29,718	1996
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	M	50,774	1996
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2082, 2087, 2089	11,601	OP	M	239,275	1998
Ladang Cantawan, Lahad Datu	Leasehold expiring 2061, 2066, 2078, 2079, 2080	1,452	OP	–	32,121	1998
Ladang Tas, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	29,397	1998
Tangulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	–	64,975	2001
Bimbing Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	–	75,592	2001

OP – Oil palm

R – Rubber

M – Oil palm mill

F – Rubber factory

**B Development Properties**

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2002 RM'000	Year of acquisition/revaluation
Bandar Puchong Jaya – Parcel A Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	164 hectares	6 hectares	On-going mix development project	4,487	1989
Bandar Puchong Jaya – Parcel B Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	210 hectares	47 hectares	On-going mix development project	96,740	1990
Bandar Puteri Lots 12, 356, 5452–5473, 5475–5490 Puchong, Petaling Selangor Darul Ehsan	Freehold	374 hectares	180 hectares	On-going mix development project	256,233	1994
IOI Resort, Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	17 hectares	Condominium and bungolow development	34,108	1990
Bandar Putra Lot 5418 (part) Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	102 hectares	On-going mix development project	72,314	1988
Bandar Putra Lots 3787, 5418, 26737, 3783, 3785 Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	942 hectares	On-going mix development project  Labour lines, staff quarters, estate bungalows, stores	135,397  600	1988
Bandar Putra PTD 5746, 5747 & 5748 Segamat Johor Darul Takzim	Freehold	198 hectares	69 hectares	On-going mix development project	33,416	1990
Lot 2847, Grant 9051 (part) Tangkak, Muar Johor Darul Takzim	Freehold	43 hectares	43 hectares	Landscape and garden development	1,551	1990
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	113 hectares	Homestead development	1,948	1990
Taman Bidara Seremban Negeri Sembilan Darul Khusus	Freehold	–	12,368 sq m	On-going mix development project	1,091	1985



## B Development Properties (cont'd)

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2002 RM'000	Year of acquisition/ revaluation
Lot 1758 (part of CT 2121) Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	16 hectares	4 hectares	On-going mix development project	4,069	1990
Lot 18485 Sg Buloh, Petaling Selangor Darul Ehsan	Freehold	–	3,962 sq m	Future development land	1,427	1980
Taman Klang Utama Various sub-divided lots in Kapar, Klang Selangor Darul Ehsan	Freehold	–	2,525 sq m	Future development land	1,659	1991
Lots 2, 3, 177 & 179 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	196 hectares	196 hectares	Future development land	5,846	1990
Lots 429, 432 & 434, Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	19 hectares	Future development land	16,541	1990
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	20 hectares	On-going mix development project	6,764	1990
Lot 369 (Part), Title 1063 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1,308	1990
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	446 hectares	446 hectares	Future development land	12,454	1983
HSD 1426 PT No 4466 Mukim of Dengkil District of Sepang Selangor Darul Ehsan	Leasehold expiring 2091	202 hectares	116 hectares	Future development land	79,044	2001
Lot 3175 Town of Tanjung Tokong Seksyen 1, DTL, Penang	Freehold	–	17,617 sq m	Future development land	7,707	2001

Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties.

### C Investment Properties

Location	Tenure	Land area	Net lettable area	Usage	Age of building (Year)	Net book value as at 30 June 2002 RM'000	Year of acquisition/ revaluation
<b>Completed investment properties</b>							
Amoda Building 22 Jalan Imbi Kuala Lumpur	Freehold	3,151 sq m	16,825 sq m	21 storey office block with a 5 storey annexe	15	78,047	2001 *
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	68,797 sq m	57,507 sq m	3 storey shopping mall	6	127,072	2001 *
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	38,849 sq m	8,418 sq m	57 units commercial lot	4	29,517	2001 *
Mayang Plaza Jalan SS 26/2 Taman Mayang Jaya Petaling Jaya Selangor Darul Ehsan	Freehold	11,573 sq m	12,575 sq m	4 storey commercial complex	6	19,733	2001 *
IOI Resort Putrajaya	Freehold	48,810 sq m	15,512 sq m	23 units of residential bungalow	1-6	39,196	2001 *
IOI Mall Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	43,482 sq m	23,784 sq m	2 storey shopping mall	1	24,510	1994 **
IOI Plaza 210 Middle Road Singapore	Leasehold expiring 2095	2,600 sq m	8,740 sq m	12 storey office building	4	202,382	2001 *
Flat 28 Marathon House 200 Marylebone Road London, NW1 5 PW	Leasehold expiring 2996	–	80 sq m	Residential apartment	4	1,999	1999 *

\* Year of revaluation.

\*\* Construction of the shopping mall was completed during the financial year.

## D Industrial Properties

Location	Tenure	Land area	Usage	Age of building (Year)	Net book value as at 30 June 2002 RM'000	Year of acquisition/ revaluation
Taman Klang Utama Lot 723 EMR 2244 Jalan Kapar, Kelang Selangor Darul Ehsan	Freehold	12,040 sq m	Industrial premises for rental	–	686	1992
27, Section 13, Jalan Kemajuan Petaling Jaya Selangor Darul Ehsan	Leasehold expiring 2059	8,336 sq m	Industrial premises for rental	–	5,324	1984
Country lease 075365632 075376279, 075469340 & 075376260 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042 2044	22 hectares	Palm oil refinery	5	69,631	1995
Plot 57 Mukim 1 Bukit Tegah Industrial Park Prai Penang	Leasehold expiring 2053	41,224 sq m	Vacant industrial land	–	2,957	2001
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai Penang	Leasehold expiring between 2035 to 2071	176,169 sq m	Offices and factory sites  New factory site erected on existing land	23  1	59,226  10,203	2001
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2003	13,400 sq m	Bulk cargo terminal	28	367	2001
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	5,200 sq m	Bulking installation	28	–	2001
Lot D-9 District of Manjung, Lumut Industrial Park Perak Darul Ridzuan	Leasehold expiring 2095	44,931 sq m	Vacant industrial land	–	1,456	2001
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	13	–	2001

# E Other Properties

Location	Tenure	Land/ build up area	Usage	Age of building (Year)	Net book value as at 30 June 2002 RM'000	Year of acquisition/ revaluation
Renaissance Palm Garden Hotel Lot 3991 (part), Dengkil, Sepang Selangor Darul Ehsan	Freehold	12,100 sq m	152-room hotel	6	20,348	1990
IOI Palm Garden Golf Course Lot 3991 (part), Dengkil, Sepang Selangor Darul Ehsan	Freehold	94 hectares	27-hole golf course and clubhouse	9	45,334	1990
Lot 17351-17355, Petaling Selangor Darul Ehsan	Freehold	1,376 sq m	IOI headoffice, 4 units 3.5 storey shopoffices	8	1,820	1994
HS (D) 45891 PT 9428 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq m	Petrol station land	–	9	1991
HS (D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq m	Petrol station land	–	313	1993
HS (D) 125263 PT 17727 Mukim Petaling Selangor Darul Ehsan	Freehold	2,601 sq m	Petrol station land	–	112	1995
HS (D) 55058, PT 56477 Mukim of Klang Selangor Darul Ehsan	Freehold	3900 sq m	1.5 storey factory	6	411	1997
IOI Resort Lot 3991 (part), Dengkil, Sepang Selangor Darul Ehsan	Freehold	2 hectares	Hotel and commercial development	–	227,692	1990
Menara Luxor 15th Floor, No 6 Persiaran Tropicana 47410 Petaling Jaya Selangor Darul Ehsan	Leasehold expiring 2090	487 sq m	Office floor	6	1,410	1999
HSD 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Leasehold expiring 2026	1,803 sq m	Petrol station land	–	10	1992
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq m	Bungalow plots	–	1,976	1992
No. 1, Lebuhraya Putra Utara Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,041 sq m	Bandar Putra corporate office	5	1,407	1994

## E Other Properties (cont'd)

Location	Tenure	Land/ build up area	Usage	Age of building (Year)	Net book value as at 30 June 2002 RM'000	Year of acquisition/ revaluation
HS (D) 13605 PTD 4911 Mukim Sg Segamat Segamat Johor Darul Takzim	Leasehold expiring 2046	6,930 sq m	Vacant industrial land	–	190	1986
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	96 hectares	27-hole golf course	–	18,531	1994
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	1	6,688	1994
PT 3865, Pasir Ponyang Port Dickson Negeri Sembilan Darul Khusus	Freehold	917 sq m	Holiday bungalow	19	106	1990
Lot 8, Jalan Segama Lahad Datu Sabah	Leasehold expiring 2894	112 sq m	Shoplot	9	159	1993
Lot 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq m	Semi-detached house and staff apartments	16	1,235	1993
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	1	708	1993
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Warehouse	–	1,624	1993
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Warehouse	–	2,900	1993
Lot 288C Mukim 12 South-West District Sg Ara Estate, Desaria Penang	Freehold	131 sq m	Shoplot	7	327	2001
Batu Ferringi 11100 Penang	Freehold	20,700 sq m	180-room hotel	27	49,498	2001
Lot 8165 Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	Vacant commercial land	–	150	2001

Type of shares : Ordinary shares of RM0.50 each  
Voting rights : One vote per shareholder on a show of hands  
One vote per ordinary share on a poll  
Number of shareholders : 12,376

## Distribution of Shareholdings

Size of holdings	No. of holders	Total holdings	%
1 – 999	311	102,866	0.01
1,000 – 10,000	10,252	30,239,939	3.39
10,001 – 100,000	1,233	38,439,846	4.32
100,001 – 44,541,754	578	661,876,323	74.30
44,541,755 and above	2	160,176,139	17.98
Total	12,376	890,835,113	100.00

## List of Top 30 Shareholders (without aggregating securities from different securities accounts belonging to the same person)

Name	No. of shares held	%
1 Progressive Holdings Sdn Bhd	107,176,139	12.03
2 RHB Merchant Nominees (Tempatan) Sdn Bhd	53,000,000	5.95
Qualifier: Pledged Securities Account for Progressive Holdings Sdn Bhd		
3 RHB Capital Nominees (Tempatan) Sdn Bhd	40,000,000	4.49
Qualifier: Pledged Securities Account for Progressive Holdings Sdn Bhd		
4 Employees Provident Fund Board	27,253,000	3.06
5 HSBC Nominees (Asing) Sdn Bhd	22,922,400	2.57
Qualifier: Emerging Markets Growth Fund		
6 Mayban Nominees (Tempatan) Sdn Bhd	20,000,000	2.24
Qualifier: Pledged Securities Account for Progressive Holdings Sdn Bhd		
7 Cartaban Nominees (Asing) Sdn Bhd	20,000,000	2.24
Qualifier: SSBT Fund HG22 for Smallcap World Fund, Inc.		
8 Annhow Holdings Sdn Bhd	16,353,000	1.84
9 Malaysia Nominees (Tempatan) Sdn Bhd	13,524,000	1.52
Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (MLF)		
10 Cartaban Nominees (Asing) Sdn Bhd	13,079,000	1.47
Qualifier: Credit Suisse Singapore for Crystal Palace Investments Limited		
11 Mayban Nominees (Tempatan) Sdn Bhd	11,000,000	1.23
Qualifier: Pledged Securities Account for Progressive Holdings Sdn Bhd		
12 DB (Malaysia) Nominee (Asing) Sdn Bhd	10,242,000	1.15
Qualifier: UBS AG Singapore for Westmead Holdings Limited		
13 Cartaban Nominees (Asing) Sdn Bhd	10,000,000	1.12
Qualifier: Credit Suisse Singapore for Happy Palace Investments Limited		
14 HSBC Nominees (Asing) Sdn Bhd	7,968,500	0.89
Qualifier: Abu Dhabi Investment Authority		
15 HSBC Nominees (Asing) Sdn Bhd	7,443,000	0.84
Qualifier: Stichting Pensioenfond Abp.		
16 RHB Capital Nominees (Tempatan) Sdn Bhd	7,000,000	0.79
Qualifier: Pledged Securities Account for Progressive Holdings Sdn Bhd		

### List of Top 30 Shareholders (cont'd)

Name	No. of shares held	%
17 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Desa Mayang Sdn Bhd	7,000,000	0.79
18 Desa Mayang Sdn Bhd	6,745,000	0.76
19 Desa Mayang Sdn Bhd	6,602,380	0.74
20 DB (Malaysia) Nominee (Asing) Sdn Bhd Qualifier: UBS AG Singapore for Narisa Heights Investments Limited	6,000,000	0.67
21 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Public Growth Fund	5,700,000	0.64
22 HSBC Nominees (Asing) Sdn Bhd Qualifier: BNY Brussels for The State Teachers Retirement System of Ohio (Steward Ivory)	5,664,000	0.64
23 HSBC Nominees (Asing) Sdn Bhd Qualifier: BOB HK for The Overlook Partners Fund L P	5,633,000	0.63
24 RHB Nominees (Asing) Sdn Bhd Qualifier: ING Asia Private Bank Ltd for Narisa Heights Investments Limited	5,000,000	0.56
25 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Annhow Holdings Sdn Bhd	5,000,000	0.56
26 HSBC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Progressive Holdings Sdn Bhd	5,000,000	0.56
27 HSBC Nominees (Asing) Sdn Bhd Qualifier: Capital International Emerging Markets Investment Fund	4,981,400	0.56
28 HSBC Nominees (Asing) Sdn Bhd Qualifier: CMB LDN for Trustees of The BT Pensions Scheme	4,883,000	0.55
29 DB (Malaysia) Nominee (Asing) Sdn Bhd Qualifier: DB GCS London for Deutsche Global Emerging Markets Fund (Select)	4,784,000	0.54
30 Chan Cha Lin	4,733,000	0.53
Total	464,686,819	52.16

### Substantial Shareholders (as per register of substantial shareholders)

Name of shareholders	Direct	No. of shares held		%
		%	Indirect	
1 Tan Sri Dato' Lee Shin Cheng	4,349,051	0.49	265,613,519 *	29.82
2 Puan Sri Datin Hoong May Kuan	–	–	269,962,570 **	30.31
3 Lee Yeow Chor	238,000	0.03	245,028,139 ***	27.51
4 Progressive Holdings Sdn Bhd	245,028,139	27.51	–	–
5 The Capital Group Companies, Inc	–	–	53,560,096 ****	6.01

\* Indirect shareholding includes the shares held by Progressive Holdings Sdn Bhd, Desa Mayang Sdn Bhd and his son, Mr Lee Yeow Chor.

\*\* Indirect shareholding includes the shares held by Progressive Holdings Sdn Bhd, Desa Mayang Sdn Bhd, her spouse Tan Sri Dato' Lee Shin Cheng and her son Mr Lee Yeow Chor.

\*\*\* Indirect shareholding includes the shares held by Progressive Holdings Sdn Bhd by virtue of his substantial shareholdings in Progressive Holdings Sdn Bhd.

\*\*\*\* Shares held under various fund institutions.

Type of securities	: Warrants	
Voting rights	: One vote per warrant holder on a show of hands One vote per warrant on a poll	} in the meeting of warrant holders
Number of warrant holders	: 6,595	

## Distribution of Warrantholdings

Size of holdings	No. of holders	Total holdings	%
1 – 999	1,616	492,672	0.28
1,000 – 10,000	4,449	12,980,241	7.36
10,001 – 100,000	447	12,449,852	7.06
100,001 – 8,818,395	82	59,634,756	33.81
8,818,396 and above	1	90,810,410	51.49
Total	6,595	176,367,931	100.00

## List of Top 30 Warrantholders (without aggregating securities from different securities accounts belonging to the same person)

Name	No. of warrants held	%
1 Progressive Holdings Sdn Bhd	88,933,000	50.42
2 Desa Mayang Sdn Bhd	7,000,000	3.97
3 Citicorp Nominees (Tempatan) Sdn Bhd Qualifier: Prudential Assurance Malaysia Berhad (Par Fund)	4,200,000	2.38
4 Annhow Holdings Sdn Bhd	3,933,500	2.23
5 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Public Savings Fund	2,886,000	1.64
6 HLG Nominee (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lai Ming Chun @ Lai Poh Lin	2,585,250	1.47
7 Cartaban Nominees (Asing) Sdn Bhd Qualifier: State Street Australia Fund Q3VD for Fullerton (Private) Limited	2,391,000	1.36
8 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for Public Ittikal Fund	2,389,000	1.36
9 Universal Trustee (Malaysia) Berhad Qualifier: CMS Premier Fund	2,238,000	1.27
10 Wong Kin Cheong	2,179,000	1.24
11 Progressive Holdings Sdn Bhd	1,877,410	1.06
12 Malaysia Nominees (Tempatan) Sdn Bhd Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (MLF)	1,712,000	0.97
13 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Public Growth Fund	1,702,000	0.97
14 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Annhow Holdings Sdn Bhd	1,250,000	0.71
15 HDM Nominees (Tempatan) Sdn Bhd Qualifier: DBS Vickers Secs (S) Pte Ltd for Ang Poh Yean	1,190,000	0.67
16 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Public Index Fund	1,109,000	0.63



List of Top 30 Warrantholders (cont'd)

Name	No. of warrants held	%
17 Tan Sri Dato' Lee Shin Cheng	1,100,000	0.62
18 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for Public Regular Savings Fund	1,041,000	0.59
19 Citicorp Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lai Ming Chun @ Lai Poh Lin	1,000,000	0.57
20 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for Public Aggressive Growth Fund	995,000	0.56
21 Lai Ming Chun @ Lai Poh Lin	977,750	0.55
22 DB (Malaysia) Nominee (Asing) Sdn Bhd Qualifier: BNP Paribas Nominees Singapore Pte Ltd. for Hambleton Investments Ltd	950,000	0.54
23 The Central Depository (Pte) Limited	888,756	0.50
24 Citicorp Nominees (Tempatan) Sdn Bhd Qualifier: Prudential Assurance Malaysia Berhad (Prulink Eqty Fd)	783,000	0.44
25 CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lim Kin Tong	750,000	0.43
26 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for Phileo Equityextra Fund	714,000	0.40
27 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: PB Balanced Fund	640,000	0.36
28 RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Susy Ding (CEB)	588,000	0.33
29 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Public Equity Fund	510,000	0.29
30 Koon Kok Meng	475,000	0.27
Total	138,987,666	78.80



## Proxy Form

I/We \_\_\_\_\_ (Please use block letters)

of \_\_\_\_\_

being a member(s) of **IOI Corporation Berhad**, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at Putra Room, Renaissance Palm Garden Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Friday, 18 October 2002 at 10.15 a.m. or any adjournment thereof.

My proxy shall vote as follows:

Resolutions	For	Against
1 To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2002 and the Reports of the Directors and Auditors thereon		
2 To re-elect Tan Sri Dato' Lee Shin Cheng as a Director		
3 To re-elect Dato' Yeo How as a Director		
4 To re-appoint Mr Chan Fong Ann pursuant to Section 129 of the Companies Act, 1965		
5 To approve Directors' Fees		
6 To declare a Final Dividend		
7 To re-appoint BDO Binder as Auditors and to authorise the Directors to fix their remuneration		
8 To authorise the Directors to allot and issue shares pursuant to Executive Share Option Scheme		
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		

(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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2002.

Signature of Shareholder \_\_\_\_\_

### Notes

- 1 A member may appoint any person to be his proxy and the provisions of section 149(1)(b) of the Act shall not apply to the Company.
- 2 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- 3 If a member appoints two proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.
- 4 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- 5 An instrument appointing a proxy must be deposited at the Company's registered office at No.7-10, Jalan Kenari 5, Bandar Puchong Jaya, Off Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

fold here

stamp

**IOI Corporation Berhad**

7-10 Jalan Kenari 5  
Bandar Puchong Jaya  
Off Jalan Puchong  
47100 Puchong  
Selangor Darul Ehsan  
Malaysia

fold here