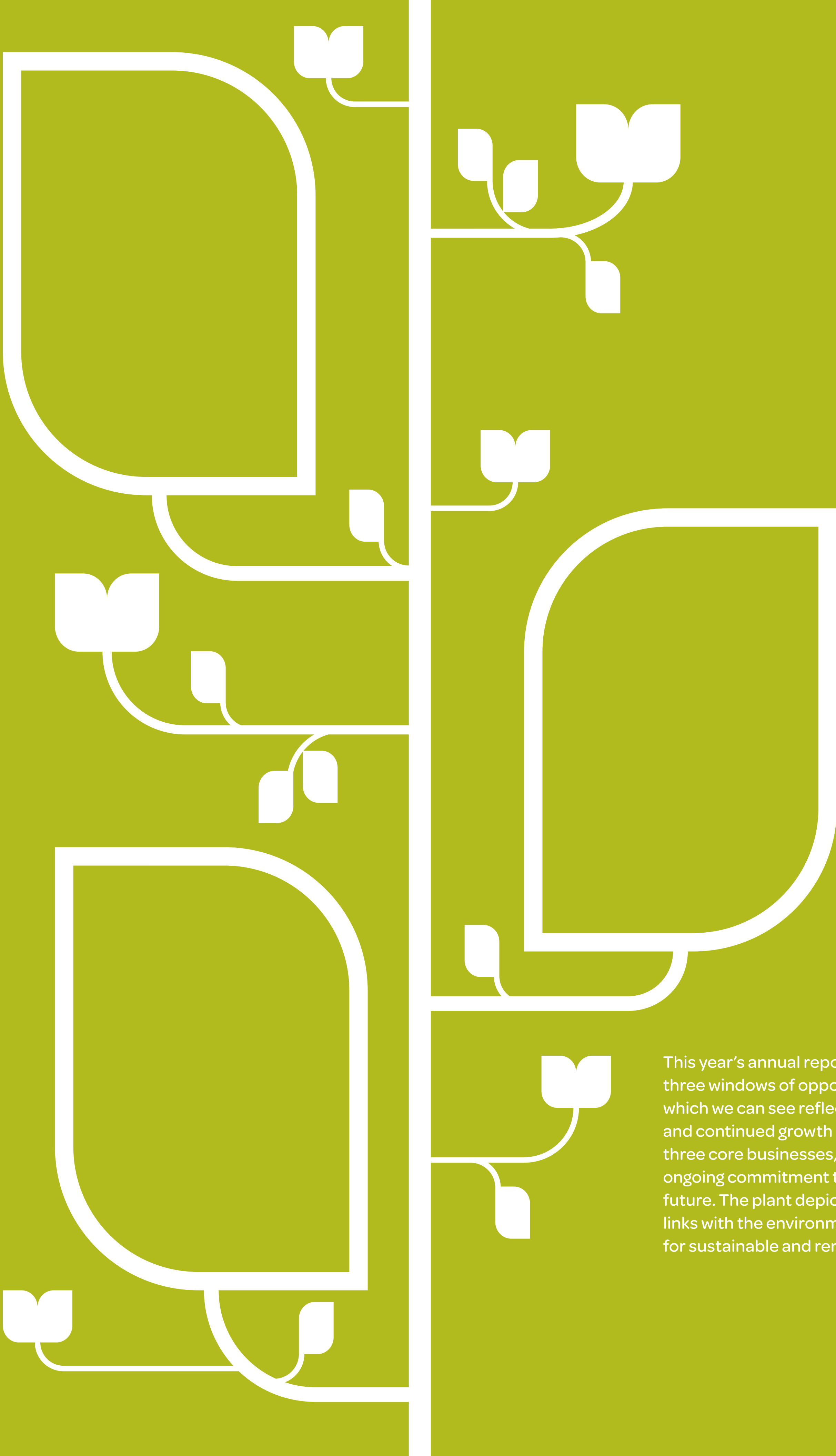
PLANTING NEW OPPORTUNITIES FOR GROWTH

IOI CORPORATION BERHAD 9027-W
ANNUAL REPORT 2009

IOI GROUP



This year's annual report cover depicts three windows of opportunity, through which we can see reflected the nurturing and continued growth of IOI Group's three core businesses, as well as its strong ongoing commitment towards a sustainable future. The plant depicts the Group's close links with the environment as a source for sustainable and renewable growth.

OUR VISION

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

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

OUR KEY STRATEGIES

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

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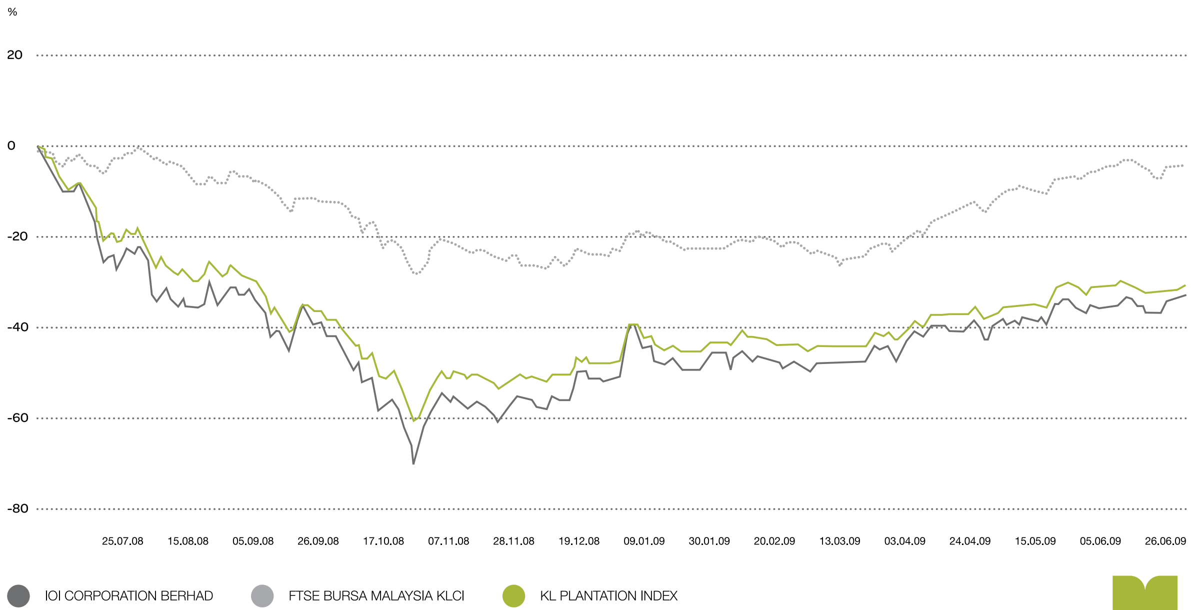
KEY INDICATORS



		2009	2008	2007	2006	2005
FINANCIAL						
Profit before taxation	RM'000	**1,550,117**	3,095,197	1,991,073	1,152,873	1,208,423
Profit attributable to equity holders of the Company	RM'000	**983,517**	2,231,632	1,482,104	829,002	902,220
Equity attributable to equity holders of the Company	RM'000	**8,346,290**	8,391,361	7,739,258	6,033,923	4,862,328
Return on average equity	%	**11.75**	27.67	21.52	15.22	19.44
Basic earnings per share	sen	**16.62**	36.85	24.13	14.51	16.12
Gross dividend per share	%	**80.0**	170.0	70.0	87.0	70.0
PLANTATION						
FFB production	MT	**3,626,776**	3,957,281	3,694,535	3,674,483	3,657,776
Total oil palm area	Ha	**150,931**	149,445	148,871	144,055	143,696
PROPERTY						
Sales value	RM'000	**688,487**	696,743	683,471	570,842	549,213
Sales	unit	**1,465**	1,934	1,529	1,524	1,822
MANUFACTURING						
Oleochemical						
Plant utilisation	%	**78**	92	95	99	99
Sales	MT	**597,351**	668,808	509,965	364,393	366,040
Refinery						
Plant utilisation	%	**78**	91	85	87	97
Sales	MT	**2,817,987**	2,996,439	2,287,190	1,283,647	1,200,214
Specialty oils and fats						
Plant utilisation	%	**100**	100	95	91	72
Sales	MT	**504,317**	521,719	502,695	482,876	283,570

MARKET CAPITALISATION

2009
RM28.11 BILLION

2008
RM44.60 BILLION

PROFIT BEFORE TAXATION

2009
RM1.55 BILLION

2008
RM3.10 BILLION

REVENUE

2009
RM14.60 BILLION

2008
RM14.67 BILLION

SHARE PRICE

2009
RM4.72

2008
RM7.45

BASIC EARNINGS PER SHARE

2009
16.62 SEN

2008
36.85 SEN

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF IOI CORPORATION BERHAD, I AM PLEASED TO PRESENT TO YOU THE ANNUAL REPORT OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009 ("FY2009").

OPERATING ENVIRONMENT

The current economic crisis had its origins in the subprime credit problems in the United States of America which erupted in the second half of 2008 resulting in massive losses by major financial institutions. Credit markets seized up and unprecedented amounts of liquidity had to be injected into the global financial system to recapitalise major financial institutions and prevent systemic risks. Economic growth deteriorated sharply from the widespread effects of the financial crisis and the turmoil in financial markets impacted on business and consumer confidence in both developed and developing markets. Given these adverse developments, world output is projected to decline in 2009 as a whole and a gradual recovery is only expected in 2010.

The Malaysian economy was not spared from the global downturn and registered a decline in the first two quarters of 2009 after grinding to a halt in the fourth quarter of 2008. Major commodities including palm oil experienced sharp declines followed by substantial fluctuations in prices in line with the major commodities bust cycle exacerbated by the wild swings in demand and supply conditions. Activities in the domestic property market also slowed down in tandem with the decline in overall economic growth.

REVIEW OF RESULTS

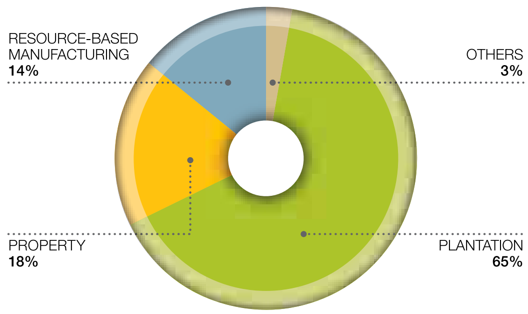
The performance of the Group for FY2009 was, in addition to the global economic slowdown, adversely impacted by unrealised translation losses on its long term USD denominated borrowings, realised foreign currency losses on derivative contracts and impairment loss on its Singapore property. Although Group revenue of RM14.6 billion was in line with the previous year, these exceptional losses, amounting in total to RM941.4 million, have contributed to lower operating profits and earnings for the Group.

The Group's operating profit of RM1,969.1 million for FY2009 was lower by 38% compared to the previous year with reductions reported in all main business segments.

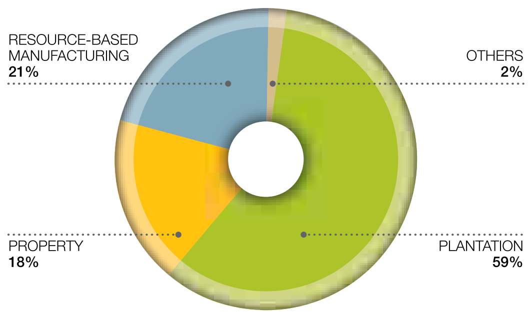
Plantation division's earnings were 11% lower at RM1,639.7 million on the back of higher fertiliser and diesel costs and a reduction in FFB production. The average selling price of CPO reduced from RM2,865 per MT in FY2008 to RM2,831 per MT as CPO prices retreated from their highs in the second half of 2008 towards more sustainable levels. Production of FFB reduced from 3.96 million MT to 3.63 million MT in FY2009 largely due to lower yields achieved as a result of poor weather conditions.

SEGMENTAL CONTRIBUTION TO OPERATING PROFIT

2009



2008



CHAIRMAN'S STATEMENT

The resource-based manufacturing division's earnings declined by 46% to RM356.8 million in FY2009 mainly coming from poorer results in the refinery and oleochemicals businesses. The refinery business was adversely impacted by significant realised foreign currency losses on derivative contracts and customer defaults during the year. Demand for oleochemicals was lower in line with global economic conditions and margins were further depressed by lower glycerine by-product prices due to increased biodiesel production.

The property division's results for FY2009 were affected by an impairment loss of RM258.6 million on its development land in Sentosa Cove Singapore, partially offset by RM110.8 million (FY2008 - RM130 million) of fair value gain on investment properties. After excluding the impairment loss and fair value gain, the property division's earnings were lower by 16%. The property division achieved higher average sales value per unit as progress was made on marketing higher value properties although there was a decline in the total number of units sold during the year.

The Group's pre-tax profit of RM1,550.1 million was 50% below the record profit achieved in FY2008 whilst net earning for FY2009 declined by 56% to RM983.5 million. Excluding the exceptional losses mentioned earlier, pre-tax profit and net earning for the Group would be 17% and 10% lower respectively for FY2009. A large proportion of the exceptional losses are unrealised and it should be mentioned that the Group continues to generate healthy cash f ow from its operations, which amounted to RM2,819.3 million for FY2009.

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

DIVIDENDS AND CAPITAL MANAGEMENT

Three interim dividends totalling 8.0 sen per ordinary share amounting to a total payout of approximately RM474.6 million were declared for FY2009. The dividends represent an approximately 48% distribution of the Group's net profit attributable to shareholders which is in line with the dividend payout ratio in FY2008.

The company continues to manage its capital in a proactive manner to enhance value to shareholders, optimise gearing levels and provide for funding requirements. During the year, the Company bought back 139,419,800 ordinary shares of the Company from the open market at an average price of RM4.68 per share, bringing the accumulative number of treasury shares repurchased up to FY2009 to 291,244,500 shares representing 4.7% of the issued and paid-up share capital of the Company. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2009 stood at RM2.5 billion, and a net gearing ratio of 37%.

CORPORATE DEVELOPMENTS

On 4 February 2009, the Company served a notice of voluntary take-over offer for the shares of IOI Properties Berhad ("IOI Prop") not already owned by it. The IOI Prop shares were valued at RM2.598 per share and the offer was to be satisfied by the issuance of zero-point six (0.6) ordinary shares of RM0.10 each in the Company at an issue price of RM3.78 per share and RM0.33 in cash for every one IOI Prop share. At the close of the offer period on 31 March 2009, acceptances were received for 124,319,726 IOI Prop shares increasing the Company's shareholding in IOI Prop from 76.0% to 91.3%. Pursuant to section 34A of the Securities Commission Act 1993, the remaining shareholders of IOI Prop were given the right to serve notice on the Company to acquire their IOI Prop shares on

the same terms as the offer made earlier within a period of three months. I am pleased to inform you that at the end of the three month period on 13 July 2009, a further 68,047,165 shares of IOI Prop were accepted and the Company currently holds 99.7% of issued and paid-up share capital of IOI Prop which brings the privatisation of IOI Prop to a satisfactory conclusion.

On 23 July 2009, it was announced that the Company is proposing to undertake a renounceable rights issue of up to 420,989,299 Rights Shares in the Company at an issue price of RM2.90 per Rights Share on the basis of one (1) Rights Share to every fifteen (15) existing shares held in the Company. The proposed rights issue is expected to be completed by the end of 2009 and proceeds will be used to fund future investment opportunities and/or capital expenditure in the businesses of the Group.

CORPORATE SOCIAL RESPONSIBILITY

One major initiative which was started in the last financial year was certification for the Roundtable on Sustainable Palm Oil ("RSPO"). The Company is a founding member of this global initiative which operates on a multi-stakeholder format and involves strict principles and criteria covering the social and environmental requirements for the production and use of sustainable palm oil. Preparation and training for RSPO certification began about two years ago and in February 2009, six of the Group's estates and one palm oil mill in Sabah were awarded the RSPO compliance certification. The Group is actively pursuing certification audits on its other estates and mills in Malaysia with a target towards obtaining RSPO certification for all its Malaysian estates and mills by the middle of 2011.

CHAIRMAN'S STATEMENT

The Group has been consistently employing good agricultural practices such as zero burning, integrated pest management, land terracing, recycling of biomass and reducing fossil fuel consumption. This has enabled the Group to achieve higher than industry-average yields at reasonable costs whilst adhering to the Group's corporate vision of harmonising commercial success with social and environmental responsibility.

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

PROSPECTS

The years 2008 and 2009 will be remembered as the period when the world went into its worst economic recession since World War Two. Although major economies are experiencing a slowdown in their rates of decline and there are signs that the global recession may be near its bottom, the recovery process is likely to be slow and painful with unemployment a major problem to be resolved. Against this backdrop, the Group is cautiously optimistic that FY2010 will be a better year for the Group, having put in place policies and controls to better manage its key risks and exceptional losses of the nature experienced in FY2009.

FFB production volume from our estates in Malaysia is expected to rebound from its decline in FY2009 due to more favourable weather conditions and better yielding trees coming to maturity. We have begun planting on our land in Indonesia. With 78% of our Group planted acreage in Malaysia within the prime ages of 7 to 20 years old, production volume will increase steadily over the next few years to meet increasing demand. Demand for palm oil and its products remain strong supported by resilient demand from the food sector, price competitiveness over other edible oils and higher consumption in emerging markets such as China and India. Prices of palm oil are also expected to be underpinned by the relatively low world vegetable oil stock to usage ratio and strong biofuel commitments from developed countries.

Prospects for the Group's resource-based manufacturing business are expected to remain mixed, with soft demand and compressed margins in the oleochemical sector but stable volume and margins in the refinery and specialty fats sectors. We are continuing to invest in building new capacity to grow our downstream businesses and our refinery expansion in the Netherlands to produce mainly value added margarine ingredients and our Bionexus-status plant in Johor to supply enzymatic components to the Group are expected to be completed by the second quarter of 2010.

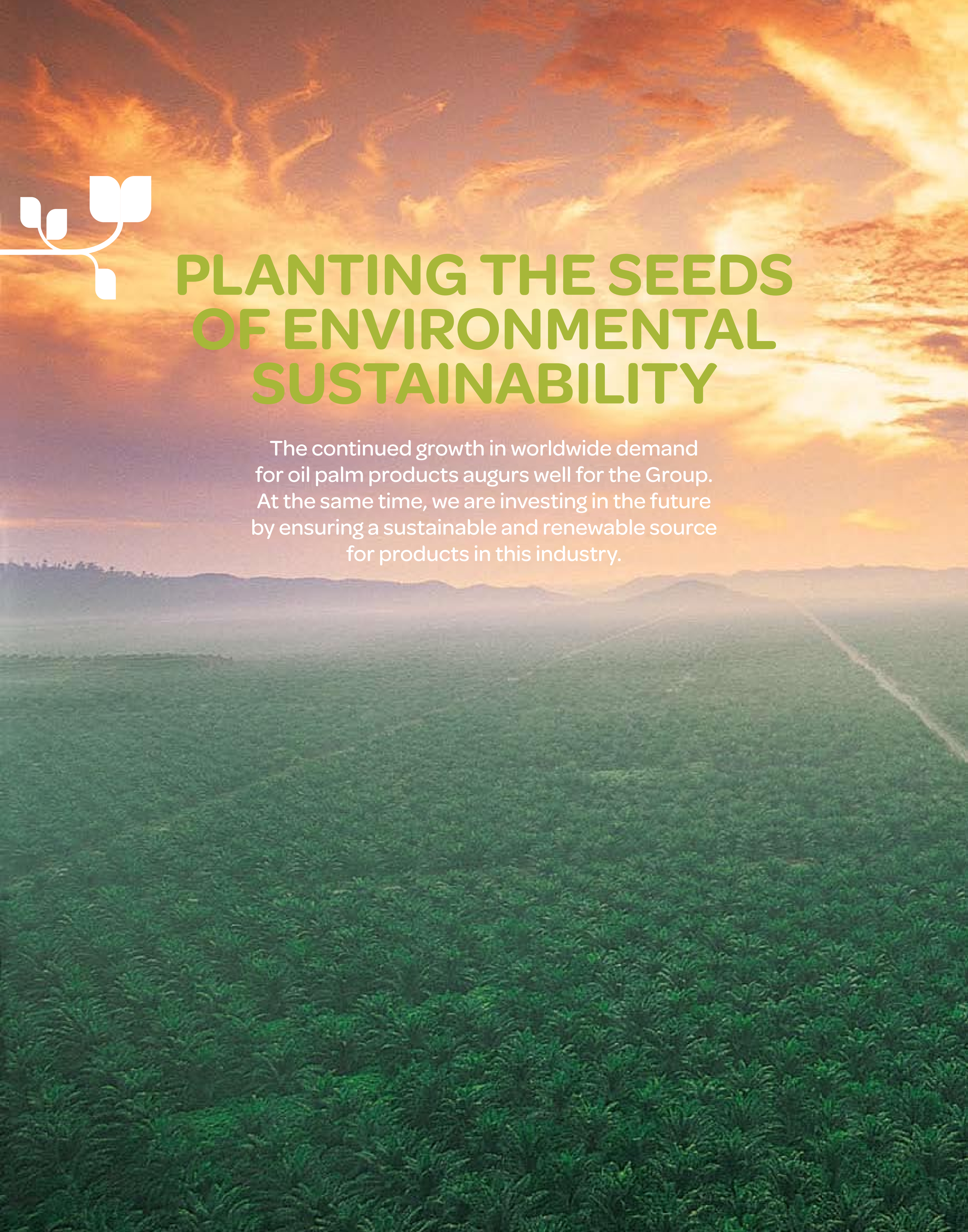
With a development land bank of approximately 6,000 acres, the Group's proven track record in township development will provide a strong base for the Group's property business. Our strength in township development has also enabled the Group to build more commercial properties in existing mature developments for investment to earn good rental returns. The property market in Singapore has shown encouraging signs of revival lately and this is expected to further improve once the integrated resorts are completed beginning in the first quarter of 2010. This augers well for our projects in Sentosa Cove which we expect to commence launching by the middle of 2010. The successful privatisation of IOI Prop has also provided the property business with access to a much larger balance sheet and the necessary financial resources to complete its large-scale projects.

ACKNOWLEDGEMENT

Our people are our most valuable resource and I wish to express my gratitude to our employees for their valuable contribution and effort especially in this difficult and challenging period. I also wish to thank all our customers, business partners, government authorities, shareholders and fellow Board members for their continued strong support.

Thank you.

TAN SRI DATO' LEE SHIN CHENG
EXECUTIVE CHAIRMAN



PLANTING THE SEEDS OF ENVIRONMENTAL SUSTAINABILITY

The continued growth in worldwide demand for oil palm products augurs well for the Group. At the same time, we are investing in the future by ensuring a sustainable and renewable source for products in this industry.

GROUP FINANCIAL OVERVIEW

CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

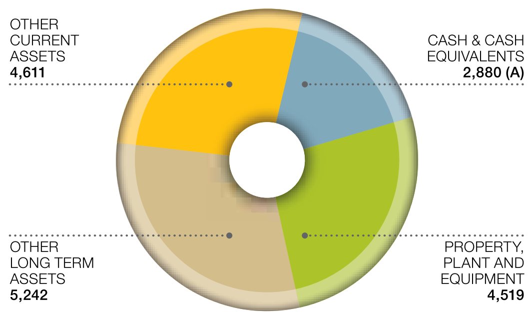
RM MILLION

Net operating cash flow	2,819
Capital expenditure, net of disposal	(431)
Free cash flow from operation	2,388
Proceeds from right issue of a subsidiary	46
Proceeds from issuance of shares	42
Acquisition of subsidiaries, net of cash balances and borrowings	(2)
Proceeds from disposal of investments, net of payments for other investments	(27)
Privatisation of a subsidiary	(53)
Investment in development land bank	(82)
Payment to jointly controlled entities	(123)
Interest paid	(141)
Share repurchases by the company	(653)
Dividend payments	
- Shareholders of the Company	(947)
- Shareholders of subsidiaries	(56)
Cash outflow in net borrowings	392
Repurchase of 3rd Exchangeable Bonds	31
Accretion of exchangeable bonds	(95)
Accretion of guaranteed notes	(1)
Net decrease in net borrowings	327
Net borrowings as at 30.06.08	(3,075)
Translation difference	(347)
Net borrowings as at 30.06.09	(3,095)

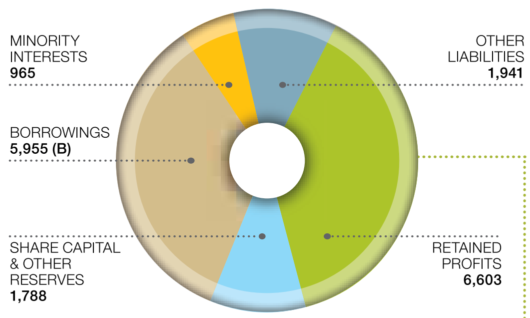
BALANCE SHEET AS AT 30 JUNE 2008

RM MILLION

ASSETS



SHAREHOLDERS' EQUITY AND LIABILITIES

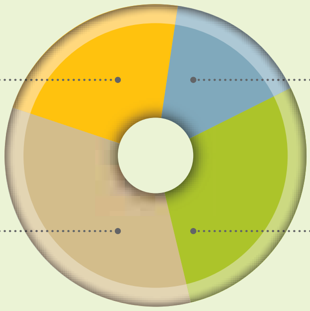


NET BORROWINGS = (B) - (A) = RM3,075 MILLION
NET GEARING = 37%

BALANCE SHEET AS AT 30 JUNE 2009

RM MILLION

ASSETS

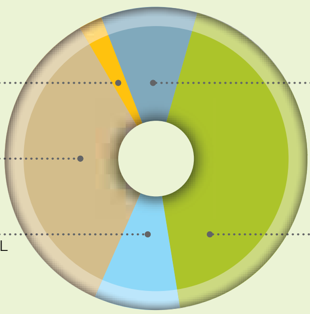


RETAINED PROFIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

RM MILLION

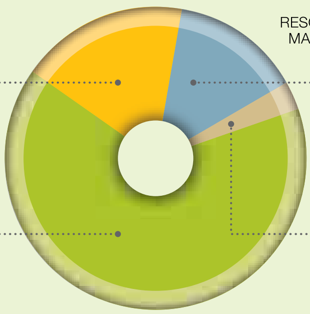
Segment results	2,542
Unallocated corporate expenses	(573)
Operating profit	1,969
Net interest expenses	(171)
Share of results of associates	10
Share of results of jv	(258)
Profit before taxation	1,550
Taxation	(487)
Profit for the financial year	1,063
Less: Attributable to minority interests	(79)
Profit for the financial year attributable to equity holders of the Company	984
Dividend paid	(946)
Purchase of 3rd exchangeable bonds	16
Changes in equity interest in subsidiaries	201
Retained profit for the financial year	255
Retained profit as at 30.06.08	6,603
Retained profit as at 30.06.09	6,858

SHAREHOLDERS' EQUITY AND LIABILITIES



SEGMENTAL CONTRIBUTION TO OPERATING PROFIT

RM MILLION



NET BORROWINGS = (D) - (C) = RM3,095 MILLION
NET GEARING = 37%

SEGMENT RESULTS = RM2,542 MILLION

GROUP PERFORMANCE HIGHLIGHTS

RM'000	2009	2008	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**14,600,474**	14,665,369	–
Profit before interest and taxation	**1,969,055**	3,171,995	(38)
Profit before taxation	**1,550,117**	3,095,197	(50)
Net operating profit after taxation ("NOPAT")	**1,236,314**	2,553,500	(52)
Net profit attributable to equity holders	**983,517**	2,231,632	(56)
Average shareholders' equity	**8,368,826**	8,065,310	4
Average capital employed	**15,426,081**	14,366,209	7
Operating margin (%)	**13.49**	21.63	(38)
Return on average equity (%)	**11.75**	27.67	(58)
NOPAT/Average capital employed (%)	**8.01**	17.77	(55)
Basic earnings per share (sen)	**16.62**	36.85	(55)
Dividend per share - gross (sen)	**8.0**	17.0	(53)
Net assets per share (sen)	**140**	140	–
Dividend cover (number of times)	**2.07**	2.46	(16)
Interest cover (number of times)	**7.71**	17.21	(55)
PLANTATION PERFORMANCE			
FFB production (MT)	**3,626,776**	3,957,281	(8)
Yield per mature hectare (MT)	**26.03**	28.54	(9)
Mill production (MT)			
Crude palm oil	**777,310**	848,119	(8)
Palm kernel	**182,075**	199,347	(9)
Oil extraction rate (%)			
Crude palm oil	**21.38**	21.38	–
Palm kernel	**5.01**	5.02	–
Average selling price (RM/MT)			
Crude palm oil	**2,831**	2,865	(1)
Palm kernel	**1,279**	1,706	(25)
Operating profit (RM/mature hectare)	**11,448**	13,347	(14)
PROPERTY PERFORMANCE			
Sales value	**688,487**	696,743	(1)
Sales (unit)	**1,465**	1,934	(24)
Average selling price	**470**	360	31
Revenue	**660,167**	755,066	(13)
Operating profit	**309,556**	369,673	(16)
Progress billings	**642,374**	699,967	(8)
MANUFACTURING PERFORMANCE			
Oleochemical			
Plant utilisation (%)	**78**	92	(15)
Sales (MT)	**597,351**	668,808	(11)
Refinery			
Plant utilisation (%)	**78**	91	(14)
Sales (MT)	**2,817,987**	2,996,439	(6)
Specialty oils and fats			
Plant utilisation (%)	**100**	100	–
Sales (MT)	**504,317**	521,719	(3)

GROUP QUARTERLY RESULTS

	1ST QUARTER RM'000	%	2ND QUARTER RM'000	%	3RD QUARTER RM'000	%	4TH QUARTER RM'000	%	FY2009 RM'000	%
Revenue	4,654,772	32	3,726,840	26	3,096,406	21	3,122,456	21	14,600,474	100
Operating profit	488,546	25	385,885	20	197,886	10	896,738	45	1,969,055	100
Interest income	20,670	34	15,088	25	13,454	22	11,134	19	60,346	100
Finance costs	(60,114)	26	(54,189)	23	(59,913)	26	(56,637)	25	(230,853)	100
Share of results of associates	13,464	136	3,075	31	(10,141)	(102)	3,515	35	9,913	100
Share of results of jointly controlled entities	(24)	–	(16,364)	6	43	–	(241,999)	94	(258,344)	100
Profit before taxation	462,542	30	333,495	22	141,329	8	612,751	40	1,550,117	100
Taxation	(140,936)	29	(150,967)	31	(83,088)	17	(111,952)	23	(486,943)	100
Profit for the financial year	321,606	30	182,528	17	58,241	6	500,799	47	1,063,174	100
Attributable to:										
Equity holders of the Company	290,500	30	168,586	17	37,362	4	487,069	49	983,517	100
Minority interests	31,106	39	13,942	18	20,879	26	13,730	17	79,657	100
	321,606	30	182,528	17	58,241	6	500,799	47	1,063,174	100
Earnings per share (sen)										
Basic	4.88		2.86		0.63		8.21		16.62	
Diluted	4.85		2.85		0.63		8.18		16.55	
Operating profit on segmental basis										
Plantation	567,109	35	527,846	32	285,524	17	259,260	16	1,639,739	100
Property development	56,585	18	49,251	16	58,996	19	144,724	47	309,556	100
Property investment	11,629	7	11,955	8	12,042	8	121,847	77	157,473	100
Manufacturing	144,749	41	(85,311)	(24)	109,627	31	187,751	52	356,816	100
Others	13,365	17	30,747	39	11,974	15	22,693	29	78,779	100
Segment results	793,437	31	534,488	21	478,163	19	736,275	29	2,542,363	100
Unallocated corporate expenses	(304,891)	53	(148,603)	26	(280,277)	49	160,463	(28)	(573,308)	100
Operating profit	488,546	25	385,885	20	197,886	10	896,738	45	1,969,055	100

FINANCIAL CALENDAR

Financial Year End 30 June 2009

Announcement of Results

1st Quarter	7 November 2008
2nd Quarter	20 February 2009
3rd Quarter	15 May 2009
4th Quarter	26 August 2009

Notice of Annual General Meeting 28 September 2009

Annual General Meeting 28 October 2009

Payment of Dividends

1st Interim

Declaration	16 January 2009
Book Closure	20 February 2009
Payment	27 February 2009

2nd Interim

Declaration	15 May 2009
Book Closure	15 June 2009
Payment	26 June 2009

3rd Interim

Declaration	26 August 2009
Book Closure	29 September 2009
Payment	8 October 2009

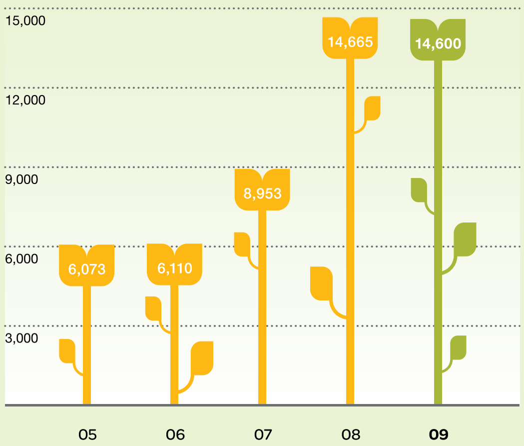
FIVE-YEAR FINANCIAL HIGHLIGHTS

RM'000	2009	2008	2007	2006	2005
RESULTS					
Revenue	**14,600,474**	14,665,369	8,952,727	6,109,668	6,072,507
Profit before taxation	**1,550,117**	3,095,197	1,991,073	1,152,873	1,208,423
Taxation	**(486,943)**	(683,010)	(340,109)	(196,158)	(121,910)
Profit for the financial year	**1,063,174**	2,412,187	1,650,964	956,715	1,086,513
Attributable to:					
Equity holders of the Company	**983,517**	2,231,632	1,482,104	829,002	902,220
Minority interests	**79,657**	180,555	168,860	127,713	184,293
ASSETS					
Property, plant and equipment	**4,569,636**	4,519,274	4,467,810	4,164,394	3,998,661
Prepaid lease payments	**872,905**	822,328	826,258	790,509	800,673
Land held for property development	**866,172**	927,263	821,744	628,327	637,393
Investment properties	**1,104,633**	838,639	699,469	512,976	508,176
Other long term investments	**23,131**	26,198	27,699	30,376	30,699
Associates	**536,492**	542,071	280,924	247,385	249,441
Jointly controlled entities	**1,436,763**	1,515,878	161,479	–	–
Other assets	**564,887**	569,755	589,654	511,219	566,277
	9,974,619	9,761,406	7,875,037	6,885,186	6,791,320
Current assets	**6,007,335**	7,499,818	5,792,615	3,426,500	3,713,739
Non-current assets held for sale	**–**	–	13,190	–	–
	15,981,954	17,261,224	13,680,842	10,311,686	10,505,059
EQUITY AND LIABILITIES					
Share capital	**624,680**	613,788	625,881	605,267	559,241
Reserves	**7,721,610**	7,777,573	7,113,377	5,428,656	4,303,087
	8,346,290	8,391,361	7,739,258	6,033,923	4,862,328
Minority interests	**426,156**	965,117	856,954	746,984	1,175,183
Total equity	**8,772,446**	9,356,478	8,596,212	6,780,907	6,037,511
Non-current liabilities	**5,932,356**	5,494,836	3,938,242	2,820,939	3,653,691
Current liabilities	**1,277,152**	2,409,910	1,146,388	709,840	813,857
Total liabilities	**7,209,508**	7,904,746	5,084,630	3,530,779	4,467,548
	15,981,954	17,261,224	13,680,842	10,311,686	10,505,059
Net operating profit after tax ("NOPAT")	**1,236,314**	2,553,500	1,756,196	1,086,614	1,199,783
Average shareholders' equity	**8,368,826**	8,065,310	6,886,591	5,448,126	4,640,240
Average capital employed [1]	**15,426,081**	14,366,209	11,273,774	9,790,574	8,998,939
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**16.62**	36.85	24.13	14.51	16.12
Gross dividend per share (sen)	**8.0**	17.0	7.0	8.7	7.0
Net assets per share (sen)	**140**	140	124	100	87
Return on average equity (%)	**11.75**	27.67	21.52	15.22	19.44
NOPAT/Average capital employed	**8.01**	17.77	15.58	11.10	13.33
Net debt/Equity (%) [2]	**37.08**	36.65	11.67	21.01	25.76

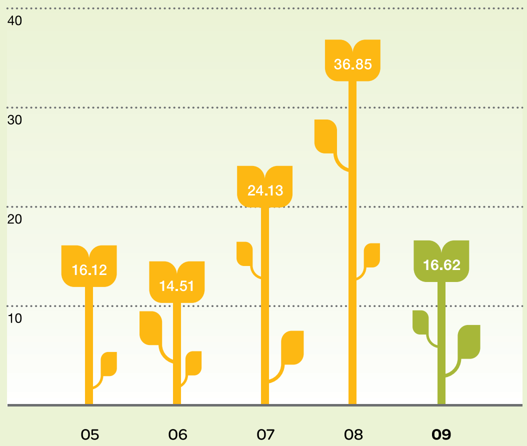
1 Average capital employed comprises shareholders' equity, minority interests, long term liabilities, short term borrowings and deferred taxation.

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

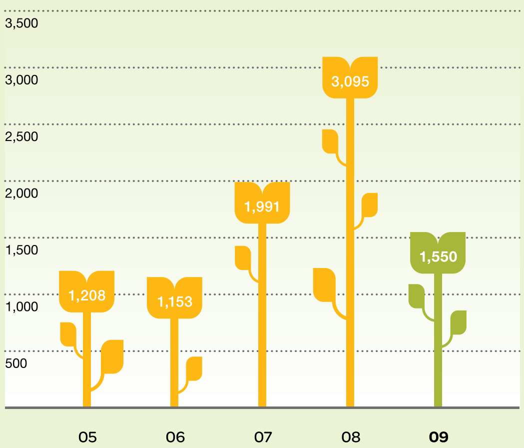
REVENUE
RM MILLION



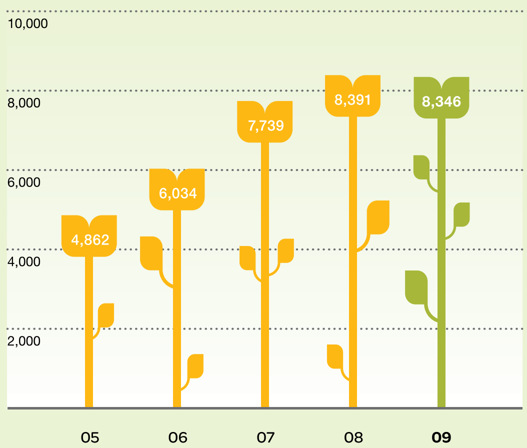
EARNINGS PER SHARE
SEN



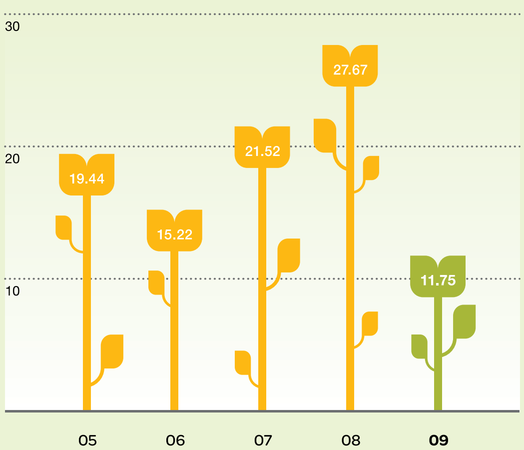
PROFIT BEFORE TAXATION
RM MILLION



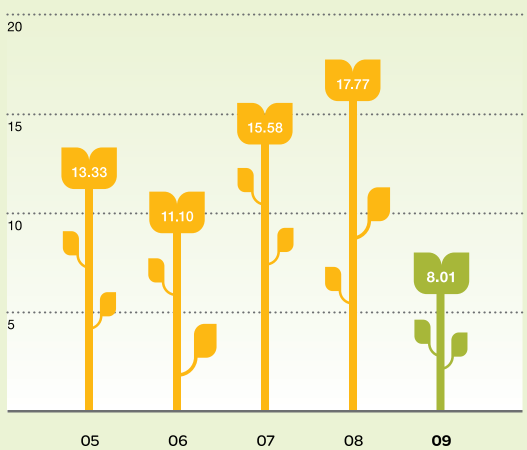
SHAREHOLDERS' EQUITY
RM MILLION



RETURN ON AVERAGE EQUITY
%



NOPAT/AVERAGE CAPITAL EMPLOYED
%



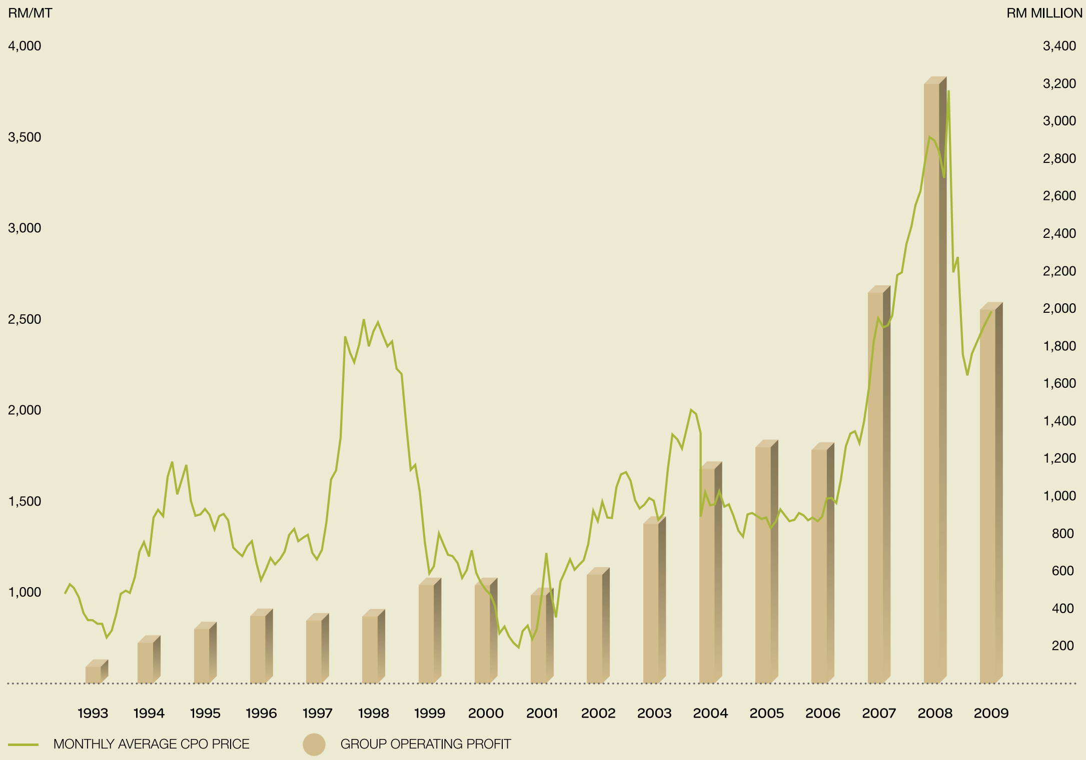
COMMUNITIES THAT NURTURE A PASSION FOR LIVING

IOI Group is committed to building innovative quality homes and communities to meet the expectations of today's ever-more discerning Malaysian buyer. To create dynamic residential, commercial and industrial developments that will inspire fresh thinking and stimulate new business opportunities. And last and most importantly, to help grow the nation's economic vitality as we enhance the citizens' quality of life.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

GROWING THROUGH THE CYCLE



INTRODUCTION

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

KEY FINANCIAL INDICATORS

	FY2009	FY2008	CHANGE %
Earnings before interest and taxation ("EBIT") (RM million)	**1,969.1**	3,172.0	(38)
Pre-tax earnings (RM million)	**1,550.1**	3,095.2	(50)
Net earnings (RM million)	**983.5**	2,231.6	(56)
Return on average equity ("ROE") (%)	**11.8**	27.7	(58)
Return on average capital employed ("ROCE") (%)	**8.0**	17.8	(55)
Net operating profit after taxation ("NOPAT") (RM million)	**1,236.3**	2,553.5	(52)
Economic profit (RM million)	**15.2**	955.8	(98)
Total return to shareholders			
- Change on share price (RM) (per RM0.10 share)	**(2.73)**	2.25	(221)
- Gross dividend (sen) (per RM0.10 share)	**8.0**	17.0	(53)
Net cash f ow generated from operation (RM million)	**2,819.3**	1,418.7	99
Net Gearing (%)	**37.1**	36.6	1

FINANCIAL HIGHLIGHTS & INSIGHTS

- At Group level, the results for FY2009 versus FY2008 is best compared and explained at three levels, mainly, Earnings Before Interest and Taxation ("EBIT"), Pre-tax and Net Earnings, as different factors affected the changes between the two fiscal years at the respective levels.

- Looking at **EBIT**, contributions from the segments are as follows:

	FY2009 RM MILLION	MIX %	FY2008 RM MILLION	MIX %	CHANGE %
Plantation	**1,639.7**	**83**	1,835.9	58	(11)
Downstream Manufacturing	**356.8**	**18**	658.2	21	(46)
Palm Oil – Total	**1,996.5**	**101**	2,494.1	79	(20)
Property	**467.0**	**24**	551.9	17	(15)
Others (unallocated)	**(494.4)**	**(25)**	126.0	4	(492)
EBIT	**1,969.1**	**100**	3,172.0	100	(38)

- Plantation segment's EBIT decreased by 11% to RM1,639.7 million, due mainly to reduction in FFB production and lower CPO prices realised.

- The downstream manufacturing's EBIT decreased by 46% to RM356.8 million, the lower contribution is due mainly to realised foreign currency losses on derivative contracts, customer defaults, lower sale volume and margins as a result of unfavourable market conditions.

- The property segment's registered a drop of 15% in EBIT to RM467.0 million, due mainly to lower demand as a result of soften property market.

- The "unallocated segment" in respect of both financial years comprise primarily the loss or gain on foreign currency translation on USD denominated borrowings with loss of RM315.3 million and gain of RM134.9 million registered in FY2009 and FY2008 respectively. This was in part an anticipatory hedge for our USD income stream.

- **Pre-tax Earnings** decrease by 50% over last financial year. Net interest expense increased about 39% over previous financial year, as a result of full year recognition of interest expenses for borrowings drawn down in the previous financial year.

- At the **Net Earnings** level, profit attributable to shareholders decreased by 56% to RM983.5 million.

- For FY2009, the Group recorded a **Return on Equity ("ROE")** of 11.8% based on an average shareholders' equity of RM8.37 billion (FY2008 - RM8.07 billion), down from 27.7% for the previous financial year. The reduction in Group ROE ref ects the challenging operating environment as explained in the foregoing paragraph. The average ROE target is 20%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS & INSIGHTS CONT'D

- Similarly, the **Return on Average Capital Employed ("ROCE")** decreased to 8.0% for FY2009, down from 17.8 % for FY2008. This was due to lower net earnings as well as increase in capital employed.

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

Equity reduction for purpose of capital management included the following:

RM MILLION	FY2009	FY2008
Total dividend	**474.6**	905.7
Share buy-back	**652.5**	1,079.9
Total equity repayments	**1,127.1**	1,985.6
% to Net Earnings for the financial year	**115%**	89%

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

- The Group generated an **Operating Cash Flow** of RM2,819.3 million for FY2009 against RM1,418.7 million for the previous financial year. **Free Cash Flow** increased from RM1,188.4 million to RM2,388.4 million ref ecting the easing of working capital requirement which is in line with the decrease in volume of business and lower palm oil prices.

- Working Capital requirement for FY2009 decreased by RM986.8 million with the decrease in inventories and trade receivables by RM840.9 million and RM337.3 million respectively.

- For FY2009, the Group spent a total of RM434.1 million (FY2008 - RM234.1 million) for Capital Expenditure **("Capex")**. Cash outlay on acquisitions in FY2009 was however much lower at RM220.2 million (FY2008 - RM1,591.7 million).

- The Group's **Shareholders' Equity** as at 30 June 2009 stood at RM8.35 billion, about previous financial year's level.

- The Group's **Net Interest Cover** was 7.7 times (FY2008 - 17.2 times) but after adjusting differences between accounting and cash interest payment, the net interest cover was 13.1 times for FY2009 (FY2008 - 26.4 times).

- From an economic profit perspective, the Group achieved an economic profit [i.e. a surplus of **Net Operating Profit After Tax ("NOPAT")** over its **Weighted Average Cost of Capital ("WACC")**] of RM15.2 million for FY2009 as compared to RM955.8 million for FY2008. The significant decrease is due to a lower NOPAT of RM1,236.3 million (FY2008 - RM2,553.5 million). The WACC for FY2009 registered a decrease over last financial year at 7.9% (FY2008 - 11.1%)

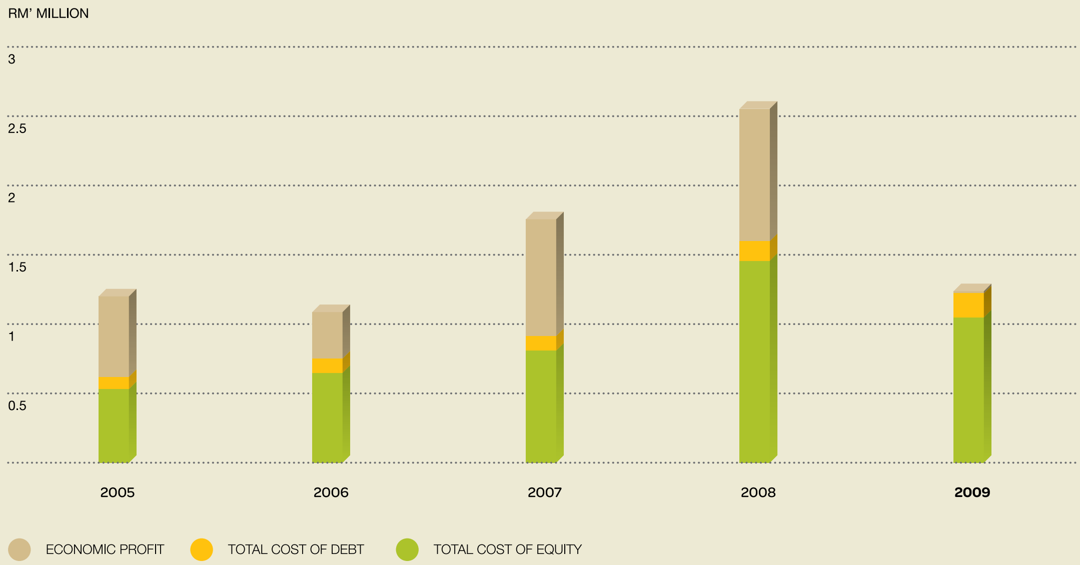
- The lower WACC for the financial year just ended was due principally to a lower cost of equity as a result of lower market risk premium.

FIVE-YEAR ECONOMIC PROFIT TREND

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

RM'000	2005	2006	2007	2008	**2009**
Economic Profit	581,241	335,693	842,743	955,845	**15,211**
Cost of Debt	87,971	102,950	105,232	141,313	**173,140**
Cost of Equity	530,571	647,971	808,221	1,456,342	**1,047,963**
NOPAT	1,199,783	1,086,614	1,756,196	2,553,500	**1,236,314**

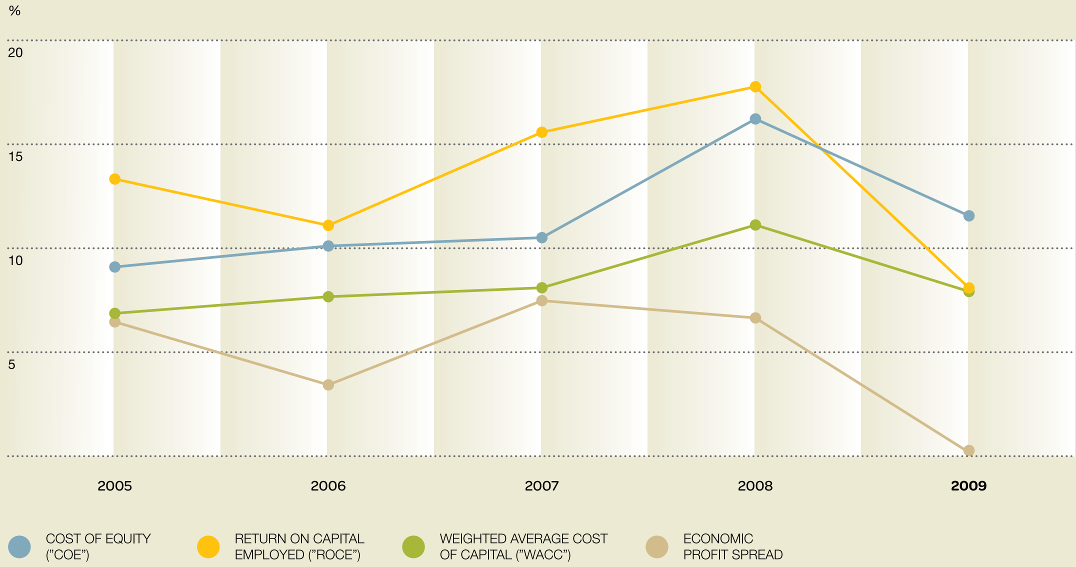
DISTRIBUTION OF NOPAT



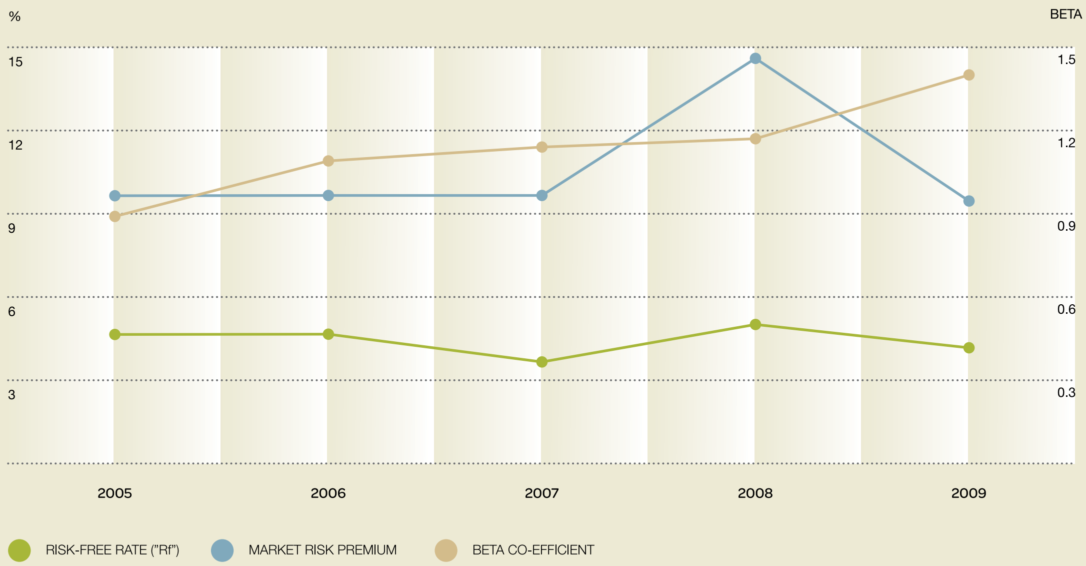
MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

COE, ROCE, WACC AND ECONOMIC PROFIT



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



RISK MANAGEMENT

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

Operating Risk Management

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

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

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

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

Financial/Market Risk Management

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

Financial/Market Risk Management Cont'd

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

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

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

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

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

For more disclosures on the Group's financial risk management, refer to Note 42 of the financial statements included in this Annual Report.

Sensitivity Analysis

The main market risks impacting the profitability of the Group are commodity price risks and foreign exchange risks. The approximate impact that movements in palm oil prices, downstream product margins and currency exposures could have on its operating profit for FY2009, based on its operating conditions, but excluding the impact of hedge transactions are as tabulated below:

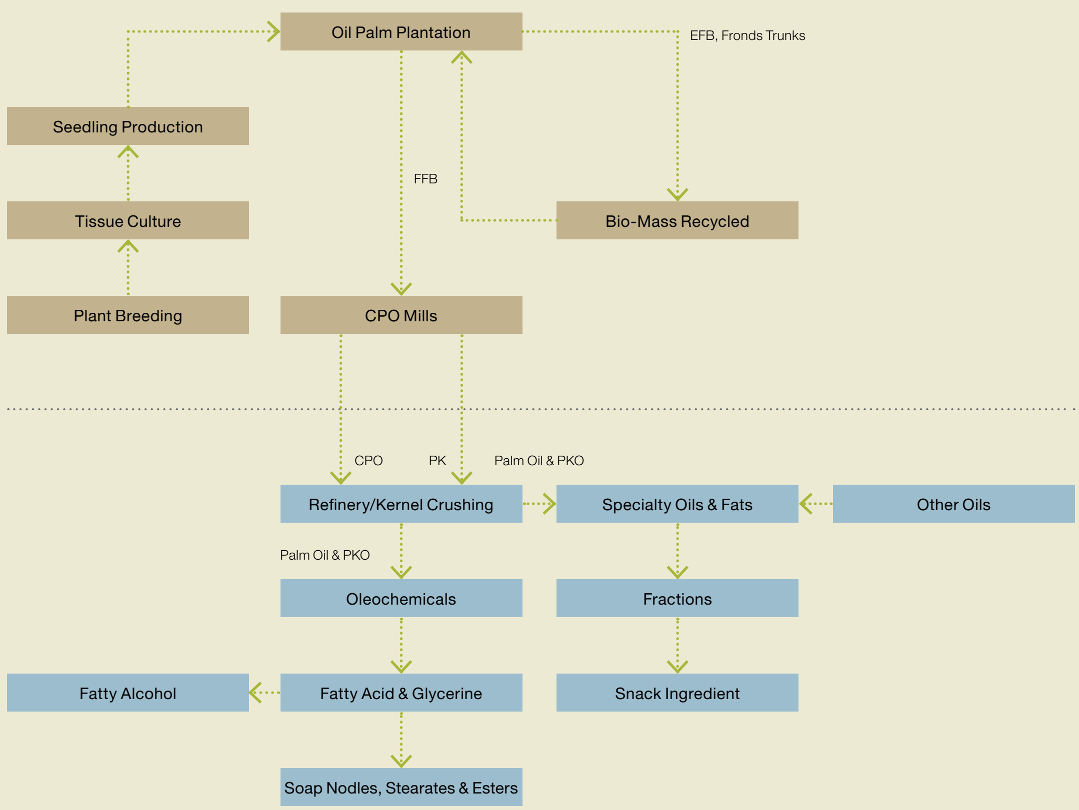
IN MILLION	IMPACT (IF UNHEDGED)
Change of RM100 per MT in CPO price	± RM70
Change of 10% in product margin over FY2009 for resource-based manufacturing	± RM110
10% change in the USD/RM exchange rate	± RM250
10% change in the Euro/RM exchange rate	± RM30

PALM OIL BUSINESS STREAM

The Group's palm oil business comprises the plantation and the downstream resource-based manufacturing segments. The vertical integration of these two business segments has increased significantly over the last few years as the Group expanded and moved more aggressively into downstream activities. Consequently, a substantial portion of the Group's plantation produce, i.e. crude palm oil and palm kernel, is being utilised in our downstream manufacturing operations. For the financial year ended 30 June 2009, approximately 90% (FY2008 - 91%) of our plantation revenue of RM2,497.6 million comprises sales to our manufacturing division. To supplement downstream requirement, purchase of CPO and PKO are also made from pre-qualified suppliers.

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

Plantation Segment



RESOURCE-BASED MANUFACTURING SEGMENT

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

PLANTATION

As at 30 June 2009, the Group's total titled plantation area, stood at 172,980 hectares (FY2008: 169,369 hectares) with approximately 99% of the estates' planted area planted with oil palm.

The Group has 82 estates, an increase of 2 estates from Indonesia as compared to the last financial year and the total oil palm planted area as at the end of the financial year under review stood at 150,931 hectares, an increase of 1,486 hectares from the previous financial year. Approximately 68% of the Group's plantation holdings are in East Malaysia, 31% Peninsular Malaysia and the remaining 1% in Indonesia. The Group's plantation produce are principally processed by its own 12 palm oil mills with an annual milling capacity of approximately 4,000,000 tonnes of fresh fruit bunches ("FFB").

The strong growth in the Group's plantation business in a short span of 26 years since 1983 was achieved not just through acquisitions, but also because of its distinctive plantation management practices that emphasise greatly on continuous improvement in yields and in cost efficiencies which enable us to be one of the most cost effective producers in the industry. Achievements in productivity are the result of years of concerted effort and commitment to good plantation management practices.

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

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

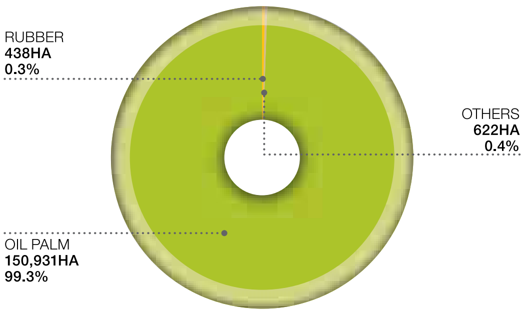
MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

PLANTATION STATISTICS

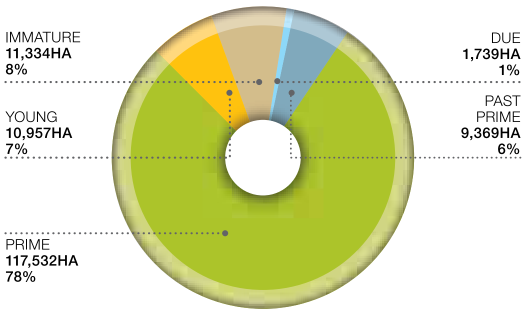
CROP STATEMENT	**2009**	2008	2007	2006	2005
OIL PALM					
Average mature area harvested (hectare)	**139,323**	138,647	138,282	136,455	132,679
FFB production (tonne)	**3,626,776**	3,957,281	3,694,535	3,674,483	3,657,776
Yield per mature hectare (tonne)	**26.03**	28.54	26.72	26.93	27.57
Mill production (tonne)					
Crude palm oil	**777,310**	848,119	793,452	805,627	815,790
Palm kernel	**182,075**	199,347	185,418	188,235	192,446
Oil extraction rate (%)					
Crude palm oil	**21.38**	21.38	21.33	21.38	21.59
Palm kernel	**5.01**	5.02	4.98	5.00	5.09
Average selling price (RM/tonne)					
Crude palm oil	**2,831**	2,865	1,759	1,386	1,453
Palm kernel	**1,279**	1,706	958	928	1,005
Operating profit (RM/mature hectare)	**11,448**	13,347	6,728	4,560	5,783
RUBBER					
Mature area tapped (hectare)	**200**	430	568	619	1,054
Rubber production ('000 kg)	**449**	1,243	1,723	1,234	1,730
Yield per mature hectare (kg)	**2,243**	2,890	3,034	1,993	1,641
Average selling price (RM/kg)	**3.78**	3.71	3.24	5.23	4.88
Operating profit (RM/mature hectare)	**8,470**	11,000	10,144	7,583	4,356

CROP MIX



TOTAL PLANTED AREA = 151,991 HA

OIL PALM HECTARAGE... BY AGE



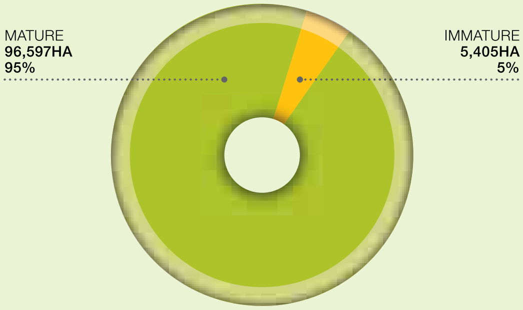
TOTAL OIL PALM AREA = 150,931 HA

AREA STATEMENT

IN HECTARES	2009	2008	2007	2006	2005
OIL PALM					
Mature	**139,597**	139,097	139,798	135,860	135,291
Immature	**11,334**	10,348	9,073	8,195	8,405
	150,931	149,445	148,871	144,055	143,696
RUBBER					
Mature	**–**	274	568	568	1,035
Immature	**438**	278	–	–	–
	438	552	568	568	1,035
OTHERS	**622**	397	386	403	433
Total planted area	**151,991**	150,394	149,825	145,026	145,164
NURSERY	**119**	108	98	75	76
ESTATE UNDER DEVELOPMENT	**2,893**	1,118	1,650	–	682
HOUSING PROJECT	**1,244**	1,260	1,202	1,201	1,150
LABOUR LINES, BUILDINGS SITES AND INFRASTRUCTURE	**16,733**	16,489	16,675	12,347	11,442
Total area	**172,980**	169,369	169,450	158,649	158,514

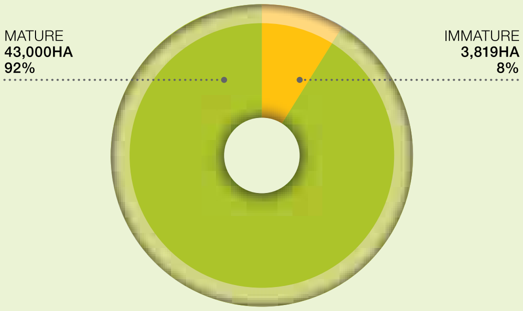
OIL PALM HECTARAGE... BY REGION

East Malaysia: 68%



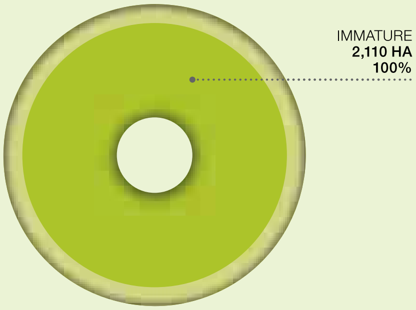
TOTAL OIL PALM AREA = 102,002 HA

Peninsular Malaysia: 31%



TOTAL OIL PALM AREA = 46,819 HA

Indonesia: 1%



TOTAL OIL PALM AREA = 2,110 HA

MANAGEMENT'S DISCUSSION AND ANALYSIS

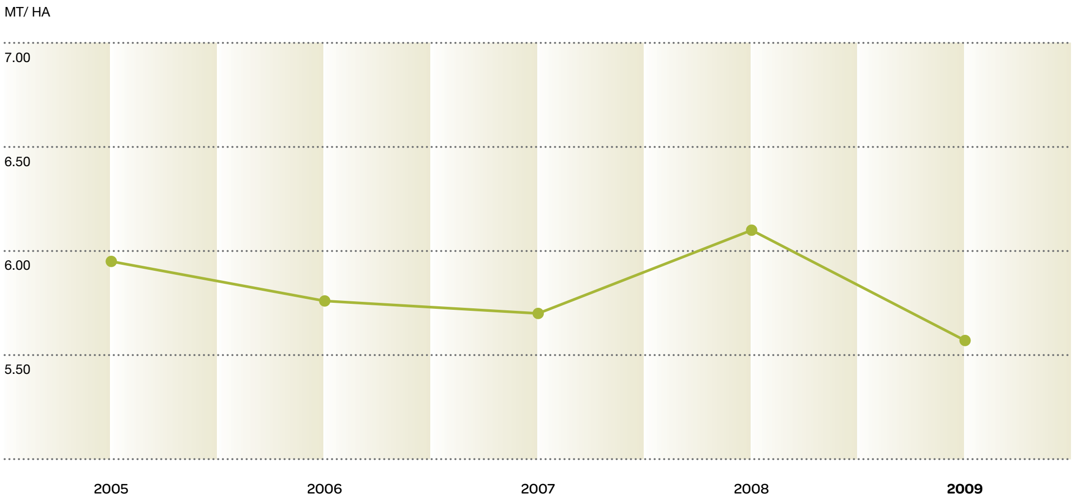
GROUP BUSINESS REVIEW

OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.63 million MT of FFB, about 8% lower than the previous year.

The average FFB yield per matured hectare for FY2009 was also approximately 9% lower compared to previous financial year. With lower FFB yield for FY2009 at 26.03 MT (FY2008 - 28.54 MT) per mature hectare and with no change in the oil extraction rate of 21.38% (FY2008 - 21.38%), the average CPO yield has decreased to 5.57 MT per mature hectare as compared to a yield of 6.10 MT per mature hectare for FY2008. The Group's CPO yield trend for the last 5 years is as follows:

Oil yield per mature hectare



The Group's best performing estate was Sagil Estate in Peninsular Malaysia which achieved a yield of 8.13 MT of CPO per hectare for FY2009.

In line with the lower overall CPO yield, the number of estates that managed to achieve oil yields of more than 6 MT per mature hectare has decreased from 47 estates in FY2008 to 21 estates for the financial year under review. The trend over the last five years is as follows:

Estates that achieved more than 6 MT of CPO per hectare

	NO. OF ESTATES	AREA (HECTARES)
FY2009	21	42,295
FY2008	47	89,021
FY2007	37	69,407
FY2006	38	72,436
FY2005	41	73,859

Roll of Honour

Estates that achieved more than 7 MT of CPO per hectare

The following estates achieved more than 7 MT of CPO per hectare in FY2009.

ESTATE	MT/HECTARE
Sagil	8.13
Jasin Lalang	7.68
Bukit Serampang	7.37
Sg. Sapi	7.25
Laukin Estate	7.08
Luangmanis	7.07

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

OPERATIONS REVIEW CONT'D

For FY2009, the Group's plantation division recorded an operating profit of RM1,639.7 million, a decrease of 11% from FY2008's RM1,835.9 million. The decrease in profit was largely due to the effects of lower palm prices as well as lower yields.

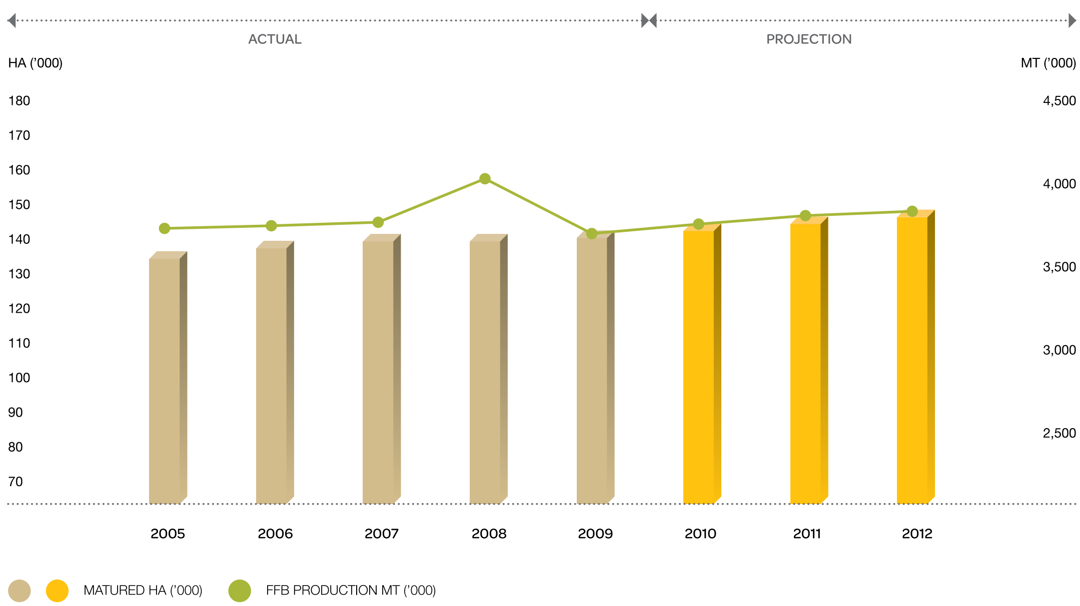
The cess and tax for the financial year were as follows:

	FY2009 RM'000	FY2008 RM'000
MPOB cess	**11,217**	12,721
Cooking oil cess	**–**	125,355
Windfall profit levy	**16,698**	–
Sabah sales tax	**87,562**	137,235
	115,477	275,311

Operating profit per mature hectare of oil palm reduced to RM11,448 per hectare for the financial year under review as compared to RM13,347 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM73.8 million for FY2009 as compared to RM64.0 million for the previous financial year. The capital expenditure was primarily incurred on new planting, staff quarters, road and bridges and agricultural equipment. As for replanting expenditure, RM32.9 million was charged out to the income statement for the financial year just ended compared to RM20.9 million for the previous financial year.

Mature Oil Palm Area/FFB Production



OUTLOOK & PROSPECTS

Prospects for the oil palm industry remains strong supported by resilient demand from the food sector, price competitiveness over other edible oils and higher consumption in emerging markets. Production volume of FFB from our estates is expected to increase over that of the financial year under review as better yielding trees come to maturity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

MANUFACTURING

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

REFINING

As at 30 June 2009, the Group has four refineries with a total refining capacity of 3,350,000 MT, one in Sabah with an annual refining capacity of 1,200,000 MT, two refineries in Pasir Gudang, Johor, with a combined annual capacity of 1,300,000 MT and the fourth located in Rotterdam, Netherlands, with a refining capacity of approximately 850,000 MT per annum.

The Rotterdam refinery, which started operating in Oct 2005 provides Loders Croklaan Europe with palm oil fractions for its downstream activities and also enables the Group to channel its palm oil to the European market for value added sales, utilising Loders Croklaan's good market standing and established distribution network. As part of our expansion programme, the Group is currently constructing another plant in Rotterdam with a capacity of 300,000 MT to produce margarine ingredients besides refined palm oil for the growing palm oil market in Europe. This plant which is sited next to the existing refinery is expected to commence operations in the second quarter of 2010.

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

OLEOCHEMICALS MANUFACTURING

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

SPECIALTY OILS AND FATS MANUFACTURING

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

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

Specialty Oils and Fats

The Specialty Oils and Fats business of Loders Croklaan consists of, supplying fractionated oils, mainly coating fats, filling fats or high stability oils, to the processed food industry globally, principally for confectionery and bakery applications. Currently, Loders Croklaan's most important market is Europe which is the world's biggest consumer of specialty fats where the majority of sales of specialty fats are to chocolate manufacturers in the form of cocoa butter equivalents, cocoa butter replacers and cocoa butter substitutes. Loders Croklaan's other markets include Eastern Europe, USA, Canada, Central and Latin America, Egypt, the Middle East countries, China, Japan, Korea, India and South East Asia. Loders Croklaan Asia provides the much needed competitive cost base for entry into the rapidly expanding Asian specialty fats market.

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

Lipid Nutrition

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

OPERATIONS REVIEW

Operating results in our downstream resource-based manufacturing division was down 46% to RM356.8 million from RM658.2 million a year ago. The refining and oleochemicals manufacturing businesses were impacted by lower demand in line with global economic conditions and depressed margins from excess capacity in the industry particularly for oleochemicals. The operating results was also adversely affected by realised foreign currency losses on derivative contracts of approximately RM170 million and customer defaults on high priced contracts incurred during the first half of our financial year of RM80 million.

OUTLOOK & PROSPECTS

The resource-based manufacturing division is expected to continue to face challenging times ahead due to a weak global economy but the volume and margins for our specialty oils fats business are however expected to be remain stable. The Group is confident of the future prospect of its downstream manufacturing businesses and is investing in building new and additional capacity in the Netherlands to produce value added margarine ingredients besides refined palm oil and a plant in Johor to supply enzymatic components to the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

PROPERTY

Property development activities contribute approximately 87% of the overall Property division's operating profit (excluding fair value adjustments on investment properties). The Group is also increasingly supplemented with recurring rental income from its investment properties comprising of mainly retail complexes and office buildings developed as part of our township developments.

The Group has been a successful developer of comprehensive self-contained suburban townships especially along the high growth corridors at Puchong and Southern Johor. The Group has expanded its traditional development business to include niche market developments at prime locations both locally and overseas. As at 30 June 2009, our main ongoing property development projects and the status of their development are as follows:

PROJECTS	YEAR OF DEVELOPMENT COMMENCEMENTS	ORIGINAL LAND SIZE (HECTARES)	STATUS	ESTIMATED GROSS DEVELOPMENT VALUE
Bandar Puchong Jaya	1990	374	Approaching completion	RM3.0 billion
Bandar Puteri, Puchong	2000	374	Ongoing	RM5.0 billion
IOI Resort, Putrajaya	1995	37	Ongoing	RM0.5 billion
Bandar Putra, Kulai	1995	2,299	Ongoing	RM8.0 billion
Tmn Lagenda Putra, Kulai	2006	91	Ongoing	RM0.5 billion
Tmn Kempas Utama, Johor	2007	102	Launched in 2008	RM0.5 billion
Lush Development, Dengkil	2008	217	Expected launching in FY2010	RM2.0 billion
Seascape, Sentosa Cove	2008	1.5	Expected launching in FY2010	SGD1.0 billion

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

	2009	2008	2007	2006	2005
Units of property sold	**1,465**	1,934	1,529	1,524	1,822
Total sales (RM'000)	**688,487**	696,743	683,471	570,842	549,213
Revenue (RM'000)	**660,167**	755,066	706,858	623,778	587,848
EBIT (RM'000)	**309,556**	369,673	397,171	331,350	295,249
EBIT margin (%)	**46.89**	48.96	56.19	53.12	50.23

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

OPERATIONS REVIEW

The Group sold a total of 1,465 units of properties for a total sales value of RM688.5 million for FY2009, a reduction of 469 units and lower sales value by RM8.2 million compared to the previous year.

Property sales for the various projects are summarised as follows:

	UNITS		SALES VALUE (RM MILLION)	
PROJECTS	**FY2009**	FY2008	**FY2009**	FY2008
Bandar Puchong Jaya	**171**	315	**163.7**	150.8
Bandar Puteri, Puchong	**421**	496	**310.7**	310.7
Bandar Putra, Kulai	**451**	625	**90.3**	109.2
Taman Lagenda Putra, Kulai	**81**	152	**15.8**	22.2
Taman Kempas Utama, Johor	**111**	6	**34.4**	1.8
Puteri Palma, IOI Resort	**–**	66	**–**	35.9
Taman Putra Segamat	**174**	225	**32.6**	31.2
Others	**56**	49	**41.0**	34.9
Total	**1,465**	1,934	**688.5**	696.7

The Group sold a wide range of products during the financial year under review. Sales mix recorded for unit prices above RM500,000 was higher at 70% of total sales value as compared to the previous year of 54%. As a result, the average price per unit has increased by 32% from RM360,000 to RM470,000. The increase in average unit price is mostly due to higher proportion sales of commercial properties such as shopoffices and high end residential properties in the Klang Valley.

The property sales mix by price range are as follows:

	FY2009		FY2008	
PROJECTS	**RM MILLION**	**%**	RM MILLION	%
Below RM100,000	**4.9**	**1**	16.7	2
Between RM100,000 to RM150,000	**31.8**	**5**	39.9	6
Between RM150,000 to RM250,000	**47.6**	**7**	95.7	14
Between RM250,000 to RM350,000	**73.5**	**11**	72.5	11
Between RM350,000 to RM500,000	**44.8**	**6**	99.7	14
Between RM500,000 to RM1,000,000	**269.4**	**39**	183.0	26
Above RM1,000,000	**216.5**	**31**	189.2	27
Total	**688.5**	**100**	696.7	100

Property development revenue in FY2009 registered a reduction of 13% to RM660.2 million, and at EBIT level, decreased by RM60.1 million or 16%, from RM369.7 million to RM309.6 million.

The Group's property investment portfolio comprises mainly of retail and office space totalling approximately 2.35 million sq ft of net lettable space (FY2008 - 1.7 million sq ft), of which about 100,000 sq ft is located in Singapore. The increase in lettable space in FY2009 is mainly due to completion of the IOI Mall Extension and Puchong Financial Corporate Centre Tower 1 and 2 towards the end of current financial year.

The overall occupancy and rental rate for our investment properties, especially the retail complexes, have also improved in FY2009 resulting in property investment's contribution to Group EBIT increasing by 9% from RM42.7 million for the previous financial year to RM46.6 million, both after excluding investment properties fair value gains of RM110.8 million and RM130.0 million respectively.

The combined operating profit from property development and investment activities, inclusive of fair value gains on investment properties, totalled RM467.0 million for FY2009, against RM551.9 million for the previous financial year.

With the slow down in the Singapore economy, the value for high end Singapore properties retreated from record prices. Our joint venture Pinnacle project in Singapore took an impairment loss of approximately RM258.6 million in FY2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

OUTLOOK & PROSPECTS

The property market is expected to recover gradually over time in line with the Malaysian economy. The property market in Singapore has also shown some encouraging signs of recovery and we believe that recovery will be more prominent once the integrated resorts are completed beginning first quarter of 2010 which would be somewhat timely as to tie in with our project launch. Our track record as an experienced township developer and the location of our land bank at strategic growth corridors will enable us to take advantage of growth opportunities at the right time.

Cautionary statement regarding forward-looking statements

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

A GROWING COMMITMENT TO THE COMMUNITY AT LARGE

The Group's ongoing commitment to corporate social responsibility takes on a multitude of aspects. Through ongoing efforts including the provision of financial benefits, free or low-cost housing and other subsidies are provided to our plantation employees. On the environmental front, we continue to innovate with such practices as using discarded palm husks and other organic matter as natural fertilisers. We also provide abundant green lung and other landscaped areas as part of our new community masterplan.

CORPORATE SOCIAL RESPONSIBILITY

OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Most, if not all, businesses are now engaged in various stages of CSR and are making decisions upon how these actions can be made part of the longer term goals of their organisations. Indeed, consumers and civil society guardians alike are raising the awareness of all toward the proper care of our environment as well as the people that interact with the activities of business. Proper stewardship of the environment and proper care for those who are impacted either directly or indirectly by our businesses must be an integral part of a successful corporate strategy.

In initiating a successful CSR initiative, it is essential to accept that this program must become a part of the core of a business strategy for an organisation. Also, it is vital to recognise that adopting sound CSR practices for society and the environment should not be considered in the context of additional costs to the company but instead as critical investments that will yield positive bottom line improvements and enhance the lives of all that are in and around the organisation in the future. Finally, it must be accepted that CSR is a long term strategic initiative and not simply a fashionable "favor of the day". The process of planning, implementing and measuring progress and reaping the many benefits of a properly executed CSR strategy along the journey is very much like the strategy of a successful planting of an oil palm estate. Attention to detail in responsibly planning a planting area, implementing a cohesive and coordinated plan of responsible development and understanding that your efforts, once invested in the proper way, will only begin to yield substantial results in a number of years and will endure for decades is a key to how we grow our oil palm and our company and is excellent guidance for our CSR program.

We believe that the time, effort and results achieved from our CSR initiatives give all members of the IOI Group the same sense of pride that we derive from delivering superior results to our shareholders. The alignment of delivering maximum return to our investors using CSR values that enable and support sustainable and responsible success for our clients and business partners is a winning strategy for our planet and the people who inhabit it.

CSR is therefore considered an integral part of the rich fabric of activities that constitutes the IOI Group's efforts toward responsible business practices. For IOI Group, CSR efforts begin in the growing areas of our palm plantations, the foundations of our property development, and the processes of our oleo-chemical production extending through to the delivery of the finished product to our valued clients and consumers. This network of CSR efforts is purposeful and expansive within the IOI core value structure and includes a desire for education for all, responsible care for the environment, providing a good living wage and fair treatment to all those who touch the IOI network as a key tenant of all that we do.

CSR for IOI Group is therefore considered a long term process of moving from development of programs, where stewardship and upfront investments of time and resources are significant, to a period where progress must be shown in the form of implementation and measurement of results for our company and suppliers, and finally achievement of the end game and the necessary further continuous improvement beyond.

DEVELOPMENT OF PROGRAMS

Perhaps the most visible example of our developmental efforts can be exemplified through our leadership role in the Roundtable on Sustainable Palm Oil ("RSPO"). This multinational multi-stakeholder organisation, founded by the World Wildlife Fund for Nature ("WWF"), is focused upon delivering certified sustainable palm oil to the world market through one of the world's most comprehensive certification program for agricultural products. This initiative is focused on protecting and enhancing the principles of people, planet and profit for the benefit of all. We are proud to be one of the founding companies of this organisation and an executive board member with a very active participation in policy development. RSPO also provides a unique platform for all stakeholders of the supply chain to come together to share ideas, voice disagreements and reach actionable conclusions in a fully transparent way which ensures a constructive atmosphere and rigorous path forward.

The RSPO certification program commenced in mid 2008 and IOI group was among the first plantation companies to both start our certification program and to set a completion date for our efforts toward the successful certification of 77 of our estates. We have also committed that for any new development where we have a controlling interest, we will submit and ultimately certify any new estates as they are developed wherever they are in the world.

Our commitment to RSPO is well known and supported by our actions. To further progress the efforts of RSPO to provide certified sustainable palm oil to the world markets, IOI Group will in 2009 initiate a bold new program for our suppliers of crude palm oil known as "Controlled Source Palm". At the core of this program will be a requirement for all vendors that supply crude palm oil to IOI to become members of the RSPO no later than the end of 2013.

CORPORATE SOCIAL RESPONSIBILITY

We believe that this initiative will help serve as a catalyst to those that are not currently members of the RSPO and it will use our substantial market influence to bring very significant volumes of palm oil under the certification program.

The efforts of IOI Group to develop and cooperate in programs that advance the responsible and sustainable development of our industry will not stop with the RSPO initiative. During 2008 we have signed a letter of intent to participate in an important and technologically advanced initiative that will enable the use of satellite imagery to identify high carbon stock land areas that may then be used to properly manage programs to minimise Greenhouse gas ("GHG") contribution. In addition we have finished an important factory pilot program focused on the elimination of the main source of GHG in the milling of palm fruit. This project could have a significant impact on the GHG footprint of oil mills which is the major contributor to GHG emissions in the palm oil supply chain.

Finally, to assure that our CSR efforts are well planned and incorporated into a coherent strategy that supports our longer term corporate goals, we have initiated talks with a major EU based University to assist as a partner with IOI Group in its strategic planning to incorporate and implement actionable steps into our forward plans. The details of this relationship and the objectives of the program will be brought forward in the coming months.

PROGRESS

The past 12 months was a very busy time for IOI Group requiring significant effort from all involved to progress the CSR initiatives commenced in our prior years' development programs.

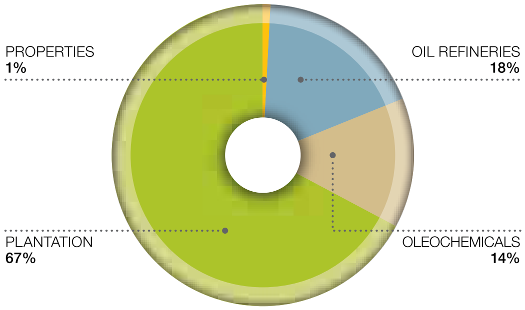
Last year, IOI Group commenced reporting on 3 key areas of resource and environmental conservation across all of the IOI Group businesses. These key areas include electricity consumption, water use, and CO_2 emissions. The results of the past year by business group are as follows:

As might be expected, the water consumption rate for our plantation group represents the majority of potable water use by IOI Group. As processing of the palm fruit is done without the use of chemicals and uses only steam, water and physical pressure for separation, a significant quantity of water is required. Efforts to reduce water use at the palm oil mills and in our downstream refineries are in place as water conservation is a critical issue for sustainable development. The current year figure compares favorably with our 2008 water consumption of 12,600,000 m^3.

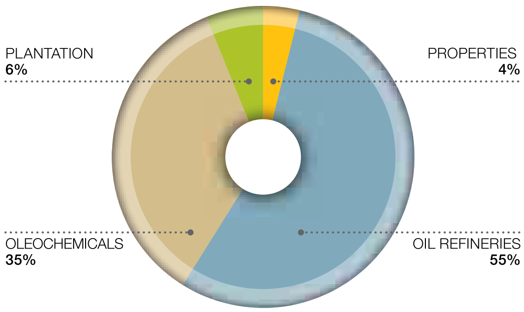
Electricity requirements for our processing units in both the oil refinery groups and oleo chemical group are large given the magnitude and scope of our capabilities in both areas. Electrical consumption in the movement of product throughout our continuous processes and the refinement and fractionation of components is considerable. That said, each of our facilities carefully monitors energy use for environmental and cost purposes. It is our intention in the 2009 – 2010 fiscal year to begin external verification of reporting and to initiate a target setting program to actively reduce energy use per metric ton of product produced.

Careful use of fossil fuels and electrical energy as well as effective management of GHG emissions from effluent treatment ponds is a key focus for IOI Group. Emissions resulting from anaerobic fermentation in our effluent ponds is the single largest ongoing contributor to our carbon footprint. To address this issue, IOI Plantation Group has undertaken a factory scale pilot test of an innovative process to eliminate the root cause of such GHG emissions. The initial results were quite promising and decisions will be made during the coming fiscal year with regards to the preferred method of reducing emissions from our effluent ponds.

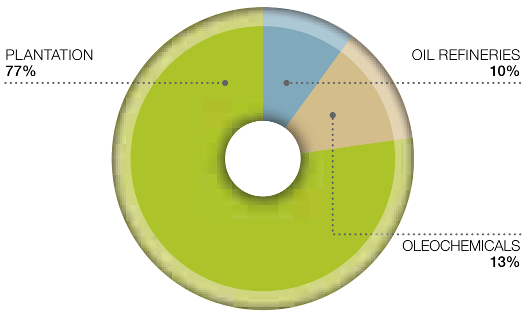
FY2009
WATER CONSUMPTION = 10,000,000 m^3



ELECTRICITY CONSUMPTION = 150,000,000 kwh



CO_2 EMISSIONS = 700,000 tons



[excluded: 300,000 ton CO_2 from renewable biomass used for boiler (fibres and shells)]

CORPORATE SOCIAL RESPONSIBILITY

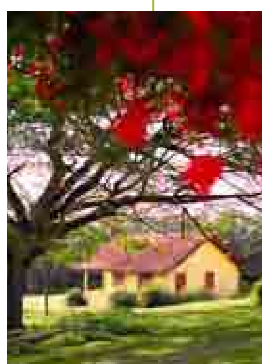
In conjunction with our plans to reduce GHG emissions and electricity consumption IOI Group has worked in a diligent and focused way over the past three years to bring to commissioning stage a significant biomass power plant capable of supplying all of the electricity needed to power our massive refinery complex in Sandakan. This power plant will run exclusively on renewable sources of fiber and shell generated as waste product from our oil mills. It is expected that this project will be fully functioning by late 2009.

As illustrated in our CO_2 reporting, emissions from oil mills are the single largest contributor to IOI Group's GHG footprint. These emissions are a result of anaerobic fermentation that occurs in the treatment ponds associated with the mills. During 2008/2009 IOI has been field testing at one of our mills a factory scale process that drives at a solution toward the root cause of this issue. The company is pleased with the results of this large scale test and is currently in discussions over next steps. A dramatic reduction of this emission issue would enable the company to provide palm oil to the world market with an exceptionally favorable GHG footprint making it a preferred and value added source of biomass for energy and fuel companies, especially those in Europe, who are required by governmental directives to meet minimum CO_2 reduction standards in the coming years.

Certification efforts, under the RSPO principles and criteria, came into full swing during 2008. IOI Group's Pamol Sabah holdings were among the first in the world to enter the program and the Company is proud to report that Pamol passed the very rigorous auditing process and was awarded RSPO certification in February 2009. The Company has also concluded RSPO audits on two other holdings, one in Sabah region and one in Peninsula region. Final approval of these estates is expected in short order. IOI Group is now well on track for its plans to achieve 100% compliance for all of its majority holdings.

Also, in support of our "Controlled Palm" initiative and our desire to speed the acceptance of RSPO Certified Sustainable Palm Oil, IOI Group sponsored a resolution put forward by the NGO Oxfam to require all purchasers as well as producers of palm oil to publicly post their intentions to begin and complete 100% compliance and purchase of Certified Oil. This is a major step in the effort to move the efforts of the RSPO forward.

The programs designed for IOI Group's CSR program were not only targeted at environmental issues as the concern for those people in and around the operation of our businesses is also of key concern. IOI Group's commitment to educational development is significant and longstanding. We believe that education is "a key to unlock the door to a brighter future". Under the Yayasan Tan Sri Lee Shin Cheng educational support program, IOI continued to generously advance the educational opportunities of many children under its Scholarship program, the Student Adoption Programme, the Young Achievers' Award and the Lawas Project. IOI Group continues to be the largest contributor to the operation of learning centres run by the NGO Borneo Child Aid Society (Humana). Presently, 22 learning centres are funded by IOI Group bringing educational opportunities to thousands of students of parents working in and around the IOI Group estates.



Finally, IOI Group has joined forces with a major UK retailer and the Netherlands based organisation, Solidaridad, to bring the possibility of RSPO certification to smallholders in the region. This initiative will be funded in part by the partners as well as by the Dutch government. We are proud to do our part for the benefit of all and are equally proud to participate with a major member of the retail trade and an important Dutch organisation.

END GAME

In order to understand which path you are taking it is important to know where you would like to arrive. The longer term objectives of IOI's CSR program include the following key targets:

1. Achieve RSPO certification for our 12 mills and 77 estates by the middle of 2011.
2. Enter all majority controlled new holdings into the RSPO program with the intention of attaining RSPO certification in a time frame approved by independent auditors.
3. Implement the IOI Group Controlled Source Palm program for all crude palm oil vendors with the requirement for all to become members of the RSPO no later than end 2013.
4. Provide leadership efforts to promote educational opportunity for all under the many Yayasan Tan Sri Lee Shin Cheng charity programs as well as our ongoing leadership with Borneo Child Aid society.
5. Complete implementation of our Biomass Energy project in Sandakan and our greenhouse gas reduction project at our mills and factories to enable IOI Group to provide palm to the world market that offers the lowest possible carbon footprint.
6. Aggressively implement water conservation efforts, electricity reduction, and greenhouse gas reduction at all mills, refineries, properties and offices within the IOI Group. For the coming period we will establish a baseline for all businesses and declare reduction targets for our next annual report.

The way forward towards a responsible and sustainable future requires a significant amount of commitment and clear and focused effort. IOI Group takes these responsibilities very seriously and will make every effort to achieve our lofty but achievable targets for a better planet and a better life for those that work in and around our businesses.

SOCIAL CONTRIBUTIONS

38 students received the Young Achievers' Award from Yayasan Tan Sri Lee Shin Cheng ("Yayasan") at Palm Garden Hotel, IOI Resort. Various awards from primary to upper secondary levels namely UPSR, PMR, SPM, STPM and A-levels are distributed to young students to motivate them to strive for excellence in their studies.

In celebration of the Hari Raya Aidilfitri, Palm Garden Hotel and Palm Garden Golf Club joined forces for a Hari Raya Charity Open House. 50 orphans from Rumah Nur Hikman and 50 abandoned children with HIV/AIDS from Persatuan Kebajikan Anak Pesakit HIV/AIDS Nurul Iman Malaysia were invited for the joyous event.

IOI Properties Berhad sponsored RM26,000 for the Putrajaya Waterski World Cup 2008, an event jointly organised by International Water Ski Federation and Putrajaya Corporation.

Palm Garden Hotel and Pusat Zakat Selangor hosted a Charity Buka Puasa for the underprivileged groups. A total of 150 orphans, old folks and orang asli from various independent homes were treated to a sumptuous meal.

Yayasan presented scholarships and grants amounting to RM489,000 to 15 students during an award presentation held at Palm Garden Hotel. It was part of IOI's CSR initiatives in human capital development.

Yayasan organised a teambuilding programme for 25 children from Rumah Shalom, an orphanage home in Puchong with the aim to assist these children to build their own self-image, self-esteem and confidence.

IOI Mall Puchong organised a charity project called “The Heavenly Gift with Community At Heart”, spreading love towards poor families and orphans. The patrons had the chance to buy a gift for an orphan or a needy family and “be an angel” to bring smile to the needy.

IOI Mart Kulai organised a charity event themed “Celebrating the Year of the Ox with Orphans” in conjunction with the festive season of Chinese New Year. 50 orphans from the Handicapped & Mentally Disabled Children Association Centre in Johor Bahru were treated to an entertaining day of singing, drama, dance performance, storytelling and lion dance showcase.

In conjunction with the Christmas celebration, Putrajaya Marriott Hotel held a Christmas Charity Benefit themed “An Enchanted Christmas” where more than 50 children from Rumah Keluarga Kami in Kajang were invited to the Christmas lunch cum party together with renowned Malaysian female artiste Jacklyn Victor.

Yayasan organised an Ice Age 3: Dawn of the Dinosaurs movie treat at Golden Screen Cinema, IOI Mall for 87 children and their caregivers from Pure Life Society. Freebies comprising stationery items and healthy snack foods were given to the children who also enjoyed fun games (Newspaper Fashion Show and Z-A Alphabetical Order) on the IOI Mall’s stage and food at Papa John’s.

In the spirit of Lunar New Year, Yayasan organised a visit to Rumah Love & Care Kajang to bring smile and joy to the 24 senior citizens. IOI’s staff brightened up the home with festive decorations and served the residents with a delicious festive lunch treat, followed by some interactive games and ang pow giving ceremony.

CULTIVATING BRIGHT MINDS AND CARING HEARTS

The Group maintains a strong involvement in primary and secondary education with its Student Adoption Programme. Already into its second year, this CSR initiative provides financial and other support to children from poor and disadvantaged families nationwide, with an emphasis on schools in or near oil palm estates.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG
PSM, DPMS, JP
EXECUTIVE CHAIRMAN

DATO' LEE YEOW CHOR
DSAP
EXECUTIVE DIRECTOR

LEE YEOW SENG
EXECUTIVE DIRECTOR

LEE CHENG LEANG
EXECUTIVE DIRECTOR

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
PJN, DSPN, JSM
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

CHAN FONG ANN
INDEPENDENT NON-EXECUTIVE DIRECTOR

QUAH POH KEAT
INDEPENDENT NON-EXECUTIVE DIRECTOR

AUDIT COMMITTEE

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

CHAN FONG ANN*

QUAH POH KEAT*
(MIA 2022)

* INDEPENDENT NON-EXECUTIVE DIRECTORS

SECRETARIES

LEE AI LENG
(LS 0009328)

YAP CHON YOKE
(MAICSA 0867308)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

AUDITORS

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

REGISTRAR

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

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITES

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

EMAIL ADDRESS

corp@ioigroup.com

BOARD OF DIRECTORS

FROM LEFT TO RIGHT
LEE YEOW SENG
DATO' LEE YEOW CHOR
CHAN FONG ANN
TAN SRI DATO' LEE SHIN CHENG
DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR
LEE CHENG LEANG
QUAH POH KEAT

PROFILE OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG

EXECUTIVE CHAIRMAN | MALAYSIAN, AGE 70

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

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

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

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

Tan Sri attended all nine Board Meetings held during the financial year ended 30 June 2009.

DATO' LEE YEOW CHOR

EXECUTIVE DIRECTOR | MALAYSIAN, AGE 43

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

Dato' Lee is a barrister from Gray's Inn, London and holds a LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from London School of Economics. Prior to joining IOI Group as a General Manager in 1994, he served in various capacities in the Attorney General's Chambers and the Malaysian Judiciary service for about four years. His last posting was as a Magistrate.

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

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

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

He attended all nine Board Meetings held during the financial year ended 30 June 2009.

LEE CHENG LEANG

EXECUTIVE DIRECTOR | MALAYSIAN, AGE 61

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 2009.

PROFILE OF DIRECTORS

LEE YEOW SENG

EXECUTIVE DIRECTOR | MALAYSIAN, AGE 31

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

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

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

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

He attended all the nine Board Meetings held during the financial year ended 30 June 2009.

DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR | MALAYSIAN, AGE 68

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

Datuk Hj Mohd Khalil is also the Chairman of the Audit Committee, a member of the Remuneration Committee and Nominating Committee of the Company. He is also the Chairman of TIME Engineering Berhad and a Director of MNRB Holdings Berhad, Malaysian Re-insurance Berhad and MNRB Retakaful Berhad as well as Bank Kerjasama Rakyat Malaysia Berhad.

He attended eight out of the nine Board Meetings held during the financial year ended 30 June 2009.

CHAN FONG ANN

INDEPENDENT NON-EXECUTIVE DIRECTOR | MALAYSIAN, AGE 79

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

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

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

He attended all the nine Board Meetings held during the financial year ended 30 June 2009.

QUAH POH KEAT

INDEPENDENT NON-EXECUTIVE DIRECTOR | MALAYSIAN, AGE 57

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

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

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

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

He attended eight out of the nine Board Meetings held during the financial year ended 30 June 2009.

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 confl ict of interest with the Company.

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

AUDIT COMMITTEE REPORT

A MEMBERS

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor
CHAIRMAN / SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Chan Fong Ann
MEMBER / INDEPENDENT NON-EXECUTIVE DIRECTOR

Quah Poh Keat
CPA (M), CA (M), FCCA, ACMA, MIT (M)
MEMBER / INDEPENDENT NON-EXECUTIVE DIRECTOR

B COMPOSITION AND TERMS OF REFERENCE

1 Membership

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

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

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

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

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

2 Objectives

The primary objectives of the Committee are to:

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

2 Objectives Cont'd

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

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

3 Authority

The Committee is authorised by the Board to:

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

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

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

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

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

4 Duties and Responsibilities

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

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

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

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

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

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

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

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

AUDIT COMMITTEE REPORT

B COMPOSITION AND TERMS OF REFERENCE CONT'D

4 Duties and Responsibilities Cont'd

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

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

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

The review shall focus on:

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

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

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

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

5 Conduct of Meetings

Number of Meetings

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

Attendance of Meetings

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

Quorum

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

6 Secretary to Audit Committee and Minutes

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

C ACTIVITIES

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

The main activities undertaken by the Committee were as follows:

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

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

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

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

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

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

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

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

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

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

AUDIT COMMITTEE REPORT

C ACTIVITIES CONT'D

Number of Meetings and Details of Attendance

Seven (7) meetings were held during the financial year ended 30 June 2009. The attendance record of each member is as follows:

AUDIT COMMITTEE MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	7	6
Chan Fong Ann	7	7
Quah Poh Keat	7	6

Three (3) meetings were held subsequent to the financial year end to the date of Directors' Report and were attended by the following members:

AUDIT COMMITTEE MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	3	3
Chan Fong Ann	3	3
Quah Poh Keat	3	3

D INTERNAL AUDIT FUNCTION

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

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

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

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2009 was RM2,183,687.

STATEMENT ON CORPORATE GOVERNANCE

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

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

- "Best Corporate of the Year in Southeast Asia (Malaysia)" award by Alpha Southeast Asia, a Hong Kong based institutional investment magazine.
- "Malaysia's Top 10 Most Valuable Brand" by Brand Finance, a leading London based independent brand valuation consultancy.
- "The 4th Asia Pacific Super Excellent Brand – Elite Award" by Asia Entrepreneur Alliance ("AEA"), a non-profit organisation of successful entrepreneurs in Asia-Pacific.
- Named "The Most Well Performed Company in Malaysia" in the Top 1000 Global Chinese Businessmen list published by Yazhou Zhoukan, an ASEAN publication based in Hong Kong.
- IOI's Syarimo 3 Estate received the "Highest Fresh Fruit Bunch ("FFB") Yield for the Category above 5000 Hectares in East Malaysia" award by Malaysian Palm Oil Board ("MPOB").
- IOI's Pamol Estates grouping in Sabah was awarded the Roundtable on Sustainable Palm oil ("RSPO") Compliance Certification after having been satisfactorily audited for compliance with the principles and criteria of the RSPO.
- Putrajaya Marriott Hotel's Tuscany and Summer Palace once again bagged two Grand Prizes and an Award of Excellence at the Malaysia International Gourmet Festival 2008 ("MIGF"). The Grand Prize awards were for "The Most Creative Dining Experience" and "The Most Creative Restaurant Station at the Gala Launch" while the Award of Excellence was for "The Best Marketed Restaurant of the Festival".
- Acidchem International won three Gold Awards for Distributions, Pollution Prevention and Employee Health & Safety Codes of Management Practices; one Silver Award for Process Safety and one Merit Award for Community Awareness & Emergency Response Code of Management Practices during the Responsible Care Awards 2007/2008 organised by the Chemical Industries.
- I-Enviro, Acidchem International won the Gold Award during the Innovative and Creative Circle Convention Northern Region 2009 and subsequently also won the Gold Award (2 stars) during the National Innovative and Creative Circle Convention 2009, both organised by the Malaysia Productivity Corporation ("MPC").

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

STATEMENT ON CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

Roles and Principal Duties

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

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

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

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

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

Board Composition and Balance

The Board comprises seven (7) members, of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that requires a minimum of two (2) Directors or one third (1/3) of the Board to be Independent Directors. A brief profile of each Director is presented on pages 60 to 63 of the Annual Report.

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

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

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

The Board has identified Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor as the Senior Independent Non-Executive Director of the Board to whom concerns (of shareholders, management or others) may be conveyed.

Board Meetings

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

Nine (9) Board meetings were held during the financial year ended 30 June 2009. The attendance record of each Director since the last financial year is as follows:

	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
EXECUTIVE DIRECTORS		
Tan Sri Dato' Lee Shin Cheng	9	9
Dato' Lee Yeow Chor	9	9
Lee Yeow Seng	9	9
Lee Cheng Leang	9	9
NON-EXECUTIVE DIRECTORS		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	9	8
Chan Fong Ann	9	9
Quah Poh Keat	9	8

Supply of Information

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

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS CONT'D

Training and Development of Directors

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

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

Tan Sri Dato' Lee Shin Cheng

Senior Management Workshop – Leadership: Great Leaders, Great Teams, Great Results by Dr Blaine Nelson Lee, Leadership Resources (Malaysia) Sdn Bhd (Representative of FranklinCovey USA)	1 September 2008 to 3 September 2008
Luncheon Talk on Financial Tsunami: Global Changes vs Our Choices	4 December 2008
Dialogue Session with YB Minister on BioFertiliser Biogas and Effluent Treatment: From Waste to Wealth	14 August 2009

Dato' Lee Yeow Chor

Leadership Awakening Seminar and Workshop by Robin Sharma	15 July 2008 to 16 July 2008
Senior Management Workshop – Leadership: Great Leaders, Great Teams, Great Results by Dr Blaine Nelson Lee, Leadership Resources (Malaysia) Sdn Bhd (Representative of FranklinCovey USA)	1 September 2008 to 3 September 2008
Global Leadership Conference – Planning and Executing Memorable Forum Retreats	11 March 2009 to 17 March 2009
IMD Business Forum – 6 Essential Skills for Managing Conflict	24 March 2009
Malaysian Palm Oil Council: Program for Rebuilding and Improving Malaysian Export (PRIME) of Palm Oil Seminar 2009	28 March 2009
Taipan Workshop: Surviving The Crisis Going Global Getting Lean	15 April 2009 to 17 April 2009
Leading The Future Employee Workshop by Paul Bridle	26 May 2009

Training and Development of Directors Cont'd

Lee Yeow Seng

Senior Management Workshop – Leadership: Great Leaders, Great Teams, Great Results by Dr Blaine Nelson Lee, Leadership Resources (Malaysia) Sdn Bhd (Representative of FranklinCovey USA)	1 September 2008 to 3 September 2008
Programme on "Bring The Future To The Present: Theory & Application" by Ministry of Higher Education Malaysia	4 March 2009
Price Outlook Conference	10 March 2009 to 12 March 2009
Briefing – Bank Negara Annual Report 2008/ Financial Stability & Payment Systems Report 2008	27 March 2009
Asian Stars Conference by Merrill Lynch in Singapore	6 May 2009
Euro Finance Conference: International Cash, Treasury & Risk of Finance Professionals in Singapore	12 May 2009 to 14 May 2009

Lee Cheng Leang

Board Room – Round Table	26 June 2009

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor

Directors' Duties & Liabilities – Beyond Compliance, Directors' Performance Evaluation – Building a High Performance Board, Post Election Scenario	9 July 2008
PNB Public Lecture – "The EVA Approach to Value Creation"	10 July 2008
Audit Committee's 10 Best Practices by Rod Winters, General Auditor Microsoft Corp.	30 July 2008
The Changing Roles and Responsibilities of Company Directors	13 August 2008 to 14 August 2008
Understanding MNRB Retakaful	29 August 2008
Malaysian Re-Insurance Berhad's 5th CEO Programme The Spanish Insurance Market and Agricultural Insurance System	31 October 2008
PNB International Lecture : Innovation & Creativity for Business Growth	17 November 2008
4th International Convention on Takaful & Retakaful	20 November 2008 to 21 November 2008
MNRB Directors' Training – Understanding Malaysian Re-Insurance Berhad	17 February 2009

Chan Fong Ann

Board Room – Round Table	26 June 2009

STATEMENT ON CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS CONT'D

Training and Development of Directors Cont'd

Quah Poh Keat

Industry workshop on telecommunication industry	2 July 2008
KPMG ACI Roundtable Discussion	14 August 2008
KPMG Tax Summit 2008	4 September 2008
Financial Institutions Director Education Programme Module 1	14 November 2008
Enhancing the resilience and stability of the Islamic Finance	20 November 2008
Financial Institutions Directors' Education Programme	12 December 2008
KPMG Tax Seminar Updates on latest tax developments	13 January 2009
Developing High Impact Boards module 3	16 January 2009
FIDE Developing High Impact Boards module 4	13 February 2009
FIDE Developing High Impact Boards module 2	17 February 2009
FIDE Developing High Impact Boards module 5	13 March 2009
Board responsibilities for internal controls and ERM	18 March 2009
IMD Business Forum: Leading Change in Times of Uncertainty	24 March 2009
Global Financial Crisis: Implications for Corporate Governance in Asia	20 April 2009
Good Governance, Strategy and Sustainability are Inseparable	22 May 2009

Appointment to the Board and the effectiveness of the Board

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

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

Re-election and Re-appointment of Directors

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

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

Directors' Remuneration

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

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

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

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

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiaries during the financial year ended 30 June 2009 are as follows:

1 Aggregate remuneration of Directors categorised into appropriate components:

	FEES RM'000	SALARIES RM'000	BONUS& INCENTIVES RM'000	BENEFITS-IN-KIND RM'000	EPF RM'000	OTHERS RM'000	TOTAL RM'000
Executive Directors	347	6,133	21,892	274	3,471	196	32,313
Non-Executive Directors	276	–	–	35	–	192	503

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

RANGE OF REMUNERATION	EXECUTIVE	NON-EXECUTIVE
RM100,001 to RM150,000	–	1
RM150,001 to RM200,000	–	1
RM200,001 to RM250,000	–	1
RM250,001 to RM350,000	–	–
RM350,001 to RM400,000	1	–
RM400,001 to RM550,000	–	–
RM550,001 to RM600,000	1	–
RM600,001 to RM1,650,000	–	–
RM1,650,001 to RM1,700,000	1	–
RM1,700,001 to RM25,000,000	–	–
RM25,000,001 to RM30,000,000	1	–

For financial year ended 30 June 2009, none of the Directors were offered share options under the Company's ESOS.

STATEMENT ON CORPORATE GOVERNANCE

SHAREHOLDERS

Dialogue Between the Company and Investors

The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete a picture of the Group's performance and position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Company uses the following key investor relation activities in its interaction with investors.

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

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

During the financial year, the Group had participated in approximately 3 roadshows and investor conferences and had approximately 130 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

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

Annual General Meeting and Other Communications with Shareholders

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

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

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

Directors' Responsibility for Preparing the Annual Audited Financial Statements Cont'd

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

Financial Reporting

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

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

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

Internal Control

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

Internal Audit Function

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

Relationship with External Auditors

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

Audit Committee

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

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

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

The non-statutory audit fees incurred for services rendered to the Group by BDO Malaysia and its affiliates for the financial year ended 30 June 2009 was RM1,273,000.

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

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

ACKNOWLEDGEMENT OF RESPONSIBILITIES

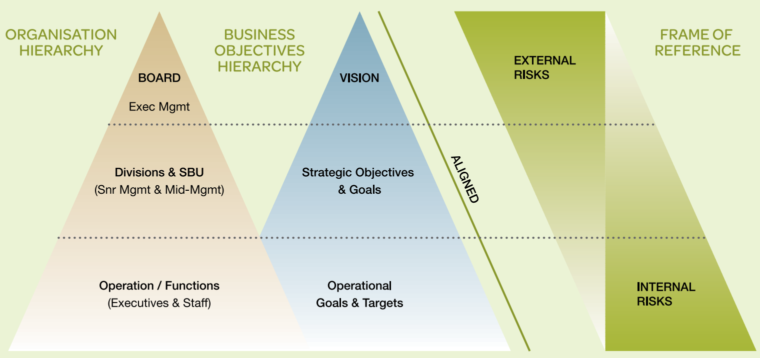
The Board of Directors affirms that it is ultimately responsible for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. However, it should be noted that control systems are designed to manage rather than to totally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

RISK MANAGEMENT FRAMEWORK

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

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

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



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

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

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

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

REVIEW FOR THE PERIOD

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

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

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

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

STATEMENT OF DIRECTORS' INTERESTS

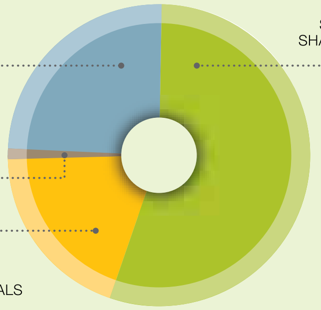
IN THE COMPANY AND RELATED CORPORATIONS
AS AT 28 AUGUST 2009

NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
THE COMPANY				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	54,737,970	0.92	2,445,867,488	40.92
Dato' Lee Yeow Chor	5,981,000	0.10	2,438,234,663	40.79
Lee Yeow Seng	687,500	0.01	2,438,234,663	40.79
Lee Cheng Leang	50,000	–	–	–
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	308,750	–	–	–
Chan Fong Ann	6,414,065	0.11	159,580,041	2.67
Quah Poh Keat	–	–	–	–
SUBSIDIARIES				
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	27.03	–	–
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	–	1,111,111	10.00
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	–	1,000,000	10.00

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

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS



MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2009 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 Group conducted pursuant to shareholders' mandate for the financial year ended 30 June 2009 are as follows:

TRANSACTING PARTIES	TYPE OF RECURRENT RELATED PARTY TRANSACTIONS	INTERESTED DIRECTORS/ MAJOR SHAREHOLDERS AND PERSONS CONNECTED	VALUE OF TRANSACTIONS RM'000
Pilihan Megah Sdn Bhd ("PMSB"), (1) & (2) Dynamic Management Sdn Bhd ("DMSB"), (1) & (2) Flora Development Sdn Bhd ("FDSB") (1) & (2) and Lush Development Sdn Bhd ("LDSB") (1) & (2)	Sale of plants and provision of landscaping services by IOI Landscape Services Sdn Bhd ("IOI Landscape") (1)	• Tan Sri Dato' Lee Shin Cheng (4) • Puan Sri Datin Hoong May Kuan (5) • Dato' Lee Yeow Chor (6) • Progressive Holdings Sdn Bhd (7) • Lee Yeow Seng (8) • Dato' Yeo How (14)	1,537
DMSB (1) & (2)	Provision of management and back-up services to IOI	• Tan Sri Dato' Lee Shin Cheng (4) • Puan Sri Datin Hoong May Kuan (5) • Dato' Lee Yeow Chor (6) • Progressive Holdings Sdn Bhd (7) • Lee Yeow Seng (8) • Dato' Yeo How (14)	8,000
FDSB (1) & (2)	Rental of properties from Resort Villa Development Sdn Bhd ("RVD") located at Two IOI Square, IOI Resort, 62502 Putrajaya (1) & (15)	• Tan Sri Dato' Lee Shin Cheng (4) • Puan Sri Datin Hoong May Kuan (5) • Dato' Lee Yeow Chor (6) • Progressive Holdings Sdn Bhd (7) • Lee Yeow Seng (8) • Dato' Yeo How (14)	3,809

OTHER INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE CONT'D

TRANSACTING PARTIES	TYPE OF RECURRENT RELATED PARTY TRANSACTIONS	INTERESTED DIRECTORS/ MAJOR SHAREHOLDERS AND PERSONS CONNECTED	VALUE OF TRANSACTIONS RM'000
Nice Frontier Sdn Bhd ("NFSB") (1) & (2)	Purchase of estate produce by Pamol Plantations Sdn Bhd ("PPSB") (1)	• Tan Sri Dato' Lee Shin Cheng (4) • Puan Sri Datin Hoong May Kuan (5) • Dato' Lee Yeow Chor (6) • Progressive Holdings Sdn Bhd (7) • Lee Yeow Seng (8) • Dato' Yeo How (14)	11,060
Continental Estates Sdn Bhd ("CESB") (1) & (3)	Purchase of estate produce by Dynamic Plantations Berhad ("DPB") (1)	• Tan Sri Dato' Lee Shin Cheng (4) • Puan Sri Datin Hoong May Kuan (5) • Dato' Lee Yeow Chor (6) • Progressive Holdings Sdn Bhd (7) • Lee Yeow Seng (8) • Dato' Yeo How (14)	32,741
Malayapine Estates Sdn Bhd ("MESB") (1)	Property project management services by PMSB (1) & (2)	• Progressive Holdings Sdn Bhd (9) • Tan Sri Dato' Lee Shin Cheng (10) • Puan Sri Datin Hoong May Kuan (11) • Dato' Lee Yeow Chor (12) • Lee Yeow Seng (13)	1,693

NOTE

(1) Details of the transaction parties

NAME OF COMPANY	EFFECTIVE EQUITY (%)	PRINCIPAL ACTIVITIES
CESB	19	Property development and cultivation of oil palm
DMSB	76	Property development and investment holding
DPB	100	Cultivation of oil palm and processing of palm oil
FDSB	76	Property development and property investment
IOI Landscape	100	Landscape services, sale of ornamental plants and turfing grass
LDSB	76	Property development
MESB, a subsidiary of Progressive Holdings Sdn Bhd and connected to Tan Sri Dato' Lee Shin Cheng	Not Applicable	Property development, property investment and investment holding
NFSB	70	Property development, property investment and cultivation of oil palm
PPSB	100	Cultivation of oil palm and processing of palm oil
PMSB	76	Property development, property investment and investment holding
RVD	100	Hotel and resort development

(2) Subsidiaries of IOI Properties Berhad ("IOIP")

(3) An associate of IOIP

(4) Tan Sri Dato' Lee Shin Cheng is the Executive Chairman and deemed Major Shareholder of IOI and IOIP. He has an interest (direct and indirect) of 625,088,745 shares representing 76.91% equity interest in IOIP

(5) Puan Sri Datin Hoong May Kuan is a Director of IOIP and a deemed Major Shareholder of IOI and IOIP and person connected to both Tan Sri Dato' Lee Shin Cheng and Dato' Lee Yeow Chor and Lee Yeow Seng. She has an indirect interest of 625,088,745 shares representing 76.91% equity interest in IOIP

(6) Dato' Lee Yeow Chor is an Executive Director and a deemed Major Shareholder of IOI and IOIP and person connected to Tan Sri Dato' Lee Shin Cheng as he is the son of both Tan Sri Dato' Lee Shin Cheng and Puan Sri Datin Hoong May Kuan. He has an interest (direct and indirect) of 623,063,245 shares representing 76.66% equity interest in IOIP

(7) Progressive Holdings Sdn Bhd ("PHSB") is a Major Shareholder of IOI, deemed Major Shareholder of IOIP and party connected to Tan Sri Dato' Lee Shin Cheng. PHSB has an interest (direct and indirect) of 623,033,245 shares representing 76.66% equity interest in IOIP

(8) Lee Yeow Seng is an Executive Director of IOI and deemed Major Shareholder of IOI and IOIP and person connected to Tan Sri Dato' Lee Shin Cheng as he is the son of both Tan Sri Dato' Lee Shin Cheng and Puan Sri Datin Hoong May Kuan and the brother of Dato' Lee Yeow Chor. He has an interest (direct and indirect) of 623,063,245 shares representing 76.66% equity interest in IOIP

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

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

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

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

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

(14) Dato' Yeo How was an Executive Director of IOI and IOIP and has resigned from both companies on 30 June 2008. Dato' Yeo How was deemed a Director pursuant to the Paragraph 10.02 (c) of the Main Market Listing Requirements. He holds 8,000 shares representing less than 0.01% equity interest in IOIP

(15) The rental of property is renewable every three (3) years and the rental is at RM317,426.70 per month

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

- The shareholdings of the respective interested Directors / Major shareholders and the effective equity interest of the transacting parties as shown above are based on information disclosed in the Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature dated 22 September 2008.

PENALTIES

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

NAME OF COMPANY	PENALTY IMPOSED BY THE REGULATORY BODIES	REMARKS
IOI Bio-Energy Sdn Bhd ("IBSB")	IBSB was fined RM4,000 by Department of Environment ("DOE"), Sandakan Branch for two offences under Regulation 40 of Environment Quality (Cleaned Air) Regulations 1978.	IBSB was found by the DOE of Sabah for operating two boilers without the smoke density monitor and recorder control equipment, causing air pollution to the surrounding area. Remedial action has been implemented to prevent the recurrence of this problem.
IOI	IOI was fined RM30,000 by Tawau Session Court for an offence under Section 25(1) of Environment Quality Act 1974 ("EQA").	IOI's Baturong Palm Oil Mill was found by the DOE of Sabah to have discharged eff uent which exceeded the limits for parameters of eff uent stipulated under the EQA. Remedial action has been taken to remove solid from mill waste to estate as fertiliser, thereafter this will improve the retention time of liquid discharge at pond.

OTHER INFORMATION

PENALTIES CONT'D

NAME OF COMPANY	PENALTY IMPOSED BY THE REGULATORY BODIES	REMARKS
Ladang Sabah Sdn Bhd ("LSSB")	LSSB was fined RM10,000 by Sandakan Session Court for an offence under Section 16(1) of EQA.	LSSB's Ladang Sabah Palm Oil Mill was found by the DOE of Sabah for milling capacity exceeded the limit. Remedial action has been taken to enable to apply upgrading the mill capacity.
	LSSB was fined RM10,000 by Sandakan Session Court for an offence under Section 16(1) of EQA.	LSSB's Ladang Sabah Palm Oil Mill was found by DOE of Sabah to have discharged eff uent which exceeded the limits for parameters of eff uent stipulated under the EQA. Remedial action has been taken to improve the land irrigation system.
Mayvin Incorporated Sdn Bhd ("MISB")	MISB was fined RM2,000 by Jabatan Alam Sekitar Negeri Sabah, under Section 10(2) of EQA.	MISB's Mayvin Palm Oil Mill was found by the DOE of Sabah for not labeling the drums as per requirement. Remedial action has been taken to ensure all drums are labeled.
	MISB was fined RM30,000 by Sandakan Session Court for an offence under Section 25(1) of EQA.	MISB's Mayvin Palm Oil Mill was found by DOE, Sabah to have discharged eff uent which exceeded the limits for parameters of eff uent stipulated under the EQA. Remedial action has been taken to ensure it within the spec at all times as given by the regulatory.
Morisem Palm Oil Mill Sdn Bhd ("MPOMSB")	MPOM was fined RM9,000 by Jabatan Alam Sekitar Negeri Sabah, under Section 16(1) of EQA.	MPOMSB's Leepang Palm Oil Mill was found by the DOE of Sabah for milling capacity exceeded the limit. Remedial action has been taken to enable to apply upgrading the mill capacity.

NAME OF COMPANY	PENALTY IMPOSED BY THE REGULATORY BODIES	REMARKS
Syarimo Sdn Bhd ("SSB")	SSB was fined RM12,000 by Sandakan Session Court for an offence under Section 16(1) of EQA.	SSB's Syarimo Palm Oil Mill was found by the DOE of Sabah to have discharged eff uent which exceeded the limits for parameters of eff uent stipulated under the EQA. Remedial action has been implemented for 4 units of new anaerobic pond; maintain oil loss below 0.80% from decanter.
	SSB was fined RM12,000 by Sandakan Session Court for an offence under Section 25(1) of EQA.	SSB's Syarimo Palm Oil Mill was found by the DOE of Sabah to have discharged eff uent which exceeded the limits for parameters of eff uent stipulated under the EQA. Remedial action has been implemented for 4 units of new anaerobic pond; maintain oil loss below 0.80% from decanter; desludge the solids into green tube and thereafter to estate as fertilizer.

UTILISATION OF PROCEEDS

The status of utilisation of proceeds raised from the 3rd Exchangeable Bonds as at 30 June 2009 is as follows:

PURPOSE	PROPOSED UTILISATION (USD MILLION)	ACTUAL UTILISATION (USD MILLION)	INTENDED TIMEFRAME FOR UTILISATION	DEVIATION AMOUNT	DEVIATION %
Capital expenditure, investments/acquisitions and working capital	600	413	by January 2011	-	-
Total	600	413		-	-

SENIOR MANAGEMENT TEAM

GROUP CHIEF EXECUTIVE OFFICER
Tan Sri Dato' Lee Shin Cheng

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

PLANTATION
GROUP PLANTATION DIRECTOR
Dato' Foong Lai Choong

GROUP COMMODITY MARKETING DIRECTOR
Yong Chin Fatt

EXECUTIVE DIRECTOR, SABAH
Lai Poh Lin

GENERAL MANAGER (FINANCE)
Lim Eik Hoy

GENERAL MANAGER, LAHAD DATU
Tee Ke Hoi

GENERAL MANAGER, SANDAKAN
Lee Foo Wah

GENERAL MANAGER, INDONESIA
Goh Hock Sin

GENERAL MANAGER, MARKETING
James Goh Ju Tong

REFINERY
GENERAL MANAGER
Sudhakaran A/L Nottath Bhaskar

OLEOCHEMICALS
EXECUTIVE DIRECTOR
Lee Sing Hin

CHIEF OPERATING OFFICER
Tan Kean Hua

CHIEF FINANCIAL OFFICER
Khoo Tian Cheng

SPECIALTY OILS AND FATS
SENIOR GENERAL MANAGER
GROUP ENGINEERING
Wong Chee Kuan

CHIEF OPERATING OFFICERS
Loek Favre (EUROPE)
Julian Veitch (NORTH AMERICA)
UR, Sahasranaman (ASIA)

CHIEF FINANCIAL OFFICER
Tan Chun Weng

PROPERTY
PROPERTY DIRECTOR
Dato' David Tan Thean Thye

SENIOR GENERAL MANAGER
Simon Heng Kwang Hock

GENERAL MANAGERS
Lee Yoke Har
Lee Thian Yew
Lim Beng Yeang
Teh Chin Guan

HOTEL
GENERAL MANAGERS
Yeow Hock Siew
Simon Yong

GOLF CLUB
GENERAL MANAGER
Lim Hock Seng

CORPORATE
GROUP FINANCE DIRECTOR
Rupert Koh Hock Joo

GROUP LEGAL ADVISER/COMPANY SECRETARY
Lee Ai Leng

GLOBAL SUSTAINABILITY DIRECTOR
Donald C Grubba

GROUP BUSINESS ACTIVITIES

PLANTATION

IOI CORPORATION BERHAD*
PLANTATION SUBSIDIARIES

- Oil Palm
- Rubber
- Crude Palm Oil Mill

RESOURCE-BASED MANUFACTURING

IOI OLEOCHEMICAL INDUSTRIES BERHAD GROUP

- Oleochemicals

IOI EDIBLE OILS SDN BHD
IOI SPECIALITY FATS SDN BHD

- Palm Oil Refinery
- Palm Kernel Crushing

LODERS CROKLAAN GROUP

- Specialty Oils and Fats
- Palm Oil Refinery and Fractionation

PAN-CENTURY GROUP

- Oleochemicals
- Refinery

PROPERTY DEVELOPMENT & INVESTMENT

IOI PROPERTIES BERHAD GROUP
PROPERTY SUBSIDIARIES

- Township Development
- Shopping Mall
- Office Complex
- Hotel
- Resorts

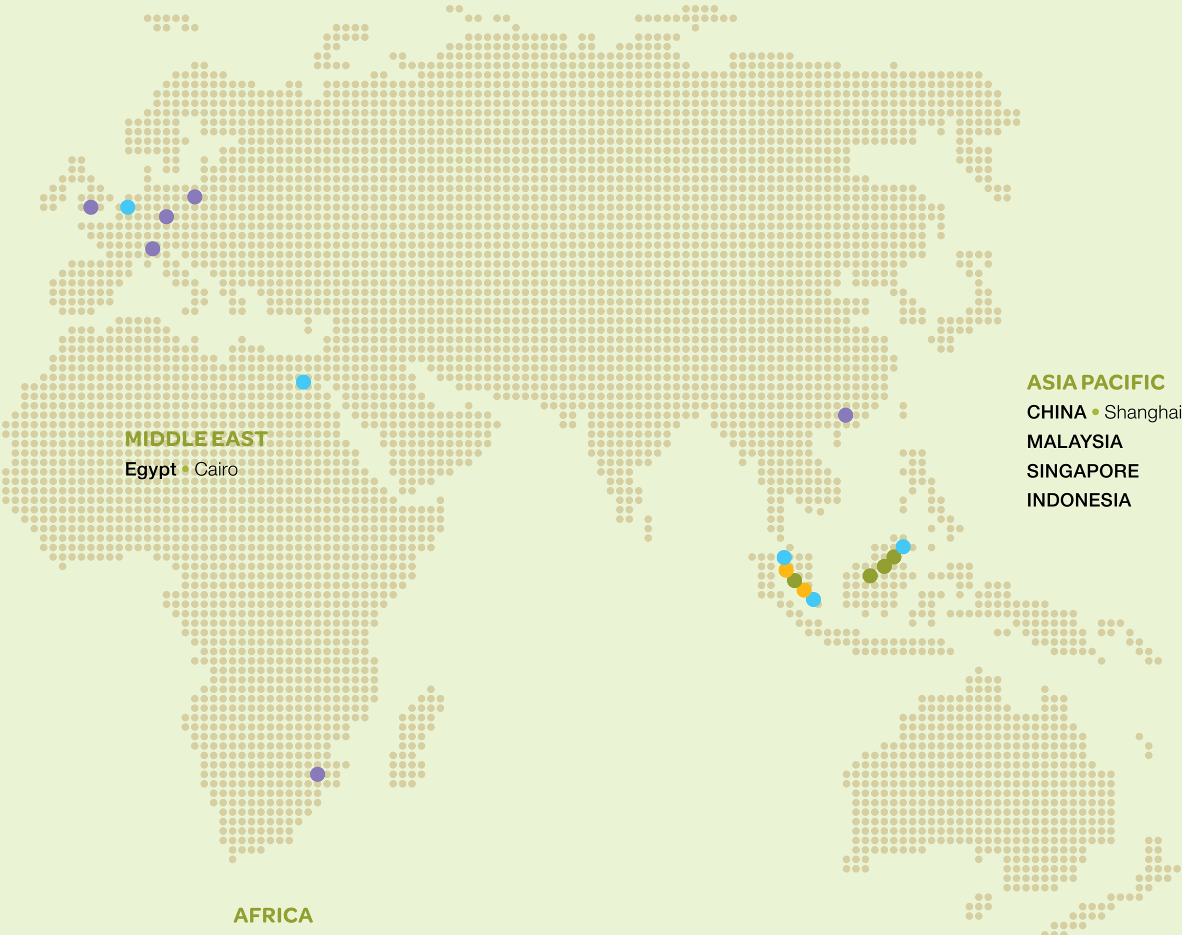
* LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

GLOBAL PRESENCE

- PLANTATION
- PROPERTIES
- RESOURCE-BASED MANUFACTURING
- RESOURCE-BASED MANUFACTURING SALE OFFICE

EUROPE

NETHERLANDS • Wormerveer & Zwijndrecht
ITALY • Milan
POLAND • Warsaw
RUSSIA • Moscow
ENGLAND • Essex



MIDDLE EAST

Egypt • Cairo

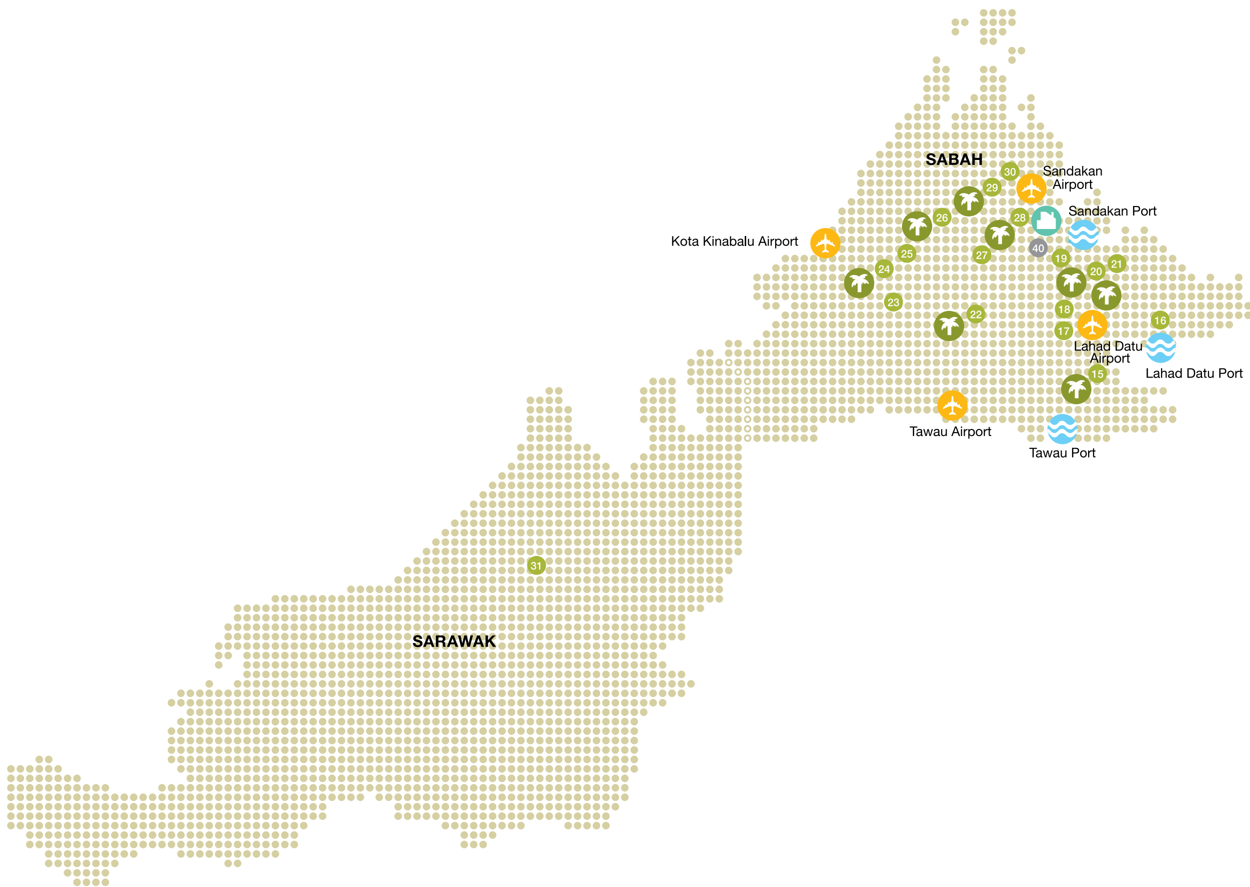
ASIA PACIFIC

CHINA • Shanghai
MALAYSIA
SINGAPORE
INDONESIA

AFRICA

SOUTH AFRICA • Durban

LOCATION OF OPERATIONS IN MALAYSIA



PLANTATION

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

PROPERTY DEVELOPMENT

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

RESORT

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

RESOURCE-BASED MANUFACTURING

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

CORPORATE CALENDAR

11. 2008

IOI was named "The Most Well Performed Company in Malaysia" in the Top 1000 Global Chinese Businessmen list published by Yazhou Zhoukan, an ASEAN publication based in Hong Kong.

12. 2008

IOI's Syarimo 3 Estate won the MPOB Award for East Malaysia's Highest Fresh Fruit Bunches ("FFB") Yield for the Category above 5,000 Hectares.

11. 2008

As part of its CSR initiatives, IOIP organised its third IOI Community Run at Bandar Puteri Puchong. The community run saw over 4000 enthusiastic runners participated in the community event. In conjunction with the event, IOIP donated RM51,000 to various organisations; they are Shuang Fu Disabled Independent Living Association, Rumah Shalom and seven schools located in Puchong area.

02. 2009

IOI served a notice of voluntary take-over offer to the Board of Directors of IOIP to notify IOIP of its intention to acquire all 199,727,505 ordinary shares of RM0.50 each in IOIP ("IOIP Share(s)") not already owned by IOI and all the new IOIP Shares that may be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to IOIP's Executive Share Option Scheme at an offer price of RM2.598 per IOIP Share.

02. 2009

IOI's Pamol Estates grouping in Sabah was awarded the Roundtable on Sustainable Palm Oil ("RSPO") Compliance Certification for its sustainable palm oil production. IOI is actively pursuing certification audits on its other estates and mills in Malaysia with a view of obtaining RSPO certification for all its estates and mills by the middle of year 2011.

12. 2008

Putrajaya Marriott Hotel's Tuscany and Summer Palace once again bagged two Grand Prizes and an Award of Excellence at the Malaysia International Gourmet Festival ("MIGF") 2008. The Grand Prize awards were for "The Most Creative Dining Experience" and "The Most Creative Restaurant Station at the Gala Launch" and the Award of Excellence was for "The Best Marketed Restaurant of the Festival".

03. 2009

The entire IOI Group, which included all local and international IOI establishments, made a united stand with Earth Hour 2009 to fight global warming. This move is in line with IOI Group's long-term commitment to environmental protection, which has seen IOI adopting good plantation management practices plus sustainable property development practices over the years.

03. 2009

Recognised as a top leadership brand which has successfully created a strong and positive image for the branding initiatives of the company, product and services, IOI was awarded "The 4th Asia Pacific Super Excellent Brand – Elite Award" by Asia Entrepreneur Alliance ("AEA").

06. 2009

Another brand accolade for IOI! IOI was named Malaysia's Top 10 Most Valuable Brand with RM2 billion brand value. The brand award was presented by London-based Brand Finance, a world's leading independent brand valuation consultancy.

07. 2009

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

07. 2009

Acidchem International won three Gold Awards for Distributions, Pollution Prevention and Employee Health & Safety Codes of Management Practices; one Silver Award for Process Safety and one Merit Award for Community Awareness & Emergency Response Code of Management Practices during the Responsible Care Awards 2007/2008 organised by the Chemical Industries.

07. 2009

I-Enviro, Acidchem International won the Gold Award during the Innovative and Creative Circle Convention Northern Region 2009 organised by the Malaysia Productivity Corporation ("MPC").

07. 2009

IOI was the sole Malaysian company to receive the "Best Corporate of the Year in Southeast Asia (Malaysia)" award from the Hong Kong based institutional investment magazine, Alpha Southeast Asia. The award was to recognize IOI's ability to manage its plantation estates effectively and generate value-driven returns above industry average for its stakeholders.

08. 2009

After winning the Gold Award in the Northern Region, I-Enviro, Acidchem International once again won the Gold Award (2 stars) during the National Innovative and Creative Circle Convention 2009 organised by the MPC.

FINANCIAL REPORTS

DIRECTORS' REPORT

The Directors of IOI Corporation Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2009.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries, associates and jointly controlled entities are set out in Note 48 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 2009 are as follows:

	GROUP RM'000	COMPANY RM'000
Profit before taxation	1,550,117	575,856
Taxation	(486,943)	(173,834)
Profit for the financial year	1,063,174	402,022
Attributable to:		
Equity holders of the Company	983,517	402,022
Minority interests	79,657	–
	1,063,174	402,022

DIVIDENDS

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

	COMPANY RM'000
In respect of the financial year ended 30 June 2008:	
Second interim single tier dividend of 10.0 sen per ordinary share, paid on 26 September 2008	590,996
In respect of the financial year ended 30 June 2009:	
First interim single tier dividend of 3.0 sen per ordinary share, paid on 27 February 2009	176,765
Second interim single tier dividend of 3.0 sen per ordinary share, paid on 26 June 2009	178,761
	355,526
	946,522

DIVIDENDS CONT'D

The Directors have declared a third interim single tier dividend of 2.0 sen per ordinary share, amounting to RM119,111,161 in respect of the financial year ended 30 June 2009. The dividend is payable on 8 October 2009 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 29 September 2009.

No final dividend has been recommended for the financial year ended 30 June 2009.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i 11,982,000 new ordinary shares of RM0.10 each for cash at RM2.50 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme;

ii 2,657,900 new ordinary shares of RM0.10 each for cash at RM4.30 per ordinary share arising from the exercise of options granted under the Company's Executive Share Option Scheme; and

iii 94,279,715 new ordinary shares of RM0.10 each for cash at RM3.78 per ordinary share arising from the voluntary take over offer of IOI Properties Berhad's shares.

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

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

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during the subsequent Annual General Meetings of the Company including the last meeting held on 22 October 2008.

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

During the financial year, the Company repurchased 139,419,800 ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM4.68 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased had been sold as at 30 June 2009.

At the balance sheet date, the number of ordinary shares in issue after deducting treasury shares against equity is 5,955,558,046 ordinary shares of RM0.10 each.

DIRECTORS' REPORT

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

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad, a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD370 million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds"). The 2nd Exchangeable Bonds were issued at 100% of the principal amount and listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange and will mature on 18 December 2011. The 2nd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

The salient features of the 2nd Exchangeable Bonds are disclosed in Note 33.2 to the financial statements.

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

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

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

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

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

During the financial year, the Company repurchased and cancelled part of the 3rd Exchangeable Bonds of USD36,508,000 or equivalent to RM129,803,638 for USD23,730,200 or equivalent to RM84,372,365. The Company had recognised a gain of RM45,431,273 from the above transaction.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

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

The salient features of the ESOS are as follows:

a Maximum number of shares available under the ESOS

The total number of new ordinary shares in the Company ("IOI Shares"), which may be made available under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time an offer of options is made in writing by a committee appointed by the Board to administer the ESOS ("Option Committee") to any executive or Executive Director of the Group ("Offer") who meets the criteria of eligibility for participation in the ESOS as set out in the rules, terms and conditions of the ESOS ("Bye-Laws").

b Eligibility

Save for executives who are employed by the foreign subsidiaries of the Company (including the Malaysian subsidiaries of such foreign subsidiaries), and executives who are employed by subsidiaries of the Company, of which the Company holds less than 75% of the issued and paid-up share capital, any executive (including Executive Director) of the Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the executive:

i has attained the age of 18 years;

ii is in the full time employment and payroll of a company within the Group (other than a company which is dormant) for at least 3 years; and

iii falls within such other categories and criteria that the Option Committee may from time to time at its absolute discretion determine.

(The eligible employees above are hereinafter referred to as "Eligible Executive(s)")

No executive of the Group shall participate at any time in more than one ESOS implemented by any company within the Group.

c Maximum allowable allotment and basis of allocation

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

- the number of new IOI Shares allotted, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total new IOI Shares that are available to be issued under the ESOS; and
- the number of new IOI Shares allotted to any individual Eligible Executive, who either singularly or collectively through persons connected with him/her (as defined under the Listing Requirements of Bursa Malaysia Securities Berhad) holds 20% or more in the issued and paid-up capital of the Company, shall not exceed 10% of the total new IOI Shares that are available to be issued under the ESOS.

DIRECTORS' REPORT

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

c Maximum allowable allotment and basis of allocation Cont'd

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

d Subscription price

The subscription price shall be higher of the following:

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

ii the par value of the IOI Shares;

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

e Duration and termination of the ESOS

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

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

- the consent from the Company's shareholders by ordinary resolution at a general meeting have been obtained; and
- the written consent from all Grantees who have yet to exercise their Option, either in part or in whole, has been obtained.

f Exercise of option

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

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

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

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

g Rights attaching to the IOI Shares

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

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

g Rights attaching to the IOI Shares Cont'd

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

		NO. OF OPTIONS OVER ORDINARY SHARES			
OPTION PRICE	DATE OF OFFER	AS AT 1 JULY 2008	EXERCISED	LAPSED	AS AT 30 JUNE 2009
RM2.50	12 January 2006	69,040,800	(11,982,000)	(4,452,100)	**52,606,700**
RM4.30	2 April 2007	43,255,500	(2,657,900)	(1,274,600)	**39,323,000**
Total		112,296,300	(14,639,900)	(5,726,700)	**91,929,700**

RESERVES AND PROVISIONS

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

DIRECTORS

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

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

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

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2009 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

DIRECT INTERESTS	AS AT 1 JULY 2008	ACQUIRED	DISPOSED	AS AT 30 JUNE 2009
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	46,022,670	8,715,300	–	**54,737,970**
Dato' Lee Yeow Chor	6,713,000	268,000	(400,000)	**6,581,000**
Lee Yeow Seng	1,135,400	737,500	(1,185,400)	**687,500**
Lee Cheng Leang	850,000	–	(800,000)	**50,000**
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	308,750	–	–	**308,750**
Chan Fong Ann	6,400,625	13,440	–	**6,414,065**
Subsidiaries				
IOI Properties Berhad				
No. of ordinary shares of RM0.50 each				
Tan Sri Dato' Lee Shin Cheng	1,620,400	405,100	(2,025,500)	**–**
Dato' Lee Yeow Chor	30,000	–	(30,000)	**–**
Chan Fong Ann	22,400	–	(22,400)	**–**
Kapar Realty And Development Sdn Berhad				
No. of ordinary shares of RM1,000.00 each				
Tan Sri Dato' Lee Shin Cheng	100	–	–	**100**
INDIRECT INTERESTS				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,414,714,868	33,383,020	(1,615,400)	**2,446,482,488**
Dato' Lee Yeow Chor	2,406,062,843	32,171,820	–	**2,438,234,663**
Lee Yeow Seng	2,406,062,843	32,171,820	–	**2,438,234,663**
Chan Fong Ann	158,690,321	889,720	–	**159,580,041**
Subsidiaries				
IOI Properties Berhad				
No. of ordinary shares of RM0.50 each				
Tan Sri Dato' Lee Shin Cheng	4,061,600	1,146,100	(5,207,700)	**–**
Dato' Lee Yeow Chor	4,019,600	1,138,100	(5,157,700)	**–**
Lee Yeow Seng	4,019,600	1,138,100	(5,157,700)	**–**
Property Skyline Sdn Bhd				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,111,111	–	–	**1,111,111**
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,000,000	–	–	**1,000,000**

DIRECTORS' INTERESTS CONT'D

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

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

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

		NO. OF OPTIONS OVER ORDINARY SHARES		
DIRECTOR	OPTION PRICE	AS AT 1 JULY 2008	EXERCISED	AS AT 30 JUNE 2009
Tan Sri Dato' Lee Shin Cheng	RM2.50	15,000,000	(7,500,000)	**7,500,000**
Dato' Lee Yeow Chor	RM2.50	3,000,000	–	**3,000,000**
Lee Yeow Seng	RM2.50	600,000	(450,000)	**150,000**
Lee Yeow Seng	RM4.30	750,000	(187,500)	**562,500**
Lee Cheng Leang	RM2.50	1,600,000	–	**1,600,000**

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the share options granted to Directors of the Company pursuant to the Company's ESOS, as disclosed in Note 30.1 to the financial statements.

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

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

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

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

DIRECTORS' REPORT

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

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

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

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to the local requirements, three (3) indirect subsidiaries of the Company, Loders Croklaan (Shanghai) Trading Co. Ltd, Tianjin Palmco Oil & Fats Co. Ltd and Loders Croklaan Latin America Comercio e Industria Ltda are adopting 31 December financial year end, which do not coincide with that of the Company. The Directors of the Company have been granted approvals under Section 168(3) of the Companies Act, 1965 by the CCM for the aforementioned subsidiaries to have different financial year end from that of the Company for the financial year ended 30 June 2009.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a Renounceable rights issue by IOI Properties Berhad

On 4 August 2008, IOI Properties Berhad ("IOIP"), a subsidiary of the Company, completed the renounceable rights issue with the listing of and quotation for 162,537,250 new ordinary shares of RM0.50 each at an issue price of RM4.85 each on the Main Market of Bursa Malaysia Securities Berhad on even date.

b Joint venture between the Company and Pelita Holdings Sdn Bhd

On 8 August 2008, the Company entered into a conditional joint venture agreement to subscribe for the equity of a joint venture company to be incorporated and named IOI Pelita Kanowit Sdn Bhd ("IOI Pelita") for the purpose of acquiring and developing approximately 7,000 hectares of land situated at Block E (Lesih) Kanowit, Sibu, Sarawak into oil palm estates. IOI Pelita was incorporated on 12 November 2008 with an issued and paid-up share capital of RM2.00 comprising two ordinary shares of RM1.00 each, of which the Company and Pelita Holdings Sdn Bhd each holds one ordinary share.

Pursuant to the terms of joint venture agreement, the Company will eventually hold an equity interest of 60% in IOI Pelita. The joint venture enables the Group to continue expanding its core palm oil business and increase its oil palm plantation holdings in Malaysia.

c Acquisition of Laksana Kemas Sdn Bhd

On 20 August 2008, the Company acquired the entire issued and paid-up share capital of Laksana Kemas Sdn Bhd ("LKSB") for a total cash consideration of RM754,258. LKSB is the beneficial and legal owner of land with a total land area of 566.54 acres and its principal activity is cultivation of oil palm.

d Proposed acquisition of the entire equity interest of Inverfin Sdn Bhd

On 29 August 2008, the Company entered into a conditional sale and purchase agreement with Menara Citi Holding Company Sdn Bhd, CapitaLand Limited and Amsteel Corporation Berhad ("Vendor") to acquire the entire equity interest in Inverfin Sdn Bhd ("ISB") for a total cash consideration of RM586,731,176. ISB is established as a special purpose entity and investment company for the sole purpose of owning and operating Menara Citibank, which is located in Jalan Ampang, Kuala Lumpur.

On 27 November 2008, the Company announced that it would not proceed with the said acquisition due to the adverse development in the global economic environment. A sum of RM73,362,600 paid by the Company to the Vendor was forfeited upon termination of the conditional sale and purchase agreement.

e Voluntary take-over offer to acquire all shares in IOI Properties Berhad

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

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

ii RM0.33 in cash,

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR CONT'D

e Voluntary take-over offer to acquire all shares in IOI Properties Berhad Cont'd

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

(to be referred to as "Offer").

As at 30 June 2009, the Company acquired 157,132,870 IOIP Shares with the issuance of 94,279,715 IOI Share and cash payment of RM51.9 million. The Company then held 812,786,250 IOIP Shares representing 95.4% of the issued and paid-up capital of IOIP.

Subsequent to 30 June 2009, the Company had further acquired 35,234,021 IOIP Shares with the issuance of 21,140,413 IOI Share and cash payment of RM11.6 million. The Company now holds 99.7% of the issued and paid-up capital of IOIP.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Proposed renounceable rights issue by the Company

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

The Proposed Rights Issue is pending the approval of the relevant authorities and shareholders of the Company.

AUDIT COMMITTEE

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

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
Chan Fong Ann
Quah Poh Keat (MIA No. 2022)

NOMINATING COMMITTEE

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

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

REMUNERATION COMMITTEE

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

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

AUDITORS

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

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
29 August 2009

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		GROUP		COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	6	**14,600,474**	14,665,369	**1,391,998**	869,975
Cost of sales		**(11,080,246)**	(10,705,206)	**(136,047)**	(154,285)
Gross profit		**3,520,228**	3,960,163	**1,255,951**	715,690
Other operating income	7	**279,909**	495,420	**107,580**	803,152
Marketing and selling expenses		**(277,668)**	(291,288)	**(125)**	(135)
Administration expenses		**(310,217)**	(301,745)	**(94,321)**	(92,496)
Other operating expenses		**(1,243,197)**	(690,555)	**(601,599)**	(118,123)
Operating profit	8	**1,969,055**	3,171,995	**667,486**	1,308,088
Interest income	9	**60,346**	68,035	**94,669**	113,832
Finance costs	10	**(230,853)**	(190,964)	**(186,299)**	(128,818)
Share of results of associates		**9,913**	46,204	**–**	–
Share of results of jointly controlled entities		**(258,344)**	(73)	**–**	–
Profit before taxation		**1,550,117**	3,095,197	**575,856**	1,293,102
Taxation	11	**(486,943)**	(683,010)	**(173,834)**	(135,826)
Profit for the financial year		**1,063,174**	2,412,187	**402,022**	1,157,276
Attributable to:					
Equity holders of the Company		**983,517**	2,231,632	**402,022**	1,157,276
Minority interests		**79,657**	180,555	**–**	–
		1,063,174	2,412,187	**402,022**	1,157,276
Earnings per ordinary share attributable to equity holders of the Company (sen)	12				
Basic		**16.62**	36.85		
Diluted		**16.55**	35.17		
Gross dividend per ordinary share of RM0.10 each (sen)	13				
First interim single tier dividend		**3.0**	7.0	**3.0**	7.0
Second interim single tier dividend		**3.0**	10.0	**3.0**	10.0
Third interim single tier dividend		**2.0**	–	**2.0**	–
Total		**8.0**	17.0	**8.0**	17.0

The notes on pages 117 to 228 form an integral part of the financial statements.

BALANCE SHEETS
AS AT 30 JUNE 2009

	NOTE	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**4,569,636**	4,519,274	**377,498**	377,552
Prepaid lease payments	15	**872,905**	822,328	**7,820**	7,925
Land held for property development	16	**866,172**	927,263	**–**	–
Investment properties	17	**1,104,633**	838,639	**–**	–
Other long term investments	18	**23,131**	26,198	**3,160**	3,756
Goodwill on consolidation	19	**513,830**	514,136	**–**	–
Investments in subsidiaries	20	**–**	–	**6,214,396**	5,065,458
Investments in associates	21	**536,492**	542,071	**22,850**	22,850
Interests in jointly controlled entities	22	**1,436,763**	1,515,878	**–**	–
Deferred tax assets	35	**51,057**	55,619	**–**	–
		9,974,619	9,761,406	**6,625,724**	5,477,541
Current assets					
Property development costs	23	**465,157**	412,178	**–**	–
Inventories	24	**1,647,346**	2,447,941	**17,116**	14,007
Trade and other receivables	25	**1,335,043**	1,693,204	**30,106**	38,183
Amounts due from subsidiaries	20	**–**	–	**2,131,133**	2,711,067
Amounts due from associates	21	**58,949**	16,537	**58**	224
Tax recoverable		**36,665**	34,024	**29,958**	30,335
Short term investments	26	**4,793**	7,129	**–**	–
Short term funds	27	**1,619,511**	1,592,545	**1,597,511**	1,432,909
Deposits with financial institutions	28	**455,914**	871,542	**217,647**	525,064
Cash and bank balances	29	**383,957**	424,718	**6,500**	25,919
		6,007,335	7,499,818	**4,030,029**	4,777,708
TOTAL ASSETS		**15,981,954**	17,261,224	**10,655,753**	10,255,249

The notes on pages 117 to 228 form an integral part of the financial statements.

BALANCE SHEETS
AS AT 30 JUNE 2009

	NOTE	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	30	**624,680**	613,788	**624,680**	613,788
Reserves	31	**863,549**	1,174,277	**682,616**	932,093
Retained earnings	32	**6,858,061**	6,603,296	**2,140,553**	2,685,053
		8,346,290	8,391,361	**3,447,849**	4,230,934
Minority interests		**426,156**	965,117	**–**	–
Total equity		**8,772,446**	9,356,478	**3,447,849**	4,230,934
Liabilities					
Non-current liabilities					
Borrowings	33	**5,355,303**	4,867,178	**351,850**	–
Amounts due to subsidiaries	20	**–**	–	**4,725,433**	4,503,793
Other long term liabilities	34	**56,014**	76,196	**948**	978
Deferred tax liabilities	35	**521,039**	551,462	**6,080**	5,790
		5,932,356	5,494,836	**5,084,311**	4,510,561
Current liabilities					
Trade and other payables	36	**956,138**	1,149,831	**97,777**	53,629
Borrowings	33	**199,091**	1,087,803	**–**	–
Bank overdrafts	37	**–**	9,152	**–**	–
Amounts due to subsidiaries	20	**–**	–	**1,999,443**	1,423,440
Amount due to an associate	21	**2,215**	2,191	**2,182**	2,191
Taxation		**119,708**	160,933	**24,191**	34,494
		1,277,152	2,409,910	**2,123,593**	1,513,754
Total liabilities		**7,209,508**	7,904,746	**7,207,904**	6,024,315
TOTAL EQUITY AND LIABILITIES		**15,981,954**	17,261,224	**10,655,753**	10,255,249

The notes on pages 117 to 228 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVES RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
GROUP									
As at 1 July 2007	625,881	2,349,560	158,234	(101,977)	–	4,707,560	7,739,258	856,954	8,596,212
Currency translation differences	–	–	–	101,760	–	–	101,760	7,910	109,670
Net income recognised directly in equity	–	–	–	101,760	–	–	101,760	7,910	109,670
Profit for the financial year	–	–	–	–	–	2,231,632	2,231,632	180,555	2,412,187
Total recognised income for the financial year	–	–	–	101,760	–	2,231,632	2,333,392	188,465	2,521,857
Recognition of share option expenses (Note 8 (b))	–	–	36,816	–	–	–	36,816	442	37,258
Issue of 3rd Exchangeable Bonds (Note 33.3)	–	–	205,712	–	–	–	205,712	–	205,712
Exchange of 2nd Exchangeable Bonds	17,220	792,140	(56,864)	–	–	(21,158)	731,338	–	731,338
Exercise of share options	1,982	64,723	(12,177)	–	–	–	54,528	–	54,528
Exercise of share options in a subsidiary	–	–	(640)	–	–	–	(640)	–	(640)
Repurchase of shares (Note 31.2)	–	–	–	–	(1,079,914)	–	(1,079,914)	–	(1,079,914)
Capital repayments (Note 30(iii))	(31,295)	(1,283,096)	–	–	–	–	(1,314,391)	–	(1,314,391)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	–	(314,738)	(314,738)	–	(314,738)
Changes in equity interest in subsidiaries	–	–	–	–	–	–	–	(6,679)	(6,679)
Dividends paid to minority interests	–	–	–	–	–	–	–	(74,065)	(74,065)
As at 30 June 2008	613,788	1,923,327	331,081	(217)	(1,079,914)	6,603,296	8,391,361	965,117	9,356,478

The notes on pages 117 to 228 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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

The notes on pages 117 to 228 form an integral part of the financial statements.

		NON DISTRIBUTABLE			DISTRIBUTABLE	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVES RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
COMPANY						
As at 1 July 2007	625,881	2,349,560	65,220	–	1,842,515	4,883,176
Profit for the financial year	–	–	–	–	1,157,276	1,157,276
Total recognised income for the financial year	–	–	–	–	1,157,276	1,157,276
Recognition of share option expenses (Note 8 (b))	–	–	35,637	–	–	35,637
Exchange of 2nd Exchangeable Bonds	17,220	792,140	–	–	–	809,360
Exercise of share options	1,982	64,723	(12,177)	–	–	54,528
Repurchase of shares (Note 31.2)	–	–	–	(1,079,914)	–	(1,079,914)
Capital repayments (Note 30(iii))	(31,295)	(1,283,096)	–	–	–	(1,314,391)
Dividends paid in respect of current financial year (Note 13)	–	–	–	–	(314,738)	(314,738)
As at 30 June 2008	613,788	1,923,327	88,680	(1,079,914)	2,685,053	4,230,934
As at 1 July 2008	**613,788**	**1,923,327**	**88,680**	**(1,079,914)**	**2,685,053**	**4,230,934**
Profit for the financial year	**–**	**–**	**–**	**–**	**402,022**	**402,022**
Total recognised income for the financial year	**–**	**–**	**–**	**–**	**402,022**	**402,022**
Recognition of share option expenses (Note 8 (b))	**–**	**–**	**16,171**	**–**	**–**	**16,171**
Exercise of share options	**1,464**	**48,860**	**(8,940)**	**–**	**–**	**41,384**
Repurchase of shares (Note 31.2)	**–**	**–**	**–**	**(652,517)**	**–**	**(652,517)**
Acquisition of additional interest in a subsidiary	**9,428**	**346,949**	**–**	**–**	**–**	**356,377**
Dividends paid in respect of current financial year (Note 13)	**–**	**–**	**–**	**–**	**(355,526)**	**(355,526)**
Dividends paid in respect of previous financial year (Note 13)	**–**	**–**	**–**	**–**	**(590,996)**	**(590,996)**
As at 30 June 2009	**624,680**	**2,319,136**	**95,911**	**(1,732,431)**	**2,140,553**	**3,447,849**

The notes on pages 117 to 228 form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	NOTE	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Cash Flows From Operating Activities					
Profit before taxation		**1,550,117**	3,095,197	**575,856**	1,293,102
Adjustments for:					
Unrealised foreign currency translation loss/(gain)		**324,081**	(197,868)	**368,148**	(247,699)
Share of results of jointly controlled entities		**258,344**	73	**–**	–
Interest expenses	10	**230,853**	190,964	**186,299**	128,818
Depreciation of property, plant and equipment	14	**217,788**	210,139	**4,554**	4,779
Loss on termination of conditional sale and purchase agreement		**73,363**	–	**73,363**	–
Share option expenses		**16,921**	37,258	**16,171**	35,637
Amortisation of prepaid lease payments	15	**12,930**	12,508	**105**	105
Expenses for retirement benefits	34.1	**7,191**	20,771	**27**	18
Property, plant and equipment written off	14	**6,981**	21,481	**2,886**	5,401
Allowance for doubtful debts		**2,917**	1,551	**–**	–
Impairment loss on short term investments		**2,551**	70	**–**	–
Impairment loss on other long term investments		**59**	938	**59**	938
Loss on disposal of short term investments		**19**	–	**–**	–
Gain on disposal of investment properties		**(122)**	(7,453)	**–**	–
Gain on disposal of property, plant and equipment		**(1,372)**	(2,081)	**(1,101)**	–
Dividend income from other investments		**(2,233)**	(978)	**(194)**	(78)
Inventories written back		**(7,537)**	(7,527)	**–**	–
Gain on disposal of short term funds		**(7,859)**	(11,205)	**(3,398)**	(9,206)
Allowance for doubtful debts written back		**(8,745)**	(1,378)	**–**	–
Share of results of associates		**(9,913)**	(46,204)	**–**	–
(Gain)/loss on disposal of other long term investments		**(10,618)**	(564)	**84**	(212)
Dividend income from short term funds		**(30,213)**	(23,157)	**(29,966)**	(17,738)
Gain on repurchase of 3rd Exchangeable Bonds		**(30,865)**	–	**(45,431)**	–
Interest income	9	**(60,346)**	(68,035)	**(94,669)**	(113,832)
Fair value gain on investment properties	17	**(110,840)**	(129,967)	**–**	–
Realised foreign currency translation loss		**–**	11,253	**–**	51,036
Loss/(gain) on liquidation of a subsidiary		**–**	464	**–**	(219,614)
Gain on disposal of land held for property development		**–**	(450)	**–**	–
Gain on disposal of non-current assets held for sale		**–**	(16,715)	**–**	–
Dividend income from associates		**–**	–	**(10,500)**	(14,250)
Gain on capital repayments of subsidiaries	20.1	**–**	–	**–**	(283,048)
Dividend income from subsidiaries		**–**	–	**(973,847)**	(351,947)
Operating profit before working capital changes		**2,423,452**	3,089,085	**68,446**	262,210

The notes on pages 117 to 228 form an integral part of the financial statements.

	NOTE	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Cash Flows From Operating Activities cont'd					
Operating profit before working capital changes		**2,423,452**	3,089,085	**68,446**	262,210
(Increase)/decrease in property development costs		**(54,455)**	118,389	**–**	–
Decrease/(increase) in inventories		**840,884**	(1,033,646)	**(3,109)**	(9,311)
Decrease/(increase) in trade receivables		**337,263**	(512,818)	**5,773**	(6,596)
Decrease/(increase) in other receivables, deposits and prepayments		**35,616**	38,894	**2,304**	(294)
Decrease/(increase) in amounts due from customers on contracts		**4,539**	(1,964)	**–**	–
(Decrease)/increase in trade payables		**(148,813)**	205,158	**12,680**	2,482
(Decrease)/increase in other payables and accruals		**(28,692)**	80,412	**34,575**	15,902
Increase/(decrease) in amounts due to customers on contracts		**457**	(51)	**–**	–
Cash generated from operations		**3,410,251**	1,983,459	**120,669**	264,393
Club membership deposits refunded		**–**	(123)	**–**	–
Retirement benefits paid	34.1	**(5,753)**	(746)	**(57)**	(61)
Retirement benefits contributed	34.1	**(24,155)**	(25,401)	**–**	–
Tax paid		**(563,746)**	(608,515)	**(36,820)**	(42,460)
Tax refunded		**2,668**	69,980	**–**	66,003
Net cash generated from operating activities		**2,819,265**	1,418,654	**83,792**	287,875
Cash Flows From Investing Activities					
Interest received		**37,074**	51,571	**5,405**	21,861
Dividends received from short term funds		**30,213**	23,157	**29,966**	17,738
Dividends received from associates		**15,492**	16,710	**9,372**	10,485
Proceeds from disposal of other long term investments		**13,235**	1,127	**62**	341
Proceeds from disposal of short term funds		**7,859**	11,205	**3,398**	9,206
Proceeds from disposal of property, plant and equipment		**2,972**	3,885	**1,755**	3
Dividends received from other investments		**1,482**	538	**190**	58
Proceeds from disposal of investment properties		**1,077**	35,845	**–**	–
Capital repayments from other long term investments		**419**	–	**419**	–
Proceeds from disposal of prepaid lease payments		**219**	–	**–**	–
Proceeds from disposal of short term investments		**107**	–	**–**	–
Additions to other long term investments		**(28)**	–	**(28)**	–
Additions to short term investments		**(341)**	–	**–**	–
Investments in jointly controlled entities		**(1,422)**	(1,503)	**–**	–
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	38	**(2,388)**	(248,427)	**(2,388)**	(248,703)
Additions to prepaid lease payments	15	**(8,716)**	(3,261)	**–**	–
Additions to investment properties		**(17,297)**	(1,185)	**–**	–

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		GROUP		COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash Flows From Investing Activities cont'd					
Payments (to)/from associates		**(41,271)**	(16,410)	**157**	(91)
Privatisation of a subsidiary		**(52,580)**	–	**(52,580)**	–
Deposit forfeited on termination of conditional sale and purchase agreement		**(73,363)**	–	**(73,363)**	–
Additions to land held for property development		**(81,588)**	(188,785)	**–**	–
Payments to jointly controlled entities		**(122,534)**	(1,316,120)	**–**	–
Additions to property, plant and equipment		**(425,364)**	(230,844)	**(8,040)**	(9,667)
Acquisitions of additional interest in subsidiaries		**–**	(9,237)	**(737,091)**	(9,237)
Proceeds from disposal of non-current assets held for sale		**–**	29,905	**–**	–
Capital return from associates		**–**	3,960	**–**	–
Proceeds from disposal of land held for property development		**–**	724	**–**	–
Payments from subsidiaries		**–**	–	**1,043,733**	1,438,123
Proceeds from capital repayments of subsidiaries		**–**	–	**–**	565,062
Proceeds from liquidation of a subsidiary	20.1	**–**	–	**–**	375,000
Dividends received from subsidiaries		**–**	–	**828,329**	284,537
Net cash (used in)/from investing activities		**(716,743)**	(1,837,145)	**1,049,296**	2,454,716
Cash Flows From Financing Activities					
Drawdown of term loans		**351,500**	595,193	**351,500**	–
Proceeds from right issue of a subsidiary		**45,680**	–	**–**	–
Proceeds from issuance of shares		**41,384**	54,528	**41,384**	54,528
Proceeds from shares issued to minority shareholders		**380**	6,517	**–**	–
Repayments of term loans		**(1,504)**	(76,627)	**–**	–
Dividends paid to minority shareholders		**(55,950)**	(74,065)	**–**	–
Repurchase of 3rd Exchangeable Bonds		**(84,372)**	–	**(84,372)**	–
Interest paid		**(140,689)**	(113,923)	**(4,795)**	(3)
Repurchase of shares		**(652,517)**	(1,079,914)	**(652,517)**	(1,079,914)
Dividend paid		**(946,522)**	(314,738)	**(946,522)**	(314,738)
Repayments of short term borrowings		**(1,074,486)**	–	**–**	–
Proceeds from issuance of 3rd Exchangeable Bonds	33.3	**–**	1,953,900	**–**	–
Proceeds from short term borrowings		**–**	933,710	**–**	–
Repurchase of shares by a subsidiary		**–**	(8,028)	**–**	–
Capital repayments		**–**	(1,314,391)	**–**	(1,314,391)
Net cash (used in)/from financing activities		**(2,517,096)**	562,162	**(1,295,322)**	(2,654,518)
Net (decrease)/increase in cash and cash equivalents		**(414,574)**	143,671	**(162,234)**	88,073
Cash and cash equivalents at beginning of financial year	39	**2,879,653**	2,720,983	**1,983,892**	1,895,819
Effect of exchange rate changes		**(5,697)**	14,999	**–**	–
Cash and cash equivalents at end of financial year	39	**2,459,382**	2,879,653	**1,821,658**	1,983,892

The notes on pages 117 to 228 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries, associates and jointly controlled entities are set out in Note 48 to the financial statements.

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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

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

2.2 Basis of accounting

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

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

2.3 Presentation currency

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

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

3.1 New FRSs, Amendments to FRSs and IC Interpretations not adopted

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS") AND AMENDMENTS TO FRS CONT'D

3.1 New FRSs, Amendments to FRSs and IC Interpretations not adopted Cont'd

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

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

However, the Group is in the process of assessing the impact of impairment on cash-generating units based on the new definition of operating segments and would only be able to provide further information in the interim financial statements followed by the next annual consolidated financial statements.

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

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

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

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

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

3 ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS") AND AMENDMENTS TO FRS CONT'D

3.1 New FRSs, Amendments to FRSs and IC Interpretations not adopted Cont'd

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

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

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

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

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS") AND AMENDMENTS TO FRS CONT'D

3.1 New FRSs, Amendments to FRSs and IC Interpretations not adopted Cont'd

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

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

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

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

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

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

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

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

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

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

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

3. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS") AND AMENDMENTS TO FRS CONT'D

3.1 New FRSs, Amendments to FRSs and IC Interpretations not adopted Cont'd

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical judgements made in applying accounting policies

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

4.1.1 Classification between investment properties and property, plant and equipment

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

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

4.1.2 Contingent liabilities

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Impairment of goodwill on consolidation

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

4.2.2 Property development

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

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

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS CONT'D

4.2 Key sources of estimation uncertainty Cont'd

4.2.2 Property development Cont'd

A 10% difference in the estimated total development revenue or costs would result in approximately 0.5% variance in the Group's revenue and 0.3% variance in the Group's cost of sales.

4.2.3 Deferred tax assets

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

4.2.4 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Basis of Consolidation

5.1.1 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year. All subsidiaries' financial statements are consolidated based on the purchase method of accounting.

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.1 Basis of Consolidation Cont'd

5.1.1 Subsidiaries Cont'd

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

i reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the business cost of combination; and

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

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

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

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstance, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

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

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

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.1 Basis of Consolidation Cont'd

5.1.1 Subsidiaries Cont'd

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

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

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

5.1.2 Associates

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

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the latest financial statements of the associates concerned, from the date significant influence commences until the date the Group ceases to have significant influence over the associates. The investment in associates in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the investments.

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

The excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition represent goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.1 Basis of Consolidation Cont'd

5.1.2 Associates Cont'd

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

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

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

5.1.3 Jointly controlled entities

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

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

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

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

5.1.4 Transactions eliminated on consolidation

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

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.2 Foreign Currency

5.2.1 Functional and presentation currency

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

5.2.2 Foreign currency transaction and translations

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.3 Property, Plant and Equipment and Depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment are charged to the income statement during the financial period in which they are incurred.

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

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

Freehold land and construction in progress are not depreciated.

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

Buildings and improvements	2%	-	10%
Plant and machinery	4%	-	20%
Motor vehicles	10%	-	20%
Furniture, fittings and equipment	5%	-	33%
Golf course development expenditure	2%	-	2.5%

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

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

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors. The Group anticipates that the residual values of its property, plant and equipment will be insignificant.

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.3 Property, Plant and Equipment and Depreciation Cont'd

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

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

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

5.4 New Planting and Replanting Expenditure

New planting expenditure, which represents total cost incurred from land clearing to the point of harvesting, is capitalised under plantation development expenditure and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to the income statement in the financial year it is incurred.

5.5 Borrowing Costs

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

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

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

5.6 Leases

5.6.1 Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. Subsequently, the land and buildings elements of a lease are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and the rewards are classified as operating leases other than the following:

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.6 Leases Cont'd

5.6.1 Finance leases Cont'd

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

5.6.2 Operating lease - the Group as lessee

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

5.6.3 Lease of land and building

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

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

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

5.7 Property Development Activities

5.7.1 Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.7 Property Development Activities Cont'd

5.7.2 Property development costs

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

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

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

5.8 Investment Properties

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

Properties that are occupied by companies in the Group are accounted for as owner-occupied rather than as investment properties in the consolidated financial statements.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the financial year in which they arise.

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

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

5.9 Construction Contracts

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.9 Construction Contracts Cont'd

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

5.10 Inventories

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

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

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

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

5.11 Cash and Cash Equivalents

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

5.12 Goodwill

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

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

5.13 Impairment of Non-financial Assets

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.13 Impairment of Non-financial Assets Cont'd

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

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

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

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

Impairment loss on goodwill is not reversed in subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

5.14 Financial Instruments

5.14.1 Financial instruments recognised on the balance sheets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.14 Financial Instruments Cont'd

5.14.1 Financial instruments recognised on the balance sheets Cont'd

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

5.14.1.1 Other long term investments

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

5.14.1.2 Short term investments

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

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

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

5.14.1.3 Receivables

Trade and other receivables, including amounts owing by associates and related parties, are classified as loans and receivables under FRS 132 Financial Instruments: Disclosure and Presentation.

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

5.14.1.4 Payables

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.14 Financial Instruments Cont'd

5.14.1 Financial instruments recognised on the balance sheets Cont'd

5.14.1.5 Guaranteed notes

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

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

5.14.1.6 Exchangeable bonds

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

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

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

5.14.1.7 Interest bearing loans and borrowings

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

5.14.1.8 Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.14 Financial Instruments Cont'd

5.14.1 Financial instruments recognised on the balance sheets Cont'd

5.14.1.8 Equity instruments Cont'd

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

5.14.2 Financial instruments not recognised on the balance sheets

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

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

5.14.2.1 Foreign currency forward contracts

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

5.14.2.2 Interest rate swap and option contracts

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

5.14.2.3 Commodity future and swap contracts

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.15 Provisions

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

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

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

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

5.16 Contingent Liabilities and Contingent Assets

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

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

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

5.17 Revenue Recognition

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

5.17.1 Commodities, other products and services

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.17 Revenue Recognition Cont'd

5.17.2 Property development

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

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

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

5.17.3 Construction contracts

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

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

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

5.17.4 Dividend income

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

5.17.5 Rental income

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

5.17.6 Interest income

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

5.17.7 Club membership license fee

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

5.17.8 Management fees

Management fees are recognised when services are rendered.

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.18 Employee Benefits

5.18.1 Short term employee benefits

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

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

5.18.2 Retirement benefits

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

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

5.18.2.1 Defined contribution plans

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

5.18.2.2 Defined benefit plans

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.18 Employee Benefits Cont'd

5.18.2 Retirement benefits Cont'd

5.18.2.2 Defined benefit plans Cont'd

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

5.18.3 Equity compensation benefits

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

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

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

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

5.19 Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary, associate or jointly controlled entities on distributions to the Group and Company.

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

5.19.1 Current tax

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

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

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

5.19 Income Taxes Cont'd

5.19.2 Deferred tax

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

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

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

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

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

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

5.20 Research and Development Expenditure

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

5.21 Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

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

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

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

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale. The Group shall measure a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

i its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

ii its recoverable amount at the date of the subsequent decision not to sell.

6 REVENUE

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Sales of plantation produce and related products	**242,853**	236,335	**377,491**	485,962
Sales of development properties	**660,167**	751,847	**–**	–
Sales of specialty oils and fats and related products	**3,637,928**	3,480,210	**–**	–
Sales of oleochemicals and related products	**1,978,775**	2,492,855	**–**	–
Sales of refined palm oil and related products	**7,874,012**	7,506,080	**–**	–
Rental income from investment properties	**81,505**	74,302	**–**	–
Rendering of services	**92,788**	96,386	**–**	–
Construction contract	**–**	3,219	**–**	–
Dividend income	**32,446**	24,135	**1,014,507**	384,013
	14,600,474	14,665,369	**1,391,998**	869,975

7 OTHER OPERATING INCOME

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Unrealised foreign currency translation gain	**16,064**	197,868	**6,664**	247,699
Fair value gain of investment properties	**118,984**	129,967	**–**	–
Realised foreign currency translation gain	**15,409**	63,469	**14,180**	–
Gain on disposal of non-current assets held for sale	**–**	16,715	**–**	–
Gain on disposal of property, plant and equipment	**1,372**	2,081	**1,101**	–
Gain on disposal of land held for property development	**–**	450	**–**	–
Gain on disposal of short term funds	**7,896**	11,205	**3,398**	9,206
Gain on disposal of investment properties	**122**	7,453	**–**	–
Gain on disposal of other long term investments	**10,702**	564	**–**	212
Gain on liquidation of a subsidiary (Note 20.1)	**–**	–	**–**	219,614
Gain on capital repayments of subsidiaries (Note 20.1)	**–**	–	**–**	283,048
Gain on repurchase of 3rd Exchangeable Bonds	**30,865**	–	**45,431**	–
Management fees	**–**	–	**29,122**	32,503
Others	**78,495**	65,648	**7,684**	10,870
	279,909	495,420	**107,580**	803,152

NOTES TO THE FINANCIAL STATEMENTS

8 OPERATING PROFIT

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
a Operating profit has been arrived at after charging:				
Allowance for doubtful debts	**2,917**	1,551	**–**	–
Amortisation of prepaid lease payments (Note 15)	**12,930**	12,508	**105**	105
Auditors' remuneration				
BDO Binder and affiliates				
Statutory audit	**891**	732	**105**	105
Non-statutory audit				
- tax compliance and advisory services	**291**	279	**–**	4
- others	**30**	116	**–**	–
Member firms of BDO International				
Statutory audit	**990**	1,168	**–**	–
Non-statutory audit				
- tax compliance and advisory services	**808**	178	**–**	–
- others	**144**	349	**–**	–
Other auditors				
Statutory audit	**544**	586	**–**	–
Depreciation of property, plant and equipment (Note 14)	**217,788**	210,139	**4,554**	4,779
Direct operating expenses of investment properties	**25,202**	21,609	**–**	–
Expenses for retirement benefits (Note 34.1)	**7,191**	20,771	**27**	18
Fair value loss on investment properties	**8,144**	–	**–**	–
Hire of plant and machinery	**11,716**	9,102	**–**	–
Impairment loss on other long term investments	**59**	938	**59**	938
Impairment loss on short term investments	**2,551**	70	**–**	–
Loss on termination of conditional sale and purchase agreement	**73,363**	–	**73,363**	–
Loss on disposal of short term fund	**37**	–	**–**	–
Loss on disposal of short term investments	**19**	–	**–**	–
Loss on disposal of long term investments	**84**	–	**84**	–
Loss on liquidation of a subsidiary	**–**	464	**–**	–
Property, plant and equipment written off	**6,981**	21,481	**2,886**	5,401
Realised foreign currency translation loss	**267,385**	7,733	**–**	67,159
Realised foreign currency loss on derivative contracts	**294,091**	49,200	**129,545**	–
Rental of premises	**1,202**	2,113	**974**	975
Replanting expenditure	**17,503**	20,937	**2,654**	2,811
Research and development expenditure	**21,408**	29,900	**11,396**	9,31
Share option expenses (Note 8(b))	**16,921**	37,258	**16,171**	35,637
Unrealised foreign currency translation loss	**340,145**	–	**374,812**	–

8 OPERATING PROFIT CONT'D

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
and crediting:				
Allowance for doubtful debts written back	**8,745**	1,378	**–**	–
Fair value gain on investment properties	**118,984**	129,967	**–**	–
Gain on disposal of non-current assets held for sale	**–**	16,715	**–**	–
Gain on disposal of land held for property development	**–**	450	**–**	–
Gain on repurchase of 3rd Exchangeable Bonds	**30,865**	–	**45,431**	–
Gain on disposal of investment properties	**122**	7,453	**–**	–
Gain on disposal of property, plant and equipment	**1,372**	2,081	**1,101**	–
Gain on liquidation of a subsidiary	**–**	–	**–**	219,614
Gain on disposal of other long term investments	**10,702**	564	**–**	212
Gain on capital repayments of subsidiaries	**–**	–	**–**	283,048
Gross dividend received from				
- short term funds quoted in Malaysia	**30,213**	23,157	**29,966**	17,738
- other quoted investments in Malaysia	**2,199**	925	**194**	78
- other unquoted investments in Malaysia	**34**	53	**–**	–
- subsidiary quoted in Malaysia	**–**	–	**–**	206,596
- unquoted subsidiaries	**–**	–	**973,847**	145,351
- unquoted associates	**–**	–	**10,500**	14,250
Inventories written back	**7,537**	7,527	**–**	–
Realised foreign currency translation gain	**15,409**	63,469	**14,180**	–
Rental income from plant and machinery	**6,004**	6,232	**–**	–
Rental income	**89,793**	85,229	**1,354**	4,789
Unrealised foreign currency translation gain	**16,064**	197,868	**6,664**	247,699

Contract cost of the Group recognised as an expense during the financial year amounted to nil (2008 - RM2,616,000).

Cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM10,509,747,000 (2008 – RM10,374,642,000) and RM136,047,000 (2008 - RM154,285,000) respectively.

b Employee information

The employee benefits costs are as follows:

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Wages, salaries and others	**645,657**	613,807	**97,085**	69,107
Contributions to Employee's Provident Fund	**28,421**	26,322	**9,668**	6,393
Expenses for retirement benefits	**7,191**	20,771	**27**	18
Share option expenses	**16,921**	37,258	**16,171**	35,637
	698,190	698,158	**122,951**	111,155

NOTES TO THE FINANCIAL STATEMENTS

9 INTEREST INCOME

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term deposits	**19,874**	37,920	**4,994**	21,341
Subsidiaries	**–**	–	**89,264**	91,971
Jointly controlled entities	**32,910**	22,524	**–**	–
Housing development accounts	**1,227**	2,181	**–**	–
Others	**6,335**	5,410	**411**	520
	60,346	68,035	**94,669**	113,832

10 FINANCE COSTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest expenses				
Bank overdrafts	**54**	56	**3**	3
Revolving credits	**3,259**	5,419	**–**	–
Short term loans	**4,519**	8,420	**–**	–
Subsidiaries	**–**	–	**181,504**	128,815
Term loans	**46,724**	39,331	**4,792**	–
2nd Exchangeable Bonds (Note 33.2)	**17,430**	33,023	**–**	–
3rd Exchangeable Bonds (Note 33.3)	**77,942**	33,308	**–**	–
Guaranteed Notes	**81,488**	71,341	**–**	–
Others	**3**	892	**–**	–
	231,419	191,790	**186,299**	128,818
Less: Interest capitalised	**(566)**	(826)	**–**	–
	230,853	190,964	**186,299**	128,818

11 TAXATION

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current year				
Malaysian income taxation	**534,513**	632,740	**180,000**	130,000
Foreign taxation	**1,622**	29,075	**–**	–
Deferred taxation (Note 35)	**(29,683)**	1,078	**340**	4,600
	506,452	662,893	**180,340**	134,600
Prior years				
Malaysian income taxation	**(20,926)**	19,425	**(6,456)**	426
Deferred taxation (Note 35)	**1,417**	692	**(50)**	800
	(19,509)	20,117	**(6,506)**	1,226
	486,943	683,010	**173,834**	135,826

11 TAXATION CONT'D

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

	GROUP		COMPANY	
	2009 %	2008 %	2009 %	2008 %
Applicable tax rate	**25.00**	26.00	**25.00**	26.00
Tax effects in respect of:				
Non allowable expenses	**14.37**	2.88	**30.10**	3.39
Non taxable income	**(3.98)**	(3.90)	**(3.54)**	(15.32)
Revenue expenses capitalised	**(0.03)**	(0.01)	**–**	(0.01)
Tax exempt income	**(0.57)**	(0.20)	**(20.25)**	(3.16)
Tax incentives and allowances	**(2.49)**	(2.10)	**(0.08)**	(0.45)
Utilisation of previously unrecognised tax losses and capital allowances	**(0.90)**	(0.45)	**–**	–
Deferred tax assets not recognised	**0.05**	–	**–**	–
Deferred tax assets recognised	**–**	(0.02)	**–**	–
Different tax rates in foreign jurisdiction	**(0.25)**	0.08	**–**	–
Effect of changes in tax rates on deferred tax	**(0.06)**	(0.29)	**–**	(0.02)
Share of post tax results of associates	**(0.16)**	(0.39)	**–**	–
Other items	**1.69**	(0.18)	**0.08**	(0.02)
	32.67	21.42	**31.31**	10.41
Over)/Under provision in prior years	**(1.26)**	0.65	**(1.13)**	0.09
Average effective tax rate	**31.41**	22.07	**30.18**	10.50

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM13,896,000 (2008 - RM11,535,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM23,716,000 (2008 - RM79,300,000), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory rate of 25% (2008 - 26%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

12 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

	GROUP 2009	GROUP 2008
Profit for the financial year attributable to equity holders of the Company (RM'000)	**983,517**	2,231,632
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares ('000)	**5,919,055**	6,055,505
Basic earnings per ordinary share (sen)	**16.62**	36.85

Diluted earnings per ordinary share

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

	GROUP 2009 RM'000	GROUP 2008 RM'000
Profit for the financial year attributable to equity holders of the Company	**983,517**	2,231,632
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period		
Net interest savings	–	24,437
Net foreign currency translation differences taken up	–	(48,122)
	–	(23,685)
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period		
Net interest savings	–	24,648
Net foreign currency translation differences taken up	–	5,276
	–	29,924
Adjusted profit for the financial year attributable to equity holders of the Company	**983,517**	2,237,871

The assumed exchange of 2nd Exchangeable Bonds and 3rd Exchangeable Bonds outstanding at year end to ordinary shares have an anti-dilutive effect on the earnings per ordinary share of the Group.

12 EARNINGS PER ORDINARY SHARE CONT'D

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

	GROUP 2009 '000	GROUP 2008 '000
Weighted average number of ordinary shares in issue after deducting the treasury shares	**5,919,055**	6,055,505
Assumed exchange of the 2nd Exchangeable Bonds at beginning of the period	**–**	156,699
Assumed exchange of the 3rd Exchangeable Bonds at beginning of the period	**–**	81,633
Adjustments for share option granted to executives of the Group	**23,396**	68,272
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	**5,942,451**	6,362,109
Diluted earnings per ordinary share (sen)	**16.55**	35.17

13 DIVIDENDS

	GROUP 2009 RM'000	GROUP 2008 RM'000
First interim single tier dividend declared and paid of 3.0 sen per ordinary share	**176,765**	–
First interim dividend declared and paid of 7.0 sen per ordinary share, less tax of 26%	**–**	314,738
Second interim single tier dividend declared and paid of 3.0 sen per ordinary share	**178,761**	–
Second interim single tier dividend in respect of financial year ended 30 June 2008 declared and paid of 10.0 sen per ordinary share	**590,996**	–
	946,522	314,738

The Directors have declared a third interim single tier dividend of 2.0 sen per ordinary share, amounting to RM119,111,161 in respect of the financial year ended 30 June 2009. The dividend is payable on 8 October 2009 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 29 September 2009.

No final dividend has been recommended for the financial year ended 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

GROUP
2009

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	ADDITIONS THROUGH SUBSIDIARY ACQUIRED RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	RECLASSIFI-CATIONS * RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	516,374	1,950	–	(400)	(3,271)	–	–	514,653
Plantation development expenditure	1,710,010	35,026	2,891	(241)	–	(5,692)	(52,588)	1,689,406
Golf course development expenditure	44,002	–	–	(6)	–	–	–	43,996
Buildings and improvements	1,262,628	54,567	–	–	(16,494)	(1,954)	7,027	1,305,774
Plant and machinery	2,511,536	107,820	–	(677)	(33,945)	(6,494)	54,511	2,632,751
Motor vehicles	82,349	7,221	–	(2,060)	(19)	(1,410)	(2,849)	83,232
Furniture, fittings and equipment	144,377	10,611	–	(1,007)	(73)	(1,601)	497	152,804
Construction in progress	184,506	208,464	–	(65)	(2,741)	(4)	(125,935)	264,225
	6,455,782	425,659	2,891	(4,456)	(56,543)	(17,155)	(119,337)	6,686,841

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	RECLASSIFI-CATIONS RM'000	AT END OF FINANCIAL YEAR RM'000
Golf course development expenditure	644	322	–	–	–	–	966
Buildings and improvements	389,453	46,932	(1)	(5,209)	(1,462)	–	429,713
Plant and machinery	1,385,525	151,056	(339)	(18,772)	(5,929)	1,007	1,512,548
Motor vehicles	57,515	7,750	(1,734)	(20)	(1,359)	(1,066)	61,086
Furniture, fittings and equipment	103,371	11,728	(782)	(60)	(1,424)	59	112,892
	1,936,508	217,788	(2,856)	(24,061)	(10,174)	–	2,117,205

* *Plantation development expenditure with carrying amount of RM52,588,000 has been reclassified to prepaid lease payments. Construction in progress with carrying amount of RM66,749,000 has been reclassified to investment properties.*

14 PROPERTY, PLANT AND EQUIPMENT CONT'D

Group
2008

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	RECLASSIFI-CATIONS * RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	516,673	–	–	5,018	–	(5,317)	516,374
Plantation development expenditure	1,717,613	11,982	–	–	(19,585)	–	1,710,010
Golf course development expenditure	44,016	–	–	–	(14)	–	44,002
Buildings and improvements	1,209,315	18,927	(150)	32,698	(6,391)	8,229	1,262,628
Plant and machinery	2,427,390	39,341	(13,857)	62,807	(8,418)	4,273	2,511,536
Motor vehicles	77,472	9,130	(3,801)	(5)	(447)	–	82,349
Furniture, fittings and equipment	140,538	7,787	(181)	(119)	(4,265)	617	144,377
Construction in progress	50,801	144,239	–	2,585	–	(13,119)	184,506
	6,183,818	231,406	(17,989)	102,984	(39,120)	(5,317)	6,455,782

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	WRITE-OFFS RM'000	AT END OF FINANCIAL YEAR RM'000
Golf course development expenditure	327	317	–	–	–	644
Buildings and improvements	344,112	42,096	(307)	8,940	(5,388)	389,453
Plant and machinery	1,222,447	147,738	(12,144)	35,255	(7,771)	1,385,525
Motor vehicles	53,795	7,643	(3,550)	25	(398)	57,515
Furniture, fittings and equipment	95,327	12,345	(184)	(35)	(4,082)	103,371
	1,716,008	210,139	(16,185)	44,185	(17,639)	1,936,508

* *Freehold land with carrying amount of RM5,317,000 has been reclassified to prepaid lease payments.*

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT CONT'D

Company
2009

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	RECLASSIFICATIONS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	173,981	–	(400)	–	–	173,581
Plantation development expenditure	167,205	2,050	(241)	(2,801)	–	166,213
Buildings and improvements	33,078	2,564	–	(46)	1,967	37,563
Plant and machinery	35,312	1,554	(12)	(751)	23	36,126
Motor vehicles	9,236	239	–	–	–	9,475
Furniture, fittings and equipment	13,822	1,406	(39)	(141)	4	15,052
Construction in progress	2,947	227	–	–	(1,994)	1,180
	435,581	8,040	(692)	(3,739)	–	439,190

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	AT END OF FINANCIAL YEAR RM'000
Buildings and improvements	13,495	1,274	–	(27)	14,742
Plant and machinery	27,813	1,345	(7)	(703)	28,448
Motor vehicles	6,895	907	–	–	7,802
Furniture, fittings and equipment	9,826	1,028	(31)	(123)	10,700
	58,029	4,554	(38)	(853)	61,692

14 PROPERTY, PLANT AND EQUIPMENT CONT'D

COMPANY
2008

AT COST	AT BEGINNING OF FINANCIAL YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	RECLASSIFI-CATIONS RM'000	AT END OF FINANCIAL YEAR RM'000
Freehold land	173,981	–	–	–	–	173,981
Plantation development expenditure	170,139	2,421	–	(5,355)	–	167,205
Buildings and improvements	32,197	919	–	(46)	8	33,078
Plant and machinery	33,621	1,766	(6)	(264)	195	35,312
Motor vehicles	8,835	598	(139)	(58)	–	9,236
Furniture, fittings and equipment	12,987	1,023	(12)	(176)	–	13,822
Construction in progress	210	2,940	–	–	(203)	2,947
	431,970	9,667	(157)	(5,899)	–	435,581

ACCUMULATED DEPRECIATION	AT BEGINNING OF FINANCIAL YEAR RM'000	CURRENT YEAR DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	AT END OF FINANCIAL YEAR RM'000
Buildings and improvements	12,205	1,319	–	(29)	13,495
Plant and machinery	26,519	1,548	(5)	(249)	27,813
Motor vehicles	6,061	1,025	(139)	(52)	6,895
Furniture, fittings and equipment	9,117	887	(10)	(168)	9,826
	53,902	4,779	(154)	(498)	58,029

	GROUP		COMPANY	
NET BOOK VALUE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Freehold land	**514,653**	516,374	**173,581**	173,981
Plantation development expenditure	**1,689,406**	1,710,010	**166,213**	167,205
Golf course development expenditure	**43,030**	43,358	**–**	–
Buildings and improvements	**876,061**	873,175	**22,821**	19,583
Plant and machinery	**1,120,203**	1,126,011	**7,678**	7,499
Motor vehicles	**22,146**	24,834	**1,673**	2,341
Furniture, fittings and equipment	**39,912**	41,006	**4,352**	3,996
Construction in progress	**264,225**	184,506	**1,180**	2,947
	4,569,636	4,519,274	**377,498**	377,552

Included in the Group's plantation development expenditure and construction in progress is an amount of interest expense capitalised during the financial year amounted to RM295,000 (2008 - RM562,000).

NOTES TO THE FINANCIAL STATEMENTS

15 PREPAID LEASE PAYMENTS

	GROUP LONG TERM LEASEHOLD LAND RM'000	GROUP SHORT TERM LEASEHOLD LAND RM'000	GROUP TOTAL RM'000	COMPANY LONG TERM LEASEHOLD LAND RM'000
2009				
At cost				
At beginning of financial year	**916,852**	**73,957**	**990,809**	**9,695**
Additions	**6,710**	**2,006**	**8,716**	**–**
Reclassified from property, plant and equipment (Note 14)	**52,588**	**–**	**52,588**	**–**
Additions through subsidiaries acquired	**2,422**	**–**	**2,422**	**–**
Disposal	**(219)**	**–**	**(219)**	**–**
At end of financial year	**978,353**	**75,963**	**1,054,316**	**9,695**
Accumulated amortisation				
At beginning of financial year	**153,307**	**15,174**	**168,481**	**1,770**
Current year amortisation	**10,938**	**1,992**	**12,930**	**105**
At end of financial year	**164,245**	**17,166**	**181,411**	**1,875**
Carrying amount				
At end of financial year	**814,108**	**58,797**	**872,905**	**7,820**
2008				
At cost				
At beginning of financial year	909,274	72,957	982,231	9,695
Additions	2,261	1,000	3,261	–
Reclassified from property, plant and equipment (Note 14)	5,317	–	5,317	–
At end of financial year	916,852	73,957	990,809	9,695
Accumulated amortisation				
At beginning of financial year	142,516	13,457	155,973	1,665
Current year amortisation	10,791	1,717	12,508	105
At end of financial year	153,307	15,174	168,481	1,770
Carrying amount				
At end of financial year	763,545	58,783	822,328	7,925

16 LAND HELD FOR PROPERTY DEVELOPMENT

	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND RM'000	DEVE-LOPMENT COSTS RM'000	TOTAL RM'000
2009					
At cost					
At beginning of financial year	**446,329**	**123,938**	**173**	**356,823**	**927,263**
Costs incurred	**–**	**–**	**–**	**69,859**	**69,859**
Transfer to property development costs (Note 23)	**(17,603)**	**(274)**	**–**	**(43,837)**	**(61,714)**
Transfer to investment properties (Note 17)	**(3,486)**	**–**	**–**	**(65,750)**	**(69,236)**
At end of financial year	**425,240**	**123,664**	**173**	**317,095**	**866,172**
2008					
At cost					
At beginning of financial year	407,049	82,143	173	332,379	821,744
Costs incurred	41,915	42,069	–	141,434	225,418
Reclassifications*	24,500	–	–	5	24,505
Transfer to property development costs (Note 23)	(25,115)	–	–	(97,686)	(122,801)
Transfer to investment properties (Note 17)	(2,020)	–	–	(19,309)	(21,329)
Disposal	–	(274)	–	–	(274)
At end of financial year	446,329	123,938	173	356,823	927,263

Included in development costs is interest expense capitalised during the financial year amounted to RM271,000 (2008 - RM264,000).

Included in land held for property development of the Group are plantation land of RM113,628,000 (2008 -RM113,428,000) acquired in the previous financial years, which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

* *Deposits paid for property development land, which were included in deposits and other receivables of RM24,500,000 and RM5,000 respectively in the financial year ended 30 June 2007 had been reclassified to land held for property development during the previous financial year.*

NOTES TO THE FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES

	AT BEGINNING OF FINANCIAL YEAR RM'000	TRANSFER FROM LAND HELD FOR PROPERTY DEVE-LOPMENT RM'000	TRANSFER FROM PROPERTY, PLANT AND EQUIP-MENT RM'000	FAIR VALUE ADJUST-MENTS RM'000	ADDITIONS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	DISPOSAL RM'000	AT END OF FINANCIAL YEAR RM'000
GROUP								
2009								
Freehold land and buildings	**568,020**	**69,236**	**66,749**	**116,886**	**17,297**	**–**	**(955)**	**837,233**
Leasehold land and buildings	**270,619**	**–**	**–**	**(6,046)**	**–**	**2,827**	**–**	**267,400**
	838,639	**69,236**	**66,749**	**110,840**	**17,297**	**2,827**	**(955)**	**1,104,633**

	AT BEGINNING OF FINANCIAL YEAR RM'000	TRANSFER FROM LAND HELD FOR PROPERTY DEVE-LOPMENT RM'000	FAIR VALUE ADJUST-MENTS RM'000	ADDITIONS RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	DISPOSAL RM'000	AT END OF FINANCIAL YEAR RM'000
2008							
Freehold land and buildings	474,000	21,329	99,898	1,185	–	(28,392)	568,020
Leasehold land and buildings	225,469	–	30,069	–	15,081	–	270,619
	699,469	21,329	129,967	1,185	15,081	(28,392)	838,639

17 INVESTMENT PROPERTIES CONT'D

Investment properties comprise:

NAME OF BUILDING/LOCATION	DESCRIPTION	TENURE OF LAND	NET LETTABLE AREA
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	58,507 sq. m.
IOI Mall extension Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	22,156 sq. m.
Puchong Financial Corporate Centre Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	35,121 sq.m.
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	29 units of commercial lot and car park	Freehold	33,755 sq. m.
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1 ½ storey semi-wet market	Freehold	3,566 sq. m.
IOI Resort Putrajaya	37 units of residential bungalow	Freehold	24,718 sq. m.
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	4 storey shopping mall	Freehold	22,986 sq. m.
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi-wet market shopping complex	Freehold	6,319 sq. m.
IOI Plaza 210 Middle Road Singapore	12 storey office building	Leasehold	9,350 sq. m.
IOI Square IOI Resort Putrajaya	2 blocks of 12 storey office building	Freehold	30,969 sq. m.
Shop office Bandar Puchong Jaya Selangor Darul Ehsan	3 ½ storey shop office	Freehold	465 sq. m.

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER LONG TERM INVESTMENTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At cost				
In Malaysia				
- Quoted shares	**27,684**	31,119	**8,379**	9,343
- Unquoted shares	**1,783**	1,783	**860**	860
	29,467	32,902	**9,239**	10,203
Outside Malaysia				
- Quoted shares	**5**	5	**5**	5
	29,472	32,907	**9,244**	10,208
Less: Impairment losses	**(6,341)**	(6,709)	**(6,084)**	(6,452)
	23,131	26,198	**3,160**	3,756
At market value				
- Shares quoted in Malaysia	**44,336**	95,773	**2,862**	2,906

19 GOODWILL ON CONSOLIDATION

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of financial year	**514,136**	510,661
Arising from adjustment of purchase consideration of subsidiaries acquired previously	**(306)**	–
Arising from acquisitions of subsidiaries (Note 38)	**–**	306
Arising from acquisition of additional shares in a subsidiary	**–**	1,155
Arising from purchase of own shares by a subsidiary	**–**	2,014
At end of financial year	**513,830**	514,136

The goodwill recognised on the acquisitions in the previous year was attributable mainly to the skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing business.

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

	GROUP	
	2009 RM'000	2008 RM'000
Plantation	**93,025**	93,331
Property	**83,277**	83,277
Resource-based manufacturing	**337,528**	337,528
	513,830	514,136

19 GOODWILL ON CONSOLIDATION CONT'D

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

i Cash flows are projected based on the management's three-year business plan and extrapolated to a period of ten (10) years for all companies with the exception of plantation companies, where extrapolated projections of twenty-five (25) years are used.

ii Discount rates used for cash flows discounting purpose are the management's estimate of return on capital employed required in the respective segments. The discount rate applied for cash flow projections is 11.85%.

iii Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments.

iv Profit margins are projected based on the industry trends, historical profit margin achieved or pre-determined profit margin for property projects.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

20 SUBSIDIARIES

20.1 Investments in subsidiaries

	COMPANY	
	2009 RM'000	2008 RM'000
At cost		
Shares quoted in Malaysia	–	621,811
Unquoted shares in Malaysia	**5,333,156**	3,559,300
Unquoted shares outside Malaysia	**886,964**	890,071
	6,220,120	5,071,182
Less: Accumulated impairment losses	**(5,724)**	(5,724)
	6,214,396	5,065,458
At market value		
Shares quoted in Malaysia	–	2,167,081

Details of the subsidiaries are set out in Note 48 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20 SUBSIDIARIES CONT'D

20.1 Investments in subsidiaries Cont'd

2009

During the financial year, the Company:

i. acquired Laksana Kemas Sdn Bhd, IOI Pelita Kanowit Sdn Bhd and Zonec Plus Sdn Bhd as disclosed in Note 38 to the financial statements.

ii. acquired 152,967,545 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIP") ("IOIP Shares") at an issue price of RM4.85 each pursuant to a renounceable rights issue exercise by IOIP.

iii. acquired 157,132,870 IOIP Shares in IOIP at an offer price of RM2.598 per IOIP Shares pursuant to the a voluntary take-over offer by the Company, with the issuance of 94,279,715 ordinary share of RM0.10 each in the Company and cash payment of RM51,853,847.

iv. redeemed 100,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Golf Course Development Sdn Bhd ("RVGCD"). The total redemption amount of RM10,000,000 was settled by issuance of 50,000 new ordinary shares of RM1.00 each in RVGCD and payment of RM9,950,000 by utilising the amount due to RVGCD.

2008

During the previous financial year, the Company:

i acquired Lynwood Capital Resources Pte Ltd, Oakridge Investments Pte Ltd and Oleander Capital Resources Pte Ltd as disclosed in Note 38.3 to the financial statements.

ii received total amount of RM565,061,800 pursuant to a capital repayment exercise by the following subsidiaries:

SUBSIDIARY	CAPITAL REPAYMENTS RECEIVED RM'000	REDUCTION IN INVESTMENT COST RM'000	GAIN ON CAPITAL REPAYMENT RM'000
Ladang Sabah Sdn Bhd	204,502	(204,502)	–
Morisem Consolidated Sdn Bhd	41,725	(4,776)	36,949
Morisem Sdn Bhd	61,100	(15,554)	45,546
Morisem Palm Oil Mills Sdn Bhd	126,989	(16,587)	110,402
Swee Lam Estates (Malaya) Sdn Berhad	97,308	(40,556)	56,752
Safima Plantations Sdn Bhd	33,438	(39)	33,399
	565,062	(282,014)	283,048

iii received a total amount of RM375,000,000 upon liquidation of a subsidiary, Ladang Sabah Holdings Sdn Bhd. The Company redeemed the entire redeemable preference of RM0.50 each at RM100 per share amounted to RM154,386,400 and also received a liquidation proceeds of RM220,613,600. Total gain recognised from the liquidation is RM219,613,600.

20 SUBSIDIARIES CONT'D

20.1 Investments in subsidiaries Cont'd

2008

iv redeemed 100,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Golf Course Development Sdn Bhd ("RVGCD"). The total redemption amount of RM10,000,000 was settled by issuance of 50,000 new ordinary shares of RM1.00 each in RVGCD and payment of RM9,950,000 by utilising the amount due to RVGCD.

v redeemed 50,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Golf Course Berhad ("RVGC"). The total redemption amount of RM5,000,000 was settled by issuance of 25,000 new ordinary shares of RM1.00 each in RVGC and payment of RM4,975,000 by utilising the amount due to RVGC.

vi redeemed 500,000 redeemable preference shares of RM0.50 each plus a premium of RM99.50 each in Resort Villa Development Sdn Bhd ("RVD"). The total redemption amount of RM50,000,000 was settled by issuance of 250,000 new ordinary shares of RM1.00 each in RVD and payment of RM49,750,000 by utilising the amount due to RVD.

20.2 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of or by subsidiaries. These amounts are unsecured, bear interest at rates ranging from 0% to 6.75% (2008 - 0% to 6.75%) per annum. Except for the non-current portion, the amounts due from and to subsidiaries have no fixed terms of repayment.

21 ASSOCIATES

21.1 Investments in associates

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**327,190**	327,190	**22,850**	22,850
Share of post acquisition results and reserves	**165,156**	170,735	**–**	–
Negative goodwill recognised	**44,146**	44,146	**–**	–
	209,302	214,881	**–**	–
	536,492	542,071	**22,850**	22,850

Details of the associates are set out in Note 48 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

21 ASSOCIATES CONT'D

21.2 Summary of financial information of associates

	2009 RM'000	2008 RM'000
Assets and liabilities		
Total assets	**2,165,660**	1,964,347
Total liabilities	**851,087**	682,202
Results		
Revenue	**1,517,866**	1,385,717
Profit for the financial year	**93,297**	185,980

21.3 Amounts due from and to associates

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

22 JOINTLY CONTROLLED ENTITIES

22.1 Interests in jointly controlled entities

	GROUP	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**4,054**	2,632
Share of post acquisition results and reserves	**(259,584)**	(80)
	(255,530)	2,552
Amounts due from jointly controlled entities	**1,692,293**	1,513,326
	1,436,763	1,515,878

Details of the jointly controlled entities are set out in Note 48 to the financial statements.

During the financial year, the Group has taken up its share of impairment loss on a development property of one of its jointly controlled entity amounting to SGD106,924,000 (equivalent to RM258,564,000).

Amounts due from jointly controlled entities represent outstanding amounts arising from subsidiaries' proportionate advances for the acquisition and development of land in Singapore and were related to development expenses and working capital, which are unsecured, bear interest at rates ranging from 0.82% to 3.11% (2008 – 1.81% to 3.60%) per annum and are not repayable within the next twelve months.

22 JOINTLY CONTROLLED ENTITIES CONT'D

22.1 Interests in jointly controlled entities Cont'd

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

	GROUP 2009 RM'000	GROUP 2008 RM'000
Assets and liabilities		
Current assets	**2,495,727**	2,409,778
Total assets	**2,495,727**	2,409,778
Current liabilities	**135,106**	5,838
Non-current liabilities	**2,616,151**	2,401,388
Total liabilities	**2,751,257**	2,407,226
Results		
Revenue	**360**	–
Expenses, including finance costs and tax expense	**(258,704)**	(73)

23 PROPERTY DEVELOPMENT COSTS

	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	ACCUMULATED COST CHARGED TO INCOME STATEMENT RM'000	TOTAL RM'000
GROUP					
2009					
At cost					
At beginning of financial year	**254,506**	**–**	**3,096,841**	**(2,939,169)**	**412,178**
Costs incurred	**3,034**	**–**	**339,542**	**–**	**342,576**
Transfer from land held for property development (Note 16)	**17,603**	**274**	**43,837**	**–**	**61,714**
Transfer to inventories	**(3,334)**	**–**	**(59,856)**	**–**	**(63,190)**
Recognised as expense in the income statement	**–**	**–**	**–**	**(288,121)**	**(288,121)**
At end of financial year	**271,809**	**274**	**3,420,364**	**(3,227,290)**	**465,157**
2008					
At cost					
At beginning of financial year	227,586	–	2,805,354	(2,604,006)	428,934
Costs incurred	3,034	–	213,740	–	216,774
Transfer from land held for property development (Note 16)	25,115	–	97,686	–	122,801
Transfer to inventories	(1,229)	–	(19,939)	–	(21,168)
Recognised as expense in the income statement	–	–	–	(335,163)	(335,163)
At end of financial year	254,506	–	3,096,841	(2,939,169)	412,178

NOTES TO THE FINANCIAL STATEMENTS

24 INVENTORIES

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
At cost				
Plantation produce	**16,413**	14,439	**4,528**	4,481
Raw materials and consumables	**855,238**	1,220,350	**7,538**	6,818
Completed development properties	**127,498**	96,140	**–**	–
Nursery inventories	**31,974**	9,767	**5,050**	2,708
Trading inventories	**108**	95	**–**	–
Finished goods	**291,188**	704,211	**–**	–
Others	**52,645**	26,042	**–**	–
	1,375,064	2,071,044	**17,116**	14,007
At net realisable value				
Raw materials and consumables	**79,612**	99,078	**–**	–
Completed development properties	**820**	1,859	**–**	–
Trading inventories	**60,099**	79,597	**–**	–
Finished goods	**131,751**	196,363	**–**	–
	272,282	376,897	**–**	–
	1,647,346	2,447,941	**17,116**	14,007

25 TRADE AND OTHER RECEIVABLES

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Trade receivables (Note 25.1)	**1,110,038**	1,468,818	**823**	6,596
Other receivables, deposits and prepayments (Note 25.2)	**104,211**	106,815	**29,283**	31,587
Accrued billings	**120,794**	113,032	**–**	–
Amounts due from customers on contracts (Note 25.3)	**–**	4,539	**–**	–
	1,335,043	1,693,204	**30,106**	38,183

25.1 Trade receivables

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Trade receivables	**1,121,528**	1,488,398	**823**	6,596
Allowance for doubtful debts	**(11,490)**	(19,580)	**–**	–
	1,110,038	1,468,818	**823**	6,596

25 TRADE AND OTHER RECEIVABLES CONT'D

25.1 Trade receivables Cont'd

The allowance of doubtful debts is net of bad debts written off as follows:

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Bad debts written off	**2,251**	–	**–**	–

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

25.2 Other receivables, deposits and prepayments

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Other receivables	**57,533**	54,270	**2,648**	4,286
Allowance for doubtful debts	**(1,127)**	(1,129)	**–**	–
	56,406	53,141	**2,648**	4,286
Other deposits	**28,489**	25,167	**16,043**	15,969
Prepayments	**19,316**	28,507	**10,592**	11,332
	104,211	106,815	**29,283**	31,587

Included in other receivables of the Group is an amount due from affiliates of RM484,000 (2008 - RM424,000) for property project management services provided by a subsidiary, which are unsecured, interest-free and has no fixed terms of repayment.

25.3 Amounts due from customers on contracts

	GROUP 2009 RM'000	GROUP 2008 RM'000
Aggregate cost incurred to date	**24,794**	24,494
Recognised profit	**5,969**	5,766
	30,763	30,260
Progress billings	**(30,763)**	(25,721)
Amounts due from customers on contracts	**–**	4,539

NOTES TO THE FINANCIAL STATEMENTS

26 SHORT TERM INVESTMENTS

	GROUP 2009 RM'000	GROUP 2008 RM'000
At cost		
In Malaysia		
- Quoted shares	**417**	413
Outside Malaysia		
- Quoted shares	**16,206**	16,189
- Unquoted shares	**5**	5
	16,628	16,607
Less: Accumulated impairment losses	**(11,835)**	(9,478)
	4,793	7,129
At market value		
- Shares quoted in Malaysia	**21**	17
- Shares quoted outside Malaysia	**5,273**	7,117

27 SHORT TERM FUNDS

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
At cost				
Investment in fixed income trust funds in Malaysia	**1,619,511**	1,592,545	**1,597,511**	1,432,909

28 DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Deposits with licensed banks	**413,896**	704,635	**217,647**	525,064
Deposits with discount houses	**42,018**	166,907	**–**	–
	455,914	871,542	**217,647**	525,064

29 CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM58,510,000 (2008 - RM132,935,000) held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is not available for general use by the Group.

30 SHARE CAPITAL

	GROUP AND COMPANY			
	2009		2008	
	NO. OF SHARES	RM'000	NO. OF SHARES	RM'000
Authorised				
Ordinary shares of RM0.10 each	**7,500,000,000**	**750,000**	7,500,000,000	750,000

	GROUP AND COMPANY	
	NO. OF SHARES	RM'000
Issued and fully paid-up		
2009		
Ordinary shares of RM0.10 each		
At beginning of financial year	**6,137,882,931**	**613,788**
Issue of shares arising from the exercise of ESOS at RM2.50 per ordinary share	**11,982,000**	**1,198**
Issue of shares arising from the exercise of ESOS at RM4.30 per ordinary share	**2,657,900**	**266**
Voluntary take-over offer of IOI Properties Berhad's shares at RM3.78	**94,279,715**	**9,428**
At end of financial year	**6,246,802,546**	**624,680**
2008		
Ordinary shares of RM0.10 each		
At beginning of financial year	6,258,807,990	625,881
Issue of shares arising from the exercise of ESOS at RM2.50 per ordinary share	17,056,800	1,706
Issue of shares arising from the exercise of ESOS at RM4.30 per ordinary share	2,764,200	276
Issue of ordinary shares arising from the exchange of the 2nd Exchangeable Bonds at RM4.70 per share	172,204,282	17,220
Capital repayments	(312,950,341)	(31,295)
At end of financial year	6,137,882,931	613,788

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

ii Of the total 6,246,802,546 (2008 - 6,137,882,931) issued and fully paid-up ordinary shares of RM0.10 each, 291,244,500 shares (2008 – 151,824,700) are held as treasury shares as disclosed in Note 31.2 to the financial statements. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at end of the financial year is 5,955,558,046 (2008 - 5,986,058,231) ordinary shares of RM0.10 each.

iii On 22 August 2007, the Company completed a capital repayment of RM1,314,391,432 to its shareholders on the basis of a cash distribution of RM4.20 for each ordinary shares cancelled. The capital repayment was implemented via a cancellation of RM312,950,341 ordinary shares of RM0.10 each in the Company on the basis of (1) ordinary share cancelled for every twenty (20) existing ordinary shares held on the entitlement date of 15 August 2007. RM31,295,034 of the total par value of the issued and paid-up share capital of the Company was cancelled and the remaining balance sum for the capital repayment of RM1,283,096,398 was set-off against the share premium account of the Company pursuant to Sections 64 and 60(2) of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS

30 SHARE CAPITAL CONT'D

30.1 Executive Share Option Scheme

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

The salient features of the ESOS are as follows:

a Maximum number of shares available under the ESOS

The total number of new ordinary shares in the Company ("IOI Shares"), which may be made available under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time an offer of options is made in writing by a committee appointed by the Board to administer the ESOS ("Option Committee") to any executive or Executive Director of the Group ("Offer") who meets the criteria of eligibility for participation in the ESOS as set out in the rules, terms and conditions of the ESOS ("Bye-Laws").

b Eligibility

Save for executives who are employed by the foreign subsidiaries of the Company (including the Malaysian subsidiaries of such foreign subsidiaries), and executives who are employed by subsidiaries of the Company, of which the Company holds less than 75% of the issued and paid-up share capital, any executive (including Executive Director) of the Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the executive:

i has attained the age of 18 years;

ii is in the full time employment and payroll of a company within the Group (other than a company which is dormant) for at least 3 years; and

iii falls within such other categories and criteria that the Option Committee may from time to time at its absolute discretion determine.

(The eligible employees above are hereinafter referred to as "Eligible Executive(s)")

No executive of the Group shall participate at any time in more than one ESOS implemented by any company within the Group.

c Maximum allowable allotment and basis of allocation

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

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

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

30 SHARE CAPITAL CONT'D

30.1 Executive Share Option Scheme Cont'd

c Maximum allowable allotment and basis of allocation Cont'd

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

d Subscription price

The subscription price shall be higher of the following:

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

ii the par value of the IOI Shares;

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

e Duration and termination of the ESOS

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

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

- the consent from the Company's shareholders by ordinary resolution at a general meeting have been obtained; and
- the written consent from all Grantees who have yet to exercise their Option, either in part or in whole, have been obtained.

f Exercise of option

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 SHARE CAPITAL CONT'D

30.1 Executive Share Option Scheme Cont'd

g Rights attaching to the IOI Shares

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

The movements of the options over the unissued ordinary shares of RM0.10 each in the Company and the weighted average exercise price during the financial year are as follows:

		NO. OF OPTIONS OVER ORDINARY SHAPES					
OPTION PRICE (RM)	DATE OF OFFER	OUTSTANDING AS AT BEGINNING OF THE FINANCIAL YEAR	OFFERED AND ACCEPTED	EXERCISED	LAPSED	OUTSTANDING AS AT END OF THE FINANCIAL YEAR	EXERCISABLE AS AT END OF THE FINANCIAL YEAR
2009							
2.50	**12 January 2006**	**69,040,800**	**–**	**(11,982,000)**	**(4,452,100)**	**52,606,700**	**30,010,450**
4.30	**2 April 2007**	**43,255,500**	**–**	**(2,657,900)**	**(1,274,600)**	**39,323,000**	**17,065,500**
		112,296,300	**–**	**(14,639,900)**	**(5,726,700)**	**91,929,700**	**47,075,950**
Weighted average exercise price		**RM3.19**	**–**	**RM2.83**	**RM2.90**	**RM3.26**	**RM3.15**
2008							
2.50	12 January 2006	93,470,600	–	(17,056,800)	(7,373,000)	69,040,800	20,308,300
4.30	2 April 2007	46,071,000	–	(2,764,200)	(51,300)	43,255,500	8,710,800
		139,541,600	–	(19,821,000)	(7,424,300)	112,296,300	29,019,100
Weighted average exercise price		RM3.09	–	RM2.75	RM2.51	RM3.19	RM3.04

30 SHARE CAPITAL CONT'D

30.1 Executive Share Option Scheme Cont'd

i Share options outstanding at the end of the financial year

Option price (RM)	No. of share options	Weighted average exercise price (RM)	Exercisable period
2009			
2.50	52,606,700	2.50	12 January 2007 - 23 November 2016
4.30	39,323,000	4.30	2 April 2008 - 23 November 2016
	91,929,700	3.26	
2008			
2.50	69,040,800	2.50	12 January 2007 - 23 November 2016
4.30	43,255,500	4.30	2 April 2008 - 23 November 2016
	112,296,300	3.19	

ii Share options exercised during the financial year

OPTION PRICE (RM)	DATE OF EXERCISE	NO. OF SHARE OPTIONS EXERCISED	WEIGHTED AVERAGE SHARE PRICE (RM)
2009			
2.50	July 2008	1,186,000	6.20
2.50	August 2008	1,232,800	4.97
2.50	September 2008	56,000	4.51
2.50	October 2008	211,700	3.20
2.50	November 2008	7,557,000	3.09
2.50	February 2009	283,500	3.77
2.50	March 2009	301,000	3.80
2.50	April 2009	770,000	4.23
2.50	May 2009	100,000	4.51
2.50	June 2009	284,000	4.63
4.30	July 2008	1,924,900	6.20
4.30	August 2008	510,500	4.97
4.30	October 2008	35,000	3.20
4.30	May 2009	187,500	4.51
		14,639,900	4.21

NOTES TO THE FINANCIAL STATEMENTS

30 SHARE CAPITAL CONT'D

30.1 Executive Share Option Scheme Cont'd

ii Share options exercised during the financial year Cont'd

OPTION PRICE (RM)	DATE OF EXERCISE	NO. OF SHARE OPTIONS EXERCISED	WEIGHTED AVERAGE SHARE PRICE (RM)
2008			
2.50	July 2007	205,500	5.34
2.50	August 2007	286,000	5.00
2.50	September 2007	346,000	6.05
2.50	November 2007	2,733,500	6.75
2.50	December 2007	189,900	7.75
2.50	January 2008	258,300	7.10
2.50	February 2008	4,922,800	8.05
2.50	March 2008	4,313,000	7.10
2.50	April 2008	1,108,300	7.30
2.50	May 2008	730,500	7.45
2.50	June 2008	1,963,000	7.45
4.30	May 2008	1,068,500	7.45
4.30	June 2008	1,695,700	7.45
		19,821,000	6.91

31 RESERVES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Share premium	**2,319,136**	1,923,327	**2,319,136**	1,923,327
Capital reserves (Note 31.1)	**326,323**	331,081	**95,911**	88,680
Treasury shares, at cost (Note 31.2)	**(1,732,431)**	(1,079,914)	**(1,732,431)**	(1,079,914)
Foreign currency translation reserve (Note 31.3)	**(49,479)**	(217)	**–**	–
	863,549	1,174,277	**682,616**	932,093

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

31 RESERVES CONT'D

31.1 Capital reserves

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to minority shareholders	**9,330**	9,330	**–**	–
Equity component of 2nd Exchangeable Bonds (Note 33.2)	**24,618**	24,618	**–**	–
Equity component of 3rd Exchangeable Bonds (Note 33.3)	**193,195**	205,712	**–**	–
Capital redemption reserves arising from the cancellation of treasury shares	**34,520**	34,520	**34,520**	34,520
Share option reserves	**64,660**	56,901	**61,391**	54,160
	326,323	331,081	**95,911**	88,680

31.2 Treasury shares

The shareholders of the Company, by a special resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during the subsequent Annual General Meetings of the Company including the last meeting held on 22 October 2008.

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

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

			PURCHASE PRICE PER SHARE		
	NO. OF SHARES	COST RM	HIGHEST RM	LOWEST RM	AVERAGE RM
2009					
At beginning of financial year	151,824,700	1,079,914,500	7.65	6.55	7.11
Purchases during the financial year					
July 2008	38,853,500	240,506,425	7.47	5.35	6.19
August 2008	29,428,100	144,155,178	5.09	4.70	4.90
September 2008	12,669,400	58,304,041	4.99	4.39	4.60
October 2008	13,825,500	35,711,098	2.98	2.17	2.58
November 2008	10,598,700	32,813,944	3.22	2.84	3.10
December 2008	729,800	2,298,091	3.15	3.14	3.15
January 2009	775,700	2,923,649	3.77	3.77	3.77
March 2009	9,103,500	34,652,160	3.99	3.74	3.81
April 2009	11,463,800	47,999,575	4.37	3.89	4.19
May 2009	8,466,200	37,318,286	4.45	4.35	4.41
June 2009	3,505,600	15,834,572	4.55	4.47	4.52
At end of financial year	291,244,500	1,732,431,519	7.47	2.17	5.95

NOTES TO THE FINANCIAL STATEMENTS

31 RESERVES CONT'D

31.2 Treasury shares Cont'd

	NO. OF SHARES	COST RM	PURCHASE PRICE PER SHARE HIGHEST RM	LOWEST RM	AVERAGE RM
2008					
At beginning of financial year	–	–	–	–	–
Purchases during the financial year					
January 2008	25,543,100	184,908,969	7.59	7.07	7.24
February 2008	5,401,300	40,136,875	7.63	7.27	7.43
March 2008	57,675,100	392,190,706	7.62	6.55	6.93
April 2008	19,014,300	145,086,288	7.65	6.62	7.21
May 2008	17,134,300	122,345,170	7.48	6.97	7.14
June 2008	27,056,600	195,246,492	7.56	7.01	7.22
At end of financial year	151,824,700	1,079,914,500	7.65	6.55	7.11

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

31.3 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

32 RETAINED EARNINGS

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. The Company has opted to move to a single tier system and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the balance sheet date.

33 BORROWINGS

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Non-current liabilities				
Unsecured				
Term loans (Note 33.1)	**1,617,279**	1,215,857	**351,850**	–
Less: Portion due within 12 months included under short term borrowings	**(182,318)**	(3,173)	**–**	–
	1,434,961	1,212,684	**351,850**	–
2nd Exchangeable Bonds (Note 33.2)	**357,573**	315,659	**–**	–
3rd Exchangeable Bonds (Note 33.3)	**1,811,381**	1,714,452	**–**	–
Guaranteed Notes (Note 33.4)	**1,751,388**	1,624,383	**–**	–
	5,355,303	4,867,178	**351,850**	–
Current liabilities				
Unsecured				
Revolving credits (Note 33.5)	**16,773**	587,147	**–**	–
Trade financing (Note 33.7)	**–**	196,795	**–**	–
Short term loan (Note 33.6)	**–**	300,688	**–**	–
Term loans - portion due within 12 months (Note 33.1)	**182,318**	3,173	**–**	–
	199,091	1,087,803	**–**	–
	199,091	1,087,803	**–**	–
Total borrowings	**5,554,394**	5,954,981	**351,850**	–

33.1 Term loans

The term loans of the Group include:

Unsecured

i 30-year JPY15.0 billion fixed-rate loan due 2037 that was drawn down on 22 January 2007 by a wholly-owned subsidiary incorporated in Labuan. The outstanding amount as at end of the financial year is JPY15.0 billion (2008 - JPY15.0 billion). This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

ii SGD75.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year is SGD75.0 million (2008 - SGD75.0 million). This term loan bears interest at rates ranging from 0.61% to 1.57% (2008 - 1.14% to 3.32%) per annum and is repayable in 3 years from drawndown date in June 2007.

iii USD4.6 million term loan that was drawn down by a subsidiary. The outstanding amount as at end of the financial year is nil (2008 - USD0.46 million). This term loan bore interest at 2.69% to 5.50% per annum during the previous financial year and was repayable by semi-annual instalments of USD0.46 million commencing February 2004.

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS CONT'D

33.1 Term loans Cont'd

Unsecured Cont'd

iv USD4.6 million term loan that was drawn down by a subsidiary. The outstanding amount as at end of the financial year is nil (2008 - USD0.51 million). This term loan bore interest at 3.21% to 5.45% per annum during the previous financial year and was repayable by semi-annual instalments of USD0.51 million commencing January 2005.

v SGD15.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year is SGD15.0 million (2008 - SGD15.0 million). This term loan bears interest at rates ranging from 1.03% to 1.87% (2008 - 1.27% to 3.54%) per annum and is repayable 60 months from first drawdown or June 2013 whichever earlier, commencing June 2008.

vi 30-year JPY6.0 billion fixed-rate loan due 2038 that was drawn down on 5 February 2008 by a wholly-owned subsidiary incorporated in Labuan. The outstanding amount as at end of the financial year is JPY6.0 billion (2008 - JPY6.0 billion). This fixed-rate loan bears interest at 4.50% per annum and is repayable in full on 5 February 2038.

vii SGD166.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year is SGD166.0 million (2008 - SGD166.0 million). This term loan bears interest at rates ranging from 0.86% to 1.93% (2008 - 1.11% to 3.06%) per annum and is repayable in 3½ years from drawndown date in September 2007.

viii USD100.0 million term loan, which was drawn down by the Company during the financial year. The outstanding amount as at end of the financial year is USD100.0 million. This fixed-rate term loan bears interest at 3.70% per annum and is repayable in 3 years from drawndown date in February 2009.

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Less than 1 year	**182,318**	3,173	**–**	–
1 - 2 years	**403,529**	180,412	**–**	–
2 - 3 years	**351,850**	399,314	**351,850**	–
3 - 4 years	**36,463**	–	**–**	–
4 - 5 years	**–**	36,083	**–**	–
More than 5 years	**643,119**	596,875	**–**	–
	1,617,279	1,215,857	**351,850**	–

33 BORROWINGS CONT'D

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

On 18 December 2006, the Company's wholly-owned subsidiary, IOI Capital (L) Berhad (the "Issuer"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued USD370 million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds"). The 2nd Exchangeable Bonds were issued at 100% of the principal amount and listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange and will mature on 18 December 2011. The 2nd Exchangeable Bonds are unconditionally and irrevocably guaranteed by the Company.

The salient features of the 2nd Exchangeable Bonds are as follows:

i The 2nd Exchangeable Bonds are exchangeable at any time on and after 28 January 2007 and prior to 3 December 2011 by holders of the 2nd Exchangeable Bonds (the "Bondholders") into newly issued ordinary shares of the Company (the "IOI Shares") only, at an initial exchange price of RM23.50 per ordinary share of RM0.50 each at a fixed exchange rate of USD1.00 = RM3.54 (the "Exchange Price"). The Exchange Price is subject to adjustment in certain circumstances.

ii The Issuer or the Company may, at its option, satisfy its obligation to deliver IOI Shares pursuant to the exercise of the right of exchange by a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in US Dollar equal to the product of the number of IOI Shares otherwise deliverable and the volume weighted average of the closing price of the IOI Shares for each day during the 10 trading days immediately before the exchange date.

iii The 2nd Exchangeable Bonds are redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 3.0% compounded semi-annually ("Accreted Principal Amount"):

a on or after 18 December 2008, if:

- the closing price of the IOI Shares translated into US Dollar at the prevailing screen rate, is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; and

- the closing price of the IOI Shares is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; or

b at any time, if less than USD40 million in aggregate principal amount of the 2nd Exchangeable Bonds remain outstanding.

iv Unless the 2nd Exchangeable Bonds have been previously redeemed, repurchased and cancelled or exchanged, each Bondholder has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 2nd Exchangeable Bonds at the Accreted Principal Amount on 18 December 2009.

v Unless previously redeemed, repurchased and cancelled or exchanged, the 2nd Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 116.05% on 18 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS CONT'D

33.2 USD370 Million Zero Coupon Guaranteed Exchangeable Bonds due 2011 ("2nd Exchangeable Bonds") Cont'd

At initial recognition, the 2nd Exchangeable Bonds were recognised in the Group balance sheets as follows:

	GROUP RM'000
Face value	1,314,980
Equity component	(92,023)
Deferred tax liability	(34,036)
Liability component on initial recognition	1,188,921

During the financial year, there was no exchange of 2nd Exchangeable Bonds into IOI shares.

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

	NOMINAL VALUE OF 2ND EXCHANGEABLE BONDS (USD)	EXCHANGE PRICE	NO. OF SHARES ISSUED	REMARKS
GROUP				
2008				
Exchange during the financial year	228,633,000	RM4.70	172,204,282	*Ordinary share of RM0.10 each*

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

	LIABILITY COMPONENT RM'000	EQUITY COMPONENT RM'000	DEFERRED TAX RM'000
GROUP			
2009			
At beginning of financial year	**315,659**	**24,618**	**2,202**
Interest expense	**17,430**	**–**	**(4,357)**
Foreign currency translation differences	**24,484**	**–**	**163**
At end of financial year	**357,573**	**24,618**	**(1,992)**
2008			
At beginning of financial year	1,051,107	81,482	21,776
Exchange of USD228,633,000 nominal value of the 2nd Exchangeable Bonds	(721,127)	(56,864)	(10,211)
Interest expense	33,023	–	(8,586)
Foreign currency translation differences	(47,344)	–	(777)
At end of financial year	315,659	24,618	2,202

33 BORROWINGS CONT'D

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

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

The salient features of the 3rd Exchangeable Bonds are as follows:

i The 3rd Exchangeable Bonds are exchangeable at any time on and after 25 February 2008 and prior to 31 December 2012 by holders of the 3rd Exchangeable Bonds (the "Bondholders") into newly issued ordinary shares of the Company (the "IOI Shares") only, at an initial exchange price of RM11.00 per ordinary share of RM0.10 each at a fixed exchange rate of USD1.00 = RM3.28 (the "Exchange Price"). The Exchange Price is subject to adjustment in certain circumstances.

ii The Issuer or the Company may, at its option, satisfy its obligation to deliver IOI Shares pursuant to the exercise of the right of exchange by a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in US Dollar equal to the product of the number of IOI Shares otherwise deliverable and the volume weighted average of the closing price of the IOI Shares for each day during the 10 trading days immediately before the exchange date.

iii The 3rd Exchangeable Bonds are redeemable in whole or in part, at the option of the Issuer at the issue price plus accrual yield of 1.25% compounded semi-annually ("Accreted Principal Amount"):

  a on or after 15 January 2010, if:

  - the closing price of the IOI Shares translated into US Dollar at the prevailing screen rate, is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; and

  - the closing price of the IOI Shares is at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any 20 consecutive trading days in the period of 30 consecutive trading days immediately preceding the date of the notice of redemption; or

  b at any time, if less than USD60 million in aggregate principal amount of the 3rd Exchangeable Bonds remain outstanding.

iv Unless the 3rd Exchangeable Bonds have been previously redeemed, repurchased and cancelled or exchanged, each Bondholder has the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 3rd Exchangeable Bonds at the Accreted Principal Amount on 15 January 2011.

v Unless previously redeemed, repurchased and cancelled or exchanged, the 3rd Exchangeable Bonds will be redeemed at their Accreted Principal Amount of 106.43% on 15 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS CONT'D

33.3 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") Cont'd

At initial recognition, the 3rd Exchangeable Bonds were recognised in the Group balance sheets as follows:

	GROUP RM'000
Face value	1,953,900
Equity component	(205,712)
Deferred tax liability (Note 35)	(72,277)
Liability component on initial recognition	1,675,911

The movements of the 3rd Exchangeable Bonds during the financial year are as follows:

	LIABILITY COMPONENT RM'000	EQUITY COMPONENT RM'000	DEFERRED TAX RM'000
GROUP			
2009			
At beginning of financial year	**1,714,452**	**205,712**	**63,661**
Repurchase of USD36,508,000 nominal value of the 3rd Exchangeable Bonds	**(115,237)**	**(12,517)**	**(3,804)**
Interest expense	**77,942**	**–**	**(19,485)**
Foreign currency translation differences	**134,224**	**–**	**4,923**
At end of financial year	**1,811,381**	**193,195**	**45,295**
2008			
At initial recognition	1,675,911	205,712	72,277
Interest expense	33,308	–	(8,660)
Foreign currency translation differences	5,233	–	44
At end of financial year	1,714,452	205,712	63,661

33.4 USD500 Million 5.25% Guaranteed Notes due 2015 ("Guaranteed Notes")

On 16 March 2005, the Company's wholly-owned subsidiary, IOI Ventures (L) Berhad, a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, issued 10-year USD500 million Guaranteed Notes at an issue price of 99.294% (the "Guaranteed Notes"). The Guaranteed Notes are listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange. The Guaranteed Notes carry an interest rate of 5.25% per annum payable semi-annually in arrears on 16 March and 16 September commencing 16 September 2005 and will mature on 16 September 2015. The Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company.

33 BORROWINGS CONT'D

33.4 USD500 Million 5.25% Guaranteed Notes due 2015 ("Guaranteed Notes") Cont'd

At initial recognition, the Guaranteed Notes were recognised in the Group balance sheets as follows:

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

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

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of financial year	**1,624,383**	1,717,323
Foreign currency translation differences	**125,893**	(93,985)
Interest expense	**1,112**	1,045
At end of financial year	**1,751,388**	1,624,383

33.5 Revolving credits

Revolving credits of the Group include:

Unsecured

i In the previous financial year, SGD125.0 million revolving credits was drawn down by a foreign incorporated subsidiary and the revolving credits was repaid during the financial year. This revolving credits bore interest rates ranging from 1.45% to 1.75% (2008 - 1.45% to 2.40%) per annum.

ii In the previous financial year, RM260.0 million revolving credits was drawn down by subsidiary and the revolving credits was repaid during the financial year. This revolving credits bore interest rate at 4.19% (2008 - 4.16% to 4.19%) per annum.

iii In the previous financial year, SGD11.0 million revolving credits was drawn down by a foreign incorporated subsidiary to refinance the SGD13.6 million revolving credits in the prior financial years. The revolving credits was reduced to SGD7.0 million in current financial year. The revolving credits bear interest rates ranging from 1.03% to 1.87% (2008 - 1.27% to 3.54%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

33 BORROWINGS CONT'D

33.6 Unsecured short term loan

In the previous financial year, SGD125 million (equivalent to RM301 million) of unsecured short term loan was drawn down by a foreign incorporated subsidiary and was repaid during the financial year. This short term loan bore interest rates ranging from 1.07% to 1.18% (2008 - 1.18% to 2.21%) per annum.

33.7 Trade financing

Trade financing utilised during the financial year is subject to interest at rates 2.55% (2008 - 3.68% to 3.91%) per annum.

34 OTHER LONG TERM LIABILITIES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Retirement benefits (Note 34.1)	**30,167**	38,349	**948**	978
Club membership deposits	**13,478**	13,478	**–**	–
Land cost payable (Note 34.2)	**12,369**	24,369	**–**	–
	56,014	76,196	**948**	978

34.1 Retirement benefits

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Present value of funded obligations	**257,260**	297,171	**–**	–
Fair value of plan assets	**(270,811)**	(267,547)	**–**	–
	(13,551)	29,624	**–**	–
Present value of unfunded obligations	**20,793**	19,878	**948**	978
Present value of net obligations	**7,242**	49,502	**948**	978
Unrecognised actuarial losses/(gains)	**4,603**	(12,745)	**–**	–
Unrecognised past service cost	**5,476**	(532)	**–**	–
Unrecognised assets	**12,846**	2,124	**–**	–
Recognised liability for defined benefit obligations	**30,167**	38,349	**948**	978

The Company and certain subsidiaries operate defined benefit plans. The plans of the Company and Malaysian subsidiaries are operated on an unfunded basis whilst certain foreign subsidiaries are operating funded defined benefit plans. The benefits payable on retirement are generally based on the length of service and average salary of the eligible employees.

The last actuarial valuations for the unfunded and funded plans were carried out on 30 June 2006 and 30 June 2009 respectively.

34 OTHER LONG TERM LIABILITIES CONT'D

34.1 Retirement benefits Cont'd

Movement in the net liability recognised in the balance sheets:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Net liability at beginning of financial year	**38,349**	40,121	**978**	1,021
Adjustment for unrecognised assets	**12,856**	2,124	**–**	–
Contributions to funded plans	**(24,155)**	(25,401)	**–**	–
Benefits paid for unfunded plans	**(5,753)**	(746)	**(57)**	(61)
Expense recognised in the income statements (Note 8)	**7,191**	20,771	**27**	18
Foreign currency translation differences	**1,679**	1,480	**–**	–
Net liability at end of financial year	**30,167**	38,349	**948**	978

Expense recognised in the income statements:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current service cost	**16,438**	18,495	**44**	44
Interest cost	**18,281**	16,290	**35**	33
Expected return on plan assets	**(16,441)**	(14,348)	**–**	–
Net actuarial (gain)/loss	**(47)**	196	**(52)**	(59)
Past service cost	**(11,040)**	138	**–**	–
	7,191	20,771	**27**	18

The expense is recognised in the following line items in the income statements:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of sales	**2,721**	9,553	**27**	18
Marketing and selling expenses	**467**	1,597	**–**	–
Administration expenses	**4,003**	9,621	**–**	–
	7,191	20,771	**27**	18
Actual loss on plan assets	**(15,976)**	(10,057)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

34 OTHER LONG TERM LIABILITIES CONT'D

34.1 Retirement benefits Cont'd

Liability for defined benefit obligations

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	GROUP AND COMPANY	
	2009	2008
Discount rate	**6.2%**	6.2%
Expected return on plan assets	**5.4%**	6.0%
Future salary increases	**3.5%**	3.4%

34.2 Land cost payable

	GROUP	
	2009 RM'000	2008 RM'000
Land cost payable	**24,369**	36,369
Less: Amount due within 12 months (Note 36.2)	**(12,000)**	(12,000)
	12,369	24,369

The above land cost is payable on instalment basis over a period of three (3) years pursuant to a supplemental agreement entered into by a subsidiary.

35 DEFERRED TAXATION

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of financial year	**495,843**	423,864	**5,790**	390
Recognised in the income statements (Note 11)				
- Current year	**(29,683)**	1,078	**340**	4,600
- Prior years	**1,417**	692	**(50)**	800
	(28,266)	1,770	**290**	5,400
Addition through issuance of 3rd Exchangeable Bonds (Note 33.3)	**–**	72,277	**–**	–
Deferred tax arising from liquidation of a subsidiary	**–**	427	**–**	–
Reduction through repurchase of 3rd Exchangeable Bonds (Note 33.3)	**(3,804)**	–	**–**	–
Reduction through exchange of 2nd Exchangeable Bonds (Note 33.2)	**–**	(10,211)	**–**	–
Foreign currency translation differences	**6,209**	7,716	**–**	–
At end of financial year	**469,982**	495,843	**6,080**	5,790

35 DEFERRED TAXATION CONT'D

Presented after appropriate offsetting as follows:

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Deferred tax liabilities	**521,039**	551,462	**6,080**	5,790
Deferred tax assets	**(51,057)**	(55,619)	**–**	–
	469,982	495,843	**6,080**	5,790

The movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
At beginning of financial year	**551,462**	502,857	**5,790**	390
Recognised in the income statements				
Temporary differences on accelerated capital allowances	**(11,781)**	266	**290**	5,630
Temporary differences on prepaid lease rental	**(200)**	(144)	**–**	–
Temporary differences on recognition of project expenses	**(183)**	(163)	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**(16,051)**	(16,240)	**–**	–
Temporary differences on revaluation of assets	**781**	(3,211)	**–**	–
Temporary differences on 2nd Exchangeable Bonds (Note 33.2)	**(4,357)**	(8,586)	**–**	–
Temporary differences on 3rd Exchangeable Bonds (Note 33.3)	**(19,485)**	(8,660)	**–**	–
Temporary differences on fair value adjustments on investment properties	**19,658**	26,439	**–**	–
Other temporary differences	**(14)**	(49)	**–**	–
Effect of changes in tax rates on deferred tax	**(860)**	(11,173)	**–**	(230)
	(32,492)	(21,521)	**290**	5,400
Addition through issuance of 3rd Exchangeable Bonds (Note 33.3)	**–**	72,277	**–**	–
Reduction through repurchase of 3rd Exchangeable Bonds (Note 33.3)	**(3,804)**	–	**–**	–
Reduction through exchange of 2nd Exchangeable Bonds (Note 33.2)	**–**	(10,211)	**–**	–
Foreign currency translation differences	**5,873**	8,060	**–**	–
At end of financial year	**521,039**	551,462	**6,080**	5,790

NOTES TO THE FINANCIAL STATEMENTS

35 DEFERRED TAXATION CONT'D

Deferred tax assets

	GROUP 2009 RM'000	GROUP 2008 RM'000
At beginning of financial year	**55,619**	78,993
Recognised in the income statements		
Temporary differences on unutilised tax losses	**(12,813)**	(22,906)
Temporary differences on unabsorbed capital allowances	**1,506**	(3,602)
Other deductible temporary differences	**7,081**	5,409
Effect of changes in tax rates on deferred tax	**–**	(2,192)
	(4,226)	(23,291)
Reduction through liquidation of a subsidiary	**–**	(427)
Foreign currency translation differences	**(336)**	344
At end of financial year	**51,057**	55,619

The components of deferred tax liabilities and assets at the end of the financial year comprise tax effects of:

Deferred tax liabilities

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Temporary differences on accelerated capital allowances	**236,725**	247,872	**6,080**	5,790
Temporary differences on prepaid lease rental	**6,359**	6,559	**–**	–
Temporary differences on recognition of project expenses	**1,433**	1,616	**–**	–
Temporary differences on 2nd Exchangeable Bonds (Note 33.2)	**(1,992)**	2,202	**–**	–
Temporary differences on 3rd Exchangeable Bonds (Note 33.3)	**45,295**	63,661	**–**	–
Other taxable temporary differences	**219**	233	**–**	–
Temporary differences on fair value adjustments on investment properties	**70,170**	51,219	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**162,830**	178,100	**–**	–
	521,039	551,462	**6,080**	5,790

35 DEFERRED TAXATION CONT'D

Deferred tax assets

	GROUP 2009 RM'000	GROUP 2008 RM'000
Unutilised tax losses	**10,925**	23,736
Unabsorbed capital allowances	**7,166**	5,660
Retirement benefit obligations	**15,033**	3,590
Other deductible temporary differences	**17,933**	22,633
	51,057	55,619

The following deferred tax assets have not been recognised:

	GROUP 2009 RM'000	GROUP 2008 RM'000
Unutilised tax losses	**5,929**	19,825
Unabsorbed capital allowances	**3,176**	3,169
Other deductible temporary differences	**1,106**	398
	10,211	23,392

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

36 TRADE AND OTHER PAYABLES

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Trade payables (Note 36.1)	**470,776**	622,609	**16,688**	4,008
Other payables and accruals (Note 36.2)	**479,511**	521,485	**81,089**	49,621
Progress billings	**5,357**	5,700	**–**	–
Amounts due to customers on contracts (Note 36.3)	**494**	37	**–**	–
	956,138	1,149,831	**97,777**	53,629

36.1 Trade payables

Included in trade payables of the Group are retention monies of RM62,687,000 (2008 - RM57,763,000).

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

NOTES TO THE FINANCIAL STATEMENTS

36 TRADE AND OTHER PAYABLES CONT'D

36.2 Other payables and accruals

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Land premium payable	**25,738**	25,738	**–**	–
Advances from minority shareholders	**8,096**	8,012	**–**	–
Other payables	**222,895**	273,415	**56,322**	30,427
Customer deposits and other deposits	**28,574**	27,516	**605**	2,621
Accruals	**194,208**	186,804	**24,162**	16,573
	479,511	521,485	**81,089**	49,621

Included in other payables of the Group is land cost payable of RM12 million (2008 - RM12 million).

36.3 Amounts due to customers on contracts

	GROUP	
	2009 RM'000	2008 RM'000
Aggregate cost incurred to date	**4,239**	3,683
Recognised profit	**1,245**	1,154
	5,484	4,837
Progress billings	**(5,978)**	(4,874)
Amounts due to customers on contracts	**(494)**	(37)

37 BANK OVERDRAFTS

	GROUP	
	2009 RM'000	2008 RM'000
Unsecured	**–**	9,152

In the previous financial year, the bank overdrafts bore interest at rates ranging from 7.25% to 12.75% per annum. The significantly higher interest rate of 12.75% per annum incurred was in respect of an indirect subsidiary in Egypt.

38 ACQUISITIONS OF SUBSIDIARIES

2009

38.1 Laksana Kemas Sdn Bhd

On 20 August 2008, the Company acquired the entire issued and paid-up share capital of Laksana Kemas Sdn Bhd ("LKSB") for a total cash consideration of RM754,258. LKSB is the beneficial and legal owner of land with a total land area of 566.54 acres and its principal activity is cultivation of oil palm.

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	PRE-ACQUISITION CARRYING AMOUNT RM'000	FAIR VALUE ADJUSTMENTS RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Property, plant and equipment	2,891	–	2,891
Prepaid lease payments	1,520	779	2,299
Trade and other payables	(4,436)	–	(4,436)
Net identifiable assets and liabilities	(25)	779	754
Goodwill on consolidation			–
Purchase consideration discharged by cash			754
Add: Settlement of amounts owed to the vendors			1,569
Cash outflow on acquisition of subsidiary			2,323

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

	RM'000
Operating profit	459
Net interest expense	–
Profit before taxation	459
Taxation	602
Profit for the financial year	1,061
Minority interests	–
Increase in Group's net profit	1,061

NOTES TO THE FINANCIAL STATEMENTS

38 ACQUISITIONS OF SUBSIDIARIES CONT'D

38.2 Zonec Plus Sdn Bhd

On 11 February 2009, the Company acquired the entire issued and paid-up share capital of Zonec Plus Sdn Bhd ("ZPSB") for a total cash consideration of RM65,198. ZPSB is the beneficial and legal owner of two pieces of lands intended for cultivation of oil palm and its principal activity is cultivation of oil palm.

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	PRE-ACQUISITION CARRYING AMOUNT RM'000	FAIR VALUE ADJUSTMENTS RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Prepaid lease payments	45	78	123
Trade and other payables	(58)	–	(58)
Net identifiable assets and liabilities	(13)	78	65
Goodwill on consolidation			–
Purchase consideration discharged by cash / cash outf ow on acquisition of subsidiary			65

The above acquisition has no material effect on the financial results of the Group for the financial year as the subsidiary has not commenced business operations.

If the above acquisitions had occurred on 1 July 2008, management estimates that the consolidated revenue and profit for the financial year would have been as follows:

	REVENUE RM'000	PROFIT FOR THE FINANCIAL YEAR RM'000
As reported	14,600,474	983,517
Acquisitions of Laksana Kemas Sdn Bhd and Zonec Plus Sdn Bhd	–	151
Estimated results if acquisitions had occurred on 1 July 2008	14,600,474	983,668

IOI Pelita was incorporated on 12 November 2008 with an issued and paid-up share capital of RM2.00 comprising two ordinary shares of RM1.00 each, of which the Company and Pelita Holdings Sdn Bhd each holds one ordinary share.

The incorporation has no material effect on the financial results of the Group for the financial year as the subsidiary has not commenced business operations.

38 ACQUISITIONS OF SUBSIDIARIES CONT'D

2008

38.3 Lynwood Capital Resources Pte Ltd, Oakridge Investments Pte Ltd and Oleander Capital Resources Pte Ltd

On 19 November 2007, the Company acquired the following companies for the oil palm cultivation in Kalimantan, Indonesia:

i the entire issued and paid-up share capital of Lynwood Capital Resources Pte Ltd ("Lynwood") and Oakridge Investments Pte Ltd ("Oakridge") for USD57,797,932, which collectively owned a 33% stake in PT Bumitama Gunajaya Agro group of companies ("BGA"); and

ii the entire issued and paid up share capital of Oleander Capital Resources Pte Ltd ("Oleander"), which effectively (via two investment holding companies) owned a 67% stake in a group of companies; PT Ketapang Sawit Lestari, PT Bumi Sawit Sejahtera, PT Kalimantan Prima Agro Mandiri, PT Berkat Nabati Sejahtera and PT Sukses Karya Sawit, for a tentative purchase consideration of USD20,304,216 based on the estimated Hak Guna Usaha ("HGU") land certificates of 52,704 hectares. The final total consideration is payable progressively in accordance with an agreed schedule linked to the status of progress on the above application of HGU land certificates. A total amount of USD4,369,669 (equivalent to RM14,980,909) was paid as at 30 June 2008.

In addition, the Company also paid a total amount of USD14,435,292 on behalf of Lynwood and Oakridge to the vendors, for the settlement of debt owing by these companies to the vendors.

The acquisitions had the following effects on the Group's assets and liabilities on acquisition date:

	PRE-ACQUISITION CARRYING AMOUNT RM'000	FAIR VALUE ADJUSTMENTS RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Investment in associate	242,900	–	242,900
Cash and cash equivalents	276	–	276
Trade and other payables	(48,628)	–	(48,628)
Net identifiable assets and liabilities	194,548	–	194,548
Goodwill on consolidation (Note 19)			306
Purchase consideration discharged by cash			194,854
Add: Settlement of amounts owed to the Vendors			48,596
Add: Progressive payment for land			14,981
Less: Amount retained			(9,728)
Less: Cash and cash equivalents of subsidiaries acquired			(276)
Cash outflow on acquisitions of subsidiaries			248,427

NOTES TO THE FINANCIAL STATEMENTS

38 ACQUISITIONS OF SUBSIDIARIES CONT'D

38.3 Lynwood Capital Resources Pte Ltd, Oakridge Investments Pte Ltd and Oleander Capital Resources Pte Ltd Cont'd

The effect of the above acquisitions on the financial results of the Group for the previous financial year was as follows:

	RM'000
Operating profit	4,604
Net interest expense	–
Profit before taxation	4,604
Taxation	–
Profit for the financial year	4,604
Minority interests	–
Increase in Group's net profit	4,604

If the above acquisitions had occurred on 1 July 2007, management estimates that the consolidated revenue and profit for the financial year would have been as follows:

	REVENUE RM'000	PROFIT FOR THE FINANCIAL YEAR RM'000
As reported	14,655,369	2,231,632
Acquisitions of Lynwood Capital Resources Pte Ltd, Oakridge Investments Pte Ltd and Oleander Capital Resources Pte Ltd	–	3,289
Estimated results if acquisitions had occurred on 1 July 2007	14,655,369	2,234,921

39 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term funds (Note 27)	**1,619,511**	1,592,545	**1,597,511**	1,432,909
Deposits with financial institutions (Note 28)	**455,914**	871,542	**217,647**	525,064
Cash and bank balances	**383,957**	424,718	**6,500**	25,919
Bank overdrafts (Note 37)	**–**	(9,152)	**–**	–
	2,459,382	2,879,653	**1,821,658**	1,983,892

The Group has undrawn borrowing facilities of RM744,000,000 (2008 - RM840,000,000) at end of the financial year.

40 SIGNIFICANT RELATED PARTY DISCLOSURES

40.1 Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of the Group include:

i Direct and indirect subsidiaries as disclosed in Note 48 to the financial statements;
ii Progressive Holdings Sdn Bhd, the major corporate shareholder of the Company;
iii Associates and jointly controlled entities as disclosed in Note 48 to the financial statements;
iv Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
v Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

40.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2009 RM'000	2008 RM'000
GROUP		
Associates		
Sales of oleochemical products and palm kernel oil	**595,584**	706,513
Purchases of oleochemical products	**23,899**	18,779
Purchases of palm products	**32,741**	44,715
Agency fees income	**1,448**	1,946
Rental income on storage tank	**5,983**	6,205
Affiliates		
Property project management services	**1,693**	1,805
COMPANY		
Subsidiaries		
Sales of palm products	**350,690**	462,986
Purchases of palm products	**22,327**	42,097
Agency fees income	**1,644**	1,763
Interest income	**89,264**	91,971
Interest expense	**181,504**	128,815

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2009 are disclosed in Note 20.2, Note 21.3 and Note 22.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

40 SIGNIFICANT RELATED PARTY DISCLOSURES CONT'D

40.3 Key management personnel compensation

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors				
Fees	**623**	595	**480**	440
Remuneration	**28,413**	52,431	**17,084**	35,488
Estimated monetary value of benefits-in-kind	**309**	310	**91**	82
Total short term employee benefits	**29,345**	53,336	**17,655**	36,010
Post employment benefits	**3,471**	7,862	**2,057**	5,304
Share option expenses	**1,810**	3,755	**1,810**	3,755
	34,626	64,953	**21,522**	45,069
Other key management personnel				
Short term employee benefits	**2,684**	2,616	**–**	–
Post employment benefits	**311**	365	**–**	–
Share option expenses	**1,223**	2,342	**–**	–
	4,218	5,323	**–**	–

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

	GROUP	
	2009 RM'000	2008 RM'000
Executive Share Option Scheme of the Company		
At beginning of financial year	**26,982**	35,565
Addition due to new appointments	**–**	1,350
Exercised	**(8,138)**	(6,933)
Lapsed	**–**	(3,000)
At end of financial year	**18,844**	26,982
Executive Share Option Scheme of a subsidiary		
At beginning of financial year	**1,300**	1,600
Exercised	**–**	(300)
At end of financial year	**1,300**	1,300

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

41 CONTINGENT LIABILITIES - UNSECURED

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Litigations involving claims for damages and compensation	**58**	58	**–**	–
Guarantees issued to third parties	**53,565**	22,432	**3,999**	4,719
Guarantees for credit facilities of jointly controlled entities	**971,752**	961,599	**–**	–
Counter indemnities to banks for bank guarantees issued	**19,082**	16,960	**10,933**	10,474
	1,044,457	1,001,049	**14,932**	15,193

Material litigations - subsidiaries

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

i Unipamol Malaysia Sdn Bhd ("Unipamol"), a subsidiary of IOI Oleochemical Industries Berhad ("IOI Oleo"), has obtained summary judgement against Unitangkob (Malaysia) Berhad ("Unitangkob") in 2001 for the principal sum of approximately RM5 million. Unitangkob's appeal against the summary judgement was dismissed with costs and it has filed further appeal to the Court of Appeal. Unipamol has commenced winding-up proceedings against Unitangkob to recover the amount due under the summary judgement and Unitangkob has filed Notice of Motion for stay of the said winding-up proceedings.

Unipamol has subsequently been advised that Unitangkob has been wound up by its other creditors on 21 September 2007 and the Director General of Insolvency has been appointed as the Official Receiver of Unitangkob. Unipamol has filed a Proof of Debt against Unitangkob.

Unitangkob's appeal to the Court of Appeal against the summary judgement was struck out by the Court of Appeal on 25 May 2009. As such, this matter has reached its finality with Unitangkob owing Unipamol a sum of approximately RM5 million plus interest and costs as per the judgement dated 27 July 2001.

ii A legal suit instituted by the shareholders of Unitangkob against Unipamol, Pamol Plantations Sdn Bhd ("PPSB"), Unilever Plc and its subsidiary Pamol (Sabah) Ltd in which the Plaintiffs claimed for inter-alia special damages of RM43.47 million, general damages of RM136.85 million or such amount as may be assessed by the court. Unipamol and PPSB have filed a Defence to the claim as well as Counter-claim against the Plaintiffs. The case is fixed for full trial on 1 and 2 December 2009.

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

42 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, price fluctuation risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. The Group operates within established risk management framework and clearly defined guidelines that are approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar, Euro, Canadian Dollar, Japanese Yen and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts and options. Sale contracts and purchase contracts are in respect of sales proceeds receivable and purchase commitments payable in foreign currencies respectively.

As at the balance sheet date, the Group entered into forward foreign exchange contracts with the following notional amounts and maturities:

	MATURITIES			TOTAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	NOTIONAL AMOUNT RM'000
GROUP				
2009				
Sale contracts used to hedge sale proceeds receivable				
USD	1,051,493	320,158	–	1,371,651
EUR	957,758	–	–	957,758
Others	157,905	7,543	–	165,448
	2,167,156	327,701	–	2,494,857
Purchase contracts used to hedge purchase commitments payable				
USD	44,678	–	–	44,678
EUR	1,354	–	–	1,354
Others	34,546	3,014	–	37,560
	80,578	3,014	–	83,592

42 FINANCIAL INSTRUMENTS CONT'D

42.1 Foreign currency risk Cont'd

	MATURITIES LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	TOTAL NOTIONAL AMOUNT RM'000
GROUP				
2008				
Sale contracts used to hedge sale proceeds receivable				
USD	4,458,104	2,524	–	4,460,628
EUR	553,694	13,102	45,037	611,833
Others	182,635	48,322	2,995	233,952
	5,194,433	63,948	48,032	5,306,413
Purchase contracts used to hedge purchase commitments payable				
USD	38,532	8,164	–	46,696
Others	11,317	23,443	1,968	36,728
	49,849	31,607	1,968	83,424

The net unrecognised loss as at the balance sheet date on forward foreign exchange sale and purchase contracts used are deferred until the occurrence of the related future transactions in the following manner:

	MATURITIES LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	TOTAL NET UNRECOGNISED LOSS AS AT END OF THE FINANCIAL YEAR RM'000
GROUP				
2009				
Sale contracts	**(8,956)**	**2,091**	**–**	**(6,865)**
Purchase contracts	**(1,206)**	**(192)**	**–**	**(1,398)**
2008				
Sale contracts	(59,193)	2,256	(2,366)	(59,303)
Purchase contracts	(1,670)	(738)	(74)	(2,482)

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.1 Foreign currency risk Cont'd

The net financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies as at the balance sheet date are as follows:

	NET FINANCIAL ASSETS/(LIABILITIES) HELD IN NON-FUNCTIONAL CURRENCIES			
	USD RM'000	EUR RM'000	OTHERS RM'000	TOTAL RM'000
Functional currency				
GROUP				
2009				
RM	**(4,090,078)**	**101,455**	**(521,044)**	**(4,509,667)**
USD	**–**	**84**	**521**	**605**
EUR	**8,703**	**–**	**18,813**	**27,516**
Others	**(5,551)**	**25**	**–**	**(5,526)**
	(4,086,926)	**101,564**	**(501,710)**	**(4,487,072)**
2008				
RM	(2,589,687)	81,953	(585,472)	(3,093,206)
USD	–	–	2,155	2,155
EUR	31,427	–	33,737	65,164
Others	(1,016)	–	–	(1,016)
	(2,559,276)	81,953	(549,580)	(3,026,903)
COMPANY				
2009				
RM	**(4,548,969)**	**832,066**	**–**	**(3,716,903)**
2008				
RM	(3,946,494)	741,461	–	(3,205,033)

42 FINANCIAL INSTRUMENTS CONT'D

42.1 Foreign currency risk Cont'd

As at the balance sheet date, the Group and the Company have also entered into the following currency swap and option contracts:

Group
2009

i Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

ii Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

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

iv Structured foreign exchange contracts as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to certain subsidiaries' foreign currencies denominated estimated receipts and payments. The summary of the contracts is as follows:

DESCRIPTION	NOTIONAL AMOUNT	EFFECTIVE PERIOD
EUR/USD Target Redemption Forward	**EUR6.0 – EUR9.0 million**	**September 2008 to August 2009**

2008

i Cross currency swaps to swap fixed rate USD liability of USD209.6 million to fixed rate EUR liability of EUR161.0 million. The contracts effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for these cross currency swaps is from February 2005 to February 2015.

ii Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

iii USD/RM Target Redemption Forward of USD653.0 million over the effective period from March 2008 to April 2009. These were entered into as hedges for the USD deposits from the JPY loan and 3rd Exchangeable Bonds.

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.1 Foreign currency risk Cont'd

Group
2008

iv Structured foreign exchange contracts as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to certain subsidiaries' foreign currencies denominated estimated receipts and payments. The summary of the contracts is as follows:

DESCRIPTION	NOTIONAL AMOUNT	EFFECTIVE PERIOD
EUR/USD Target Redemption Forward	EUR292.5 - EUR612.0 million	October 2007 to October 2010
EUR/USD Strike Lift	EUR106.0 million	January 2008 to July 2010

Company
2009

i Cross currency swap to swap fixed rate USD liability of USD104.1 million to fixed rate EUR liability of EUR80.0 million. The contract effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for this cross currency swap is from February 2005 to February 2015.

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

2008

i Cross currency swaps to swap fixed rate USD liability of USD209.6 million to fixed rate EUR liability of EUR161.0 million. The contracts effectively swapped part of the Group's fixed rate Guaranteed Notes into fixed rate EUR liability. This was done to maintain the appropriate amount of liability in EUR as a natural hedge against existing EUR denominated investment in subsidiaries. The effective period for these cross currency swaps is from February 2005 to February 2015.

ii USD/RM Target Redemption Forward of USD653.0 million over the effective period from March 2008 to April 2009. These were entered into as hedges for the USD deposits from the proceeds of JPY loan and 3rd Exchangeable Bonds advanced by the certain subsidiaries.

42.2 Interest rate risk

The Group's interest rate risk relates primarily to the Group's debt obligations.

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

42 FINANCIAL INSTRUMENTS CONT'D

42.2 Interest rate risk Cont'd

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	3 - 4 YEARS RM'000	4 - 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
GROUP									
2009									
Fixed rate instruments									
Term loans	33.1	**5.03**	**(994,969)**	**–**	**–**	**(351,850)**	**–**	**–**	**(643,119)**
2nd Exchangeable Bonds	33.2	**5.12**	**(357,573)**	**–**	**–**	**(357,573)**	**–**	**–**	**–**
3rd Exchangeable Bonds	33.3	**4.35**	**(1,811,381)**	**–**	**–**	**–**	**(1,811,381)**	**–**	**–**
Guaranteed Notes	33.4	**5.34**	**(1,751,388)**	**–**	**–**	**–**	**–**	**–**	**(1,751,388)**
Floating rate instruments									
Amounts due from jointly controlled entities	22.1	**2.10**	**1,692,293**	**1,692,293**	**–**	**–**	**–**	**–**	**–**
Short term funds	27	**2.43**	**1,619,511**	**1,619,511**	**–**	**–**	**–**	**–**	**–**
Deposits with financial institutions	28	**4.47**	**455,914**	**455,914**	**–**	**–**	**–**	**–**	**–**
Cash held in Housing Development Accounts	29	**1.61**	**58,510**	**58,510**	**–**	**–**	**–**	**–**	**–**
Revolving credits	33.5	**1.46**	**(16,773)**	**(16,773)**	**–**	**–**	**–**	**–**	**–**
Term loans	33.1	**1.23**	**(622,310)**	**(622,310)**	**–**	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.2 Interest rate risk Cont'd

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	3 - 4 YEARS RM'000	4 - 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
GROUP									
2008									
Fixed rate instruments									
Term loans	33.1	5.23	(596,875)	–	–	–	–	–	(596,875)
2nd Exchangeable Bonds	33.2	5.12	(315,659)	–	–	–	(315,659)	–	–
3rd Exchangeable Bonds	33.3	4.35	(1,714,452)	–	–	–	–	(1,714,452)	–
Guaranteed Notes	33.4	5.34	(1,624,383)	–	–	–	–	–	(1,624,383)
Floating rate instruments									
Amounts due from jointly controlled entities	22.1	2.99	1,513,326	1,513,326	–	–	–	–	–
Short term funds	27	2.17	1,592,545	1,592,545	–	–	–	–	–
Deposits with financial institutions	28	3.71	871,542	871,542	–	–	–	–	–
Cash held in Housing Development Accounts	29	2.00	132,935	132,935	–	–	–	–	–
Bank overdrafts *	37	12.75	(9,152)	(9,152)	–	–	–	–	–
Revolving credits	33.5	3.62	(587,147)	(587,147)	–	–	–	–	–
Short term loan	33.6	1.78	(300,688)	(300,688)	–	–	–	–	–
Trade financing	33.7	4.22	(196,795)	(196,795)	–	–	–	–	–
Term loans	33.1	2.53	(618,982)	(618,982)	–	–	–	–	–

* *Unsecured bank overdrafts of an indirect subsidiary in Egypt.*

42 FINANCIAL INSTRUMENTS CONT'D

42.2 Interest rate risk Cont'd

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	3 - 4 YEARS RM'000	4 - 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
COMPANY									
2009									
Floating rate instruments									
Short term funds	27	**2.61**	**1,597,511**	**1,597,511**	**–**	**–**	**–**	**–**	**–**
Deposits with financial institutions	28	**3.12**	**217,647**	**217,647**	**–**	**–**	**–**	**–**	**–**
Fixed rate instruments									
Amounts due from subsidiaries		**4.52**	**2,131,133**	**2,131,133**	**–**	**–**	**–**	**–**	**–**
Amounts due to subsidiaries		**4.43**	**(6,724,876)**	**(1,999,443)**	**–**	**–**	**(2,330,926)**	**–**	**(2,394,507)**
Term loan	33.1	**3.60**	**(351,850)**	**–**	**–**	**(351,850)**	**–**	**–**	**–**
2008									
Floating rate instruments									
Short term funds	27	2.16	1,432,909	1,432,909	–	–	–	–	–
Deposits with financial institutions	28	3.38	525,064	525,064	–	–	–	–	–
Fixed rate instruments									
Amounts due from subsidiaries		4.48	2,711,067	2,711,067	–	–	–	–	–
Amounts due to subsidiaries		4.20	(5,927,233)	(1,423,440)	–	–	–	(2,282,535)	(2,221,258)

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.2 Interest rate risk Cont'd

As at the balance sheet date, the Group and the Company have the following interest rate swap contracts to optimise interest cost over the respective loan tenure:

INTEREST RATE SWAP	NOTIONAL AMOUNT	EFFECTIVE PERIOD
Group		
2009		
USD Dual Index Hybrid Swap	**USD40 million, over a period of 7 years, commencing 22 July 2007**	**22 July 2007 to 22 July 2014**
2008		
CMS Spread Range Accrual Swap	USD50 million, over a period of 5 years, commencing 12 October 2005	12 October 2005 to 12 October 2010
CMS Spread Range Accrual Swap	USD50 million, over a period of 5 years, commencing 13 October 2005	13 October 2005 to 13 October 2010
USD Dual Index Hybrid Swap	USD40 million, over a period of 7 years, commencing 22 July 2007	22 July 2007 to 22 July 2014
Company		
2008		
CMS Spread Range Accrual Swap	USD50 million, over a period of 5 years, commencing 12 October 2005	12 October 2005 to 12 October 2010
CMS Spread Range Accrual Swap	USD50 million, over a period of 5 years, commencing 13 October 2005	13 October 2005 to 13 October 2010

42 FINANCIAL INSTRUMENTS CONT'D

42.3 Price fluctuation risk

The Group's plantation and downstream manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two business segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

As at the balance sheet date, the Group has entered into the following commodity future and swap contracts:

i **Commodity future**

	MATURITIES		TOTAL
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	NOTIONAL AMOUNT RM'000
GROUP			
2009			
Sale contracts	**77,804**	**–**	**77,804**
Purchase contracts	**250,783**	**4,164**	**254,947**
2008			
Sale contracts	42,596	33,940	76,536
Purchase contracts	359,392	–	359,392

The net unrecognised gain/(loss) as at the balance sheet date on commodity futures sale and purchase contracts used are deferred until the occurrence of the related future transactions in the following manner:

	MATURITIES		NET UN-RECOGNISED GAIN/(LOSS) AS AT END OF THE FINANCIAL YEAR RM'000
	LESS THAN 1 YEAR RM'000	1 - 2 YEARS RM'000	
GROUP			
2009			
Sale contracts	**5,693**	**–**	**5,693**
Purchase contracts	**(21,872)**	**(281)**	**(22,153)**
2008			
Sale contracts	(5,466)	325	(5,141)
Purchase contracts	14,409	–	14,409

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.3 Price fluctuation risk Cont'd

i Commodity future Cont'd

The net unrecognised gain/(loss) on the commodity future has been deferred until the related future transactions occur, at which time they will be included in the measurement of the transactions.

The Group is also exposed to price fluctuation risk arising from changes in the market prices of its quoted investments. The Group does not use derivative instruments to manage this risk as these quoted investments are mainly held as long term investments.

42.4 Credit risk

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

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instruments.

The maximum exposure to credit risk for the Group and for the Company were represented by the carrying amount to each financial asset; and in addition, in respect of derivatives, the notional amount as disclosed in the respective notes to financial statements.

42.5 Liquidity and cash flow risk

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

42 FINANCIAL INSTRUMENTS CONT'D

42.6 Fair values

The carrying amounts of financial instruments of the Group and of the Company at the balance sheet date approximated their fair values except as set out below:

	NOTE	GROUP CARRYING AMOUNT RM'000	GROUP FAIR VALUE RM'000	COMPANY CARRYING AMOUNT RM'000	COMPANY FAIR VALUE RM'000
2009					
Recognised					
Quoted other long term investments	18	21,348	44,336	2,300	2,862
Quoted short term investments	26	4,788	5,294	–	–
2nd Exchangeable Bonds	33.2	357,573	387,008	–	–
3rd Exchangeable Bonds	33.3	1,811,381	1,903,583	–	–
Guaranteed Notes	33.4	1,751,388	1,642,297	–	–
Term loans	33.1	1,617,279	1,409,533	351,850	351,850
Amounts due to subsidiaries		–	–	6,724,876	6,575,450
Amounts due from jointly controlled entities	22.1	1,692,293	1,550,823	–	–
Unrecognised					
Forward foreign exchange contracts					
Sale contracts	42.1	–	(6,865)	–	–
Purchase contracts	42.1	–	(1,398)	–	–
Currency swap and option contracts		–	(45,016)	–	(22,925)
Commodity future contracts					
Sale contracts	42.3	–	5,693	–	–
Purchase contracts	42.3	–	(22,153)	–	–
Interest rate swap contracts		–	(1,423)	–	–

The currency swaps were mainly hedging arrangements to convert the initial currencies of the long term borrowings obtained by the Group into currencies that match the Group assets and to provide a natural hedge against the Group's revenue. These swaps have the same maturity dates with the said borrowings. The currency option contracts relate mainly to the hedging arrangements entered by the Group to hedge part of its foreign currency sale proceeds in Europe. The fair value of the currency swaps and option contracts stated in the above table is based on the foreign currency exchange rate as at 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS CONT'D

42.6 Fair values Cont'd

		GROUP		COMPANY	
	NOTE	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
2008					
Recognised					
Quoted other long term investments	18	24,415	95,773	2,896	2,906
Quoted short term investments	26	7,124	7,134	–	–
2nd Exchangeable Bonds	33.2	315,659	329,780	–	–
3rd Exchangeable Bonds	33.3	1,714,452	1,693,869	–	–
Guaranteed Notes	33.4	1,624,383	1,584,215	–	–
Term loans	33.1	1,215,857	1,179,375	–	–
Amounts due to subsidiaries		–	–	5,927,233	5,628,179
Amounts due from jointly controlled entities	22.1	1,513,326	1,341,700	–	–
Unrecognised					
Forward foreign exchange contracts					
Sale contracts	42.1	–	(59,303)	–	–
Purchase contracts	42.1	–	(2,482)	–	–
Currency swap and option contracts		–	(673,459)	–	(131,985)
Commodity future contracts					
Sale contracts	42.3	–	(5,141)	–	–
Purchase contracts	42.3	–	14,409	–	–
Interest rate swap contracts		–	(22,971)	–	2,354

The following methods and assumptions are used to estimate the fair values of financial instruments:

i The carrying amounts of financial assets and liabilities maturing within 12 months approximate fair values due to the relatively short term maturity of these financial instruments.

ii The fair values of quoted securities are their quoted market prices at the balance sheet date.

iii The fair values of the Group's borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

iv The fair value of amounts due from jointly controlled entities are discounted at weighted average cost of borrowings of the subsidiaries that made the advances.

v The fair values of derivative financial instruments are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the balance sheet date arising from such contracts.

vi It is not practical to estimate the fair value of the Group's long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable value.

43 COMMITMENTS

43.1 Capital Commitments

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Authorised capital expenditure not provided for in the financial statements				
- Contracted				
Purchase of property, plant and equipment	**210,037**	52,899	**784**	2,169
Purchase of land held for property development	**–**	140,511	**–**	–
New planting	**–**	162	**–**	–
Construction in progress	**3,764**	33,418	**47**	1,714
- Not Contracted				
Purchase of property, plant and equipment	**228,014**	419,547	**5,728**	7,772
Purchase of landed properties	**–**	523	**–**	–
New planting	**6,029**	6,562	**2,746**	3,284

43.2 Operating Lease Commitments

43.2.1 The Group as lessee

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

i lease of a piece of land for a lease period of 50 years with a renewal term of 16 years which covers a net area of 9,605 acres for cultivation of oil palm;

ii lease of a piece of land for a lease period of 60 years which covers a net area of 7,932 acres for cultivation of oil palm;

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

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

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

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	GROUP 2009 RM'000	GROUP 2008 RM'000
Not later than 1 year	**5,183**	8,385
Later than 1 year and not later than 5 years	**10,779**	13,110
Later than 5 years	**117,920**	120,056
	133,882	141,551

NOTES TO THE FINANCIAL STATEMENTS

43 COMMITMENTS CONT'D

43.2 Operating Lease Commitments Cont'd

43.2.2 The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease terms of between 2 - 3 years. The Group also entered into long term property leases on its future property investment land.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	GROUP	
	2009 RM'000	2008 RM'000
Not later than 1 year	**76,170**	56,877
Later than 1 year and not later than 5 years	**71,883**	38,821
Later than 5 years	**9,534**	13,486
	157,587	109,184

44 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

44.1 Renounceable rights issue by IOI Properties Berhad

On 4 August 2008, IOI Properties Berhad, a subsidiary of the Company, completed the renounceable rights issue with the listing of and quotation for 162,537,250 new ordinary shares of RM0.50 each at an issue price of RM4.85 each on the Main Market of Bursa Malaysia Securities Berhad on even date.

44.2 Joint venture between the Company and Pelita Holdings Sdn Bhd

On 8 August 2008, the Company entered into a conditional joint venture agreement to subscribe for the equity of a joint venture company to be incorporated and named IOI Pelita Kanowit Sdn Bhd ("IOI Pelita") for the purpose of acquiring and developing approximately 7,000 hectares of land situated at Block E (Lesih) Kanowit, Sibu, Sarawak into oil palm estates. IOI Pelita was incorporated on 12 November 2008 with an issued and paid-up share capital of RM2.00 comprising two ordinary shares of RM1.00 each, of which the Company and Pelita Holdings Sdn Bhd each holds one ordinary share.

Pursuant to the terms of joint venture agreement, the Company will eventually hold an equity interest of 60% in IOI Pelita. The joint venture enables the Group to continue expanding its core palm oil business and increase its oil palm plantation holdings in Malaysia.

44.3 Acquisition of Laksana Kemas Sdn Bhd

On 20 August 2008, the Company acquired the entire issued and paid-up share capital of Laksana Kemas Sdn Bhd ("LKSB") for a total cash consideration of RM754,258. LKSB is the beneficial and legal owner of land with a total land area of 566.54 acres and its principal activity is cultivation of oil palm.

44 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR CONT'D

44.4 Proposed acquisition of the entire equity interest of Inverfin Sdn Bhd

On 29 August 2008, the Company entered into a conditional sale and purchase agreement with Menara Citi Holding Company Sdn Bhd, CapitaLand Limited and Amsteel Corporation Berhad ("Vendor") to acquire the entire equity interest in Inverfin Sdn Bhd ("ISB") for a total cash consideration of RM586,731,176. ISB is established as a special purpose entity and investment company for the sole purpose of owning and operating Menara Citibank, which is located in Jalan Ampang, Kuala Lumpur.

On 27 November 2008, the Company announced that it would not proceed with the said acquisition due to the adverse development in the global economic environment. A sum of RM73,362,600 paid by the Company to the Vendor was forfeited upon termination of the conditional sale and purchase agreement.

44.5 Voluntary take-over offer to acquire all shares in IOI Properties Berhad

On 4 February 2009, the Company served a notice of voluntary take-over offer to the Board of Directors of IOI Properties Berhad ("IOIP") to notify IOIP of the Company's intention to acquire all 199,727,505 ordinary shares of RM0.50 each in IOIP ("IOIP Share(s)") not already owned by the Company and all the new IOIP Shares that may be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to IOIP's Executive Share Option Scheme ("IOIP ESOS Options") at an offer price of RM2.598 per IOIP Share to be satisfied in the following manner:

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

ii RM0.33 in cash,

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

(to be referred to as "Offer").

As at 30 June 2009, the Company acquired 157,132,870 IOIP shares with the issuance of 94,279,715 IOI Share and cash payment of RM51.9 million. The Company then held 812,786,250 IOIP Shares representing 95.4% of the issued and paid-up capital of IOIP.

Subsequent to 30 June 2009, the Company had further acquired 35,234,021 IOIP Share with the issuance of 21,140,413 IOI Share and cash of RM11.6 million. The Company now holds 99.7% of the issued and paid-up capital of IOIP.

NOTES TO THE FINANCIAL STATEMENTS

45 SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Proposed renounceable rights issue by the Company

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

The Proposed Rights Issue is now pending the approval of the relevant authorities and shareholders of the Company.

46 SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

Business Segments

The Group comprises the following main business segments:

Plantation	Cultivation of oil palm and rubber and processing of palm oil
Property development	Development of residential and commercial properties
Property investment	Investment in shopping mall, office complex and other properties
Resource-based manufacturing	Manufacturing of oleochemicals, specialty oils and fats, palm oil refinery and palm kernel crushing
Other operations	Management and operation of hotels and resorts, landscape services and other operations which are not sizable to be reported separately

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Cultivation of oil palm and processing of palm oil
	Development of residential and commercial properties
	Investment in shopping mall, office complex and other properties
	Manufacturing of oleochemicals, palm oil refinery and palm kernel crushing
	Manufacturing and supply of specialty oils and fats
	Management and operation of hotels and resorts, landscape services
Europe	Manufacturing and supply of specialty oils and fats
North America	Manufacturing and supply of specialty oils and fats
Asia	Supply of oleochemicals, refined and specialty oils and fats
Others	Investment in office complex and various sale offices for specialty oils and fats around the world which are not sizable to be reported separately

46 SEGMENTAL INFORMATION CONT'D

Business Segments

	PLANTATION RM'000	PROPERTY DEVE-LOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANU-FACTURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2009							
Revenue							
External sales	242,853	660,167	81,505	13,490,715	125,234	–	14,600,474
Inter-segment sales	2,254,706	–	–	–	–	(2,254,706)	–
Total revenue	2,497,559	660,167	81,505	13,490,715	125,234	(2,254,706)	14,600,474
Result							
Segment operating profit	1,639,739	309,556	46,633	356,816	78,779	–	2,431,523
Fair value gain on investment properties	–	–	110,840	–	–	–	110,840
Segment results	1,639,739	309,556	157,473	356,816	78,779	–	2,542,363
Translation loss on USD denominated borrowings							(315,346)
Other unallocated corporate expenses							(257,962)
Operating profit							1,969,055
Interest income							60,346
Finance costs							(230,853)
Share of results of associates	5,976	–	–	3,937	–	–	9,913
Share of results of jointly controlled entities	–	(258,344)	–	–	–	–	(258,344)
Profit before taxation							1,550,117
Taxation							(486,943)
Profit for the financial year							1,063,174

NOTES TO THE FINANCIAL STATEMENTS

46 SEGMENTAL INFORMATION CONT'D

Business Segments Cont'd

	PLANTATION RM'000	PROPERTY DEVE-LOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANU-FACTURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2009							
Assets							
Segment assets	4,285,530	1,735,909	1,128,926	4,411,343	405,170	–	11,966,878
Interest in associates	370,785	35,333	–	185,386	3,937	–	595,441
Interest in jointly controlled entities	–	1,436,763	–	–	–	–	1,436,763
Unallocated corporate assets							1,982,872
Consolidated total assets							15,981,954
Liabilities							
Segment liabilities	223,213	196,967	38,275	482,057	73,855	–	1,014,367
Unallocated corporate liabilities							6,195,141
Consolidated total liabilities							7,209,508
Other Information							
Capital expenditure	90,881	4,695	64,282	274,716	16,803	–	451,377
Depreciation and amortisation	60,221	2,281	1,801	153,158	13,257	–	230,718
Non-cash expenses other than depreciation and amortisation	343,558	774	8,151	13,798	19,356	–	385,637

46 SEGMENTAL INFORMATION CONT'D

Business Segments Cont'd

	PLANTATION RM'000	PROPERTY DEVE-LOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANU-FACTURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2008							
Revenue							
External sales	236,335	755,066	74,302	13,479,145	120,521	–	14,665,369
Inter-segment sales	2,541,991	–	–	–	–	(2,541,991)	–
Total revenue	2,778,326	755,066	74,302	13,479,145	120,521	(2,541,991)	14,665,369
Result							
Segment operating profit	1,824,630	366,369	42,665	658,173	60,046	–	2,951,883
Fair value gain on investment properties	–	–	129,967	–	–	–	129,967
Gain on disposal of non-current assets held for sale/ investment properties	11,221	3,304	9,643	–	–	–	24,168
Segment results	1,835,851	369,673	182,275	658,173	60,046	–	3,106,018
Translation gain on USD denominated borrowings							134,933
Other unallocated corporate expenses							(68,956)
Operating profit							3,171,995
Interest income							68,035
Finance costs							(190,964)
Share of results of associates	14,548	–	–	31,656	–	–	46,204
Share of results of jointly controlled entity	–	(73)	–	–	–	–	(73)
Profit before taxation							3,095,197
Taxation							(683,010)
Profit for the financial year							2,412,187

NOTES TO THE FINANCIAL STATEMENTS

46 SEGMENTAL INFORMATION CONT'D

Business Segments Cont'd

	PLANTATION RM'000	PROPERTY DEVE-LOPMENT RM'000	PROPERTY INVESTMENT RM'000	RESOURCE-BASED MANU-FACTURING RM'000	OTHER OPERATIONS RM'000	ELIMINATIONS RM'000	CONSOLIDATED RM'000
2008							
Assets							
Segment assets	4,144,799	1,817,706	900,594	5,760,503	353,750	–	12,977,352
Interest in associates	367,104	–	–	187,663	3,841	–	558,608
Interest in jointly controlled entities	–	1,515,878	–	–	–	–	1,515,878
Unallocated corporate assets							2,209,386
Consolidated total assets							17,261,224
Liabilities							
Segment liabilities	188,926	199,572	26,098	756,193	66,581	–	1,237,370
Unallocated corporate liabilities							6,667,376
Consolidated total liabilities							7,904,746
Other Information							
Capital expenditure	64,123	1,907	34,646	128,804	5,810	–	235,290
Depreciation and amortisation	63,000	2,182	1,423	141,302	14,740	–	222,647
Non-cash expenses other than depreciation and amortisation	24,675	1,758	43	25,516	35,649	–	87,641

46 SEGMENTAL INFORMATION CONT'D

Geographical Segments

	MALAYSIA RM'000	EUROPE RM'000	NORTH AMERICA RM'000	ASIA RM'000	OTHERS RM'000	CONSO-LIDATED RM'000
2009						
Revenue from external customers by location of customers	**4,379,845**	**4,816,935**	**1,493,606**	**3,209,723**	**700,365**	**14,600,474**
Segment assets by location of assets	**12,104,386**	**1,586,067**	**461,022**	**1,811,969**	**18,510**	**15,981,954**
Capital expenditure by location of assets	**282,368**	**155,255**	**13,744**	**10**	**–**	**451,377**
2008						
Revenue from external customers by location of customers	4,115,987	4,633,938	1,337,766	3,628,657	949,021	14,665,369
Segment assets by location of assets	12,655,256	2,642,037	158,086	1,805,649	196	17,261,224
Capital expenditure by location of assets	192,735	32,104	10,290	62	–	235,191

NOTES TO THE FINANCIAL STATEMENTS

47 ANALYSIS OF LIABILITIES PAYABLE AND DEBTS RECEIVABLE

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

		GROUP	
	NOTE	2009 RM'000	2008 RM'000
Liabilities Payable			
Amount due to an associate		**2,215**	2,191
Trade payables	36	**470,776**	622,609
Other payables and accruals	36	**479,511**	521,485
Amounts due to customers on contracts	36	**494**	37
Progress billings	36	**5,357**	5,700
Bank overdrafts	37	**–**	9,152
Short term borrowings		**16,773**	1,084,630
Taxation		**119,708**	160,933
Term loans	33.1	**1,617,279**	1,215,857
2nd Exchangeable Bonds	33.2	**357,573**	315,659
3rd Exchangeable Bonds	33.3	**1,811,381**	1,714,452
Guaranteed Notes	33.4	**1,751,388**	1,624,383
Land cost payable	34	**12,369**	24,369
Club membership deposits	34	**13,478**	13,478
		6,658,302	7,314,935
Less:			
Short term funds	27	**1,619,511**	1,592,545
Deposits with financial institutions	28	**455,914**	871,542
Cash and bank balances	29	**383,957**	424,718
		4,198,920	4,426,130
(Receivable)/Payable as follows:			
Not later than 1 year [1]		**(1,182,230)**	(478,895)
Later than 1 year and not later than 5 years		**2,973,165**	2,670,289
Later than 5 years		**2,407,985**	2,234,736
		4,198,920	4,426,130
Debts Receivable			
Trade receivables	25	**1,110,038**	1,468,818
Other receivables, deposits and prepayments	25	**104,211**	106,815
Accrued billings	25	**120,794**	113,032
Amounts due from customers on contracts	25	**–**	4,539
Amounts due from jointly controlled entities	22	**1,692,293**	1,513,326
Amounts due from associates		**58,949**	16,537
Tax recoverable		**36,665**	34,024
		3,122,950	3,257,091
Receivable as follows:			
Not later than 1 year		**1,430,657**	1,743,765
Later than 1 year		**1,692,293**	1,513,326
		3,122,950	3,257,091

Notes:

1 *The liabilities payable not later than 1 year is net of short term funds, deposits with financial institutions and cash and bank balances.*

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The subsidiaries, associates and jointly controlled entities, incorporated in Malaysia except otherwise stated, are as follows:

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm and investment holding
Cantawan Oil Palms Sdn Bhd	**100%**	100%	Cultivation of oil palm
Fruitful Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Hill Land Sdn Bhd	**100%**	100%	Cultivation of oil palm
Ladang Asas Sdn Bhd	**100%**	100%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm
Laksana Kemas Sdn Bhd	**100%**	–	Cultivation of oil palm
Mayvin (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm and investment holding
Meriteam Sdn Bhd	**100%**	100%	Cultivation of oil palm
Morisem Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70%**	70%	Cultivation of oil palm
Pine Capital Sdn Bhd	**100%**	100%	Cultivation of oil palm and investment holding
PR Enterprise Sdn Bhd	**100%**	100%	Cultivation of oil palm
Priceland Sdn Bhd	**100%**	100%	Cultivation of oil palm
Right Purpose Sdn Bhd	**100%**	100%	Cultivation of oil palm
Safima Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100%**	90%	Cultivation of oil palm
Sri Cantawan Sdn Bhd	**100%**	100%	Cultivation of oil palm
Terusan Baru Sdn Bhd	**100%**	100%	Cultivation of oil palm
Dynamic Plantations Berhad	**100%**	100%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
Ladang Sabah Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
Mayvin Incorporated Sdn Bhd	**100%**	100%	Cultivation of oil palm, processing of palm oil and investment holding
Morisem Palm Oil Mill Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
IOI Pelita Plantation Sdn Bhd	**70%**	70%	Cultivation of oil palm
IOI Pelita Quarry Sdn Bhd	**70%**	70%	Dormant
IOI Pelita Kanowit Sdn Bhd	**60%**	–	Dormant
Perusahaan Mekassar (M) Sdn Bhd	**100%**	100%	Cultivation of oil palm and processing of palm oil
Syarikat Pukin Ladang Kelapa Sawit Sdn Berhad	**100%**	100%	Cultivation of oil palm and processing of palm oil
Syarimo Sdn Bhd	**100%**	100%	Cultivation of oil palm, processing of palm oil and investment holding
IOI Commodity Trading Sdn Bhd	**100%**	100%	Trading in commodities
Future Growth Sdn Bhd	**100%**	100%	Dormant
Ladang Sabah Holdings Sdn Bhd *(in liquidation)*	**–**	–	Dormant

NOTES TO THE FINANCIAL STATEMENTS

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Direct Subsidiaries Cont'd			
Plantation Cont'd			
Morisem Consolidated Sdn Bhd	**100%**	100%	Dormant
Morisem Sdn Bhd	**100%**	100%	Dormant
Lynwood Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100%**	100%	Investment holding
Oakridge Investments Pte Ltd * *(Incorporated in Singapore)*	**100%**	100%	Investment holding
Oleander Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100%**	100%	Investment holding
Zonec Plus Sdn Bhd	**100%**	–	Dormant
Property Development and Investment			
Bukit Kelang Development Sdn Bhd	**100%**	100%	Property development
Dreammont Development Sdn Bhd	**100%**	–	Property investment
Kayangan Heights Sdn Bhd	**60%**	60%	Property development
Nice Skyline Sdn Bhd	**98%**	89%	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	**95%**	72%	Property development, property investment and investment holding
Kean Ko Sdn Berhad	**100%**	100%	Investment holding
Projects IOI (Mauritius) Ltd * *(Incorporated in Mauritius)*	**55%**	55%	Investment holding
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd	**100%**	100%	Produce and supply palm-based renewable energy generation using biomass
IOI Edible Oils Sdn Bhd	**100%**	100%	Commodities trading, palm oil refinery/kernel crushing plant
IOI Speciality Fats Sdn Bhd	**100%**	100%	Commodities trading and palm oil refinery and palm kernel fractionation
IOI Loders Croklaan Procurement Company Sdn Bhd	**100%**	100%	Commodities trading and international procurement of palm oil
IOI Oleochemical Industries Berhad *	**100%**	100%	Investment holding
Loders Croklaan Group B. V. # *(Incorporated in The Netherlands)*	**100%**	100%	Investment holding
Pan-Century Edible Oils Sdn Bhd *	**100%**	100%	Refining and processing of crude palm oil, soap noodles and glycerine
Pan-Century Oleochemicals Sdn Bhd *	**100%**	100%	Manufacturing of oleochemical products
IOI Lipid Enzymtec Sdn Bhd	**100%**	100%	Pre-operating

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	2008	PRINCIPAL ACTIVITIES
Direct Subsidiaries Cont'd			
Non-Segment			
IOI Construction Sdn Bhd *	**70%**	70%	Building, engineering and construction services
IOI Palm Products Sdn Bhd	**100%**	100%	Manufacturing and trading of oil palm related by-products
Resort Villa Development Sdn Bhd	**100%**	100%	Hotel and resort development
Resort Villa Golf Course Berhad	**100%**	100%	Golf and recreational club services
Resort Villa Golf Course Development Sdn Bhd	**100%**	100%	Hotel and hospitality services
IOI Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	100%	Issuance of Exchangeable Bonds
IOI Investment (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	100%	Issuance of Exchangeable Bonds
IOI Ventures (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	100%	Issuance of Guaranteed Notes
IOI Resources (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100%**	100%	Issuance of Exchangeable Bonds
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	**100%**	100%	Investment holding
Swee Lam Estates (Malaya) Sdn Berhad	**100%**	100%	Investment holding
Jasasinar Multimedia Sdn Bhd	**94%**	94%	Dormant
Affinity Communications Sdn Bhd	**100%**	100%	Dormant
IOI Biofuel Sdn Bhd	**100%**	100%	Dormant
IOI Pulp & Paper Sdn Bhd	**100%**	100%	Dormant
IOI Management Sdn Bhd	**100%**	100%	Dormant
Tampoi Development Sdn Bhd	**100%**	100%	Dormant
IOI Consolidated (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**100%**	100%	Dormant
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Deramakot Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Ladang Mayvin Sdn Bhd	**100%**	100%	Cultivation of oil palm
Mowtas Plantations Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sri Mayvin Plantation Sdn Bhd	**100%**	100%	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Indirect Subsidiaries Cont'd			
Plantation Cont'd			
Subsidiaries of Pine Capital Sdn Bhd			
Ladang Tebu Batu Putih Sdn Bhd	**100%**	100%	Cultivation of oil palm
Luminous Aspect Sdn Bhd	**100%**	100%	Cultivation of oil palm
Priceland Plantation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sayang Segama Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sri Vagas Sdn Bhd	**100%**	100%	Cultivation of oil palm
Sri Yongdankong Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Vantage Wealth Sdn Bhd	**100%**	100%	Cultivation of oil palm
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	**100%**	100%	Cultivation of oil palm
Bilprice Development Sdn Bhd	**100%**	100%	Cultivation of oil palm
Erat Manis Sdn Bhd	**100%**	100%	Cultivation of oil palm
Hidayat Rakyat Sdn Bhd	**100%**	100%	Cultivation of oil palm
Hidayat Ria Sdn Bhd	**100%**	100%	Cultivation of oil palm
Kunimas Sdn Bhd	**100%**	100%	Cultivation of oil palm
Lokoh Sdn Bhd	**100%**	100%	Cultivation of oil palm
Maxgrand Sdn Bhd	**100%**	100%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100%**	100%	Cultivation of oil palm
Muara Julang Sdn Bhd	**100%**	100%	Cultivation of oil palm
Pricescore Enterprise Sdn Bhd	**100%**	100%	Cultivation of oil palm
Pujian Harum Sdn Bhd	**100%**	100%	Cultivation of oil palm
Syarikat Best Cocoa Sdn Bhd	**100%**	100%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd	**100%**	100%	Cultivation of oil palm
Very Good Estate Sdn Bhd	**100%**	100%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100%**	100%	Cultivation of soft wood timber
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Plantations (Sabah) Sdn Bhd *	**100%**	100%	Cultivation of oil palm
Pamol Plantations Sdn Bhd *	**100%**	100%	Cultivation of oil palm, processing of palm oil and investment holding
Unipamol Malaysia Sdn Bhd *	**100%**	100%	Investment holding
Pamol Bintang Sdn Bhd *	**100%**	100%	Dormant
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd *	**70%**	70%	Cultivation of oil palm, processing of palm oil and investment holding

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Indirect Subsidiaries Cont'd			
Plantation Cont'd			
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	**70%**	70%	Cultivation of oil palm
Subsidiaries of Oleander Capital Resources Pte Ltd			
PT Berkat Agro Sawitindo* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Investment holding
PT Sawit Nabatindo Abadi* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Investment holding
Subsidiaries of PT Sawit Nabatindo Abadi			
PT Ketapang Sawit Lestari* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Pre-operating
PT Kalimantan Prima Agro Mandiri* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Pre-operating
PT Bumi Sawit Sejahtera* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Pre-operating
PT Berkat Nabati Sejahtera* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Cultivation of oil palm
PT Sukses Karya Sawit* *(Incorporated in Republic of Indonesia)*	**67%**	67%	Cultivation of oil palm
Property Development and Investment			
Subsidiary of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	**98%**	89%	Building, engineering and construction services
Subsidiary of Projects IOI (Mauritius) Ltd			
A. P. Gems & Jewellery Park Pvt Ltd (India) * *(Incorporated in India)*	**49%**	49%	Property investment
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	**95%**	72%	Property development, property investment and investment holding
Flora Development Sdn Bhd	**95%**	72%	Property development and property investment
Kapar Realty And Development Sdn Berhad	**65%**	49%	Property development
Kumpulan Mayang Sdn Bhd	**95%**	72%	Property development
Pine Properties Sdn Bhd	**95%**	72%	Property development and property investment
Dynamic Management Sdn Bhd	**95%**	72%	Property development and investment holding
Commercial Wings Sdn Bhd	**95%**	72%	Property investment
Property Skyline Sdn Bhd	**86%**	65%	Provision of management services and investment holding

NOTES TO THE FINANCIAL STATEMENTS

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Indirect Subsidiaries Cont'd			
Property Development and Investment Cont'd			
Subsidiaries of IOI Properties Berhad Cont'd			
IOI Land Singapore Pte Ltd * *(Incorporated in Singapore)*	**95%**	72%	Investment holding
Flora Horizon Sdn Bhd	**95%**	72%	Property development and cultivation of oil palm
Pilihan Teraju Sdn Bhd	**95%**	72%	Property development and cultivation of oil palm
Hartawan Development Sdn Bhd	**95%**	72%	Property development and cultivation of oil palm
Jutawan Development Sdn Bhd	**95%**	72%	Dormant
Paduwan Development Sdn Bhd	**95%**	72%	Property development and cultivation of oil palm
Paska Development Sdn Bhd	**95%**	72%	Dormant
Multi Wealth (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**95%**	72%	Investment holding
IOI Properties (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**95%**	72%	Investment holding
IOI Landscape Services Sdn Bhd	**95%**	100%	Landscape services, sale of ornamental plants and turfing grass
Subsidiaries of Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	**95%**	72%	Building maintenance services
Lush Development Sdn Bhd	**95%**	72%	Property development
Riang Takzim Sdn Bhd	**95%**	72%	Dormant
Tanda Bestari Development Sdn Bhd	**95%**	72%	Property development
Subsidiaries of Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	**95%**	72%	General contractors
Pilihan Megah Sdn Bhd	**95%**	72%	Property development, property investment and investment holding
Legend Advance Sdn Bhd	**67%**	50%	Property development and property investment
Subsidiary of Pilihan Megah Sdn Bhd			
Future Link Properties Pte Ltd * *(Incorporated in Singapore)*	**58%**	44%	Property investment
Subsidiaries of Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd	**88%**	67%	Property development, property investment and cultivation of oil palm
Property Village Berhad	**77%**	58%	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	**86%**	65%	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn Bhd	**77%**	58%	General contractors

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Indirect Subsidiaries Cont'd			
Property Development and Investment Cont'd			
Subsidiary of Kean Ko Sdn Berhad			
Seremban Enterprise Corporation Berhad	**58%**	58%	Property development
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmex Industries Sdn Berhad *	**100%**	100%	Property development and investment holding
Palmco Properties Sdn Bhd *	**100%**	100%	Property investment
PMX Bina Sdn Bhd *	**100%**	100%	Property construction
Resource-based Manufacturing			
Subsidiary of IOI Edible Oils Sdn Bhd			
IOI Jeti Sdn Bhd	**100%**	100%	Dormant
Subsidiaries of IOI Oleochemical Industries Berhad			
Acidchem International Sdn Bhd *	**100%**	100%	Manufacturing of fatty acids and glycerine
Derichem (M) Sdn Bhd *	**100%**	100%	Manufacturing of soap noodles
Esterchem (M) Sdn Bhd *	**100%**	100%	Trading in esters
Stabilchem (M) Sdn Bhd *	**100%**	100%	Manufacturing of metallic stearates
Palmco Oil Mill Sendirian Berhad *	**100%**	100%	Trading in commodities
Subsidiaries of Loders Croklaan Group B. V.			
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	**100%**	100%	Manufacturing of specialty oils and fats
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	**100%**	100%	Manufacturing of specialty oils and fats
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	**100%**	100%	Investment holding
Loders Croklaan For Oils S.A.E. Egypt * *(Incorporated in Egypt)*	**100%**	100%	Production of emulsified raw materials and semi finished goods on oils and fats
IOI-Loders Croklaan Oils B.V. # *(Incorporated in The Netherlands)*	**100%**	100%	Palm oil refinery
Loders Croklaan (Shanghai) Trading Co. Ltd # *(Incorporated in the People's Republic of China)*	**100%**	100%	Trading of specialty oils and fats products
IOI Loders Croklaan Oils Sdn Bhd	**100%**	100%	Refining and trading of crude palm oil, other refined products and tolling services
Loders Croklaan (Ghana) Limited * *(Incorporated in Ghana)*	**100%**	100%	Procurement and development of raw material for specialty fats application

NOTES TO THE FINANCIAL STATEMENTS

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Indirect Subsidiaries Cont'd			
Resource-based Manufacturing Cont'd			
Subsidiaries of Loders Croklaan Group B. V. Cont'd			
Loders Croklaan Malaysia Sdn Bhd	**100%**	100%	Dormant
Loders Croklaan Latin America Comercio e Industria Ltda * *(Incorporated in Brazil)*	**100%**	100%	Dormant
Lipid Nutrition B.V. *(Incorporated in the Netherlands)*	**100%**	100%	Develop, produce and commercialise nutritional lipid ingredients to the dietary supplement and food industry
Elesto B.V. * *(Incorporated in the Netherlands)*	**100%**	100%	Dormant
Subsidiary of Loders Croklaan USA B. V.			
Loders Croklaan USA LLC # *(Incorporated in United States of America)*	**100%**	100%	Manufacturing of specialty oils and fats
Subsidiary of Loders Croklaan For Oils S. A. E. Egypt			
Loders Croklaan Trading & Distribution LLC Egypt * *(Incorporated in Egypt)*	**100%**	100%	Trading and marketing of food-based products
Subsidiary of IOI Loders Croklaan Oils Sdn Bhd			
Loders Croklaan (Asia) Sdn Bhd	**100%**	100%	Processing and sale of palm oil and palm kernel oil derived specialty fats and related products
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Jaya Sendirian Berhad *	**100%**	100%	Bulk cargo warehousing
Palmco Management Services Sdn Bhd *	**100%**	100%	Management services and rental of storage tanks
Care Security Services Sdn Bhd *	**100%**	100%	Management of collection of service charges
Performance Chemicals (M) Sdn Bhd *	**100%**	100%	Dormant
Palmina Sendirian Berhad *	**100%**	100%	Dormant
Palmco Plantations Sendirian Berhad *	**100%**	100%	Dormant
Direct Consolidated Sdn Bhd *	**100%**	100%	Dormant
Quantum Green Sdn Bhd *	**100%**	100%	Management services
Acidchem (Sabah) Sdn Bhd *	**100%**	100%	Dormant

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	EFFECTIVE GROUP INTEREST 2008	PRINCIPAL ACTIVITIES
Indirect Subsidiaries Cont'd			
Non-Segment Cont'd			
Subsidiary of Acidchem International Sdn Bhd			
Acidchem (USA) Inc * *(Incorporated in United States of America)*	**100%**	100%	Trading in fatty acids and glycerine
IOI Oleo (Europe) ApS * *(Incorporated in Denmark)*	**100%**	–	Carrying out registration of oleochemical products of European Union registration, trading and distribution of olechemical products
Subsidiary of Palmex Industries Sdn Berhad			
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**100%**	100%	Investment holding
Subsidiaries of Palmco International (HK) Limited			
Palmco Engineering Limited * *(Incorporated in Hong Kong)*	**100%**	100%	Investment holding
Acidchem (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**100%**	100%	Dormant
Subsidiary of Palmco Engineering Limited			
Tianjin Palmco Oil & Fats Co. Ltd * *(Incorporated in the People's Republic of China)*	**100%**	100%	Dormant
Subsidiary of IOI Construction Sdn Bhd			
IOI Concrete Sdn Bhd	**70%**	70%	Dormant
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	**60%**	60%	Dormant
Subsidiaries of Swee Lam Estates (Malaya) Sdn Bhd			
Swee Lam Development Sdn Bhd	**100%**	100%	Dormant
Swee Lam Properties Sdn Bhd	**100%**	100%	Dormant

* *Subsidiaries not audited by BDO Binder.*

\# *Subsidiaries audited by member firms of BDO International.*

NOTES TO THE FINANCIAL STATEMENTS

48 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES CONT'D

NAME OF COMPANY	EFFECTIVE GROUP INTEREST 2009	2008	PRINCIPAL ACTIVITIES
Associates			
Perumahan Abadi Sdn Bhd	**25%**	25%	Dormant
Reka Halus Sdn Bhd	**30%**	30%	Cultivation of oil palm and processing of palm oil
Associate of IOI Properties Berhad			
Continental Estates Sdn Bhd	**23%**	17%	Property development and cultivation of oil palm
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30%**	30%	Manufacturing of fatty alcohol and methyl esters
Kao Plasticizer (Malaysia) Sdn Bhd	**30%**	30%	Manufacturing of plasticizer and other chemical products
Peter Greven Asia Sdn Bhd	**40%**	40%	Manufacturing of metallic stearates
Associate of Palmex Industries Sdn Berhad			
Malaysia Pakistan Venture Sdn Bhd	**25%**	25%	Investment holding
Asssociate of Lynwood Capital Resources Pte Ltd and Oakridge Investments Pte Ltd			
PT Bumitama Gunajaya Agro *(Incorporated in Republic of Indonesia)*	**33%**	33%	Cultivation of oil palm and processing of palm oil
Jointly Controlled Entities			
Jointly controlled entity of IOI Land Singapore Pte Ltd			
Seaview (Sentosa) Pte Ltd *(Incorporated in Singapore)*	**48%**	36%	Property development
Jointly controlled entity of IOI Properties (Singapore) Pte Ltd			
Pinnacle (Sentosa) Pte Ltd *(Incorporated in Singapore)*	**62%**	47%	Property development
Jointly controlled entity of Multi Wealth (Singapore) Pte Ltd			
Mergui Development Pte Ltd *(Incorporated in Singapore)*	**57%**	38%	Property development

49 AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2009 were authorised for issue by the Board of Directors on 29 August 2009.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 108 to 228 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Executive Director

Putrajaya
29 August 2009

STATUTORY DECLARATION

I, Rupert Koh Hock Joo, being the officer primarily responsible for the financial management of IOI Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 108 to 228 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared	)	
by the abovenamed	)	**Rupert Koh Hock Joo**
at Puchong, Selangor Darul Ehsan	)	
this 29 August 2009	)	

Before me

Cheong Lak Hoong
Commissioner for Oaths
No. B232

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of IOI Corporation Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 108 to 228.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, we also report the following:

a In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 48 to the financial statements.

c We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO Binder
AF : 0206
Chartered Accountants

Dato' Gan Ah Tee, DNS, JP
1890/03/10 (J/PH)
Partner

Kuala Lumpur
29 August 2009

GROUP PROPERTIES

A PLANTATION ESTATES

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	PALM OIL MILL	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,660	OP	–	1983	21,298
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	40,785
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	–	1985	19,836
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	–	1989	26,094
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	23,273
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	–	1990	28,779
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	–	2000	20,827
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	–	2000	12,675
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	–	2002	14,891
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,641	OP	–	2002	14,231
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,313	OP	–	1990	39,197
Bahau Estate, Kuala Pilah	Freehold	2,833	OP	–	1990	49,367
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	–	1990	12,578
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	3,595	OP R	1	1990	77,587
Paya Lang Estate, Segamat	Freehold	1,476	OP R	–	1990	25,536
Tambang Estate, Segamat	Freehold	2,020	OP	–	1990	39,890
Bukit Serampang Estate, Tangkak	Freehold	2,725	OP	–	1990	47,837
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	–	1990	35,261
Sagil Estate, Tangkak	Freehold	2,393	OP	–	1990	45,196
Segamat Estate, Segamat	Freehold	1,919	OP	–	1990	38,922
Pamol Plantations Estate, Kluang	Freehold	8,110	OP	1	2003	276,310

A PLANTATION ESTATES CONT'D

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	PALM OIL MILL	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	1993	26,627
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087,2090	2,042	OP	–	1993-2009	27,058
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	–	1993	43,527
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	1993	25,146
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	–	1993	32,865
Baturong 1-3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	67,143
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	1991	634
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2077-2990	18,417	OP	1	1985-2000	236,554
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,093	OP	–	1995	108,066
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	–	1996	31,153
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	49,527
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998-2003	256,507
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078-2080	1,452	OP	–	1998	32,048

GROUP PROPERTIES

A PLANTATION ESTATES CONT'D

LOCATION	TENURE	AREA (HECTARE)	CROP PLANTED	PALM OIL MILL	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Sabah Cont'd						
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	1998	28,834
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	–	2001	64,132
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	–	2001	79,045
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	–	2003-2007	34,971
Pamol Estate, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	197,685
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	–	2003	101,439
Linbar 1 & 2 Estate, Kinabatangan	Leasehold expiring 2081	4,840	OP	–	2003	121,997
Mayvin 1-2 Estate, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	1	2003	124,561
Mayvin 5-6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	–	2003	101,829
Leepang 1-5 Estate, Kinabatangan	Leasehold expiring 2080-2102, 2974-2995	10,036	OP	2	2003-2009	281,186
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	5,000	OP	–	2002	53,809
Tegai Estate, Baram	Leasehold expiring 2058, 2095	4,040	OP	–	2002	35,584

OP Oil palm
R Rubber

B DEVELOPMENT PROPERTIES

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Bandar Puchong Jaya - Parcel A Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	164 hectares	5 hectares	On-going mix development project	1989	1,353
Bandar Puchong Jaya - Parcel B Various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	210 hectares	22 hectares	On-going mix development project	1990	165,935
Bandar Puteri Lots 5452, 5454, 5456 5458-5473, 5476-5477 5479, 5481, 5483-5484 and various sub-divided lots in Puchong, Petaling Selangor Darul Ehsan	Freehold	374 hectares	86 hectares	On-going mix development project	1994	216,317
IOI Resort Various sub-divided lots in Dengkil, Sepang Selangor Darul Ehsan	Freehold	37 hectares	14 hectares	Condominium and bungalow development	1990	76,796
Bandar Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	332 hectares	74 hectares	On-going mix development project	1988	64,463
Bandar Putra Lots 26737, 3783, 3785 & various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,967 hectares	723 hectares	On-going mix development project	1988	181,598
Bandar Putra PTD 5746, 5747 & 5748 Segamat Johor Darul Takzim	Freehold	198 hectares	42 hectares	On-going mix development project	1990	25,222
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	20 hectares	20 hectares	On-going mix development project	1990	921

GROUP PROPERTIES

B DEVELOPMENT PROPERTIES CONT'D

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Taman Lagenda Putra Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	91 hectares	36 hectares	On-going mix development project	2005	87,139
Taman Kempas Utama Various sub-divided in Tebrau, Johor Bahru Johor Darul Takzim	Freehold	102 hectares	46 hectares	On-going mix development project	2006	115,234
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	113 hectares	113 hectares	Homestead development	1990	2,036
Taman Bidara Seremban Negeri Sembilan Darul Khusus	Freehold	–	12,368 sq. m.	On-going mix development project	1985	775
Lot 1758 (part of CT 2121) Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	16 hectares	4 hectares	On-going mix development project	1990	319
Lot 3175 Town of Tanjung Tokong Seksyen 1, DTL Penang	Freehold	–	17,617 sq. m.	Residential development	2001	40,009
Desaria Sungai Ara Penang	Freehold	159 hectares	21 hectares	Residential development	2001	3,748
Lot 200, Teluk Kumbar Mukim 11 Daerah Barat Daya Penang	Freehold	1.3 hectares	1.3 hectares	Residential development	2009	5,605

B DEVELOPMENT PROPERTIES CONT'D

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Taman Klang Utama Various sub-divided lots in Kapar, Klang Selangor Darul Ehsan	Freehold	–	2,084 sq. m.	Future development land	1991	1,444
HSD 11323 PT No. 12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	196 hectares	196 hectares	Future development land	2001	170,583
HSD 1431 PT No. 4471 Dengkil, Sepang Selangor Darul Ehsan	Leasehold Expiring 2091	21 hectares	21 hectares	Future development land	2002	15,040
Lot 369 (Part), Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	1990	1,308
PTD 2637 Lot 2630 Mukim Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	20 hectares	Future development land	2003	3,002
Lot No. 281 PT 7 Seksyen 89A Bandar Kuala Lumpur	Freehold	15,230 sq. m.	15,230 sq. m.	Future development land	2008	50,739
Lots 2, 3, 177 & 179 Mukim Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	196 hectares	196 hectares	Future development land	1990	6,134
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	446 hectares	446 hectares	Future development land	1983	14,029
Lots 429, 432 & 434 Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	10 hectares	Future development land	1990	9,267

GROUP PROPERTIES

B DEVELOPMENT PROPERTIES CONT'D

LOCATION	TENURE	INITIAL GROSS LAND AREA	BALANCE OF NET LAND AREA FOR DEVELOPMENT	USAGE	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Lots 3210, 3211, 3220 3221 & 3421 Durian Tunggal Alor Gajah Melaka	Freehold	435 hectares	435 hectares	Future development land	2006	37,950
Lots 375, 379, 385, 388 406, 492, 636, 697, 698 700, 701, 703, 846 & 893 Paya Rumput Melaka Tengah Melaka	Freehold	109 hectares	109 hectares	Future development land	2006	27,165
Lots 186, 216, 726, 1024 1026, 1029, 1030-1033 1041, 1081, 1082 & 1774 Krubong Melaka Tengah Melaka	Freehold	217 hectares	217 hectares	Future development land	2006	18,166
HS (D) 13605 PTD 4911 Sg. Segamat, Segamat Selangor Darul Ehsan	Leasehold expiring 2046	6,930 sq. m.	6,930 sq. m.	Vacant industrial land	1986	173

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)	YEAR OF REVALUATION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	66,521 sq. m.	58,507 sq. m.	3 storey shopping mall	13	2009	290,000
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	11,606 sq. m.	22,156 sq. m.	4 storey shopping mall	1	2009	116,000
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	–	33,755 sq. m.	29 units commercial lot and car park	11	2009	26,415
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	16,916 sq. m.	3,566 sq. m.	1.5 storey semi-wet market	2	2009	14,300
Puchong Financial Corporate Centre Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	11,356 sq. m.	35,121 sq. m.	2 blocks of purpose-built office building	1	2009	106,000
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	Freehold	25,457 sq. m.	6,319 sq. m.	1 storey semi-wet market shopping complex	2	2009	12,470
IOI Resort Putrajaya	Freehold	75,878 sq. m.	24,718 sq. m.	37 units of residential bungalow	2-13	2009	78,000
One IOI Square IOI Resort Putrajaya	Freehold	18,802 sq. m.	18,802 sq. m.	12 storey new office building erected on existing land	6	2009	77,000

GROUP PROPERTIES

C INVESTMENT PROPERTIES CONT'D

LOCATION	TENURE	LAND AREA	NET LETTABLE AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF REVALUATION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Two IOI Square IOI Resort Putrajaya	Freehold	22,176 sq. m.	12,167 sq. m.	12 storey new office building erected on existing land	6	2009	50,000
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	47,259 sq. m.	22,986 sq. m.	4 storey shopping mall	8	2009	61,600
IOI Plaza 210 Middle Road Singapore	Leasehold expiring 2095	2,600 sq. m.	9,350 sq. m.	12 storey office building	11	2009	267,399
Lot 17355 Petaling Jaya Selangor Darul Ehsan	Freehold	506 sq. m.	465 sq. m.	1 unit 3.5 storey shop office	15	2009	4,800
CP6F17 IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	120 sq. m.	120 sq. m.	Office for rental	10	2009	361
CP6F21 IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	95 sq. m.	95 sq. m.	Office for rental	10	2009	288

D INDUSTRIAL PROPERTIES

LOCATION	TENURE	LAND AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
27, Section 13 Jalan Kemajuan Petaling Jaya Selangor Darul Ehsan	Leasehold expiring 2059	8,336 sq. m.	Industrial premises for rental	–	1984	5,354
Country lease CL 075365632, 075376279, 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan, Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery	12	1995	131,423
Plot 57 Mukim 1 Bukit Tengah Industrial Park Prai, Penang	Leasehold expiring 2053	41,224 sq. m.	Vacant industrial land	–	2001	2,547
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai, Penang	Leasehold expiring between 2035 - 2071	176,169 sq. m.	Offices and factory sites New factory site erected on existing land	30 8	2001	50,021 8,867
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai, Penang	Leasehold expiring 2025	13,400 sq. m.	Bulk cargo terminal	35	2001	228
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	8,615 sq. m.	Bulking installation	35	2001	–
HS (D) 160988 PTD No.89217 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2041	9 hectares	Factory sites	28	2005	53,181

GROUP PROPERTIES

D INDUSTRIAL PROPERTIES CONT'D

LOCATION	TENURE	LAND AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
PT 110296, 15926 & 15927 Jalan Pekeliling Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2037, 2052	8 hectares	Factory complex and vacant industrial land	19	2007	18,905
PT 17368, Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2038, 2047, 2051	8 hectares	Factory complex	23	2007	35,260
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	20	2001	–
Loders Croklaan Hogeweg 1 1520 Wormerveer Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	18-39	2002	133,745
Durkee Road 24708 W Channahon Illinois, United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	7-39	2002	57,598
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rottterdam, The Netherlands	Leasehold	15 hectares	Palm oil refinery	4-8	2004	173,329
195 Belfield Rd. Rexdale Ontario M9W-1G8 Canada	Freehold	1,022 sq. m.	Specialty oils and fats manufacturing facilities	33	2002	1,397

E OTHER PROPERTIES

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Palm Garden Hotel Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	12,181 sq. m.	152-room hotel	13	1990	17,897
IOI Palm Garden Golf Course Lot 3991 (part) Dengkil, Sepang Selangor Darul Ehsan	Freehold	90 hectares	27-hole golf course and clubhouse	16	1990	41,835
HS (D) 45891 PT 9428 Mukim Petaling Selangor Darul Ehsan	Freehold	1,699 sq. m.	Petrol station land	–	1991	9
HS (D) 41529 PT 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	2,690 sq. m.	Petrol station land	–	1993	313
HS (D) 125263 PT 17727 Mukim Petaling Selangor Darul Ehsan	Freehold	2,601 sq. m.	Petrol station land	–	1995	112
HS (D) 55058, PT 56477 Mukim of Klang Selangor Darul Ehsan	Freehold	3,897 sq. m.	1.5 storey factory	12	1997	353
IOI Resort Lot 3991 (part), Dengkil, Sepang Selangor Darul Ehsan	Freehold	6 hectares	Hotel and 12 storey new office building erected on existing land	6-7	1990	119,967
HSD 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Freehold	1,803 sq. m.	Petrol station land	–	1992	10
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq. m.	Bungalow plots	–	1992	1,976

GROUP PROPERTIES

E OTHER PROPERTIES CONT'D

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	–	1998	129
No. 1, Lebuh Putra Utama Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	1,041 sq. m.	Bandar Putra corporate office	12	1994	1,190
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	96 hectares	27-hole golf course	–	1994	17,740
Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	7 hectares	Clubhouse	8	1994	7,131
Lot 200-203 Taman Air Biru Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2070	1,807 sq. m.	4 units double storey semi-detached house	29	2005	169
PT 3865, Pasir Ponyang Port Dickson Negeri Sembilan Darul Khusus	Freehold	917 sq. m.	Holiday bungalow	26	1990	101
Lot 8, Jalan Segama Lahad Datu Sabah	Leasehold expiring 2894	112 sq. m.	Shoplot	16	1993	–
Lot 15, 16 & 17 Tengah Nipah Road Lahad Datu Sabah	Leasehold expiring 2894	2,280 sq. m.	Semi-detached house and staff apartments	23	1993	–

E OTHER PROPERTIES CONT'D

LOCATION	TENURE	LAND/ BUILT UP AREA	USAGE	AGE OF BUILDING (YEAR)	YEAR OF ACQUISITION	NET BOOK VALUE AS AT 30 JUNE 2009 RM'000
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	8	1993	708
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	–	1993	1,665
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Vacant land	–	1993	2,968
302-H, Jalan Relau Desaria, Sg Ara Penang	Freehold	167 sq. m.	Shoplot	14	2001	273
Lot 8165 Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq. m.	Vacant commercial land	–	2001	150
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	–	1990	2,652

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth Annual General Meeting of the Company will be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Wednesday, 28 October 2009 at 9.30 a.m. for the following purposes:

AGENDA

1 To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2009 and the Reports of the Directors and Auditors thereon.

2 To re-elect the following Directors retiring by rotation pursuant to Article 101 of the Company's Articles of Association:

a Dato' Lee Yeow Chor
b Mr Lee Cheng Leang

3 To consider and if thought fit, to pass the following as Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:

a "THAT Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

b "THAT Mr Chan Fong Ann, a Director retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

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

"THAT the increase in the payment of Directors' fees to RM480,000/-, to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved."

5 To re-appoint BDO Binder, the retiring auditors and to authorise the Directors to fix their remuneration.

6 As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

6.1 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued."

6.2 Proposed Renewal of Existing Share Buy-Back Authority

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings and share premium account to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company;

AGENDA CONT'D

6.2 Proposed Renewal of Existing Share Buy-Back Authority Cont'd

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities and/or cancelled;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

i the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

ii the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities."

6.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given for the renewal of Shareholders' Mandate for the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries ("Related Parties"), as detailed in Part B, Section 4 of the Circular to Shareholders of the Company dated 1 October 2009 subject to the following:

a the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

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

NOTICE OF ANNUAL GENERAL MEETING

AGENDA CONT'D

6.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature cont'd

THAT authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:

i the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

ii the expiration of the period within which the next Annual General Meeting of the Company after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

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

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

By Order of the Board

Lee Ai Leng
Yap Chon Yoke
Secretaries

Putrajaya
1 October 2009

NOTES

1 A member may appoint any person to be his proxy and the provision of Section 149(1)(b) of the Act shall not apply to the Company.

2 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3 A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.

4 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

5 An instrument appointing a proxy must be deposited at the Company's registered office at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

6 **Explanatory Notes on Special Business**

i Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The ordinary resolution proposed under item 6.1 of the Agenda is to seek renewal of a general mandate which if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

ii Proposed Renewal of Existing Share Buy-Back Authority

The ordinary resolution proposed under item 6.2 of the Agenda, if passed will empower the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Securities. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

iii Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The ordinary resolution proposed under item 6.3 of the Agenda is to renew the Shareholders' Mandate granted by the Shareholders of the Company at the previous Annual General Meeting held on 22 October 2008. The proposed renewal of Shareholders' Mandate will enable the Company and its subsidiaries to enter into any of the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations involving the interest of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries ("Related Parties"), subject to the transactions being in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The details of the proposal are set out in the Circular to Shareholders dated 1 October 2009.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27 (2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Directors standing for re-election/re-appointment

a The Directors retiring by rotation and standing for re-election pursuant to Article 101 of the Articles of Association of the Company are as follows:

- Dato' Lee Yeow Chor
- Mr Lee Cheng Leang

b The Directors seeking for re-appointment under Section 129 of the Companies Act, 1965 are as follows:

- Tan Sri Dato' Lee Shin Cheng
- Mr Chan Fong Ann

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 60 to 63 of the Annual Report. Their shareholdings in the Company and its related corporations are set out in the section entitled "Statement of Directors' Interests" on page 80 of the Annual Report.

SHAREHOLDERS INFORMATION
AS AT 28 AUGUST 2009

Type of shares	:	Ordinary shares of RM0.10 each
Voting rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll
Number of shareholders	:	31,194

ANALYSIS OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	TOTAL HOLDINGS	%
1-99	652	27,526	0.00
100-1,000	8,657	7,462,221	0.13
1,001-10,000	16,678	70,649,329	1.18
10,001-100,000	4,180	122,968,956	2.06
100,001- 298,891,356	1,023	2,775,037,906	46.42
298,891,357 and above	4	3,001,681,218	50.21
Total	31,194	5,977,827,156	100.00

LIST OF TOP 30 SHAREHOLDERS
(without aggregating securities from different securities accounts belonging to the same person)

	NAME	NO. OF SHARES HELD	%
1	Progressive Holdings Sdn Bhd	1,036,175,938	17.33
2	Progressive Holdings Sdn Bhd	935,572,720	15.65
3	Employees Provident Fund Board	729,932,560	12.21
4	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Progressive Holdings Sdn Bhd	300,000,000	5.02
5	HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	142,418,260	2.38
6	Annhow Holdings Sdn Bhd	123,112,351	2.06
7	Citigroup Nominees (Asing) Sdn Bhd Royal Bank of Scotland as Depository for First State Asia Pacific Leader Fund (CB LDN)	97,536,500	1.63
8	Progressive Holdings Sdn Bhd	96,486,005	1.62
9	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Crystal Palace Investments Limited	81,352,006	1.36
10	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)	61,255,610	1.03
11	Valuecap Sdn Bhd	53,725,640	0.90
12	Tan Sri Dato' Lee Shin Cheng	53,522,670	0.90
13	AMSEC Nominees (Tempatan) Sdn Bhd for AmInternational (L) Ltd for Progressive Holdings Sdn Bhd	50,000,000	0.84
14	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Market Vectors – Agribusiness ETF	41,012,700	0.69

SHAREHOLDERS INFORMATION

AS AT 28 AUGUST 2009

LIST OF TOP 30 SHAREHOLDERS CONT'D

(without aggregating securities from different securities accounts belonging to the same person)

	NAME	NO. OF SHARES HELD	%
15	Citigroup Nominees (Tempatan) Sdn Bhd Exempt Authorised Nominee for Prudential Fund Management Berhad	37,018,245	0.62
16	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	36,718,400	0.62
17	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Happy Palace Investments Limited	36,614,582	0.61
18	Permodalan Nasional Berhad	36,546,180	0.61
19	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	36,150,584	0.61
20	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Narisa Heights Investments Limited	33,116,637	0.55
21	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Holdings Sdn Bhd (071001)	32,500,000	0.54
22	Rickoh Holdings Sdn Bhd	31,300,000	0.52
23	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	30,279,000	0.51
24	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	30,010,250	0.50
25	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	29,502,000	0.49
26	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.K.)	28,671,505	0.48
27	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	27,675,855	0.46
28	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (BVI)	27,500,000	0.46
29	HSBC Nominees (Asing) Sdn Bhd Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)	25,125,132	0.42
30	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Ming Chun @ Lai Poh Lin (611004)	24,111,000	0.40
Total		4,304,942,330	72.02

SUBSTANTIAL SHAREHOLDERS AS AT 28 AUGUST 2009

(as per Register of Substantial Shareholders)

	NO. OF SHARES HELD			
NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
Tan Sri Dato' Lee Shin Cheng	54,737,970	0.92	*2,444,903,163	40.90
Puan Sri Datin Hoong May Kuan	-	-	**2,499,641,133	41.82
Dato' Lee Yeow Chor	5,981,000	0.10	***2,438,234,663	40.79
Lee Yeow Seng	687,500	0.01	***2,438,234,663	40.79
Progressive Holdings Sdn Bhd	2,438,234,663	40.79	-	-
First State Investments	-	-	#414,195,620	6.93
Employees Provident Fund Board	727,808,660	12.17	@58,488,920	0.98

* *Deemed interested by virtue of his interests in Progressive Holdings Sdn Bhd, and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng.*

** *Deemed interested by virtue of her interests and the interests of her spouse, Tan Sri Dato' Lee Shin Cheng and her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in Progressive Holdings Sdn Bhd, and shares held by Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng.*

*** *Deemed interested by virtue of his interests in Progressive Holdings Sdn Bhd.*

\# *Shares held by First State Investment Management (UK) Limited, its subsidiary First State Investments International Limited and their associated companies (collectively "First State Investments") on behalf of their clients who have appointed First State Investments as investment manager.*

@ *Shares managed by Portfolio Managers.*

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IOI CORPORATION BERHAD 9027-W
Incorporated in Malaysia

PROXY FORM

I/We ______________________________________ (Please use block letters)

NRIC/Co. No. ______________________________________

of ______________________________________

being a member(s) of **IOI Corporation Berhad**, hereby appoint ______________________________________

____

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 Fortieth Annual General Meeting of the Company to be held at Putrajaya Ballroom I (Level III), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Wednesday, 28 October 2009 at 9.30 a.m. or any adjournment thereof.

My proxy shall vote as follows:

	RESOLUTIONS	FOR	AGAINST
1	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2009 and the Reports of the Directors and Auditors thereon		
2	To re-elect Dato' Lee Yeow Chor as a Director		
3	To re-elect Mr Lee Cheng Leang as a Director		
4	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129 of the Companies Act, 1965		
5	To re-appoint Mr Chan Fong Ann pursuant to Section 129 of the Companies Act, 1965		
6	To approve Directors' Fees		
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 Section 132D of the Companies Act, 1965		
9	To approve the proposed renewal of existing share buy-back authority		
10	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

(Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast.)

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy : ______________ %

Second proxy : ______________ %

100%

No. of Shares Held : ______________

CDS A/C No. : ______________

Dated this ______ day of ______________ 2009

____
Signature of Shareholder

NOTES

1. A member may appoint any person to be his proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.
4. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
5. An instrument appointing a proxy must be deposited at the Company's registered office at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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STAMP

The Company Secretary
IOI CORPORATION BERHAD
Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

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IOI CORPORATION BERHAD 9027-W
INCORPORATED IN MALAYSIA

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IOI Resort
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Malaysia

www.ioigroup.com